

# **BLISS GVS PHARMA LIMITED**

## **CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY DESIGNATED PERSONS AND THEIR IMMEDIATE RELATIVES**

## **1. BACKGROUND:**

Insider trading means trading in Securities of a company by its Directors, Employees or other Insiders while in possession of Unpublished Price Sensitive Information ("UPSI"). Such trading by Insiders erode the investors' confidence in the integrity of the management and is unhealthy for the capital markets.

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, 1992 under the powers conferred on it under the SEBI Act, 1992, which came into effect from November 19, 1992 and the same were made applicable to all companies whose shares were listed on Indian stock exchanges

The SEBI vide notification dated January 15, 2015 repealed the SEBI (Prohibition of Insider Trading) Regulations, 1992 and replaced the same with SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations 2015") to put in place a framework for fair Disclosure of Unpublished Price Sensitive Information and for prohibition of Insider Trading in securities and to strengthen the legal framework thereof. Accordingly, the Board of Bliss GVS Pharma Limited ("BGPL or the Company") had approved and adopted the "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders", which is effective from May 15, 2015.

The SEBI vide notifications dated December 31, 2018 and January 21, 2019 notified SEBI (Prohibition of Insider Trading) (Amendment Regulations), 2018 & 2019, which amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 and would become effective from April 01, 2019.

Accordingly, the Board of the Company at its Meeting held on May 18, 2019 accorded approval for amendment to "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives" in line with SEBI (Prohibition of Insider Trading) (Amendment Regulations), 2018 ("SEBI PIT Regulations 2018") and shall come effective from April 01, 2019.

## **2. POLICY FRAMEWORK AS PER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS:**

As per SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, the Board of every Listed Company shall formulate the following Codes:

### **➤ CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION (UPSI):**

In line with Regulation 8 of "SEBI PIT Regulations 2018", the Board of Directors of BGPL has formulated the Code called "CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UPSI".

This Code is formulated to preserve the confidentiality of unpublished price sensitive information (UPSI) and to prevent its misuse, to ensure timely and adequate disclosure of UPSI which would impact the price of its securities and to maintain uniformity, transparency and fairness in dealing with all its stakeholders.

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) is provided separately with this code.

### **➤ POLICY FOR DETERMINATION OF "LEGITIMATE PURPOSE":**

Further, in line with Regulation 3 (2A) of "SEBI PIT Regulations 2018", the Board of Directors of BGPL has made a Policy for Determination of "Legitimate Purposes" as a part of Code of Practices and Procedures for Fair Disclosure of UPSI given in Annexure-A.

### **➤ CODE OF INTERNAL PROCEDURES AND CONDUCT FOR REGULATING, MONITORING AND REPORTING OF TRADING BY DESIGNATED PERSONS AND THEIR IMMEDIATE RELATIVES:**

In accordance with Regulation 9 of "SEBI PIT Regulations 2015", as amended from time to time, the Company has formulated the Code called Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives.

### 3. **PURPOSE OF THE CODE:**

This Code aims to ensure confidentiality of Unpublished Price Sensitive Information (UPSI) and prevent misuse of such information. Hence, this Code has been formulated to regulate, monitor and ensure reporting of trading by the Designated Persons and immediate relatives of Designated Persons and other connected persons, towards achieving compliance with the PIT Regulations.

The Designated persons and immediate relatives of Designated Persons and other connected persons as defined in the Regulations should desist from trading while they are in possession of UPSI.

### 4. **DEFINITIONS:**

For the purpose of this code the following terms shall have the meanings assigned to them hereunder:

- a) **“Act”** means the Securities and Exchange Board of India Act, 1992 as amended from time to time.
- b) **“Board”** means the Board of Directors of the Company.
- c) **“Code” or “Code of Conduct”** shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by Designated Person and their immediate relatives of Bliss GVS Pharma Limited as amended from time to time.
- d) **“Company”** means Bliss GVS Pharma Limited (“BGPL”).
- e) **“Compliance Officer”** means Company Secretary and in his/her absence any senior officer, designated so and reporting to the Board of Directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed Company or the head of an organization, as the case may be.

**Explanation:** Financially Literate shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.

**f) “Connected Person” means:**

- i. any person who is or has during the six months prior to the concerned act been associated with the Company i.e. Bliss GVS Pharma Limited, 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 (i.e. Designated Persons) 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; or
  - c) an intermediary as specified in Section 12 of the Act or an employee or director thereof; or
  - d) an investment Company, trustee Company, asset management Company or an employee or director thereof; or
  - e) an official of a stock exchange 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 recognized or authorized by the Board; or
  - i) a banker of the Company; or
  - j) a concern, firm, trust, Hindu undivided family, Company or association of

persons wherein a director of the Company or his/her immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

- g) “Dealing in Securities”** means an act of subscribing to, buying, selling or agreeing to subscribe to, buy, sell or deal in the securities of the Company i.e. Bliss GVS Pharma Limited either as principal or agent.
- h) “Designated Person”** shall include:
- i. Every employee in the finance, accounts, secretarial, legal and IT department as may be determined and informed by the Compliance Officer;
  - ii. Directors & KMP of the Company and material subsidiary;
  - iii. Executive Assistants & Secretary to Directors & KMP
  - iv. Every employee of material subsidiary designated on the basis of their role or access to UPSI
  - v. All promoters of the Company.
  - vi. Chief Executive Officer and employees upto two level below CEO, intermediary, fiduciary and its material subsidiary irrespective of their role in the Company or access to UPSI
  - vii. Any other employee as may be determined and informed by the Compliance Officer from time to time.
- i) “Director”** means a member of the Board of Directors of the Company;
- j) “Employee”** means every employee of the Company including the Directors in the employment of the Company.
- k) “Fiduciary/Fiduciaries”** means professional firms such as auditors, accountancy firms, law firms, analysts, merchant bankers, insolvency professional entities, consultants, banks etc., assisting or advising the Company.
- l) “Generally available Information”** means information that is accessible to the public

on a non- discriminatory basis.

- m) **"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.
- n) **"Insider"** means any person who is-
  - i. A Connected person;
  - ii. In possession of or having access to unpublished price sensitive information;
  - iii. In receipt of UPSI pursuant to legitimate purpose.
- o) **"Intermediary"** means an intermediary registered with SEBI.
- p) **"Key Managerial Person"** means person as defined in Section 2(51) of the Companies Act, 2013.
- q) **"Legitimate Purpose"** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with any internal / external stakeholders and as further set out in "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information"
- r) **"Promoter"** 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.
- s) **"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.
- t) **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;
- u) **"Takeover regulations"** means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

- v) **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly. As per explanation given by the Act, this definition is an inclusive definition and may include gift, pledge, derivatives on the Securities of the Company as the case maybe.
- w) **"Trading Day"** means a day on which the recognized stock exchanges are open for trading;
- x) **"Unpublished Price Sensitive Information"** ("UPSI") means any information, relating to a 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:
  - a) Financial Results;
  - b) Dividends;
  - c) Change in Capital Structure;
  - d) Mergers, De-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - e) changes in key managerial personnel
- y) **"Regulations"** shall mean the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendments thereto.

Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956(42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made there under shall have the meanings respectively assigned to them in those legislation.

## **5. PRESERVATION OF "PRICE SENSITIVE INFORMATION":**

All information shall be handled within the Company on a "need-to-know" basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his/her legal obligations.



UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

- an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company; or
- 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 UPSI 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.

However, the Board of Directors of the Company shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of UPSI.

**Explanation:** "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 in furtherance of legitimate purposes and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

#### **Limited access to Confidential Information**

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

#### **6. PREVENTION OF MISUSE OF "UPSI":**

- a) No Employees, Connected Persons, Designated Persons and immediate relatives of

Designated Person shall either on their behalf or on behalf of any other person, trade in Company's securities when in possession of any UPSI.

- b) Structured digital database shall be maintained containing the names of such employees or persons or entities as the case may be with whom UPSI is shared under this Code along with the Permanent Account Number (PAN) or any other identifier authorized bylaw where PAN is not available. 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.
- c) Confidentiality agreements shall be signed or notice shall be served to all such employees or persons or entities to maintain confidentiality of such UPSI in compliance with the Regulations.
- d) When a person who has traded in securities has been in possession of Unpublished Price Sensitive Information, his/her trades would be presumed to have been motivated by the knowledge and awareness of such information in his/her possession.

## **7. TRADING PLAN:**

- 7.1** The Insider shall be entitled to formulate a trading plan for dealing in securities of the Company and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his/her behalf in accordance with such plan.

(This plan intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in securities in a compliant manner)

- 7.2** Such Trading Plan shall:

- a) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- b) not entail trading for the period between the twentieth (20<sup>th</sup>) trading day prior to the last day of any financial period for which results are required to be announced by the issuer of the securities and the second (2<sup>nd</sup>) trading

- day after the disclosure of such financial results;
- c) entail trading for a period of not less than twelve (12) months;
- d) not entail overlap of any period for which another trading plan is already in existence;
- e) 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
- f) not entail trading in securities for market abuse.

**7.3** The Compliance Officer shall review and consider the Trading Plan made as above to assess whether the plan would have any potential for violation of this code and regulations and shall approve it forthwith in consultation with the Managing Director in his/her absence Whole-Time Director in his/her absence Chief Financial Officer. However, the Compliance Officer 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 as per provisions of the Regulations.

**7.4** Trading Window norms, restrictions on contra trade, and the requirement of seeking pre-clearance of trades shall not be applicable for trades executed as per an approved trading plan.

**7.5** 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.

**7.6** However, the implementation of the trading plan shall not be commenced, if at the time of formulation of the plan, the Insider is in possession of any Unpublished Price Sensitive Information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Plan shall be deferred until such unpublished price sensitive information becomes generally available information. Further, the Insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

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

**7.8** In case of the Compliance Officer, the trading plan shall be presented to the Managing Director for approval.

**8. TRADING WINDOW AND WINDOW CLOSURE:**

**8.1** The trading period is called a 'trading window" which is available for trading in the Company's securities;

**8.2** In respect of declaration of financial results, the Trading Window shall remain closed from the first day of the month following the quarter, half-year or financial year, as the case may be till 48 hours from the time the results are communicated to the Stock Exchanges.

**8.3** Additionally, the trading window shall be closed (based on the price sensitivity of event) for all or select Designated Persons and select other persons (as determined by the Compliance Officer), when they can reasonably be expected to be in possession of UPSI, for such period(s) as may be determined by the Compliance Officer after consultation with CFO and Managing Director of the Company. The trading window may be re-opened after closure, not earlier than 48 hours after the Unpublished Price Sensitive Information in question becomes generally available

**8.4** The gap between clearance of accounts by audit committee and board meeting shall be as narrow as possible and preferably on the same day to avoid leakage of material information.

**8.5** When the trading window is closed, the Designated Person and their Immediate Relatives shall not trade in the Company's securities in such period.

**8.6** The trading window shall be closed when the Compliance officer determines that a designated person or class of designated persons and their immediate relatives

can reasonably be expected to have possession of UPSI. The Compliance Officer shall also intimate the closure of trading window to all the designated person of the Company when he/she determines that a designated person or class of designated persons and their immediate relatives can reasonably be expected to have possession of unpublished price sensitive information. The closure of trading window shall also be intimated to the Stock Exchanges where the securities of the Company are listed. The period during which the trading window is closed shall be termed as '**Prohibited Period**'.

- 8.7** In case of ESOPs, exercise of option shall be allowed during the period when the Trading Window is closed. The Company can allot the shares on exercise of the ESOPs, during the period the Trading Window is closed. However, sale of shares allotted on the exercised of ESOPs shall not be allowed when Trading Window is closed.
- 8.8** All the Designated Person and their Immediate Relatives of the Company shall conduct all their dealings in the securities of the Company only when trading window is open.
- 8.9** The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company.
- 8.10** The Company shall maintain a register of the periods of "Closed Trading Window", wherein it shall record the date of closure and opening of the trading window and the purpose for which trading window is closed in prescribed format.

## **9. PRE-CLEARANCE OF TRADES:**

All the Designated Persons (or on behalf of their immediate relative) of the Company, who intend to deal in the securities of the Company when the trading window is opened and if the value of the proposed trades is above 50,000 shares or up to Rs. 10 Lakhs (market value) or 1% of total shareholding, whichever is less, should pre-clear the transaction from the Compliance Officer. The procedure of pre-clearance described below:

- a) An application should be made in duplicate in the prescribed form to the

Compliance Officer indicating the estimated number of securities that the Designated person or his/her immediate relative intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the Company in this behalf. (Refer **Annexure-1**)

- b) An undertaking shall be executed in favour of the Company by such Designated Person or his/her immediate relative incorporating, inter alia, the following clauses, as may be applicable (Refer **Annexure-2**) :
- i. That he/ she does not have any access or has not received "UPSI" up to the time of signing the undertaking.
  - ii. That in case he/ she has access to or receives "Unpublished Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance Officer of the change in his/ her position and that he/she would completely refrain from dealing in the securities of the Company till the time such information becomes public.
  - iii. That he/she has not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
  - iv. That he/she has made a full and true disclosure in the matter
- c) All Designated Person or his/her immediate relative shall execute their order in respect of securities of the Company within seven trading days after the approval of pre-clearance is given (Refer **Annexure-3**). The Designated Person or his/her immediate relative shall file within 2 (two) days of the execution of the deal, the details of such deal with the Compliance Officer in the prescribed form (Refer **Annexure-4**). In case the transaction is not undertaken, a report to that effect shall be filed. (Refer **Annexure-4**)
- d) If the order is not executed within seven trading days after the approval is given, the Designated Person or his/her immediate relative shall make a fresh application, once again to the Compliance Officer for pre clearance of the transaction covered under the said approval.

- e) All Designated Person or his/her immediate relative, who buys or sells any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All Designated Person or his/her immediate relative shall also not take positions in derivative transactions in the shares of the Company at any time. In case of any 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 SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the Act.
- f) The shares acquired by way of exercise of ESOPs shall not be considered as purchase/trading for the purpose of this Code. However, once the shares acquired on exercise of the ESOPs are sold, the restriction on buying would become applicable for the next six months.
- g) The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted when the Trading window is closed.
- h) In the absence of the Compliance Officer, the Chief Financial Officer and part of the Finance or Secretarial & Compliance Department shall discharge the function with regard to pre-clearance approval.

#### **10. OTHER RESTRICTIONS:**

- (i) The disclosures to be made by any person under this Code shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- (ii) The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken in to account for purposes of this Code.
- (iii) The disclosures made under this Code by Promoter, Member of Promoter Group, Designated Person and Director of the Company shall be maintained for a period of

five years.

## **11. REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES:**

### **11.1 INITIAL DISCLOSURE:**

- a. Every Promoter/ Member of the promoter group/ Key Managerial Personnel / Officers / Designated Person of the Company shall be required to forward following detail of their holdings in securities of the Company presently held by them including the statement of holdings of Immediate Relatives to the Compliance Officer, in the prescribed Form within 30 days of this Code of Conduct coming into effect in the prescribed Form. (Refer ***Annexure – 5***)
- b. Every person on appointment as a Key Managerial Personnel or a Director of the Company or upon becoming a Promoter/ Member of the promoter group shall disclose his holdings of securities of the Company as on the date of appointment or becoming a promoter or member of promoter group, to the Company within seven days of such appointment or becoming a promoter or member of promoter group in the prescribed Form. (Refer ***Annexure – 6***)

### **11.2 CONTINUAL DISCLOSURE:**

Every Promoter, Member of Promoter Group, Designated Person and Director of the Company shall disclose to the Company the number of such securities acquired or disposed of within two trading days of such transaction 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 Lakhs Rupees or such other value as may be specified in prescribed Form. (Refer ***Annexure – 7***)

The disclosures under this clause shall be sent to the Compliance Officer of the Company.

The Compliance Officer shall intimate to the Stock Exchange, on which securities of the Company are listed, details of the trade, within 2 trading days of the receipt of Continual Disclosure or from becoming aware of such information.



### **11.3 DISCLOSURE BY OTHER CONNECTED PERSONS:**

The Company may at its discretion require any other connected person or class of connected persons, other than the persons under 11.2 above, shall disclose in prescribed form to the Company the number of such securities acquired or disposed of within two trading days of such transaction 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 Rs. Ten Lakhs. (Refer ***Annexure – 8***)

The disclosures under this clause shall be sent to the Compliance Officer of the Company.

### **11.4 ANNUAL DISCLOSURE:**

All the 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 Secretary on Annual Basis in prescribed form (Refer ***Annexure – 9***) 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.

In addition, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on one to one 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 during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.

Further, all Designated Persons and their Immediate Relatives shall be required to disclose an annual statement of all holdings in the securities of the Company as on March 31 of each year within 15 days of each financial year i.e. by April 15 of every year. (Refer ***Annexure – 10***)

## **12. INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING:**

- 1) The Managing Director or Chief Financial Officer of the Company shall put in place an adequate and effective system of internal controls to ensure compliance with the requirements given in the Regulations to prevent insider trading.

The internal controls include the following:

- a) all employees who have access to UPSI shall be identified as Designated Persons;
  - b) all UPSI shall be identified and its confidentiality shall be maintained as per the requirements of the Code and Regulations;
  - c) adequate restrictions shall be placed on communication or procurement of UPSI as required by the Code;
  - d) lists of all employees and other persons with whom UPSI is shared shall be maintained in the digital database and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
  - e) all other relevant requirements specified under the Code shall be complied with;
  - f) periodic process review, on an annual basis shall be conducted by the Internal Audit Team of the Company to evaluate the effectiveness of internal controls in place.
- 2) The Board shall ensure that the Chief Executive Officer or the Managing Director ensures compliance with Regulation 9 and Regulation 9A(1) and(2) of SEBI PIT Regulations.
  - 3) The Audit Committee of the Company shall review compliance with the provisions of the Code, at least once in a financial year, on the basis of the Internal Audit Report presented and shall verify that the systems for internal control are adequate and are operating effectively.
  - 4) The policy and procedures for inquiry in case of leak of UPSI or suspected leak of UPSI has been formulated by the Company and duly approved by the Board of the

Company (***Refer Annexure – 11***). Accordingly, the Enquiry Committee shall initiate appropriate inquiries on becoming aware of leak of UPSI or suspected leak of UPSI and promptly inform SEBI.

- 5) The Whistle-blower policy of the Company, a copy of which is available on the website of the Company i.e. <http://www.blissgvs.com/policies-and-codes1/>, enables employees to report instances, if any, of leak of UPSI.
- 6) If an inquiry is initiated by the Company in case of reported leakage of UPSI or suspected leak of UPSI, the Intermediaries and Fiduciaries engaged by the Company shall be duty bound to co-operate with the Company in connection with such inquiry conducted by the Company.

### **13. DISSEMINATION OF PRICE SENSITIVE INFORMATION:**

- a) No information shall be passed by Insiders by way of making a recommendation for the purchase or sale of securities of the Company.
- b) Disclosure/dissemination of Price Sensitive Information with special reference to analysts, media persons and institutional investors:

The following guidelines shall be followed while dealing with analysts and institutional investors;

- Only public information to be provided;
- At least two Company representatives be present at meetings with analysts, media persons and institutional investors;
- Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding;
- Simultaneous release of information after every such meet.

### **14. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT:**

- a) Every Insider/Designated Person/Connected 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).

- b) Any Insider/Designated Person/Connected Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.
- c) Insider/Designated Person/Connected Person who violates the Code shall also be subject to disciplinary action by the Company, which may include freeze demat account, wage freeze, suspension from trade, ineligibility for future participation in employee stock option plans, recovery, termination of employment, etc.
- d) The actions taken by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.
- e) If any Designated Person/Insider/Connected Person contravenes any of the provisions of the Code or SEBI PIT Regulations, such person shall be liable for appropriate penal actions in accordance with the provisions of Sections 15G of the SEBI Act, 1992. The minimum penalty under the said section of SEBI Act, 1992 is Rs. 10 Lakhs, which can go upto Rs. 25 Crores or 3 times the amount of profits made out of insider, whichever is higher.
- f) Under Section 24 of the SEBI Act, 1992, if any person contravenes or attempts to contravenes or abets the contravention of the provisions of SEBI ACT, 1992 or of any Rules or Regulations made thereunder, such person shall be punishable with imprisonment for a term which may extend to ten years, or with fine, which may extend to twenty- five crore rupees or with both. Further, in case any person fails to pay the penalty imposed by the adjudicating officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than one month but which may extend to ten years, or with fine, which may extend to twenty-five crore rupees or with both.

#### **15. AFFIRMATION:**

The Designated Persons shall affirm to have read and fully understood their obligations and the obligations of their Immediate Relatives under the PIT Regulations and this Code

and have undertaken to unconditionally abide by the same.

**16. AMENDMENT TO THE CODE:**

The Board reserves its right to amend or modify this Code in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Listing Regulations, Act or any law for the time being in force. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this code, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

**17. APPENDIX:**

The text of Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, from time to time is given in Appendix for your ready reference.

**18. DETAILS OF THE COMPLIANCE OFFICER:**

Any clarification with regard to the Code may be addressed to the Compliance Officer at the address given below:

The Company Secretary  
Bliss GVS Pharma Limited  
102, Hyde Park, Saki Vihar Road,  
Andheri (East), Mumbai- 400072.

Email Id: [cs@blissgvs.com](mailto:cs@blissgvs.com)

**ANNEXURE – 1**

**APPLICATION FOR PRE-CLEARANCE OF TRADE**

*(To be submitted in Duplicate)*

To,  
**The Compliance Officer,  
Bliss GVS Pharma Limited,  
Andheri (East), Mumbai.**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading Policy, I seek approval to purchase / sell / subscribe \_\_\_\_\_ Equity Shares of the Company as per details given below:

|  |   |
|--|---|
| <b>Name of the Applicant</b>   |   |
| <b>Designation</b>   |   |
| <b>PAN No/Passport No.</b>   |   |
| <b>Number and value of securities in the Company held as on date</b> |   |
| <b>Folio No. / DP ID / Client ID No.</b>                             |   |
| <b>Nature of securities held</b>                                     | *Equity Shares / Other Securities   |
| <b>The Proposal is for</b>   | I. Acquisition in the open market<br>II. subscription to the securities<br>III. sale of securities<br><br>(Delete whichever not applicable) |

|   |  |
|---|--|
| <b>Proposed date of dealing in securities of the Company</b>                              | (within a seven trading days)                                      |
| <b>Nature of proposed dealing</b>   | Purchase / Sale of securities<br>(delete whichever not applicable) |
| <b>Estimated number of securities proposed to be acquired / subscribed /sold</b>          |  |
| <b>Price at which the transaction is proposed</b>   |  |
| <b>Current market price (as on the date of application)</b>                               |  |
| <b>Whether the proposed transaction will be through stock exchange or off market deal</b> |  |
| <b>Folio No. / DP ID / Client ID No. where the securities will be credited / debited</b>  |  |

I enclose herewith the Undertaking in annexure 2 signed by me

**Signature of Applicant:**

**Name:**

**Employee Code:**

**Designation:**

**Date:**

**Place:**

**ANNEXURE – 2**

**UNDERTAKING**

To,  
**The Compliance Officer,  
Bliss GVS Pharma Limited,  
Andheri (East), Mumbai.**

I, \_\_\_\_\_ (Full Name), \_\_\_\_\_ (Designation) of the Company residing at \_\_\_\_\_, am desirous of trading in Equity Shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

- i. I further declare that I am not in possession of any unpublished price sensitive information up to the time of signing this Undertaking.
- ii. In the event that I have access to or receive any unpublished price sensitive information after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from trading in the securities of the Company until such information becomes public.
- iii. I declare that I have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- iv. In the event of this transaction being in violation of the Rules or the applicable laws, (a) I will, unconditionally, release, hold harmless and indemnify to the fullest extent, the Company and its directors and officers, (the 'indemnified persons') for all losses, damages, fines, expenses, suffered by the indemnified persons, (b) I will compensate the indemnified persons for all expenses incurred in any investigation, defense, crisis management or public relations activity in relation to this transaction and (c) I authorize the Company to recover from me, the profits arising from this transaction and remit the same to the SEBI for credit of the Investor Protection and Education Fund administered by the SEBI.



- v. I undertake to submit the necessary report within two days of execution of the transaction / a report if the transaction is not undertaken.
- vi. If approval is granted, I shall execute the trade within seven days of the receipt of approval failing which I shall seek pre-clearance afresh.
- vii. I hereby solemnly declare that I have made a full and true disclosure in this regard to the best of my knowledge and belief.

**Signature:**

**Name:**

**Employee Code:**

**Designation:**

**Date:**

**Place:**

---

**OFFICE USE**

**Serial Number of the Application Received:**

**Date and Time of receipt of application:**

**Date & Time of communication of the pre-clearance or otherwise:**

**Reasons for not giving pre-clearance:**

**Signature of the  
Compliance Officer/Authorised Officer**

**ANNEXURE – 3**

**FORMAT FOR PRE- CLEARANCE APPROVAL**

Date:

Approval No. :

To,

Name:

Employee Code:

Designation:

Res. Address:

This is to inform you that your request for dealing in \_\_\_\_\_(nos.) Equity Shares of the Company as mentioned in your application dated \_\_\_\_\_ is approved. Please note that the said transaction must be completed on or before \_\_\_\_\_(date) i.e. within 7 days from today.

In case you do not execute the approved transaction /deal on or before the aforesaid date you would have to seek fresh pre-clearance before executing any transaction/deal in the securities of the Company. Further, you are required to file the details of the executed transactions in the attached format within 2 days from the date of transaction/deal. In case the transaction is not undertaken a 'NIL' report shall be necessary.

Yours faithfully,

For **Bliss GVS Pharma Limited**

**Compliance Officer/Authorised Officer**

***Encl: Format for submission of details of transaction (Annexure-4)***

Place:

**ANNEXURE – 4**  
**DISCLOSURE OF TRANSACTIONS**

*(To be submitted within 2 days of transaction / trading in securities of the Company)*

To,  
**The Compliance Officer,  
Bliss GVS Pharma Limited,  
Andheri (East), Mumbai.**

I hereby inform you that I / my \_\_\_\_\_

have not bought/sold/subscribed any securities of the Company  
have bought / sold / subscribed to \_\_\_\_\_ securities as mentioned below  
on \_\_\_\_\_ *(Insert Date)*

| <b>Name of holder</b> | <b>No. of securities traded</b> | <b>Bought / sold / subscribed</b> | <b>DP ID/Client ID/Folio No.</b> | <b>Price (Rs.)</b> |
|-----------------------|---------------------------------|-----------------------------------|----------------------------------|--------------------|
|                       |                                 |                                   |                                  |                    |
|                       |                                 |                                   |                                  |                    |

In connection with the aforesaid transaction(s), I hereby undertake to preserve, for a period of 5 (Five) years and produce to the Compliance Officer/SEBI any of the following documents:

1. Broker's Contract Note.
2. Proof of payment to/from brokers.
3. Extract of bank passbook/statement (to be submitted in case of demat transactions)
4. Copy of delivery instruction Slip (applicable in case of Sale transaction)

I agree to hold the above securities for a minimum period of 6 months from the date of the aforesaid transaction. In case there is any urgent need to sell these securities within the said period, I shall approach the Compliance Officer for necessary approval.

I declare that the above information is correct and that no provisions of the Company's Code and/or applicable laws/regulations have been contravened for effecting the above said transactions.

**Signature:**

**Name:**

**Employee Code:**

**Designation:**

**Date:**

**Place:**

**ANNEXURE – 5**

**FORM A – Initial disclosure to the Company**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015**

**[Regulation 7 (1) (a) read with Regulation 6 (2)]**

To  
The Compliance Officer  
Bliss GVS Pharma Limited

ISIN of the Company: \_\_\_\_\_

**Details of Securities held by Promoter, Member of Promoter group, 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 and Promoter group/KMP/Directors/immediate relatives/others etc.) | Securities held as on the date of regulation coming into force              |     | % of Shareholding |
|--|---|---|-----|-------------------|
|  |   | Type of security (For e.g. – 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 * lot size) | Notional value in Rupee terms | Contract Specifications   | Number of Units (contracts * lot size) | 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 & Signature:**  
**Designation:**  
**Employee Code:**

**Date:**  
**Place:**

**ANNEXURE – 6**  
**FORM B**

**Initial disclosure on appointment of KMP or Director or upon becoming a Promoter**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (1) (b) read with Regulation 6(2)]**

To  
The Compliance Officer  
Bliss GVS Pharma Limited

ISIN of the Company: \_\_\_\_\_

**Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or Member of Promoter group 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 and Promoter Group /KMP/Directors/ immediate relatives/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 / Member of Promoter group / appointment of Director / KMP |     | % of Shareholding |
|--|---|---|---|-----|-------------------|
|  |   |   | Type of security (For 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.

Cont....

**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 / Member of Promoter group of a listed Company and other such persons as mentioned in Regulation 6(2)**

| Open Interest of the Future contracts held time of becoming Promoter / Member of Promoter group / appointment of Director / KMP |  |                               | Open Interest of the Option Contracts time of becoming Promoter / Member of Promoter group / appointment of Director / KMP |  |                               |
|---|--|-------------------------------|--|--|-------------------------------|
| Contract Specifications   | Number of Units (contracts * lot size) | Notional value in Rupee terms | Contract Specifications  | Number of Units (contracts * lot size) | 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:**

**Date:**

**Designation:**

**Place:**

**Employee Code:**

**ANNEXURE – 7**  
**FORM C**

**CONTINUAL DISCLOSURE**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015**  
**[Regulation 7 (2) read with Regulation 6(2)]**

To  
The Compliance Officer  
Bliss GVS Pharma Limited

ISIN of the Company: \_\_\_\_\_

**Details of change in holding of Securities of Promoter, / Member of Promoter group / Designated Person 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 / Member of Promoter group KMP / Directors/ immediate relatives/ 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 e.g. – Shares,          | No. and % of Shareholding | Type of security (For e.g. – Shares, | No. | Value | Transaction Type (Buy/ | Type of security (For e.g. – Shares,      | No. and % of Shareholding | From  | To |                               |  |
|  |   |   |                           |                                      |     |       |                        |   |                           |   |    |                               |  |

|   |   |   |   |   |   |   |  |   |    |    |    |    |    |
|---|---|---|---|---|---|---|--|---|----|----|----|----|----|
|   |   | Warrants,<br>Convertible<br>Debentures<br>etc.) |   | Warrants,<br>Convertible<br>Debentures<br>etc.) |   |   | Sale/<br>Pledge/<br>Revoke/<br>Invoke) | Warrants,<br>Convertible<br>Debentures<br>etc.) |    |    |    |    |    |
| 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/Member of Promoter group/Designated person 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 * lot size) | Notional Value | Number 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:**

**Date:**

**Designation:**

**Place:**

**Employee Code:**



**ANNEXURE – 8**

**FORM D**

**Disclosure by Other Connected Persons**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015**

**Regulation 7 (3) – Transactions by other connected persons as identified by the Company**

To  
The Compliance Officer  
Bliss GVS Pharma Limited

ISIN of the Company: \_\_\_\_\_

**Details of trading in securities by other connected persons as identified by the company**

| Name,<br>PAN,<br>CIN/DIN<br>& address<br>with<br>contact<br>nos. of<br>other<br>connected<br>persons<br>as<br>identified<br>by the<br>company | Connection<br>with<br>company | Securities held prior to<br>acquisition/disposal | Securities acquired/ Disposed | Securities held post<br>acquisition/disposal | Date of<br>allotment<br>advice/<br>acquisition<br>of shares/<br>sale of<br>shares<br>specify | Date of<br>intimation<br>to<br>company | Mode<br>of<br>acquisiti<br>on<br>/<br>disposal<br>(on<br>market/<br>public/<br>rights/<br>prefere<br>ntial<br>offer/<br>off<br>market/<br>inter-se<br>transfer,<br>ESOPs<br>etc.) |
|---|-------------------------------|--|-------------------------------|--|--|--|---|
|   |                               |  |                               |  |  |  |   |

|   |   | Type of security<br>(For e.g. – Shares, Warrants, Convertible Debentures etc.) | No. and % of Shareholding | Type of security<br>(For e.g. – Shares, Warrants, Convertible Debentures etc.) | No. | Value | Transaction Type<br>(Buy/ Sale/ Pledge/ Revoke/ Invoke) | Type of security<br>(For e.g. – Shares, Warrants, Convertible Debentures etc.) | 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 by other connected persons as identified by the Company**

| 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<br>(contracts * lot size) | Notional Value | Number of units<br>(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:**

**Date:**

**Designation:**

**Place:**

**Employee Code:**

## **ANNEXURE – 9**

### **Annual Disclosure for Designated Persons and their Immediate Relative**

To,  
**The Compliance Officer,**  
**Bliss GVS Pharma Limited,**  
102, Hyde Park,  
Saki Vihar Road, Andheri (E),  
Mumbai – 400072

Dear Sir/Madam,

#### **I. DETAILS OF DESIGNATED PERSON:**

|   |  |
|---|--|
| <b>Name (in full):</b>                            |  |
| <b>Designation:</b>                               |  |
| <b>Employee Code:</b>                             |  |
| <b>PAN:</b>                                       |  |
| <b>Contact Nos.:</b>                              |  |
| <b>Qualification and Educational Institution:</b> |  |
| <b>Name of past employee:</b>                     |  |
| <b>Email ID:</b>                                  |  |

#### **II. DETAILS OF IMMEDIATE RELATIVES/ PERSONS WITH WHOM DESIGNATED PERSON SHARES A MATERIAL FINANCIAL RELATIONSHIP:**

| <b>Sr. No.</b> | <b>Name of Immediate Relatives* and persons with whom Designated Person shares a material financial relationship**</b> | <b>Relationship</b> | <b>PAN</b> | <b>Contact Nos.</b> |
|----------------|--|---------------------|------------|---------------------|
|                |  |                     |            |                     |
|                |  |                     |            |                     |
|                |  |                     |            |                     |
|                |  |                     |            |                     |
|                |  |                     |            |                     |

*Cont.....*

***\*“Immediate Relative”*** means a spouse of a person, and includes parents, sibling, and child of such person or of the spouse.

***\*\*“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 immediately preceding twelve months, equivalent to at least 25% of the annual income of designated person, but shall exclude relationships in which payment is based on arm’s length transactions.

I hereby undertake to inform changes, if any, in the above details from time-to-time. I hereby declare that the above details are true, correct and complete in all respects.

Thanking You,

**Signature:**

**Name of Designated Person:**

**Designation:**

**Employee Code:**

**Date:**

**Place:**

**ANNEXURE – 10**

**Annual Statement of shareholding for Promoter / Member Of Promoter Group / Key Managerial Personnel / Director/ Designated Person and Their Immediate Relatives**

To,

**The Compliance Officer,  
Bliss GVS Pharma Limited,  
102, Hyde Park,  
Saki Vihar Road, Andheri (E),  
Mumbai – 400072**

Dear Sir/Madam,

I hereby declare the following details to be true, correct and complete in all respects:

**I. DECLARATION BY DESIGNATED PERSONS FOR SELF:**

| Name & Designation | Relationship with Designated Persons | DP ID No. | Client ID No. / Folio No. | No. of securities held on 1 <sup>st</sup> day of the Financial Year i.e. 1 <sup>st</sup> April | Securities bought during the Financial Year | Securities sold during the Financial Year | Total shares held on last day of the Financial Year i.e. 31 <sup>st</sup> March |
|--------------------|--------------------------------------|-----------|---------------------------|--|---|---|---|
|                    |                                      |           |                           |  |   |   |   |

**II. DECLARATION BY DESIGNATED PERSONS FOR THEIR IMMEDIATE RELATIVE:**

| Name of Immediate Relative | Relationship with Designated Persons | DP ID No. | Client ID No. / Folio No. | No. of securities held on 1 <sup>st</sup> day of the Financial Year i.e. 1 <sup>st</sup> April | Securities bought during the Financial Year | Securities sold during the Financial Year | Total shares held on last day of the Financial Year i.e. 31 <sup>st</sup> March |
|----------------------------|--------------------------------------|-----------|---------------------------|--|---|---|---|
|                            |                                      |           |                           |  |   |   |   |

*Cont.....*

I/We declare that the dealings in securities were carried out while trading window was open and in terms of the permission from Compliance Officer, whenever required.

I/We further declare that the securities purchased / sold as mentioned herein above by me/us along with my Immediate Relatives, have not been purchased / sold by entering into any opposite transaction entered during the last 6 months.

I hereby also undertake to promptly inform changes, if any, in the above details from time-to-time.

Thanking You,

**Signature:**

**Name of Designated Person:**

**Designation:**

**Employee Code:**

**Date:**

**Place:**

## **ANNEXURE – 11**

### **POLICY FOR INQUIRY IN CASE OF LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

**[Under Regulation 9A of Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015]**

#### **1. BACKGROUND:**

The SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 has mandated every listed company to formulate a written policy and procedures for inquiry in case of leak of unpublished price sensitive information and initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries. In this regard, Board of Directors of Bliss GVS Pharma Limited have adopted this policy for procedure of inquiry in case of leak of UPSI ('the policy').

#### **2. OBJECTIVES:**

- a) To strengthen the internal control system to prevent leak of UPSI.
- b) To restrict and prohibit the practice of sharing of UPSI, with the un-authorized person, which originates from within the Company and which affects the market price of the Company as well as loss of reputation and investors' / financiers' confidence in the Company.
- c) To have a uniform code to curb the un-ethical practices of sharing UPSI by Insiders, Employee(s) & Designated Persons with any person, firm, Company or Body Corporate.
- d) To initiate inquiry in case of leak of UPSI or suspected leak of UPSI and inform the same to the Securities and Exchange Board of India ("SEBI") promptly.
- e) To penalize any Insider, Employee & Designated Persons who appears to have found guilty of violating this policy.

#### **3. APPLICABILITY:**

This policy shall apply to all connected persons, designated persons and immediate relative of designated persons and persons in possession of or having access to UPSI.

#### **4. DEFINITIONS:**

- a) **"Code"** means the Company's Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of trading by Designated Persons and their Immediate Relative of designated persons of Bliss GVS Pharma Limited as amended from time to time.
- b) **"Complainant"** means and includes any person who makes complaint pertaining to leak or

suspected leak of UPSI.

- c) **“Chief Investor Relation Officer” (“CIRO”)** shall be any senior officer not below the level of KMPs or Company Secretary who is authorised or nominated by the Board of Directors of the Company from time to time shall be Chief Investor Relation Officer of the Company.
- d) **“Leak of UPSI”** shall refer to such act/circumstance(s) by virtue of which an UPSI is made available or becomes available before its official publication or announcement or formal circulation in public domain, by any means or mode to any person, whether known or unknown, other than the person(s) as authorized by the Board but shall not include the following information which is shared for following purposes:
- Information/details shared for legitimate purpose
  - Information/details shared in performance of duties
  - Information/details shared towards discharge of legal obligation.
- e) **“Policy”** shall mean the Policy for dealing with leak of UPSI.

#### **5. DUTIES OF CHIEF INVESTOR RELATIONS OFFICER:**

The CIRO shall be responsible to;

- Oversee the Compliance of this Policy.
- Report the incident of actual or suspected leak of UPSI to the Securities and Exchange Board of India.
- Intimate the incident of actual or suspected leak of UPSI to the Stock Exchanges.
- To co-ordinate with and disclose the relevant facts of the incident of actual or suspected leak of UPSI to the Board of Directors/ Audit Committee or Enquiry committee, to be constituted, if required.

#### **6. DISCLOSURE OF ACTUAL OR SUSPECTED LEAK OF UPSI TO STOCK EXCHANGES & SEBI:**

On becoming aware of actual or suspected leak of Unpublished Price Sensitive Information of the Company, the CIO shall ensure that the same shall be promptly intimated to the Stock Exchanges on which the securities of the Company are listed.

#### **7. REPORT OF ACTUAL OF SUSPECTED LEAK OF UPSI TO SEBI:**

On becoming aware of actual or suspected leak of UPSI of the Company, the CIRO shall ensure that a report on such actual or suspected leak of UPSI, inquiry thereon and results thereof shall



be promptly made to the SEBI/ Stock Exchanges on which the securities of the Company are listed.

**8. CONSTITUTION OF ENQUIRY COMMITTEE:**

As and when required, the Board of Directors or any Committee authorized by them in this behalf shall constitute a committee to be called as "Enquiry Committee". The Enquiry Committee shall consist of minimum 3 (three) Members which shall include Managing Director, Chief Financial Officer and Chief Investor Relation Officer and any other officer of the Company as may be mutually decided by the members of the Committee.

**9. DUTIES OF ENQUIRY COMMITTEE:**

The Enquiry Committee shall be responsible:

- To conduct a preliminary enquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any;
- To authorize any person to collect necessary support material; and
- To decide disciplinary action thereon.

**10. DUTIES OF COMPLAINANT:**

Upon becoming aware of leakage of UPSI, the complainant shall;

- Make a written report of the incident of Leak or suspected leak of UPSI to CIRO and
- Co-ordinate with and disclose the relevant facts of the incident of leak or suspected Leak to CIRO.

**11. PROCEDURE FOR ENQUIRY IN CASE OF LEAK OF UPSI:**

- i. Inquiry shall commence based on a written complaint received from complainant or the Company may initiate a suo moto inquiry on its knowledge under this policy.
- ii. The complaint shall be addressed to the CIRO at the registered office of the Company or through email id, mentioning all the facts of the case/the transaction pertaining to which the information is leaked (to the extent possible), name and identity of person, if available, who has leaked the information. Further, complaint pertaining to CIRO shall be addressed to the Managing Director or CFO of the Company.
- iii. Within 7 (Seven) working days of receipt of the complaint, CIRO shall write to the complainant intimating the details of the complaint received and requesting him/her to give a written

representation within 7 (seven) working days of receipt of letter. If Enquiry Committee feels that the complaint has been lodged to secure needless publicity for defamatory matter which is detrimental to the interest of the Company, then he or she will discard the complaint with reasons recorded in writing.

- iv. Within 7 (Seven) working days of receipt of representation, Enquiry Committee shall proceed to investigate in the matter and for such purpose may consult such persons, whether internal or otherwise or obtain such external assistance or opinion, as he may deem expedient in this regard. During the course of such investigation, CIRO may call for such additional documents, representations, etc. as he may deem fit.
- v. If no representation is received within the aforesaid stipulated time, CIRO shall issue notice to the complainant asking him/her to show cause as to why the Company should not initiate disciplinary proceedings, as applicable, against him/her.
- vi. On completion of the preliminary investigation under point (v), receipt of reply to the show cause notice issued under point (vi) or on non-receipt thereof, CIRO shall refer the matter to the Chairman of Enquiry Committee, along with his opinion, for his consideration.
- vii. Chairman of the Enquiry Committee on receipt of such opinion shall direct CIRO to place the opinion before next meeting of the Enquiry Committee. Enquiry Committee shall ensure at least one meeting in every calendar quarter.
- viii. The Enquiry Committee may obtain such external assistance or opinion from such person(s), whether internal, as it may deem expedient in this regard. During the course of such enquiry, the Enquiry Committee may call for such additional documents, representations, etc. as it may deem fit.
- ix. The Enquiry Committee shall consider the matter and put forward its recommendation to the Board. The Board, on receipt of such recommendation and after due review, if forms an opinion that the complainant is guilty of leak of UPSI or suspected leak of UPSI, then it will order for necessary disciplinary action against such complainant, which will be in addition to the penal provisions stated under SEBI (Prohibition of Insider Trading) Regulations, 2015 and any other statutory enactments, as applicable.
- x. The disciplinary action(s) shall include issuance of warning letter, salary/wage freeze, suspension, recovery, claw back, termination, etc. as may be decided by the Board.

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**THE GAZETTE OF INDIA**

**EXTRAORDINARY**

**PART – III – SECTION 4**

**PUBLISHED BY AUTHORITY**

**NEW DELHI, JANUARY 15, 2015**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**NOTIFICATION**

**Mumbai, the 15<sup>th</sup> January, 2015**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**(PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015**

No. LAD-NRO/GN/2014-15/21/85.- In exercise of the powers conferred by section 30 read with clause (g) of sub-section (2) of section 11 and clause (d) and clause (e) of section 12A of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations, to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof, namely:—

## **CHAPTER – I**

### **PRELIMINARY**

#### **Short title and commencement.**

1. (1) These regulations may be called the SEBI (Prohibition of Insider Trading) Regulations, 2015.

(2) These regulations shall come into force on the one hundred and twentieth day from the date of its publication in the Official Gazette.

**Definitions.**

2. (1) In these regulations, unless the context otherwise requires, the following words, expressions and derivations therefrom shall have the meanings assigned to them as under:–

(a) “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(b) “Board” means the Securities and Exchange Board of India;

(c) “compliance officer” means any senior officer, designated so and reporting to the board of directors or head of the organization in case board is not there, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the listed company or the head of an organization, as the case may be.

<sup>1</sup>[Explanation – For the purpose of this regulation, “financially literate” shall mean a person who has the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows];

(d) "connected person" means,–

(i) any person who is or has during the six months prior to the concerned act been associated with a 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

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<sup>1</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

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; or
- (c). an intermediary as specified in section 12 of the Act or an employee or director thereof; or
- (d). an investment company, trustee company, asset management company or an employee or director thereof; or
- (e). an official of a stock exchange 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; or
- (j). a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his immediate relative or banker of the company, has more than ten per cent. of the holding or interest;

**NOTE:**        *It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Immediate relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and*

*is rebuttable. This definition is also intended to bring into its ambit persons who may not seemingly occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.*

(e) "generally available information" means information that is accessible to the public on a non-discriminatory basis;

**NOTE:** *It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what unpublished price sensitive information is. Information published on the website of a stock exchange, would ordinarily be considered generally available.*

(f) "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;

**NOTE:** *It is intended that the immediate relatives of a "connected person" too become connected persons for purposes of these regulations. Indeed, this is a rebuttable presumption.*

(g) "insider" means any person who is:

i) a connected person; or

ii) in possession of or having access to unpublished price sensitive information;

**NOTE:**        Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an “insider” regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

(h) "promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, <sup>2</sup>[2018] or any modification thereof;

<sup>3</sup>[(ha) "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;]

<sup>4</sup>[(<sup>5</sup>[hb]) “proposed to be listed” shall include securities of an unlisted company:

(i) if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or

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<sup>2</sup> Substituted for the number “2009” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>3</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019).

<sup>4</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>5</sup> Re-numbered by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019).

(ii) if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013;]

(i) "securities" shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund;

(j) "specified" means specified by the Board in writing;

(k) "takeover regulations" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and any amendments thereto;

(l) "trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly ;

**NOTE:** *Under the parliamentary mandate, since the Section 12A (e) and Section 15G of the Act employs the term 'dealing in securities', it is intended to widely define the term "trading" to include dealing. Such a construction is intended to curb the activities based on unpublished price sensitive information which are strictly not buying, selling or subscribing, such as pledging etc when in possession of unpublished price sensitive information.*

(m) "trading day" means a day on which the recognized stock exchanges are open for trading;

(n) "unpublished price sensitive information" means any information, relating to a 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, delistings, disposals and expansion of business and such other transactions;
- (v) changes in key managerial personnel.

<sup>6</sup>[\*\*\*].

**NOTE:** *It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information.*

(2) Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislation.

## **CHAPTER – II**

### **RESTRICTIONS ON COMMUNICATION AND TRADING BY INSIDERS**

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<sup>6</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as follows:  
“(vi) material events in accordance with the listing agreement”

**Communication or procurement of unpublished price sensitive information.**

3. (1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

**NOTE:** *This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organisations developing practices based on need-to-know principles for treatment of information in their possession.*

(2) No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

**NOTE:** *This provision is intended to impose a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.*

<sup>7</sup>[(2A) The board of directors of a listed company shall make a policy for determination of “legitimate purposes” as a part of “Codes of Fair Disclosure and Conduct” formulated under regulation 8.

Explanation – For the purpose of illustration, the term “legitimate purpose” shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with

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<sup>7</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

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.]

<sup>8</sup>[(2B) Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.]

(3) Notwithstanding anything contained in this regulation, 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 <sup>9</sup>[listed] company is of informed opinion that <sup>10</sup>[sharing of such information] is in the best interests of the company;

**NOTE:** *It is intended to acknowledge the necessity of communicating, providing, allowing access to or procuring UPSI for substantial transactions such as takeovers, mergers and acquisitions involving trading in securities and change of control to assess a potential investment. In an open offer under the takeover regulations, not only would the same price be made available to all shareholders of the company but also all information necessary to enable an informed divestment or retention decision by the public shareholders is required to be made available to all shareholders in the letter of offer under those regulations.*

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<sup>8</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>9</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>10</sup> Substituted for the words “the proposed transaction” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

(ii) not attract the obligation to make an open offer under the takeover regulations but where the board of directors of the <sup>11</sup>[listed] company is of informed opinion <sup>12</sup>[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 <sup>13</sup>[to be adequate and fair to cover all relevant and material facts].

**NOTE:** *It is intended to permit communicating, providing, allowing access to or procuring UPSI also in transactions that do not entail an open offer obligation under the takeover regulations <sup>14</sup>[when authorised by the board of directors if sharing of such information] is in the best interests of the company. The board of directors, however, would cause public disclosures of such unpublished price sensitive information well before the proposed transaction to rule out any information asymmetry in the market.*

(4) For purposes of sub-regulation (3), the board of directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of sub-regulation (3), and shall not otherwise trade in securities of the company when in possession of unpublished price sensitive information.

<sup>15</sup>[(5) The board of directors shall ensure that a structured digital database is maintained containing the names of such persons or entities as the case may be with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available. Such databases shall be

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<sup>11</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>12</sup> Substituted for the words “that the proposed transaction” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>13</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>14</sup> Substituted for the words “if it” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>15</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.]

**Trading when in possession of unpublished price sensitive information.**

4. (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:

<sup>16</sup>[Explanation –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 <sup>17</sup>[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.

<sup>18</sup>[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. Every 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.];

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<sup>16</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>17</sup> Substituted for the word “promoters” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>18</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>19</sup>[(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: –

(a) 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

(b) 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 regulation 5.

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<sup>19</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

**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. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition.*

(2) In the case of connected persons the onus of establishing, that they were not in possession of unpublished price sensitive information, shall be on such connected persons and in other cases, the onus would be on the Board.

(3) The Board may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of these regulations.

### **Trading Plans.**

5. (1) An insider shall be entitled to formulate a trading plan and present it 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.

**NOTE:** *This provision intends to give an option to persons who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in securities in a compliant manner. This provision would enable the formulation of a trading plan by an insider to enable him to plan for trades to be executed 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.*

(2) Such trading plan shall:—

(i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;

**NOTE:** *It is intended that to get the benefit of a trading plan, a cool-off period of six months is necessary. Such a period is considered reasonably long for unpublished price sensitive information that is in possession of the insider when formulating the trading plan, to become generally available. It is also considered to be a reasonable period for a time lag in which new unpublished price sensitive information may come into being without adversely affecting the trading plan formulated earlier. In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the insider were to be in possession of the same unpublished price sensitive information both at the time of formulation of the plan and implementation of the same.*

(ii) not entail trading 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 issuer of the securities and the second trading day after the disclosure of such financial results;

**NOTE:** *Since the trading plan is envisaged to be an exception to the general rule prohibiting trading by insiders when in possession of unpublished price sensitive information, it is important that the trading plan does not entail trading for a reasonable period around the declaration of financial results as that would generate unpublished price sensitive information.*

(iii) entail trading for a period of not less than twelve months;

**NOTE:** *It is intended that it would be undesirable to have frequent announcements of trading plans for short periods of time rendering meaningless the defence of a*



*reasonable time gap between the decision to trade and the actual trade. Hence it is felt that a reasonable time would be twelve months.*

(iv) not entail overlap of any period for which another trading plan is already in existence;

**NOTE:** *It is intended that it would be undesirable to have multiple trading plans operating during the same time period. Since it would be possible for an insider to time the publication of the unpublished price sensitive information to make it generally available instead of timing the trades, it is important not to have the ability to initiate more than one plan covering the same time period.*

(v) 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

**NOTE:** *It is intended that while regulations should not be too prescriptive and rigid about what a trading plan should entail, they should stipulate certain basic parameters that a trading plan should conform to and within which, the plan may be formulated with full flexibility. The nature of the trades entailed in the trading plan i.e. acquisition or disposal should be set out. The trading plan may set out the value of securities or the number of securities to be invested or divested. Specific dates or specific time intervals may be set out in the plan.*

(vi) not entail trading in securities for market abuse.

**NOTE:** *Trading on the basis of such a trading plan would not grant absolute immunity from bringing proceedings for market abuse. For instance, in the event of manipulative timing of the release of unpublished price sensitive information to ensure that trading under a trading plan becomes lucrative in circumvention of regulation 4 being 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.*

(3) The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these regulations 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.

<sup>20</sup>[Provided that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.

Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.]

**NOTE:** *It is intended that the compliance officer would have to review and approve the plan. For doing so, he may need the insider to declare 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 he commences executing his trades. Once satisfied, he may approve the trading plan, which would then have to be implemented in accordance with these regulations.*

(4) 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.

*Provided that* the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until

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<sup>20</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

such unpublished price sensitive information becomes generally available information so as to avoid a violation of sub-regulation (1) of regulation 4.

**NOTE:** *It is intended that since the trading plan is an exception to the general rule that an insider should not trade when in possession of unpublished price sensitive information, changing the plan or trading outside the same would negate the intent behind the exception. Other investors in the market, too, would factor the impact of the trading plan on their own trading decisions and in price discovery. Therefore, it is not fair or desirable to permit the insider to deviate from the trading plan based on which others in the market have assessed their views on the securities.*

*The proviso is intended to address the prospect that despite the six-month gap between the formulation of the trading plan and its commencement, the unpublished price sensitive information in possession of the insider is still not generally available. In such a situation, commencement of the plan would conflict with the over-riding principle that trades should not be executed when in possession of such information. If the very same unpublished price sensitive information is still in the insider's possession, the commencement of execution of the trading plan ought to be deferred.*

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

**NOTE:** *It is intended that given the material exception to the prohibitory rule in regulation 4, a trading plan is required to be publicly disseminated. Investors in the market at large would also factor the potential pointers in the trading plan in their own assessment of the securities and price discovery for them on the premise of how the insiders perceive the prospects or approach the securities in their trading plan.*

### **CHAPTER – III**

## **DISCLOSURES OF TRADING BY INSIDERS**

### **General provisions.**

6. (1) Every public disclosure under this Chapter shall be made in such form as may be specified.

(2) The disclosures to be made by any person under this Chapter shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.

**NOTE:** *It is intended that disclosure of trades would need to be of not only those executed by the person concerned but also by the immediate relatives and of other persons for whom the person concerned takes trading decisions. These regulations are primarily aimed at preventing abuse by trading when in possession of unpublished price sensitive information and therefore, what matters is whether the person who takes trading decisions is in possession of such information rather than whether the person who has title to the trades is in such possession.*

(3) The disclosures of trading in securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Chapter:

Provided that trading in derivatives of securities is permitted by any law for the time being in force.

(4) The disclosures made under this Chapter shall be maintained by the company, for a minimum period of five years, in such form as may be specified.

### **Disclosures by certain persons.**

7. (1) *Initial Disclosures.*

- (a). Every promoter <sup>21</sup>[, member of the promoter group] , key managerial personnel and director of every company whose securities are listed on any recognised stock exchange shall disclose his holding of securities of the company as on the date of these regulations taking effect, to the company within thirty days of these regulations taking effect;
- (b). Every person on appointment as a key managerial personnel or a director of the company or upon becoming a <sup>22</sup>[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 company within seven days of such appointment or becoming a promoter.

(2) *Continual Disclosures.*

- (a). Every promoter <sup>23</sup>[, member of the promoter group], <sup>24</sup>[designated person] and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction 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;
- (b). Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made

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<sup>21</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019).

<sup>22</sup> Substituted for the word "promoter" by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019).

<sup>23</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019 (w.e.f. January 21, 2019).

<sup>24</sup> Substituted for the word "employee" by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

when the transactions effected after the prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

*Disclosures by other connected persons.*

(3) Any company whose securities are listed on a stock exchange 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 company in order to monitor compliance with these regulations.

**NOTE:** *This is an enabling provision for listed companies to seek information from those to whom it has to provide unpublished price sensitive information. This provision confers discretion on any company to seek such information. For example, a listed company may ask that a management consultant who would advise it on corporate strategy and would need to review unpublished price sensitive information, should make disclosures of his trades to the company.*

## **CHAPTER – IV**

### **CODES OF FAIR DISCLOSURE AND CONDUCT**

#### **Code of Fair Disclosure.**

8. (1) The board of directors of every company, whose securities are listed on a stock exchange, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere to each of the principles set out in Schedule A to these regulations, without diluting the provisions of these regulations in any manner.

**NOTE:** *This provision intends to require every company whose securities are listed on stock exchanges to formulate a stated framework and policy for fair disclosure of events and occurrences that could impact price discovery in the market for its securities. Principles such as, equality of access to information, publication of policies such as those on dividend, inorganic growth pursuits, calls and meetings with analysts, publication of transcripts of such calls and meetings, and the like are set out in the schedule.*

(2) Every such code of practices and procedures for fair disclosure of unpublished price sensitive information and every amendment thereto shall be promptly intimated to the stock exchanges where the securities are listed.

**NOTE:** *This provision is aimed at requiring transparent disclosure of the policy formulated in sub-regulation (1).*

### **Code of Conduct.**

9. (1) The board of directors of every listed company and <sup>25</sup>[the board of directors or head(s) of the organisation of every intermediary shall ensure that the chief executive officer or managing director] shall formulate a code of conduct <sup>26</sup>[with their approval] to regulate, monitor and report trading by its <sup>27</sup>[designated persons and immediate relatives of designated persons] towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B <sup>28</sup>[(in case of a listed company) and Schedule C (in case of an intermediary)] to these regulations, without diluting the provisions of these regulations in any manner.

<sup>29</sup>[Explanation – For the avoidance of doubt it is clarified that intermediaries, which are listed, would be required to formulate a code of conduct to regulate, monitor and report trading by their designated persons, by adopting the minimum standards set out in Schedule B with respect to trading in their own securities and in Schedule C with respect to trading in other securities.]

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<sup>25</sup> Substituted for the words “market intermediary” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>26</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>27</sup> Substituted for the words “employees and other connected persons” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>28</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>29</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

**NOTE:** *It is intended that every company whose securities are listed on stock exchanges and every <sup>30</sup>[intermediary] registered with SEBI is mandatorily required to formulate a code of conduct governing trading by <sup>31</sup>[designated persons and their immediate relatives]. The standards set out in the <sup>32</sup>[schedules] are required to be addressed by such code of conduct.*

(2) <sup>33</sup>[The board of directors or head(s) of the organisation, of every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by their designated persons and immediate relative of designated persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule C to these regulations, without diluting the provisions of these regulations in any manner.

Explanation - Professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies shall be collectively referred to as fiduciaries for the purpose of these regulations.]

**NOTE:** <sup>34</sup>*[This provision is intended to mandate persons other than listed companies and intermediaries that are required to handle unpublished price sensitive information to formulate a code of conduct governing trading in securities by their designated persons. These entities*

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<sup>30</sup> Substituted for the words “market intermediary” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>31</sup> Substituted for the words “its employees” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>32</sup> Substituted for the word “schedule” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>33</sup> Substituted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019). Prior to substitution Sub-regulation (2) read as under:

*“Every other person who is required to handle unpublished price sensitive information in the course of business operations shall formulate a code of conduct to regulate, monitor and report trading by employees and other connected persons towards achieving compliance with these regulations, adopting the minimum standards set out in Schedule B to these regulations, without diluting the provisions of these regulations in any manner.”*

<sup>34</sup> Substituted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019). Prior to substitution the Note read as under:

*“This provision is intended to mandate persons other than listed companies and market intermediaries that are required to handle unpublished price sensitive information to formulate a code of conduct governing trading in securities by their employees. These entities include professional firms such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising listed companies, market intermediaries and other capital market participants. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. This provision would mandate all of them to formulate a code of conduct.”*



*include professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies. Even entities that normally operate outside the capital market may handle unpublished price sensitive information. This provision would mandate all of them to formulate a code of conduct.]*

(3) Every listed company, <sup>35</sup>[intermediary] and other persons formulating a code of conduct shall identify and designate a compliance officer to administer the code of conduct and other requirements under these regulations.

**NOTE:** *This provision is intended to designate a senior officer as the compliance officer with the responsibility to administer the code of conduct and monitor compliance with these regulations.*

<sup>36</sup>[(4) For the purpose of sub regulation (1) and (2), the board of directors or such other analogous authority shall in consultation with the compliance officer specify the designated persons to be covered by the code of conduct on the basis of their role and function in the organisation and the access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation and shall include:-

(i) Employees of such listed company, intermediary or fiduciary designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors or analogous body;

(ii) Employees of material subsidiaries of such listed companies designated on the basis of their functional role or access to unpublished price sensitive information in the organization by their board of directors;

(iii) All promoters of listed companies and promoters who are individuals or investment companies for intermediaries or fiduciaries;

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<sup>35</sup> Substituted for the words “market intermediary” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>36</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

(iv) Chief Executive Officer and employees upto two levels below Chief Executive Officer of such listed company, intermediary, fiduciary and its material subsidiaries irrespective of their functional role in the company or ability to have access to unpublished price sensitive information;

(v) Any support staff of listed company, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information.]

**<sup>37</sup>[Institutional Mechanism for Prevention of Insider trading.**

9A. (1) The Chief Executive Officer, Managing Director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.

(2) The internal controls shall include the following:

- (a). all employees who have access to unpublished price sensitive information are identified as designated employee;
- (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;

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<sup>37</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

(e). all other relevant requirements specified under these regulations shall be complied with;

(f). periodic process review to evaluate effectiveness of such internal controls.

(3) The board of directors of every listed company and the board of directors or head(s) of the organisation of intermediaries and fiduciaries shall ensure that the Chief Executive Officer or the Managing Director or such other analogous person ensures compliance with regulation 9 and sub-regulations (1) and (2) of this regulation.

(4) The Audit Committee of a listed company or other analogous body for intermediary or fiduciary 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.

(5) Every listed company shall formulate written policies and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, which shall be approved by board of directors of the company and accordingly initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

(6) The listed company shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

(7) If an inquiry has been initiated by a listed company in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries and fiduciaries shall co-operate with the listed company in connection with such inquiry conducted by listed company.]

## **CHAPTER – V**

## **MISCELLANEOUS**

### **Sanction for violations.**

10. Any contravention of these regulations shall be dealt with by the Board in accordance with the Act.

### **Power to remove difficulties.**

11. In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Board shall have the power to issue directions through guidance notes or circulars:

Provided that where any direction is issued by the Board in a specific case relating to interpretation or application of any provision of these regulations, it shall be done only after affording a reasonable opportunity of being heard to the concerned persons and after recording reasons for the direction.

### **Repeal and Savings.**

12. (1) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 are hereby repealed.

(2) Notwithstanding such repeal,—

(a) the previous operation of the repealed regulations or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the repealed regulations, any penalty, forfeiture or punishment incurred in respect of any offence committed against the repealed regulations, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid, shall remain unaffected as if the repealed regulations had never been repealed; and

(b) anything done or any action taken or purported to have been done or taken including any adjudication, enquiry or investigation commenced or show-cause notice issued under the

repealed regulations prior to such repeal, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(3) After the repeal of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

## **SCHEDULE A**

*[See sub-regulation (1) of regulation 8]*

### **Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

1. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
2. Uniform and universal dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
3. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information and disclosure of unpublished price sensitive information.
4. Prompt dissemination of unpublished price sensitive information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
5. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
6. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
7. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.
8. Handling of all unpublished price sensitive information on a need-to-know basis.

## **SCHEDULE B**

*[See sub-regulation (1) <sup>38</sup>[\*\*\*] of regulation 9]*

### **Minimum Standards for Code of Conduct <sup>39</sup>[for Listed Companies] to Regulate, Monitor and Report Trading by <sup>40</sup>[Designated Persons]**

1. The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors, <sup>41</sup>[but not less than once in a year].
2. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of <sup>42</sup>[\*\*\*] legitimate purposes, performance of duties or discharge of <sup>43</sup>[\*\*\*] legal obligations. The code of conduct shall contain norms for appropriate Chinese Walls procedures, and processes for permitting any designated person to “cross the wall”.
3. <sup>44</sup>[Designated Persons and immediate relatives of designated persons] in the organisation shall be governed by an internal code of conduct governing dealing in securities. <sup>45</sup>[\*\*\*]

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<sup>38</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “*and sub-regulation (2)*”.

<sup>39</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>40</sup> Substituted for the word “Insiders” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>41</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>42</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “the insider’s”.

<sup>43</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “his”.

<sup>44</sup> Substituted for the words “Employees and connected persons designated on the basis of their functional role (“**designated persons**”)” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>45</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“The board of directors shall in consultation with the compliance officer specify the designated persons to be covered by such code on the basis of their role and function in the organisation. Due regard shall be had to the

4. Designated persons may execute trades subject to compliance with these regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the designated persons. The trading window shall be closed when the compliance officer determines that a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information. Such closure shall be imposed in relation to such securities to which such unpublished price sensitive information relates. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.

<sup>46</sup>[Trading restriction period can be made applicable from the end of every quarter till 48 hours after the declaration of financial results.]

The 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. The timing for re-opening of the trading window shall be determined by the compliance officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available. <sup>47</sup>[\*\*\*]

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access that such role and function would provide to unpublished price sensitive information in addition to seniority and professional designation.”

<sup>46</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>47</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“The trading window shall also be applicable to any person having contractual or fiduciary relation with the company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the company.”



6. When the trading window is open, trading by designated persons shall be subject to pre-clearance by the compliance officer, if the value of the proposed trades is above such thresholds as the board of directors may stipulate. <sup>48</sup>\*\*\*]

7. <sup>49</sup>\*\*\*]

8. Prior to approving any trades, the compliance officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

9. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

10. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is permitted to trade shall not execute a contra trade. 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. Should 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.

<sup>50</sup>[Provided that this shall not be applicable for trades pursuant to exercise of stock options.]

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<sup>48</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“No designated person shall apply for pre-clearance of any proposed trade if such designated person is in possession of unpublished price sensitive information even if the trading window is not closed.”

<sup>49</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as below:

“The compliance officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.”

11. The code of conduct shall stipulate such formats as the board of directors deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance <sup>51</sup>[\*\*\*] and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

12. Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, <sup>52</sup>[recovery, clawback] etc., that may be imposed, by the <sup>53</sup>[listed company] required to formulate a code of conduct under sub-regulation (1) <sup>54</sup>[\*\*\*]of regulation 9, for the contravention of the code of conduct.

13. The code of conduct shall specify that in case it is observed by the <sup>55</sup>[listed company] required to formulate a code of conduct under sub-regulation (1) <sup>56</sup>[\*\*\*]of regulation 9, that there has been a violation of these regulations, <sup>57</sup>[it] shall inform the Board promptly.

<sup>58</sup>[14. 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:

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<sup>50</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>51</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “recording of reasons for such decisions”.

<sup>52</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>53</sup> Substituted for the word “persons” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>54</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “and sub-regulation (2)”

<sup>55</sup> Substituted for the word “persons” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>56</sup> Omitted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) which earlier read as “and sub-regulation (2)”

<sup>57</sup> Substituted for the word “they” by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

<sup>58</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

- 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

In addition, 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 during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.]

<sup>59</sup>[15. Listed entities shall have a process for how and when people are brought ‘inside’ on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.]

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<sup>59</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

## <sup>60</sup>**SCHEDULE C**

*[See sub-regulation (1) and sub-regulation (2) of regulation 9]*

### **Minimum Standards for Code of Conduct for Intermediaries and Fiduciaries to Regulate, Monitor and Report Trading by Designated Persons**

1. The compliance officer shall report to the board of directors or head(s) of the organisation (or committee constituted in this regard) and in particular, shall provide reports to the Chairman of the Audit Committee or other analogous body, if any, or to the Chairman of the board of directors or head(s) of the organisation at such frequency as may be stipulated by the board of directors or head(s) of the organization but not less than once in a year.
2. All information shall be handled within the organisation on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. The code of conduct shall contain norms for appropriate Chinese Wall procedures, and processes for permitting any designated person to “cross the wall”.
3. Designated persons and immediate relatives of designated persons in the organisation shall be governed by an internal code of conduct governing dealing in securities.
4. Designated persons may execute trades subject to compliance with these regulations. Trading by designated persons shall be subject to pre- clearance by the compliance officer(s), if the value of the proposed trades is above such thresholds as the board of directors or head(s) of the organisation may stipulate.
5. The compliance officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.

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<sup>60</sup> Inserted by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019).

6. Prior to approving any trades, the compliance officer shall seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information. He shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.

7. The code of conduct shall specify any reasonable timeframe, which in any event shall not be more than seven trading days, within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

8. The code of conduct shall specify the period, which in any event shall not be less than six months, within which a designated person who is a connected person of the listed company and is permitted to trade in the securities of such listed company, shall not execute a contra trade. 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. Should 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.

Provided that this shall not be applicable for trades pursuant to exercise of stock options.

9. The code of conduct shall stipulate such formats as the board of directors or head(s) of the organisation (or committee constituted in this regard) deems necessary for making applications for pre-clearance, reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and for reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these regulations.

10. Without prejudice to the power of the Board under the Act, the code of conduct shall stipulate the sanctions and disciplinary actions, including wage freeze, suspension, recovery, clawback etc., that may be imposed, by the intermediary or fiduciary required to formulate a

code of conduct under sub-regulation (1) and sub-regulation (2) of regulation 9, for the contravention of the code of conduct.

11. The code of conduct shall specify that in case it is observed by the intermediary or fiduciary required to formulate a code of conduct under sub-regulation (1) or sub-regulation (2) of regulation 9, respectively, that there has been a violation of these regulations, such intermediary or fiduciary shall inform the Board promptly.

12. All designated persons shall be required to disclose name and Permanent Account Number or any other identifier authorized by law of the following to the intermediary or fiduciary 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

In addition, names of educational institutions from which designated persons have studied 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 during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.

13. Intermediaries and fiduciaries shall have a process for how and when people are brought ‘inside’ on sensitive transactions. Individuals should be made aware of the duties and responsibilities attached to the receipt of Inside Information, and the liability that attaches to misuse or unwarranted use of such information.]

**U. K. SINHA**  
**CHAIRMAN**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**