

PSX/N-932

September 22, 2022

FOR ALL CONCERNED PROHIBITION OF INSIDER TRADING

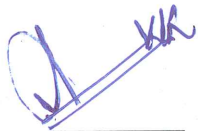
Attention of all regulated entities of Pakistan Stock Exchange Limited (**PSX**) and other persons is invited to 'PART X' of the Securities Act, 2015 (**Act**), which pertains to Insider Trading and strictly prohibits a person from indulging in Insider Trading in any manner whatsoever.

Insider Trading refers generally to an insider person executing any trade or deal, directly or indirectly, involving listed securities on the basis of Inside Information relating to such security which is not publically available. It also includes execution of any trade or deal, directly or indirectly, by a person based on Inside Information in his/her possession or shared or disclosed by an Insider. For ready reference, the definitions and descriptions of Insider Trading, Inside Information and Insiders, as provided in the Act, are attached herewith as **Annexure A**.

Insider Trading is a market abuse and damages the market integrity and undermines investor confidence in the fairness and integrity of the securities markets, hence, it is prohibited in most of the jurisdictions.

PSX is empowered under the Act to detect these unfair practices. In exercise of this power, PSX conducts monitoring and surveillance activities to detect potential breaches of fiduciary obligations including Insider Trading. PSX may refer the potential cases of Insider Trading to the Commission for thorough investigation and punishment in accordance with Section 159(1) of the Act. It is pertinent to highlight that the Insider Trading is an offence under the Act and is punishable with significant monetary sanctions as well as imprisonment. For ready reference, the penalties prescribed in the Act for Insider Trading are attached herewith as **Annexure B**.

In view of the foregoing, all regulated entities and other relevant persons are advised to note the above for strict compliance.



AJEET KUMAR
Chief Regulatory Officer

Cc:

1. The Executive Director/ HoD (Offsite Dept. II), SD, SECP
2. The Director/ HoD (PRDD), SMD, SECP
3. The Chief Executive Officer, PSX
4. The Chief Executive Officer, CDC
5. The Chief Executive Officer, NCCPL
6. The Chief Executive Officer, PMEX
7. The Chief Executive Officer, IFMP
8. All Listed Companies of PSX

“ANNEXURE A”

Insider Trading shall include,

- (a) an insider person transacting any deal, directly or indirectly, using inside information involving listed securities to which the inside information pertains or using others to transact such deals;
- (b) any other person to whom inside information has been passed or disclosed by an insider person transacting any deal, directly or indirectly, using inside information involving listed securities to which the inside information pertains or using others to transact such deals;
- (c) transaction by any person as specified in clauses (a) and (b) or any other person who knows or ought to have known under normal and reasonable circumstances, that the information possessed and used for transacting any deal is inside information; or
- (d) an insider person passing on inside information to any other person, or suggesting or recommending to another person to engage in or dealing in such listed securities with or without the inside information being disclosed to the person who has dealt in such securities.

Inside Information means,

- (a) information which has not been made public, relating, directly or indirectly, to one or more issuers of listed securities or to one or more listed securities and which, if it were made public, would be likely to have an effect on the prices of those listed securities or on the price of related listed securities;
- (b) in relation to derivatives on commodities, information which has not been made public, relating, directly or indirectly, to one or more such derivatives and which are traded in accordance with accepted market practices on those markets;
- (c) in relation to persons responsible for the execution of orders concerning listed securities, information which is conveyed by a client to such person and related to the client's pending orders; or
- (d) information regarding decision or intentions of a person to transact any trade in listed securities.

Insiders shall include,

- (a) any sponsor, executive officer or director of an issuer of listed securities;
- (b) any sponsor, executive officer, director or partners of a legal person or unincorporated business association, in which the issuer holds a share or voting rights, directly or indirectly, of twenty-five per cent or more;
- (c) any sponsor, executive officer director or partner of a legal person or unincorporated business association who holds, directly or indirectly, a share or voting rights of twenty per cent or more in an issuer of listed securities;
- (d) any sponsor, executive officer or director of an organization that has been engaged in the placement of securities or the public offer of securities, as well as any employee of the issuer or an organization participating in the issuing and marketing of such securities who has had access to insider information during his employment, for a period of one year after leaving employment;
- (e) any person holding a share, directly or indirectly, which enables him to appoint director on the board, or ten per cent or more shares of an issuer of listed securities;
- (f) any sponsor, executive officer or director of a credit institution in which the issuer of listed securities has an account;

- (g) any person obtaining inside information as part of his employment or when discharging his usual duties in an official capacity or in any other way relating to work performed under contract of employment or otherwise;
- (h) any person obtaining inside information through unlawful means;
- (i) spouse, lineal ascendant or descendant including step children partner or nominee of a person referred to in clauses (a) to (h); and
- (j) any person obtaining information or advice to trade in a security from any person referred to in clauses (a) to (i)

“ANNEXURE B”

159. Offences and penalties:

(1) Any person who commits an offence under section 128 (insider trading) shall be liable:

IN CASE OF	PENALTIES
(a) An Individual	imprisonment of either description for a term which may extend to three years or to a fine which may extend to two hundred million rupees or three times the amount of gain made or loss avoided by such person, or loss suffered by another person, whichever amount is higher;
(b) A Company	fine which may extend to three hundred million rupees or three times the amount of gain made or loss avoided by such company, or loss suffered by another person, whichever amount is higher.