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ROYAL SECURITIES EXCHANGE OF BHUTAN



**GUIDELINES FOR DIRECTORS AND
EMPLOYEES OF LISTED COMPANIES ON
DEALING IN SECURITIES**

1. 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.

1.1. 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.

1.2. Prohibition from Communicating

Pursuant to Section 113(b) of the Companies Act of Bhutan, 2016, the insider is prohibited to directly or indirectly communicate, or 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- A. acquire, dispose of, or enter into an agreement with a view to acquisition or disposal of, any securities which is unpublished price-sensitive information; or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acquire, dispose of or enter into an agreement with a view to the acquisition or disposal of, any securities which is unpublished price-sensitive information.

2. DEALING IN SECURITIES

2.1. Types of Dealing

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

- A. Director of a listed company or connected persons of such directors.
- B. Employees of a listed company or connected persons of such employees.

2.2. General Restriction on Dealing

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Directors of a listed company are not allowed to deal in its own securities as long as they are in possession of any unpublished price-sensitive information relating to the listed company as per section 113 of the Companies Act of Bhutan, 2016.

If the Director of a listed company 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 the listed company are prohibited from dealings in its own securities during the black-out period.

The company secretary of the listed company shall notify the Directors and employees of the black-out period.

2.3. 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 exempt

3. PROCEDURES FOR DEALING IN SECURITIES

3.1. Clearance for Dealing during Black-out 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, Chairperson of any Board Committee identified by the listed company for this purpose.

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/her absence, Chairperson of any Board Committee identified, 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 Chairperson of any Board Committee identified and vice versa, or in his absence, to one of the Independent Directors; and

- C. The Chairperson of the Board (or Chairperson of any other Board Committee identified) shall have the power to either allow or forbid the concerned Director to deal in securities depending on the circumstances.

3.2. Procedures for Dealing during Black-out Period

- A. Subject to the observance of the clearance procedures as set out in Section 3.1, the Director concerned must give notice of intention to deal in writing by submitting **Appendix 1** to the Company Secretary, 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 2** to the Company Secretary immediately after the dealing has executed, at the end of the working day.
- D. The Company Secretary of the listed company shall maintain a proper record of all notices of all the dealings;
 - 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.

3.3. Procedures for Dealing outside Black-out period

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

- A. The Directors and employees must notify within 3 days of dealing by submitting the form set out in Appendix 3 to the Company Secretary. The Company Secretary or the compliance officer shall maintain a proper record of all notices received; and
- B. The Company Secretary shall submit a summary of dealings to the Exchange on a quarterly basis.

4. REVISION

RSEB shall amend the guidelines as per the requirements with the approval from the Board.

4. 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 listed companies.
3. “*Connected Person*” means family member, partner and associated corporate body of the Director or 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.

5. APPENDIX

APPENDIX 1

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:	
Type of dealing: BUY/SELL	
Type/class of securities proposed to be dealt with: Equity/Bond/Pref shares	
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 listed company by class/type	No of securities in listed company by class/type

Confirmation: I confirm that I had obtained approval to deal in securities from the Chairperson of the Board or Chairperson of any other Board Committee.

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

Signature:

Date:

APPENDIX 2

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 3

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:	
Type of dealing: BUY/SELL	
No of securities dealt with in absolute terms and as a % of all issued securities the listed company:	
Date of dealing:	
The price per share/security:	

Signature:

Date: