



Code of Conduct on Prohibition of Insider Trading and related regulations

1. What is Trading?

Trading means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities. However, exercise of ESOPs shall not be considered to be “trading” except for the purposes of Chapter III of the Regulations regarding disclosures of trading by Insiders)(As per Guidance Note on SEBI (Prohibition of Insider Trading) Regulations, 2015 dated August 24, 2015).

2. What is meant by insider trading?

Insider trading means –

- an act of subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell or deal in any securities by any director or key managerial personnel or any other designated employee/officer of a company/entity either as principal or agent if such director or key managerial personnel or designated employee/officer of the company/entity is reasonably expected to have access to any non-public/unpublished price sensitive information in respect of securities of the company/entity; or
- an act of counseling about procuring or communicating directly or indirectly any non-public price-sensitive information to any person.

3. Is Insider Trading Illegal?

Insider trading denotes dealing in a company/entity’s securities on the basis of confidential information relating to the company/entity which is not published or not known to the public at large, with the intention to make profit. If undertaken, it would be an unethical action by an insider in possession of unpublished price sensitive information and unfair to other stockholders and investors who do not have access to such information and hence illegal.

4. Who regulates insider trading?

The Security and Exchange Board of India (SEBI) through SEBI (Prohibition of Insider Trading) Regulations, 2015 and by making amendments to the Regulations and issuance of Circulars from time to time, regulates Insider Trading.

5. How the Bank intends to prohibit Insider Trading?

The Bank, in order to prohibit Insider Trading has under Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, (hereinafter referred to as ‘**Regulations**’) formulated a Code of Conduct on Prohibition of Insider Trading (hereinafter referred to as ‘**Code**’) to regulate, monitor and report trading by its designated persons and immediate relatives of such designated persons.

6. To whom is the Code applicable?

The Code is applicable to all designated persons, relatives of designated persons, employees/intermediaries/fiduciary having access to Unpublished Price Sensitive Information, employees of material subsidiaries having access to Unpublished Price Sensitive Information, promoter(s) of the Bank its subsidiaries and fiduciaries, CEO and officials up to two levels below the CEO of the Bank its subsidiaries and fiduciaries, any support staff of the Bank (e.g. IT Officer, Stenographer etc., personal/executive secretary etc.) who are potentially expected to have access to Unpublished Price Sensitive Information.

7. Who is Insider?

Insider means any person who is –

- a designated person; or
- in possession of or having access to unpublished price sensitive information including receipt of such information pursuant to a legitimate purpose

8. Who is a designated person?

Designated Employee and/or Connected Person as defined in the Bank's Code of Conduct on Prohibition of Insider Trading. The Code of Conduct is available on the website of the Bank. (weblink – <http://www.unitedbankofindia.com/english/PCC.aspx>)

9. Who is a fiduciary(ies)?

Professionals and firms of professionals such as auditors, chartered accountancy firms, company secretary, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising the Bank.

10. What is Unpublished Price Sensitive Information (UPSI)?

Unpublished Price Sensitive Information (UPSI) from the perspective of the Bank shall mean any information, relating to the Bank or its securities, directly or indirectly, that is not generally available and which upon becoming generally available is likely to materially affect the price of the securities. [For details please refer Code 2.ee of the Code].

11. What is the meaning of generally available information?

Information that is accessible to the public on a non-discriminatory basis.

12. What is meant by 'legitimate purpose'?

Legitimate purpose includes sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing

has not been carried out to evade or circumvent the prohibitions of Bank's Code of Conduct on Prohibition of Insider Trading.

13. Who are the Key Managerial Personnel of the Bank?

Managing Director & CEO, Whole-time Director(s), Chief Financial Officer (CFO), Company Secretary, and such other persons as prescribed under SEBI Guidelines from time to time, shall be the Key Managerial Personnel of the Bank.

14. What are the restrictions imposed on Insiders/any other person under Bank's Code of Conduct on Prohibition of Insider Trading?

- No Insider shall communicate, provide or allow access to any Unpublished Price Sensitive Information relating to the Bank or its securities to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- No person shall procure from or cause the communication by any insider of unpublished price sensitive information relating to the Bank or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- Designated Persons or immediate relatives of the designated persons shall not deal in securities of the Bank when the Trading Window is closed. It shall be in the prerogative of the Designated Persons to adequately inform their immediate relatives about the closure of Trading Window and ensure that they do not deal in the securities of the Bank.
- No insider shall trade in securities of the Bank that are listed or proposed to be listed on a Stock Exchange when in possession of unpublished price sensitive information.

15. Who are immediate relatives?

Spouse, parents, sibling or children of the Designated Employee/Connected Person who is either financially dependent on the Designated Employee/ Connected Person or consults such person for dealing in the securities.

16. How can I help in preventing leakage of UPSI?

A person to whom the Code is applicable shall abide the provisions of the Code.

Any person upon coming to know about leakage of UPSI shall report the same in a manner as provided in Bank's Whistle Blower Policy hosted on the website of the Bank (weblink – <http://www.unitedbankofindia.com/english/PCC.aspx>).

17. When can an UPSI be communicated, provided or procured by an UPSI without violation of the Code?

An UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction that would–

- entail an obligation to make an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time (hereinafter referred as ‘takeover regulations’) where the Board of Directors of the Bank is of informed opinion that sharing of such information is in the best interests of the Bank; or,
- not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Bank is of informed opinion that sharing of such information is in the best interests of the Bank and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.

[An Open Offer is a secondary market offering, similar to a rights issue. In an open offer a shareholder is given the opportunity to purchase stock at a price that is lower than the current market price. As per takeover regulations, when a company acquires up to 25 per cent stake in another listed entity, an open offer gets triggered. This means the acquiring company must make a public announcement of an open offer for acquiring shares of such target company in accordance with the takeover regulations.]

18. What is Trading Window?

Trading Window means a period to be specified by the Bank on closure of which, Designated Persons either directly or through their relatives/dependants are not allowed to trade in Bank’s securities. Trading Window shall be used as an instrument for monitoring trade by Designated Persons of the Bank. The Trading Window shall remain closed from the end of every quarter till 48 hours after the declaration of financial results or for such period as may be decided by the Compliance Officer in accordance with the applicable regulations/guidelines. Provided that the Trading Window shall be closed when the Compliance Officer determines that a Designated Person/Insider or a class of Designated Persons/Insider is reasonably expected to have access to Unpublished Price Sensitive Information and shall be reopened not earlier than 48 hours after the price sensitive information becomes generally available.

19. How can one come to know about closure of Trading Window?

The information about closure of trading window shall be posted on the Bank’s Website, circulated as internal circular and disseminated through the Stock Exchanges.

20. Who is a compliance officer?

A Compliance Officer is a person who is responsible for ensuring compliance to the policies, procedures, rules, regulations, maintaining 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 the Regulations under the overall supervision of the Board of Directors. For the purpose of the Code, the Company Secretary of the Bank or such other person as appointed by the Board of Directors of the Bank shall function as the Compliance Officer.

21. When will a trade by an insider regarded as insider trading? Who has the onus to prove the same?

Trades by any person in securities of the Bank while in possession of unpublished price sensitive information, would be presumed to have been motivated by the knowledge and awareness of such information in his possession and will amount to insider trading. The onus to prove otherwise will rest on such insider.

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 of Directors or SEBI to establish that the connected was in possession of UPSI.

22. I am a Designated Person as per the Code, when and how can I trade?

A Designated Person not possessing any unpublished price sensitive information may trade in securities whenever the trading window is open. However, the Designated Person shall require a pre-clearance from the Compliance Officer in case the quantum of trade is in excess of Rs.10,00,000/- (Rupees Ten Lac only). The Designated Person has to make an application to the Compliance officer in **Form – E**** asking for a pre-clearance along with the undertaking in **Form – F**. Once received the Compliance officer needs to grant permission within 2 trading days in **Form – H**, if found in order in all respects.

The Compliance Officer shall grant pre-clearance after seeking such information as he may consider necessary in **Form – G**, ensuring that the applicant is not in possession of Unpublished Price Sensitive Information, confirming that the request for trade is in accordance with the Trading Plan submitted by the applicant earlier and that the applicant has not done any prior contra trade within the previous period of 6 months and ensuring that the declaration, if any, made at the time of seeking pre-clearance is correct.

Upon approval the applicant has to execute the trade within 7 trading days from the date of receipt of such pre-clearance. The Designated Person has to inform the Bank about his transaction after receiving the pre-clearance approval within 2 trading days of execution of transaction in **Form – C**. In case the Designated Person doesn't trade he/she has to submit a NIL report stating reasons as to why no transaction was executed.

Pre-clearance shall be required even if the transaction is only in the nature of transfer of beneficiary rights to any of the immediate relative of the applicant.

** For Forms mentioned herein and other disclosure formats please refer annexure to the Code available on the website of the Bank.

Notwithstanding the quantum of trade, the applicant will not be permitted to execute a contra trade for a period of 6 months within which a trade is permitted.

Further, instead of seeking pre-clearance from trade to trade basis, the Designated Person may submit a Trading Plan to the Compliance Officer in compliance of the requirements of the Regulations. Trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

For details kindly refer Bank's Code of Conduct on Prohibition of Insider Trading (weblink – <http://www.unitedbankofindia.com/english/PCC.aspx>).

23. What if I fail to execute the transaction within 7 days of it being pre-cleared?

Trades that have been pre-cleared have to be executed within 7 days, failing which fresh pre-clearance would be needed for the trades to be executed.

24. Under what circumstances can I trade in securities of the Bank while possessing UPSI?

Trading when in possession of UPSI can be done under the following circumstances–

- an off-market *inter-se* transfer between insiders who are in possession of the same UPSI without being in breach of the restrictions imposed on communication and trading by insiders, and both parties have made a conscious and informed trade decision. Provided that such UPSI was not obtained under Code 5.d of the Code.
- transaction through the block deal window mechanism between persons who are in possession of the UPSI without being in breach of the restrictions imposed on communication and trading by insiders and both parties had made a conscious and informed trade decision.
- transaction carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- transaction undertaken pursuant to the exercise of stock options in respect of which the exercise price is pre-determined in compliance with applicable regulations.
- trades pursuant to a trading plan set up in accordance with Code 10 of the Code would not prohibit the execution of such trades that an insider had pre-decided even before the UPSI came into being.

[Block Deal Window Mechanism – a separate window known as the Block Deal Window is provided by the Exchanges for executing block deals i.e. trades having value greater than or equal Rs. 10crore. The information of Block Deal such as the name of the Security, name of the client, quantity of shares brought/sold, traded price, etc. is disseminated by the Exchanges to the general public on the same day, after the market hours.]

25. What to keep in mind while formulating a trading plan?

A trading plan shall-

- not entail commencement of trading earlier than 6 months from the public disclosure of the plan (Cool-off period);
- 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;
- entail trading for a period of not less than 12 months;
- not entail overlap of any period for which another trading plan is already in existence;
- 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
- not entail trading in securities for market abuse.

26. What if I don't want to implement the approved trading plan?

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.

27. I was in possession of UPSI while formulating the trading plan which has not become generally available at the time of the commencement of implementation of the trading plan, should I implement the plan?

In such a case, please communicate the same to the Compliance Officer who shall after confirming that the implementation would lead to violation of the Code defer commencement of implementation of the trading plan until such UPSI becomes generally available. Cool-off period for 6 months does not grant immunity from action if the insider is in possession of the same UPSI both at the time of formulation of the plan and implementation of the same.

28. What is contra trade?

A trade or transaction which involves buying or selling any number of securities and undertaking an opposite transaction involving sell or buy following the prior transaction is termed as contra trade (i.e. taking opposite position – long-short or short-long).

Under the code such opposite position cannot be taken within 6 months of the first transaction.

29. What if contra trade has been executed inadvertently?

In case a contra trade is executed inadvertently or otherwise, in violation of such a restriction, profit from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by it.

30. What and when are the disclosures to be made under the Code?

- Every person on appointment as a Key Managerial Personnel or a Director of the Bank or upon becoming a promoter or member of the Promoter Group shall disclose his holding of securities of the Bank as on the date of appointment or becoming a promoter, to the Bank within 7 days of such appointment or becoming a promoter in **Form – B**.
- Every Designated Person shall disclose names and Permanent Account Number or any other identifier authorized by law of its immediate relatives and/or persons with whom such designated person(s) shares a material financial relationship and Phone, mobile and cell numbers which are used by them to the Bank on an annual basis and as and when the information changes in **Form – K**.
- Every promoter, member of the Promoter Group, designated person and director of the Bank shall disclose in **Form – C** to the Bank the number of such securities acquired or disposed of within 2 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.10,00,000/- or such other value as may be specified;
- The Bank may, at its discretion and at such intervals as may be determined by the Bank, require any other connected person or class of connected person as it may think fit, to make disclosure of holdings / trading in securities of the Bank in **Form – D** in order to monitor compliance with the Code / the Regulations.

31. How will I come to know about the changes in Policy/disclosure formats, if any?

The Code shall be subjected to revision from time to time in line with the amendments in the Regulations, if any and the revised Code shall be hosted on the website of the Bank. However, any subsequent amendment / modification in the Regulations (including any circular, notification, press release) governing the Code, shall automatically apply upon the Code and the Code will be deemed to be modified to that extent. In case of any query or clarification regarding the Code you may contact the Compliance Officer.

32. Whether creation of pledge or invocation of pledge is allowed when trading window is closed?

Creation/invocation of pledge is allowed during the closure of Trading Window provided that the pledgor and pledgee demonstrate the bona-fide and prove their innocence as mentioned in Code 7.a of the Code. The value for the purpose of determination of threshold limit of disclosure shall be the market value on the pledge/ invocation.

33. Is there any penalty on violation of the Code?

Contravention of the Code would attract disciplinary actions including wage freeze, suspension, recovery, clawback etc., as may be imposed and decided by the Chairman of the Audit Committee. Such a person shall also be subject to any action as may be taken by SEBI for violation of the Code.

34. What is the enquiry and appeal procedure in case of violation of the Code or the Regulation?

The Chairman of the Audit Committee of the Board of Directors of the Bank is the deciding authority on violation of the Code/Regulation. Upon being satisfied about the contravention of the Code/Regulation, the matter along with evidence, views of the executive director of the Bank/ compliance officer as the case may be, representation of the concerned employee along with documentary submission if any, will be placed to the Chairman of the Audit Committee within 15 days. The Chairman of the Audit Committee shall after considering the complaint, submission by both the sides i.e. Bank and the concerned designated person/insider, evidences and documents submitted by both sides and after giving concerned designated person/insider an opportunity of being heard, determine, decide and communicate his decision within 15 days. The decision of the Chairman of the Audit Committee will be then placed before the Audit Committee of the Board of Directors for its noting. The ACBOD while noting have the power to suggest alteration in the extent of punishment given by the Chairman. Any person aggrieved by the order passed by the Chairman of the Audit Committee or any alteration by the Audit Committee, will have the right to appeal before the Board of Directors of the Bank within 30 days of receipt of such decision/alteration as the case may be. The appeal of the concerned person will be placed to the Board at its next succeeding meeting along with all relevant evidences, documents, decisions and orders. The decision of the Board in this matter will be final and binding.

Note: These FAQs are prepared and intended for easy understanding of the requirement of the law. The FAQs may not be exhaustive and are advised to be read with the Bank's Code of Conduct on Prohibition of Insider Trading available at the website of the Bank. For any clarification in the matter of Bank's Code of Conduct on Prohibition of Insider Trading please contact the Compliance Officer.
