

## **CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS W.E.F 06.11.2019**

### **[under Regulation 9(1) and (2) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]**

#### **Introduction**

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, had formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") under the powers conferred on it under the SEBI Act, 1992 ('the Act'). These regulations come into force with effect from 15<sup>th</sup> May, 2015 and the same have been made applicable to all companies whose shares were listed on Indian stock exchanges. The Company is required to formulate Code of conduct to regulate, monitor and reporting trading by Insiders ("Code of Conduct").

#### **Objective of the Code of Conduct**

The Code of Conduct aims to ensure monitoring, regulating, timely reporting and adequate disclosure of price sensitive information by the promoters, directors, key managerial personnel etc. and connected person of the Company. Further, it also aims to transparency and fairness in dealing with the stakeholders and also ensuring the adherence to all applicable laws and regulations.

#### **Definitions**

**'Company'** means PNB Gilts Ltd.

**'Compliance Officer'** for the purpose of these regulations means the Company Secretary of the Company. In absence of the Company Secretary, Chief Financial Officer of the Company is authorized by the Board of Directors of the Company to discharge the duties of Compliance Officer under the regulations;

**"Connected person"** means,-

- (i) any person who is or has during the six months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
- (ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
  - (a) an immediate relative of connected persons specified in clause (i); or
  - (b) a holding company or associate company or subsidiary company (presently – PNB); or
  - (c) an intermediary as specified in section 12 of the Act or an employee or director thereof (presently, MCS Share Transfer Agent Ltd in the capacity of Share Transfer Agent); or
  - (d) an investment company (presently, this would include any Investor of PNB Gilts Ltd.), trustee company, asset management company or an employee or director thereof; or
  - (e) an official of a stock exchange (presently, NSE and BSE) or of clearing house or corporation; or
  - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - (g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or

- (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i) a banker of the company (presently, PNB and RBI); or
- (j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent of the holding or interest (Presently, this would include all entities in which director(s) of PNB Gilts Ltd. and/or their immediate relative(s) has more than 10% stake. In addition at present, PNB's other subsidiaries, associates, joint ventures would also be included if PNB is having more than 10% stake in it).
- (k) Auditors i.e. Internal, Statutory and Secretarial auditor of the Company, their Audit Team including designated partner(s)
- (l) Consultant(s) and their Authorised Representatives
- (m) Any other Person as the Compliance Officer in consultation with the Managing Director specify in this behalf.

**"Consultants"** means any professional engaged by the Company, in the field relating to the Accounts, Audit, Taxation, Legal, Marketing etc. on a regular basis or on an assignment basis, by whatever name called and who is not an Employee of the Company or in Group Companies.

**"Designated Person"** means the following who shall be governed by this internal Code of Conduct governing dealing in securities-

- (i) Promoter i.e. PNB
- (ii) Directors of the Company
- (iii) Key Managerial Personnel of the Company
- (iv) Employees of the Company, Management Trainees in the Company a;
- (v) Any other person, as may be defined by the Managing Director, in consultation with the Compliance Officer (For this, employees and other connected persons shall inform the Compliance Officer, in writing, for inclusion of any person falling in the definition of 'connected person', who, on receipt of it, will escalate the matter to Managing Director for necessary approval);

**"Fiduciaries"** means Professional firms such as auditors, accountancy firms, law firms' analysts, insolvency professional entities, consultants, banks etc., assisting or advising the Company.

**"Generally available information"** means information that is accessible to the public on a non-discriminatory basis;

**"Immediate relative"** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

**"Informant"** means an individual(s), who voluntarily submits to SEBI a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;

**"Insider"** means any person who is: i) a connected person; or ii) in possession of or having access to unpublished price sensitive information; or iii) with whom unpublished price sensitive information is shared for "Legitimate purpose" in the ordinary course of business by an insider.

**"Promoter"** shall have the same meaning as assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

**"Promoter Group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.

**"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly. Trading also includes trading in derivatives of the securities;

**"Trading day"** means a day on which the recognized stock exchanges are open for trading;

**"Trading Window"** means the period during which trading may be carried out in Company's Securities by Designated persons. Also, the Company shall use notional trading window, by keeping them informed of the duration of the same, as an instrument of monitoring trading by the designated person possessing unpublished price sensitive information;

**"Unpublished Price Sensitive Information"** – means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall ordinarily including but not restricted to, information relating to the following:

- (i) financial results
- (ii) dividends
- (iii) change in capital structure
- (iv) mergers, de-mergers, acquisitions, delisting's, disposals and expansion of business and such other transactions
- (v) changes in key managerial personnel
- (vi) Any such other information which may materially affect the price of securities

Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

## **PART A**

### **Minimum Standards for Code**

#### **1. Preservation of Unpublished Price Sensitive Information**

1. Insider shall maintain the confidentiality of all Unpublished Price Sensitive Information. Unpublished Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. such information shall not be shared with any person including the other Insider except where such information is required to be passed for Legitimate purposes and for performance of duties or discharge of legal obligation.
2. "Legitimate purpose" shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants etc.
3. Following factors must be satisfied while determining what constitutes a Legitimate purpose
  - i. Must be shared in the ordinary of course of business or for Corporate Purpose;

- ii. Required to be done in furtherance of fiduciary duties or in fulfillment of any statutory or contractual obligation;
  - iii. The informed shares is in a manner which is considered as fair and transparent and
  - iv. Information shared is in the interest of the Company and doesn't result in any personal gain to the Insider
4. While sharing unpublished price sensitive information for Legitimate purpose(s), following things should be taken care off:
- a) The Insider before communicating any UPSI to any person for legitimate purpose shall first approach the "Authorised Person" who shall be responsible for assessing the need to share such information. The Authorised Person shall be Managing Director & CEO or in his absence the Executive Director & CFO. The Authorised Person on being satisfied shall give a written confirmation to the Insider upon which the Insider may communicate the UPSI.
  - b) The Compliance Officer shall be duly informed with respect of sharing of UPSI. The details of name and PAN of person with whom UPSI has been shared in accordance with para i above, be also shared with the Compliance Officer
  - c) The Company shall execute a non-disclosure agreement with the Recipient along with an undertaking that the recipient will abide by Regulations. . A copy of said non-disclosure agreement and undertaking shall be kept in record both by the relevant Department and the Compliance Officer. If the said agreement is not entered, then the Company, while sharing the unpublished price sensitive information with Recipient, shall give due notice to the Recipient to maintain confidentiality of such unpublished price sensitive information in compliance with these SEBI Regulations
  - d) UPSI shall be shared through secured email or other secured digital medium as approved by the Authorised Person.
5. An unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would: –
- (i) entail an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the company;
  - (ii) not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.
6. The names of such persons with whom UPSI has been shared as aforesaid, along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available, shall be maintained in a structured digital database. Such databases shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. The Compliance Officer and Chief Financial Officer shall be responsible for maintaining the said database.

### **3. Chinese Wall concept for keeping/handling Unpublished Price Sensitive Information**

Files containing Unpublished Price Sensitive Information or any such related confidential information shall be kept secure. Computer files must have adequate security of login and password and physical files shall be proper locked etc. Files containing confidential information, if not needed, should be deleted /

destroyed after being used as per Record Disposal Policy of the Company. Unpublished Price Sensitive Information is to be handled on a "Need to Know" basis as mentioned under para 2 above.

#### **4. Trade in securities when in possession of unpublished price sensitive information**

No Insider shall trade in securities of the Company whether listed or proposed to be listed when in possession of Unpublished Price Sensitive Information provided that the Insider may prove his innocence by giving valid reasons of the circumstances like

- a. the transaction is an off market transaction inter-se between the Insiders who were in possession of the Unpublished Price Sensitive Information without breach of regulation 3 of the Regulations and where both parties had made a conscious and informed trade decision.

Provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of the Regulations.

- b. the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 of the Regulations and where both parties had made a conscious and informed trade decision;

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of the Regulations.

- c. the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- d. the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
- e. In case of other non – individual Insiders (company, firm etc),
  - (i) the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking trading decisions and such decision –making individuals were not in possession of such Unpublished Price sensitive Information when they took the decision of trade and
  - (ii) such appropriate and adequate arrangements were in place that the information of the Unpublished Price Sensitive Information is not transferred from the individuals who were in possession of the Unpublished Price Sensitive Information to the individuals who took the decision for trade
- f. Trading is done pursuant to the trading plan submitted to the Company
- g. In cases of trades by Connected Person, the onus of establishing that they were not in possession of Unpublished Price Sensitive Information shall be on such Connected Person
- h. In any other case the onus would be on SEBI.

#### **Trading Plan**

An Insider before possessing an Unpublished Price Sensitive information may formulate a Trading Plan ('TP') and the same shall be approved by the Compliance Officer after evaluation with regard to the regulations and shall be notified to the stock exchange(s). By virtue of the pre-planned trading plan, an Insider can plan for trades to be executed by him/ her in future. By doing so, the possession of Unpublished Price Sensitive Information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he had pre-decided even before the Unpublished Price Sensitive Information came into being. There are following stages for the implementation of the Trading Plan:

##### **I. Requisites of Trading Plan**

- a. Any trading (as per the Trading Plan) shall only be executed on expiry of six months from the date of public disclosure of the said plan.

- b. Trading, as per the Trading Plan, to not take place between 20<sup>th</sup> trading days prior to the last day of the financial period for which the results are required to be announced by the Company and 2 trading days after the disclosure of such financial results.
- c. Insider can give one Trading Plan at a time and the same should not be for less than 12 months, i.e. there cannot be any overlapping of Trading Plans.
- d. Any Trading Plan should set out either the value of trades or the number of securities to be traded, along with specific dates and time intervals.
- e. Trading on the basis of such a Trading Plan should not lead to market abuse. If any manipulative activity is detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities market) regulations, 2003.

## **II. Approval of Trading Plan**

- a. An insider shall present the Trading Plan to the Compliance Officer for approval and public disclosure, pursuant to which trades may be carried out on his behalf in accordance with such plan.
- b. The Compliance Officer shall review the Trading Plan.
- c. The Compliance Officer shall assess whether the trading plan made by the Insider is not in violation of the said regulations.
- d. The Insider shall provide the undertaking that he is not in possession of Unpublished Price Sensitive Information or that he would ensure that any Unpublished Price Sensitive Information in his possession becomes generally available before executing his trades.

## **III. Execution of Trading Plan**

- a. The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan without any deviation.
- b. The Trading Plan shall be deferred if any Unpublished Price Sensitive Information in possession of the Insider at the time of formulation of the plan has not become generally available.

## **Trading Window**

- a. Designated Persons are not allowed to trade in the shares of the Company during the period(s) when the Trading Window is closed except when the sale or purchase is being undertaken pursuant to the Trading Plan submitted to the Company.

The Trading Window shall remain closed for a period, as may be finalised by the Compliance Officer, in consultation with the Managing Director, prior to the happening of any of the following events in general:

- Declaration of financial results (quarterly, half-yearly and annually)
- Declaration of dividend (interim/ final)
- Issue of securities by way of public / rights / bonus etc.
- Any major expansion plans or execution of new projects
- Amalgamation, mergers, acquisitions, takeovers and buy back of shares
- Disposal of whole or substantially the whole of the Company.
- Any changes in policies, plans or operations of the Company
- Acquisition, de-merger, restructuring, scheme of arrangement, spin-off of divisions etc.
- Consolidation / splitting of shares
- Voluntary de-listing of shares by the Company
- Forfeiture of shares
- ADR / GDR or any other class of securities to be issued abroad

- Cancellation of dividend/right/bonus etc.
  - Any transaction or event which may have any material impact on the price of shares of the Company
- b. The Compliance Officer (in consultation with the Board of directors or Managing Director of the Company) may close Trading Window for the other events or matters, as may be deemed fit after taking into account the sensitivity of the event / case.
  - c. The Compliance Officer shall take all reasonable steps to inform the designated persons and/or Insiders, in advance, about the date of closing and re-opening of the Trading Window. The trading in the Company's securities would be permitted only on the expiry of forty eight hours after the information becomes publically available.
  - d. In case of Employee Stock Option Plans (ESOPs), exercise of option may be allowed during the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.
  - e. The trading window restrictions mentioned above shall not apply in respect of:
    - i. transactions specified in Part A paragraph (4) clauses (a) to (d) and (f) of this Code of Conduct and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by SEBI.
    - ii. transactions which are undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer.

#### **Pre-clearance of trades**

All Designated Persons of the Company who intend to deal, on their behalf and / or on behalf of their dependent family members, in the securities of the Company and where the per transaction value of the shares intended to be dealt exceeds Rs. 10 lac, should obtain a pre-clearance for the transactions as per the pre-dealing procedure as described hereunder. Any pre cleared trade not executed by the Designated Person within 7 trading days of its pre clearance would require fresh clearance for the trades to be executed.

An application may be made in the prescribed format as annexed to the code as Annexure A, to the Compliance Officer indicating the estimated transaction value and the number of securities that the Designated Person, and/ or on behalf of his immediate relative, intends to deal in, the details as to the securities in such depository mode and such other details as may be specified in this behalf.

Along with the request for pre-clearance of transaction, an undertaking shall be executed in favour of the Company by such Designated Person, that he/ his dependent family members are not in possession of Unpublished Price Sensitive Information. An undertaking shall be executed by the Designated Persons as per the format annexed herewith as per Annexure – A.

The Compliance Officer may approve/ dis-approve any of the pre- clearance requests, as per his analysis & checklist. Annexure B.

Further, no pre-clearance would be required for dealing in the securities of the Company under the Trading Plan.

## **Disclosure of Trading by Insider**

### **Initial Disclosure**

1. Every Promoter, member of the Promoter Group, Key Managerial Personnel and Director shall provide the disclosure of his holding of securities of the Company within 30 days of the implementation of these regulations to the Compliance Officer as per Annexure C(i).
2. Every person appointed as Key Managerial Personnel or a Director of the Company or upon becoming the Promoter or part of the Promoter Group shall within 7 days of such appointment or becoming a Promoter or part of the Promoter Group, shall provide disclosure of his securities to the Compliance Officer as per Annexure C (ii).

### **Other Disclosure**

1. Every Designated Person or person who is a part of Promoter Group within 2 trading days, to the Compliance Officer the number of securities acquired or disposed of, whether in one transaction or in series of transaction over any calendar quarter or after the prior disclosure made to the Company crosses the threshold limit i.e. the value of such transactions is in excess of Rs 10 lakhs as per Regulation 7, shall disclose as per Annexure D.
2. Any person/entities getting associated with the Company and falling within the ambit of the 'Connected Person' are themselves to make sure that their concerned employees/associates enter into any share trading pertaining to the company during the period they are in possession of Unpublished Price Sensitive Information and/or in contrary to the provisions of the said Regulations. The said Connected Person have to take requisite disclosure from its related employees. Also, the said Connected Person is also required to provide the disclosure in the format as provided in Annexure E to the said Regulations.
3. Any off-market inter-se trades between two Insiders, who possess UPSI in accordance with Clause (4) as aforesaid shall be reported by the Insiders to the Company within two working days of executing the trade. The Company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.
4. Disclosure by the Designated Persons: Designated Persons shall be required to disclose names and Permanent Account Number or any other identifier authorized by law of the following persons to the Company on an annual basis and as and when the information changes:

(a) immediate relatives ;

(b) persons with whom such designated person(s) shares a material financial relationship; and

(c) Phone, mobile numbers which are used by them.

Further the names of educational institutions from which Designated Persons have graduated and names of their past employers shall also be disclosed on a one-time basis.

Explanation – The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of annual income of such designated person but shall exclude relationships in which the payment is based on arm's length transactions.

### **Sensitization of team engaged in transactions involving UPSI**



In case of any transaction in the Company which is of sensitive nature i.e. it may involve UPSI or may give rise to UPSI, then the respective head of the Department to which the transaction pertains shall ensure the following:

- i. UPSI shall be shared only on need-to-know basis and for Legitimate Purpose
- ii. A brief introduction of the Code shall be given to all the Parties involved in the transaction specifically duties and responsibilities attached to the receipt of UPSI, and the liability that attaches to misuse or unwarranted use of such information,
- iii. In case persons/parties involved have not executed a non-disclosure agreement with the Company, then such agreement should be executed before sharing any UPSI or due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
- iv. Take Permanent Account Number or any other identifier authorized by law from such persons
- v. Where such UPSI is shared with Fiduciaries or Intermediaries, then such Fiduciaries or Intermediaries shall ensure the compliance of the aforesaid.

#### **Leak or suspected leak of UPSI**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages any person who have genuine concerns about leak or Suspected leak of UPSI without fear of punishment or unfair treatment.

In case any whistle blower reports leak or suspected leak of UPSI, then the procedure as prescribed under the Whistle-Blower policy of the Company shall be followed. In any other case, the following procedure will be adopted -

- i. The Managing Director & Chief Executive Officer shall be assist in investigating the matter related to leak or suspected leak of UPSI under the supervision of the Audit Committee, who shall appoint expert investigator(s).
- ii. The Investigator(s) shall have right to call for and examine any information/document of the Company, as may be deemed necessary for the purpose of conducting inquiry/investigation under this policy and can extend the scope of investigation to Fiduciaries and intermediaries, who were also involved in the matter involving UPSI.
- iii. The Designated Persons, Fiduciaries and intermediaries involved in the matter shall provide full cooperation during the course of the investigation.
- iv. The investigation shall be completed normally within 90 days of the receipt of the mandate, which can be reduced or extended by the Audit Committee for such period as it deems fit.
- v. The Managing Director & Chief Executive Officer shall submit a written report of the findings to the Chairman of the Audit Committee.
- vi. Where the results of the inquiry/ investigation highlight wrong doing on the part of the any employee or fiduciaries and intermediaries, then the Audit Committee shall recommend suitable punitive action as provided under these Regulations and Company's HR Policy to the Board. The Company on becoming aware of the matter related to leak or suspected leak of UPSI shall immediately report the same to SEBI. Further the result of investigation conducted into the said matter shall also be promptly disclosed to SEBI.

#### **Institutional Mechanism**

The Managing Director & Chief Executive Officer of the Company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the Regulations and this Code to prevent insider trading.

The internal controls shall include the following:

- (a). all employees who have access to unpublished price sensitive information are identified as designated person;
- (b). all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- (c). adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
- (d). lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- (e). all other relevant requirements specified under these regulations shall be complied with;
- (f). periodic process review to evaluate effectiveness of such internal controls.

The Audit Committee shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

#### **Protection to the Informant**

The Company shall provide suitable protection to the informant, who has provided information to the Board under Chapter IIIA of SEBI (Prohibition of Insider Trading) Regulations, 2015, against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination irrespective of whether the information is considered or rejected by the Board or he/she is eligible for reward under these regulations.

#### **Reporting to the Board**

The Compliance Officer shall report to the Board of Directors and provide half yearly reports to the Chairman of Board about the disclosures or Trading Plans received and action taken on the same.

#### **Penalty for Contravention of the code**

1. Any Designated Person who trades in securities or communicates any information for trading in securities in contravention of the Code of Conduct may be penalized by SEBI as they may deems fit and appropriate action would be taken.
2. Designated Persons of the Company who violate the Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension for future participation in employee stock option plan, recover, claw back etc.
3. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### **Other Restrictions**

1. A Designated Person who is permitted to trade shall not execute a contra trade within 6 month of such trade in securities of the Company except where the trade is being undertaken pursuant to a Trading Plan submitted to the Company or under a stock option plan. The compliance officer may be empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations.
2. If a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
3. In case it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company shall inform to the SEBI.
4. No employee including key managerial personnel (KMP) or director or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.

#### **Amendment to the code**

Any new instruction/guidelines/regulations issued by Government /SEBI and similar bodies will become effective as directed in these instructions etc. and accordingly, the provisions of this Code shall stand modified. All such modifications, will be placed before the Board for necessary information.

#### **Publication -**

This Code and any subsequent amendment(s) thereto, shall be displayed at the website of the company for information of Insiders, Designated Persons and Fiduciaries etc.

## **PART B**

### **Dealing in Securities other than of the Company:**

#### **Trade Restrictions**

As the Company is engaged in trading of securities of other companies on proprietary basis and also acts as Arranger of private placement of debt securities, NCRPS, CPs and CDs of other entities, therefore following additional conditions are applicable:

1. Employees and their immediate relatives shall not trade in securities of the other companies, in which the Company is holding any position during the period of holding and 30 days from the date on which the holding is dispensed with. Further where the trade in securities of the said companies exceeds Rs. 10 lac, the employee should obtain a pre-clearance for the transactions as per the procedure described in Part A.
2. Employees (and their immediate relatives) of Research Department shall not trade in the securities under their coverage during the preparation of the research report till 30 days after release of report and shall not cover securities in which they have traded in last 30 days.

3. Employees in possession/access to UPSI with regard to any particular Company/Security are prohibited from dealing in the particular Security during the UPSI period. Further employees are prohibited from borrowing and lending of securities while in possession of UPSI with respect to underlying securities. If they are holding during the UPSI period they should ensure holding of minimum 6 months.
4. Contra Trade means after buying/ selling/ pledging/ borrowing & lending a particular security no opposite trade by way sale/buy/release of pledge/ early repay & early recall respectively, for specified period can be executed in the same security for a period of 6 months.
5. Where the Company is handling private placement of debt securities, NCRPS, CPs and CDs of other entities, in the capacity of arranger or otherwise, then the Compliance Officer shall prepare a restricted list of such companies, details of which (including the date of closure of engagement) will be provided to him/her by the respective Department Head(s) for inclusion in such list. Trade in securities of companies in restricted list is prohibited till a period of 6 months after completion/ closure of engagements.

#### **Chinese Wall**

1. Dealers undertaking Trade on behalf of the Company shall be seated separately with the other employees of the Company.
2. Access of such Dealers to websites offering emails or chatting services like Gmail, Yahoo etc. other than internal e-mails shall be restricted as mentioned in the IT policy of the Company
3. Mobile phones of Dealers shall not be permitted inside the dealing room. The same shall be deposited in safe custody on a daily basis during the trading hours
4. Dealers shall maintain confidentiality of all information in respect of trade undertaken by them. They shall not pass on such information directly or indirectly to any person other than the person officially intended to.
5. All deals have to be negotiated and concluded only on mediums that are recorded viz recorded landlines, Reuters messenger etc and recording is to be kept as per policy of the company on this subject.
6. Off premise dealing is not permitted. All the deals have to be concluded from the premises of the company.
7. No trades should be concluded after the close of the trading hours.
8. In case of any exigencies or under exceptional cases, the Head of Dealing department may be permitted by Managing Director/Executive Director to conclude trades on mobile phone as well as off premises. A proper record of such deals shall have to be maintained by the Dealing Department for a period of atleast one year. This provision is being kept in view of an incident of fire in the building during working hours which created the exigency/exceptional situation.
9. Further, No employee or his/her relative shall enter into any sale/purchase of any type of financial instrument(s) with the company itself. This will avoid any conflict of interest in the dealings of the employees with the company and ensure that no undue gains are made by the employees by transacting with the company.

#### **Sensitization of team engaged in transactions involving UPSI**

In case the Company, being an arranger is handling any transaction of private placement of debt securities, NCRPS, CPs and CDs of other entities, which involve UPSI or may give rise to UPSI, then the respective head of the Department to which the transaction pertains shall ensure the following:

- i. UPSI shall be shared only on need-to-know basis and for Legitimate Purpose.
- ii. A brief introduction of the Code shall be given to all the Parties involved in the transaction specifically duties and responsibilities attached to the receipt of UPSI, and the liability that attaches to misuse or unwarranted use of such information,
- iii. In case persons/parties involved have not executed a non-disclosure agreement with the Company, then such agreement should be executed before sharing any UPSI or due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
- iv. Before communicating any UPSI to any person for legitimate purpose, the employee shall first approach "Authorised Person" who shall be responsible for assessing the need to share such information. The Authorised Person shall be Managing Director & CEO or in his absence the Executive Director & CFO. The Authorised Person on being satisfied shall give a written confirmation to the Insider upon which the Insider may communicate the UPSI.
- v. Relevant Department obtaining the permitting for the sharing of UPSI shall take names of recipient(s) alongwith PAN or any other identifier authorized by law from such persons for necessary recording.

**APPLICATION FOR PRE-CLEARANCE FOR PURCHASE/SALE OF SECURITIES**

Date :

The Compliance Officer,  
PNB Gilts Ltd.  
5, Sansad Marg, New Delhi

Dear Sir,

Sub: Application for Pre-clearance for purchase/sale of securities

Pursuant to the Company's Code of Conduct for Prevention of Insider Trading I seek approval for Purchase /Sale of securities of the Company as under:

I propose to purchase/sell \_\_\_\_ no. of \_\_\_\_ securities of the Company, during the week ending \_\_\_\_ seek your approval for buying/selling ..... No. of securities.

## I. Details of Shareholding of Directors/Officers/Designated Employees Held In Their Own Name.

Name	Types of Securities	No. of securities held (with Folio/DP ID/ Client ID)	Nature of Transaction for which approval is sought	No. of securities to be dealt

## II. In this regard I do hereby undertake as under :

- a. I have not received, nor I had any access to any unpublished price sensitive information upto the time of signing this undertaking.
- b. In case I have access or receive unpublished price sensitive information after the signing of this undertaking but before the execution of the transaction I shall inform the Compliance Officer of the same and shall refrain from dealing in the Securities of the Company till the time such information becomes public.
- c. I have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- d. I have made a full and true disclosure in the matter.

Signature: .....

Designation: .....

**PRE-CLEARANCE Approval/disapproval**

Date: \_\_\_\_\_

Name of person taking pre –clearance and his/her address

Dear Sir,

This is to inform you that your request for sale of \_\_\_ shares of the Company as mentioned in your application dated \_\_\_ is approved/ disapproved. Please note that the said transaction must be completed on or before \_\_\_ i.e. within 7 days from today.

For PNB Gilts Ltd.

\_\_\_\_\_  
Compliance Officer

**FORMA****SEBI (Prohibition of Insider Trading) Regulations, 2015****[Regulation 7(1)(a) read with Regulation 6(2) – Initial disclosure to the company]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/KMP /Directors/immediate relative to/ Others etc)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of security (For eg.– Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of Open Interest (OI) in derivatives of the company held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)**

Open Interest of the Future contracts held as on The date of regulation coming into force			Open Interest of the Option Contracts held as on The date of regulation coming into force		
Contract Specifications	Number of units (contracts * lotsize)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lotsize)	Notional value in Rupee terms
6	7	8	9	10	11

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name &amp; Signature:

Designation:

Date:

Place:



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Annexure C(ii)

**FORM B**

**SEBI (Prohibition of Insider Trading) Regulations, 2015**

**[Regulation 7(1)(b) read with Regulation 6(2)– Disclosure on becoming a director/KMP/Promoter]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP/ Directors/ immediate relative to/others etc.)	Date of appointment of Director/KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of security (Foreg.– Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).**

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
Contract specifications	Number of units (contracts *lotsize)	Notional value In Rupee terms	Contract specifications	Number of units (contracts *lotsize)	Notional value In Rupee terms
7	8	9	10	11	12

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

\*\*\*\*\*

**FORMC****SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7(2)  
read with Regulation 6(2) – Continual disclosure]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

**Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Name, PAN,CIN/DIN, &address with contact nos.	Category of Person (Promoters/KMP/Directors/immediate relative to/ others etc.)	Securities held Prior to acquisition / disposal		Securities acquired / Disposed				Securities held post Acquisition / disposal		Date of allotment Advice / acquisition of shares / sale of shares specify		Date of Intimation to company	Mode of Acquisition / disposal (on market /public/rights/ preferential offer/ off market/ Inter-se transfer, ESOPs etc.)
		Type of Security (For eg. –Shares, Warrants, Convertible Debentures etc.)	No. And % of share holding	Type of Security (For eg. – Shares, Warrants, Convertible Debenture setc.)	No.	Value	Transaction Type (Buy/Sale/Pledge/Revoke/Invoke)	Type of Security (For eg. – Shares,Warrants, Convertible Debentures etc.)	No. and % Of share holding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations,2015.

**Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).**

Trading in derivatives (Specify type of contract, Futures or Options etc)					Exchange on which the trade was executed	
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts*lotsize)	Notional Value	Number of units (contracts*lotsize)	
15	16	17	18	19	20	21

**Note:** In case of Options, notional value shall be calculated based on Premium plus strike price of options.

Name & Signature:

Designation:

Date:

Place:

\*\*\*\*\*

**Undertaking by the Connected Person**

This is to undertake that we Mr./Ms./M/s \_\_\_\_\_ having registered office address or resident of \_\_\_\_\_ being the connected person to the PNB Gilts Ltd. will duly inform our concerned Team of the nature of work relationship and shall not undertake any transaction in violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015

Details of our company/firm and its authorized representatives is as under –

- a. PAN of Company/firm :
- b. Name of Authorised Representative:
- c. PAN of Authorised Representative :\_\_

For \_\_\_\_\_(Name of the Connected Person)

Authorised Person