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ROYAL SECURITIES EXCHANGE OF BHUTAN



**GUIDELINES TO DIRECTORS AND
EMPLOYEES ON DEALING IN SECURITIES**

1. INTRODUCTION

The purpose of this guideline is to set out the requirements that must be complied with, in relation to dealings in listed securities of RSEB by its Board of Directors and employees. These requirements impose personal obligation on Directors and employees.

2. OBJECTIVE

The primary objective of this guideline is to assist the Directors and employees of RSEB in dealing with securities to prevent any abuse of inside information, minimize the risk of contravening the laws against insider trading, and set the disclosure obligations and procedures for dealings in securities.

3. GENERAL INFORMATION

Directors and employees shall refrain from dealing in securities during black-out periods. However, if the director is compelled to deal in securities during the black-out periods, the directors are mandated to strictly observe the procedures as detailed in this guideline.

The guideline also covers the procedures for dealing in securities for Directors/employees during the trading window.

4. INSIDER TRADING

4.1 Meaning of insider

“Insider” means any person who is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access, by virtue of such connection, to unpublished price sensitive information in respect of securities of the company, or who has received or has had access to such unpublished price sensitive information

4.2 Prohibition from trading

All Directors and employees should take note of the prohibition on insider trading set out in section 113 (a) of the Companies Act of Bhutan, 2016 with regards to dealing in securities.

4.3 Prohibited to communicate

Pursuant to Section 113 (b) of the Companies Act of Bhutan, 2016, the insider is prohibited from directly or indirectly communicate/share such price-sensitive information to another person, if the insider knows that the other person would:

- A. acquire, dispose of, or enter into an agreement with a view to acquisition or disposal of, any securities which has unpublished price-sensitive information; or
- B. procure a third person to acquire, dispose of or enter into an agreement with a view to the acquisition or disposal of, any securities which has unpublished price-sensitive information.

5. DEALING BY DIRECTORS

5.1. Types of dealing

The requirements apply to dealings in listed securities by the following categories of persons:

1. Director of RSEB or Connected Persons of such directors.
2. Employees of RSEB or Connected Persons of such employees.

5.2. General restriction on dealing

The Directors of RSEB are not allowed to deal in listed securities as long as they are in possession of any unpublished price-sensitive information relating to such listed securities as per section 113 of the Companies Act of Bhutan, 2016.

If the Director of RSEB is not in the possession of any price sensitive information, he/she may deal in listed securities during the black-out period provided he/she complies with the procedures set out in this guideline.

The Employees and the Senior Management of RSEB are prohibited from dealings in securities during the black-out period.

The company secretary of RSEB shall notify the Directors of the black-out period and the policy division of RSEB shall notify the employees.

5.3. Exemption and Subsequent Dealings

Dealing in following securities shall be exempted from restrictions:

- A. Exercising rights issue; and
- B. The conversion of convertible securities;

However, subsequent dealings in securities obtained as a result of dealings stated in point A and B above are not exempted.

6. PROCEDURES FOR DEALING IN SECURITIES

6.1. Clearance for Dealing during Closed Period

Directors must not deal with securities during the black-out period, unless under exceptional circumstances as deemed acceptable by the Chairperson of the Board or in his/her absence, the Chairperson of the Board Audit Committee (BAC).

If a Director intends to deal during the black-out period, the procedure for clearance shall be as follows:

- A. Notify the Chairperson of the Board or in his absence, the Chairperson of the BAC, at least 2 days prior to the dealing date and shall include a declaration that the Director is not in possession of any unpublished price-sensitive information as set out in **Appendix I** of this guideline;
- B. In the case of intention to deal by the Chairperson of the Board, the notification is to the BAC and vice versa, or in his absence, to one of the Public Interest Directors; and
- C. The Chairperson of the Board (or the BAC Chairperson) shall have the power to either allow or forbid the concerned Director to deal in securities depending on the circumstances.

6.2. Procedures for Dealing during Black-out Period

- A. Subject to the observance of the clearance procedures as set out in Section 6.1 of this Guidelines, the Director concerned must give notice in writing of his or her intention to deal by submitting **Appendix I** to the Company Secretary of RSEB, at least 2 days prior to the dealing date.
- B. The dealing can only be effected after 1 day from the date of the approval of documents.
- C. The Director concerned must also give notice of the dealing in writing by submitting **Appendix II** to the Company Secretary immediately after the dealing has executed, not later than the end of the working day.

D. The Company Secretary shall maintain a proper record of all notices received;

- I. the date on which the dealing occurred;
- II. the consideration for the dealing; and
- III. the number of securities involved in the dealing, both in absolute terms and as a percentage of all issued securities.

E. The Company Secretary shall submit a summary of dealings between the last and the upcoming Board meeting.

6.3. Procedures for Dealing outside Black-out Period

Directors and employees wishing to deal in securities outside the black-out period hereafter referred to as trading window must comply with the following requirements:

1. The Directors and employees must notify within 3 days of dealing by submitting the form set out in **Appendix III** to the company secretary in case of Directors or to the Policy division.
2. The Company Secretary or the Policy division shall maintain a proper record of all notices received; and
3. The Company Secretary shall submit a summary of dealings between the last and upcoming Board meeting.

7. DEFINITION

1. “*Black-out period*” means a period commencing from the day, any unpublished price-sensitive information has been shared to RSEB by listed companies till the date of announcement of such information to the public.
2. “*Director*” means Director or members of Board committees of RSEB.
3. “*Connected Person*” means family member, partner, beneficiary or associated corporate body of a Director or an employee.
4. “*Trading Window*” means any other period outside of the black-out period.
5. “*Indirect Interest*” means the holdings of any person or body associated to the Directors.
6. “*Unpublished Price-sensitive Information*” as per Companies Act of Bhutan, 2016 means any information which relates to the following matters or is of concern, directly or indirectly, to a company, and is not generally known or published by such company for general information, but which if published or known, is likely to materially affect the price of securities of that company in the market:
 - A. financial results of the company;
 - B. intended declaration of dividend, both interim or final;
 - C. issue or buy back of securities;
 - D. any major expansion plans or execution of new projects;
 - E. amalgamation, merger or takeover;
 - F. disposal of the whole or substantially the whole of the undertaking;
 - G. such other information as may affect the earnings of the company; and
 - H. any changes in policies, plans or operations of the company.

7. *“Direct and indirect communicate”* means Direct communication is saying explicitly and plainly what the person is thinking. Indirect communication is not saying what a person is thinking, instead they use gestures, tone of body language to communicate their true meaning.

8. APPENDIX

APPENDIX I

Form 1 (Before dealing in securities during the black-out period by Directors)

Particulars

Name:	
Contact No:	

Particulars of the proposed dealing

Name of the listed company, the securities of which are intended to be dealt with:	
Type of dealing: BUY/SELL	
Type of securities proposed to be dealt with:	
No of securities proposed to be dealt with:	
Proposed date of dealing:	

Particulars of existing securities holding in the listed company, the securities of which are intended to be the subject of the dealing

Shares

Direct interest		Indirect interest	
No of shares in the listed company	% of issued shares	No of shares in the listed company	% of issued shares

Other securities

Direct interest	Indirect interest
No of securities in the listed company by class/type	No of securities in the listed company by class/type

Confirmation: I confirm that I had obtained approval to deal in securities from the Chairperson of the Board* / Audit Committee Chairperson*.

Declaration: I declare that I am not in possession of unpublished price-sensitive information.

Signature:

Date:

APPENDIX II

Form 2 (After dealing in securities during the black-out period by Directors)

Particulars of shareholdings in

Shares

Direct interest		Indirect interest	
No of securities held BEFORE the dealing	No of securities held AFTER the dealing	No of securities held BEFORE the dealing	No of securities held AFTER the dealing

Signature:

Date:

APPENDIX III

Form 3 (Dealing in securities during the trading window by Directors and employees)

Particulars

Name:	
Contact No:	

Particulars of the proposed dealing

Name of the listed company, the securities of which were the subject of dealing:	
Type of dealing:	
No of securities dealt with in absolute terms and as a % of all issued securities of that class in the listed company:	
Date of dealing:	
The price per share/security:	

Signature:

Date: