

**PNB Gilts Limited**

*Code of Conduct to Regulate, Monitor and Report Trading by Insiders*

## Table of Contents

|  |    |
|--|----|
| 1. Objective and applicability of the Code of Conduct .....  | 3  |
| 2. Definitions .....   | 3  |
| 3. Communication or Procurement of UPSI and Preservation of UPSI .....                                 | 5  |
| 4. Trade in securities when in possession of UPSI.....   | 7  |
| 5. Prevention of misuse of UPSI .....  | 8  |
| a. Trading Plan .....  | 8  |
| i. Requisites of a Trading Plan .....  | 8  |
| ii. Assessment and Approval of the Trading Plan .....  | 8  |
| iii. Implementation of the Trading Plan .....  | 8  |
| iv. Notification of the Trading Plan.....  | 9  |
| b. Trading window and its closure .....  | 9  |
| c. Pre-clearance of trades .....   | 10 |
| d. Reporting requirements for transactions in securities.....  | 10 |
| 1. Initial Disclosures .....   | 10 |
| 2. Continual Disclosures.....  | 10 |
| 3. Disclosures by other connected persons.....   | 11 |
| e. Sensitization of team engaged in transactions involving UPSI.....                                   | 11 |
| f. Leak or suspected leak of UPSI.....   | 11 |
| g. Protection to the Informant.....  | 12 |
| h. Reporting to the Board of Directors .....   | 12 |
| 6. Penalty for Contravention of the Code .....   | 12 |
| Part B- Dealing in Securities other than of the Company .....  | 13 |
| PART C -Internal Controls.....   | 14 |
| Annexure–A: Trading Plan.....  | 18 |
| Annexure–B: Application for Pre-Clearance for Purchase/Sale of Securities .....                        | 19 |
| Annexure–C: Pre-clearance Approval/Disapproval .....   | 20 |
| Annexure–D: FORM B – Disclosure on becoming a Director/KMP/Promoter/Member of the Promoter group ..... | 21 |
| Annexure–E: FORM C – Continual Disclosure .....  | 22 |

## 1. Objective and applicability of the Code of Conduct

The Code of Conduct aims to ensure monitoring, regulating, timely reporting and adequate disclosure of trading by the Insiders and Designated Persons of the Company. The aim is to prevent misuse of Unpublished Price Sensitive Information (UPSI) as trading on insider information is illegal, as well as it also negatively impacts the credibility and reputation of the Organization. Further, it also aims at transparency and fairness in dealing with the stakeholders and also ensuring adherence to all applicable laws and regulations.

The purpose of this policy document is to define the responsibility and duty of the Designated Persons of the organisation in preserving the confidentiality of all unpublished price sensitive information obtained in the course of their day to day operations with the company. No Designated Person may use his or her position to gain personal benefit or to provide benefit to any third party.

The Code will be applicable to Company's Designated Persons, Insiders and Connected Persons and persons deemed to be Connected Persons.

## 2. Definitions

- a) **'Act'** means Securities and Exchange Board of India Act, 1992.
- b) **"Board"** means Securities and Exchange Board of India.
- c) **'Company'** means PNB Gilts Limited.
- d) **'Compliance Officer'** for the purpose of these regulations means the Company Secretary assisted by Chief Financial Officer 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.
- e) **"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,
    - an immediate relative of connected persons specified in clause (i); or
    - a holding company or associate company or subsidiary company (presently – Punjab National Bank); or
    - 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
    - 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
    - an official of a stock exchange (presently, NSE and BSE) or of clearing house or corporation; or
    - 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
    - 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
    - an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

- a banker of the company (presently, PNB and RBI); or
  - 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);
  - Auditors i.e. Internal, Statutory and Secretarial auditor of the Company, their Audit Team including designated partner(s);
  - Consultant(s) and their Authorised Representatives;
  - Any other Person as the Compliance Officer in consultation with the Managing Director specify in this behalf.
- f) **"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.
- g) **"Designated Person"** means the following who shall be governed by this internal Code of Conduct governing dealing in securities –
- Promoter i.e. Punjab National Bank;
  - Directors of the Company;
  - Key Managerial Personnel of the Company;
  - Employees of the Company, Management Trainees in the Company;
  - Whole time director/Managing Director of the holding company, PNB;
  - Secretariat Staff of Directors having access of Unpublished Price Sensitive Information;
  - Any other person as may be defined by the Board of Directors of the Company or Monitoring Committee from time to time;
- h) **"Fiduciaries"** means Professional firms such as auditors, accountancy firms, law firms' analysts, insolvency professional entities, consultants, banks etc., assisting or advising the Company.
- i) **"Generally available information"** means information that is accessible to the public on a non-discriminatory basis.
- j) **"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.
- k) **"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;
- l) **"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.
- m) **"Promoter"** shall have the same meaning as assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modifications thereof.
- n) **"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.
- o) **"Regulations"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.
- p) **"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.

- q) **“Trading day”** means a day on which the recognized stock exchanges are open for trading.
- r) **“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.
- s) **“Unpublished Price Sensitive Information” (UPSI)** – 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:
  - financial results
  - dividends
  - change in capital structure
  - mergers, de-mergers, acquisitions, delisting’s, disposals and expansion of business and such other transactions
  - changes in key managerial personnel
  - any such other information which may materially affect the price of securities

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

### 3. Communication or Procurement of UPSI and Preservation of UPSI

1. Unpublished price sensitive information should be disclosed only to those within the Company who need such information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information. An unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
  - 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;
  - 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.
2. The Insider shall maintain confidentiality of all UPSI. UPSI is to be handled on need to know basis. As such, no Insider shall communicate, provide or allow access, directly or indirectly, to any unpublished price sensitive information relating to the Company or its listed / proposed to be listed securities, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
3. (i) “Need-to-know” basis means that unpublished price sensitive information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.  
  
(ii) All unpublished price sensitive information directly received by any employee which is not in accordance with clause (i) above should immediately be reported to the head of the department and the Compliance Officer.
4. “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, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

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 fulfilment of any statutory or contractual obligation;
  - iii. The information shared is in a manner which is considered as fair and transparent;
  - iv. Information shared is in the interest of the Company and doesn't result in any personal gain to the Insider.
  - v. Such sharing has not been carried out to evade or circumvent the prohibitions of the Insider Trading Regulations or of any other Regulations that may be in force for the time being.
5. While sharing unpublished price sensitive information for Legitimate purpose(s), following things should be taken care off:
- 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 relevant person second in command . The Authorised Person on being satisfied shall give a written confirmation to the Insider upon which the Insider may communicate the UPSI after entering the below details in Structured Database of the Company -
    - (i) Details of UPSI shared.
    - (ii) Details of persons with whom such UPSI is shared (along with their Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available)
    - (iii) Details of persons who have shared the information (along with their Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available) - This would include the details of both recipient firm/co./organisation and the authorised person with whom the UPSI will be shared,; and
    - (iv) Such other details as may be prescribed under the Regulations.
- For example: The listed company (X) has appointed a Law firm or Merchant Banker (Y) in respect of fund raising activity and (A) from listed company has shared the said UPSI with (B) of Law firm or Merchant Banker. The structured digital database of (X) should capture the nature of UPSI shared, details of (A), (Y) and (B), along with their PAN or other unique identifier (in case PAN is not available).
- Such database 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.
  - The Company shall execute a non-disclosure agreement with the Recipient that the recipient will abide by the Regulations. A copy of said non-disclosure agreement 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 Regulations.
  - UPSI shall be shared through secured email or other secured digital medium as approved by the Authorised Person.
6. The Board of Directors required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any

investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

7. Chinese Wall - Files containing UPSI or any such related confidential information should be kept secure. Computer files must have adequate security of login and password and physical files should be properly locked etc. If not needed, confidential files should be deleted /destroyed after being used as per Record Disposal Policy of the Company.

#### 4. Trade in securities when in possession of UPSI

- 1) No Insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

*\*Note: When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.*

Provided that the insider may prove his innocence by demonstrating the circumstances including the following:

- (i) *the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and 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 these regulations.*

Provided further that such off-market trades 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;

- (ii) *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 and 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 these regulations.

- (iii) *the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.*

- (iv) *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.*

- (v) in the case of non-individual insiders (company, firm etc.): –

- 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 to trade; and
- appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

- (vi) the trades were pursuant to a trading plan set up in accordance with clause 5 of the code.

- 2) In the case of connected persons the onus of establishing that they were not in possession of UPSI shall be on such connected persons and in other cases, the onus would be on the SEBI.

- 3) SEBI may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of this code.

## 5. Prevention of misuse of UPSI

### a. Trading Plan

An Insider 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 a Trading Plan

- i. Any trading (as per Trading Plan) on behalf of the insider should not commence earlier than six months from the public disclosure of the plan;
- ii. Trading, as per the Trading Plan, to not take place for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- iii. A trading plan should be formulated at least for a period of not less than twelve months;
- iv. A trading plan should not entail overlap of any period for which another trading plan is already in existence;
- v. A trading plan should set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- vi. *Insider shall declare in the trading plan that he/she is not in possession of unpublished price sensitive information or that he/she shall ensure that any unpublished price sensitive information in his possession becomes generally available before he/she commences executing his trades as per the trading plan.*
- vii. 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*.
- viii. Format of Trading Plan is at Annexure A.

#### ii. Assessment and Approval of the Trading Plan

- i. 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.
- ii. Compliance officer shall review the trading plan.
- iii. Compliance Officer will assess whether the plan would have any potential for violation of the said regulations. In case of the trading plan of the Compliance Officer or his/her immediate relative as an insider, the review, assessment and approval shall be done by the Managing Director.
- iv. For such assessment, the Compliance officer shall consider and rely on declaration received under para 5(a)(i)(vi) above and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

#### iii. Implementation of the Trading Plan

- i. The trading plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.
- ii. 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.



**iv. Notification of the Trading Plan**

Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

**b. Trading window and its closure**

“Trading Window” is defined as the period during which the purchase or sale of securities of the Company is allowed for Designated Persons subject to their satisfying the conditions laid down by the Code.

- 1) 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 be closed for a period, as may be finalised by the compliance officer, in consultation with the Managing Director, prior to happening of the following events in general:
  - Declaration of financial results (quarterly, half-yearly and annually)
  - Declaration of dividend (interim/ final/special)
  - 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 undertaking 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
- 2) 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.
- 3) 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. Any delay or lapse in intimating about statutory trading window closure will not be an excuse for undertaking trade in violation of this Code. The trading in the Company's securities would be permitted only on the expiry of forty eight hours after the information becomes publicly available.
- 4) The Trading Window shall be mandatorily closed from the end of every quarter till 48 hours after the declaration of financial results. The Board of Directors should ensure gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.
- 5) 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.
- 6) The trading window restrictions mentioned above shall not apply in respect of:
  - a. transactions specified in Clause 4(1) (i) to (iv) and (vi) 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.
  - b. 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 or

transactions which are undertaken through such other mechanism as may be specified by the Board from time to time.

**c. Pre-clearance of trades**

When the trading window is open, all trading by Designated Persons and their immediate relatives, in the securities of the Company, where the per transaction value of the shares intended to be dealt exceeds Rs. 10 Lacs, shall be subject to pre-clearance by the Compliance Officer. 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–B, 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–B.

The Compliance Officer may approve/ dis-approve any of the pre-clearance requests, as per his analysis & checklist. Annexure–C. In case of pre-clearance request of Compliance Officer and his/her immediate relatives, the Managing Director may approve/disapprove the request, as per his analysis & checklist.

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

**d. Reporting requirements for transactions in securities**

**1. Initial Disclosures**

- i. Every person, on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the Compliance Officer within seven days of such appointment or becoming a promoter as per Annexure– D.
- ii. All the Designated Persons shall be required to disclose names and Permanent Account Number (PAN) or any other identifier authorized by law of the following persons to the Compliance Officer 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
  - c) phone, mobile and cell 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 the annual income of such designated person but shall exclude relationships in which the payment is based on arm’s length transactions*

**2. Continual Disclosures**

- i. Every Designated Person and member of the promoter group of the Company shall disclose, as required from time to time, as per Annexure E – Form C, to the Compliance Officer within two trading days of such transaction about, the number of such securities acquired or disposed of if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified by the Board;

- ii. 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.
- iii. The disclosures to be made by any person under para 5(d)(2)(i) and (ii) above shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- iv. The Compliance Officer shall notify the particulars of such trading to the stock exchanges on which the securities (including derivatives) are listed within two trading days of receipt of the disclosure or from becoming aware of such information.
- v. The above disclosures shall be made in such form and such manner as may be specified by the Board from time to time.

W.e.f. August 13, 2021, the aforesaid disclosure except in case of off market transactions shall be made by the Stock Exchanges as per the System Driven Disclosure mode implemented by the SEBI and manual disclosure by aforementioned persons has been dispensed with.

### **3. Disclosures by other connected persons**

The company may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the Compliance Officer, in order to monitor compliance with SEBI regulations.

#### **e. 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. Before communicating any UPSI to any person for legitimate purpose, the procedure as defined in para 3 above has to followed.
- v. Where such UPSI is shared with Fiduciaries or Intermediaries, then such Fiduciaries or Intermediaries shall ensure the compliance of the aforesaid as applicable on their part.

#### **f. 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 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 of Directors of the Company. 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.

**g. 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.

**h. Reporting to the Board of Directors**

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/preclearance received and action taken on the same and such other details as may be required, in connection with the compliance of the Code and Regulations

**6. Penalty for Contravention of the Code**

- 1) Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her Immediate Relatives).
- 2) The Company shall promptly inform the Stock Exchanges, where its securities are listed, regarding violations relating to this Code of Conduct in such manner and form as may be prescribed by SEBI from time to time.
- 3) Any Person to whom the Code is applicable and who deals in securities or communicates any unpublished price sensitive information, in violation / contravention of this Code shall be penalized by the Company. It may involve disciplinary action by the Company, which may include wage freeze, suspension for future participation in employee stock option plan, recover, claw back etc. Any amount collected under this clause shall be remitted to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the SEBI Act, 1992.
- 4) 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 months 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. For instance: Relaxation may be granted in case of need of funds for bonafide purposes.
- 2) However, exercise of ESOPs shall not be considered to be “trading” except for the purposes of disclosures
- 3) 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.
- 4) No employee including key managerial personnel (KMP) or director or promoter of the Company 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 the Company, unless prior approval for the same has been obtained from the Board of Directors as well as the 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 of Directors of the company 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**

The Company is a primary dealer and is also engaged in trading of securities of other companies on proprietary basis. It is also a member of the currency derivative segment and acts as an Arranger of private placement of debt securities, NCRPS, CPs and CDs of other entities.

Accordingly, the employees are required to comply with the following additional conditions:

1. Employees and their immediate relatives shall maintain the confidentiality of UPSI obtained/procured from the internal /external research reports, the access of which has been provided to him by the Company, till such information becomes public. Such 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 Company's holding is dispensed with or information becomes public, whichever is earlier. . Further, where the trade in securities of the said companies exceeds Rupees 25 lakh, the employee and immediate relative 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 disposal of securities by the company or information becomes public, whichever is earlier and shall not cover securities in which they have traded in last 30 days.

3. 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.
4. With respect to securities issuances arranged by Company for clients, the relevant employees and their immediate relatives shall not trade in securities of the said issuer, from the time bids are arranged till the time of allotment of securities.
5. Employees in possession of/ having access to UPSI with regard to any particular Company/Security are prohibited from dealing in the particular Security during the UPSI period. Employees holding securities during the UPSI period should ensure holding of minimum 6 months. Further employees are prohibited from borrowing and lending of securities while in possession of UPSI with respect to underlying securities.

Restrictions on Dealers:

1. Dealers undertaking Trade on behalf of the Company shall be seated separately with the other employees of the Company. 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
2. Mobile phones of Dealers shall not be permitted inside the dealing room.
3. 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.
4. Off premise dealing is not permitted. All the deals have to be concluded from the premises of the company, unless dealing from home is allowed as per the Company policy and applicable laws. In case of off-premises dealing, the Dealer shall ensure necessary records as required under applicable laws and this Policy are maintained and provided to the Company
5. No trades should be concluded after the close of the trading hours.
6. 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

[PART C -Internal Controls](#)

Institutional Mechanism

The Managing Director and 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 includes the following:

- all employees who have access to unpublished price sensitive information are identified as designated person;
- all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations.
- 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;
- all other relevant requirements specified under these regulations shall be complied with;

- periodic process review to evaluate effectiveness of such internal controls and enhance the existing controls, wherever required.
- structured digital database is required to be maintained with adequate internal controls and checks, such as time stamping and audit trails to ensure non-tampering of the database, in compliance with the provisions of these Regulations.

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

**Policies:**

The Company shall create a strong control environment for promoting insider trading governance by adopting the following policy and procedures:

1. Employee Orientation:
  - Communicate the Company's policies on integrity and ethical values from time to time to the Employees of the Company.
  - Communicate the behavioral standards to personnel through policy statements and codes of conduct and by examples.
2. Self– Governance:
  - The Company's attitudes and actions toward compliance & reporting as per insider trading laws shall be firm.
  - They shall abide by the Company's Code of Conduct for Regulation, Monitoring and Reporting of Trading by Designated Persons, as may be applicable to them.
  - They shall adopt the principles of conscientiousness and conservatism.
3. Assignment of Authority & Responsibility:
  - The Company shall clearly define and communicate roles & responsibilities of the Employees.
  - The authority of the Employees shall be well established and understood to ensure that information accessed and communicated by them is within their authority and role privilege.
4. Recruitment:
  - The Human Resource Department shall undertake due diligence while recruiting personnel. For recruiting employees in departments which generally have access to UPSI, specific emphasis on past evidence of integrity and ethical behavior shall be made.
  - The management may conduct background check of new recruits to ensure they are not in violation of ethical code of conduct & insider trading laws in their previous employment or appropriate undertaking from the prospective Employees where sufficient background check cannot be undertaken.
5. Training & Awareness:

The Company will regularly conduct Training & awareness programs to sensitize employees on compliance of SEBI PIT Regulations along with need of maintaining high degree of integrity and morality in organization at such intervals and at such times as it may consider necessary.

**Roles and Responsibilities:**

**A. Compliance Officer**

The Compliance Officer designated for the purpose of the Regulations will perform the following functions and shall have the following powers:

- Monitor and administer this Code.
- Process the pre-clearance of trade as per approval matrix.
- Maintain, update and preserve records, as per SEBI Regulations.
- Clarify issues regarding the Code.
- notify the 'No-Trading Period' for Designated Persons / select persons or specific departments, as deemed necessary.
- maintain the list of identified Designated Persons on the basis of receipt of information HR Head and decision thereof by the Monitoring Committee
- The Compliance Officer shall send reports to the Chairman of Audit Committee, on regular basis (atleast once in a year), providing details of the trading in the Securities of the Company by the Designated Persons and the accompanying documents such persons had executed under the pre-dealing procedure as envisaged in this Code.

The Compliance Officer can delegate all or any of the above powers to any officer / employee of the Company.

**B. Human Resource Department**

The Human Resource Team shall ensure the following:

- Provide details of employees who are joining, leaving or being transferred or whose designation are being changed to the Secretarial team from time to time so that list of Designated Persons can be discussed by the Monitoring Committee
- Obtain initial disclosures from Designated Persons
- In coordination with Secretarial team provide training and give comprehensive presentation to designated persons and other employees with regards to their obligation and responsibilities under this Code

**C. Monitoring Committee**

A committee is constituted under the Code named as Monitoring Committee, comprising of the following officials:

- Managing Director and Chief Executive Officer
- Deputy CEO
- Head of the Human Resource Department
- Chief Financial officer
- Secretarial Team
- Senior Executive Vice President (Front Office)
- Senior Executive Vice President (Support)

**The Committee will perform the following functions:**

- Review list of Designated Persons on a half yearly basis (this will not preclude the Committee to review the list if change in such list is required)
- Conduct inquiries/investigations regarding alleged violations of the Code or the SEBI Regulations.
- Recommend to the Audit Committee on the penalty/penal consequences to be imposed on Designated Persons for any contravention of the Code.
- Decision on intimation to SEBI on any trading in Securities of the Firm by a Designated Person in contravention of the Code.
- The Committee shall take into account the nature and severity of the contravention while deciding on the intimation.
- Seek any such information / documents from the Designated Persons and their Immediate Relatives, as the case may be, for the purpose of enforcing the provisions of this Code and the SEBI Regulations and it shall be the duty of such persons to provide the same forthwith.
- Appoint external agency or consultant to conduct enquiry or investigation.



- Failure or refusal to co-operate in such enquiries/investigation shall be deemed to be a serious violation of the obligations owed to the Company under this Code.

**Monitoring & Review of the Internal Control System**

1. The Audit Committee may appoint any person including but not limited to internal auditor or external consultant for evaluating the effectiveness of internal controls established by the Company in accordance with the policies and procedures of the Code.
2. The appointed person shall review and prepare a report on existing internal controls established in the Company on an Annual basis and shall present it to the Audit Committee.
3. The Audit Committee based on the above mentioned report shall review the established internal control systems in the Company.

**ANNEXURES**

- Annexure A
- Annexure B
- Annexure C
- Annexure D
- Annexure E

**Annexure–A: Trading Plan**

The Compliance Officer  
 PNB Gilts Ltd.  
 5, Sansad Marg  
 New Delhi – 110 001

**Sub: Submission of trading plan under Regulation 5 of the SEBI (Prohibition of Insider Trading) Regulations, 2015**

Dear Sir/Madam,

In terms of provisions of Regulation 5 of SEBI (Prohibition of Insider Trading) Regulations, 2015 and as per Company’s Code of Conduct to Regulate, Monitor and Report Trading by Insiders, I, [•], PAN: [•], \_\_\_\_\_ of the Company hereby submit the trading plan with respect to dealing in securities of the Company for a total period of 12 months from \_\_\_\_\_ to \_\_\_\_\_.

| DP ID/ Client ID / Folio No. | Type of security | No. of Securities held (as on date) | Nature of Trade (Buy/Sell/____)                     | Proposed Date/time period of trade | No. /total amount of securities proposed to be traded |
|------------------------------|------------------|-------------------------------------|---|------------------------------------|---|
|                              | Equity           |                                     | Buy (through stock exchange trading mechanism/____) |                                    |   |

With respect to the above trading plan, I hereby:

- I. undertake that I shall not entail commencement of trading earlier than 6 months from the public disclosure of the plan;
- II. undertake that I shall not entail trading for the period between the 20th trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of financial results for the said period;
- III. Confirm that I am not in possession of any unpublished price sensitive information at the time of formulation of this trading plan OR I undertake that I shall not commence the trading as per above plan if the Unpublished Price Sensitive Information which is in my possession at present, do not comes into public domain till the time of commencement of trading plan & shall defer the commencement of trading plan till such information becomes generally available;
- IV. Undertake that I shall not tender any other trading plan for the period for which the above trading plan is already in force;
- V. Undertake that I shall not entail trading in securities for market abuse;
- VI. Confirm that I am not in violation of Company's Code of Conduct or SEBI Insider Trading Regulations while formulating the aforesaid trading plan; and
- VII. I also hereby confirm that except me, none of my immediate relatives or any other person for whom I take trading decisions, shall deal in the securities of the Company as per this trading plan.

Date.....  
 Place.....

Signature : .....  
 Name : .....  
 Designation : .....

**Annexure–B: 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/We seek approval for Purchase /Sale of securities of the Company as under:

I/We 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/We do hereby undertake as under:**

- a. I/We have not received, nor I/We have had any access to any unpublished price sensitive information upto the time of signing this undertaking.
- b. My/ our dependent family members are not in possession of unpublished price sensitive information.
- c. In case I/We have access or receive unpublished price sensitive information after the signing of this undertaking but before the execution of the transaction, I/We 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.
- d. I/We have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- e. I/We have made a full and true disclosure in the matter.

Signature: .....

Designation: .....

\*\*\*\*\*

**Annexure–C: Pre-clearance Approval/Disapproval**

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

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

Dear Sir/Madam,

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]

\*\*\*\*\*

**Annexure–D: FORM B – Disclosure on becoming a Director/KMP/Promoter/Member of the Promoter group**

**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/members of promoter group KMP /Directors/immediate relative to/others etc.) | Date of appointment of Director /KMP OR Date of becoming Promoter/ member of promoter group | Securities held at the time of becoming Promoter or member of the promoter group/appointment of Director/KMP |     | % of Shareholding |
|--|---|---|--|-----|-------------------|
|  |   |   | Type of security (e.g. 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 or member of the Promoter group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).**

| Open Interest of the Future contracts held at the time of appointment of Director/ KMP or upon become a Promoter or member of the promoter group |                                     |                       | Open Interest of the Option Contracts held the time of appointment of Director/ KMP or upon become a Promoter or member of the promoter group |                                     |                       |
|--|-------------------------------------|-----------------------|---|-------------------------------------|-----------------------|
| Contract Specifications  | No. of units (contracts * lot size) | Notional value in Rs. | Contract Specifications   | No. of units (contracts * lot size) | Notional value in Rs. |
| 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:

\*\*\*\*\*

**Annexure–E: FORM C – Continual Disclosure**

**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 (Directors/ Immediate re | 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                              | No. and % of shareholding | Type of Security             | No. | Value | Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke) | Type of security                          | No. and % of shareholding | 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) |                         |                       |                                     |                       |                                     |  |
|---|-------------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|--|
| Type of executed contract   | Contract specifications | Buy                   |                                     | Sell                  |                                     | Exchange on which the trade was executed |
|   |                         | Notional Value in Rs. | No. of units (contracts * lot size) | Notional Value in Rs. | No. of units (contracts * lot size) |  |
| 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:

\*\*\*\*\*