



राष्ट्रीय
आवास बैंक
NATIONAL
HOUSING BANK

POLICY ON PREVENTION OF INSIDER TRADING

Version No 1.0

National Housing Bank

New Delhi

January, 2024

Main Document

Document Title	Policy on Prevention of Insider Trading
Created by	SEBI Compliance Officer
Date	___-01-2024

Version History

Version No.	FY	Changes/Comments	Prepared By
1.0	2023-24	Initial Document	SEBI Compliance Officer

Version Approvals

Version No.	Date of Approval	Approved By
1.0	08-02-2024	Board of Directors

References

S.N.	Documents
1	SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

TABLE OF CONTENTS		
S.N.	Particulars	Page No.
Paragraphs		
1.	Background	4
2.	Objective	4
3.	Scope and Applicability	4
4.	Definitions	4
5.	Maintenance of Secrecy and Prevention of misuse of Unpublished Sensitive Information.	8
6.	Restrictions on trading in securities	10
7.	Pre-clearance of Trades	11
8.	Trading Plans	12
9.	Disclosures	12
10.	Trading Window	13
11.	Institutional Mechanism for Prevention of Insider Trading	13
12.	Penalty for Contravention of the Code	14
13.	Code for Fair Disclosures	15
14.	Forms	18

A. Policy on Insider Prevention of Insider Trading

1. Background:

The SEBI (Prohibition of Insider Trading) Regulations, 2015 [*hereinafter referred to as SEBI (PIT) Regulations*] require all listed entities to set up an appropriate mechanism and to frame & enforce a Code of Conduct for Prohibition of Insider Trading and internal procedures in respect of dealings in securities (Debenture/Bonds) by Designated Persons/Insiders including a code for fair disclosures to be made by them from time to time.

2. Objective:

Insider trading is the buying or selling or dealing in the securities of a listed entity by a Director, member of management, an employee of the entity or by any other person such as internal and statutory auditor, agent, advisor, analyst, consultant, etc., who has knowledge of material, 'inside' information not available to the general public. The dealing in securities by an 'insider' is illegal when it is predicated upon the utilization of 'inside' information to profit at the expense of other investors who do not have access to the same information. The prices of most securities generally reflect the available public information about listed entity.

3. Scope and Applicability:

The provisions of the Code will be applicable to Connected Persons/Insiders as detailed in the Policy.

4. Definitions:

- i. "Act" means Securities and Exchange Board of India Act, 1992.
- ii. "Bank" means National Housing Bank.
- iii. "Board" means the Board of Directors of the Bank.
- iv. "Code" means "Code of Conduct for Prevention of Insider Trading in debentures of NHB", including modifications/made there to from time-to-time.
- v. The Company Secretary of the Bank shall be the Compliance Officer for the purpose of this Policy.
- vi. "Connected Person" means –

- a) Designated persons including Directors of the Bank.
- b) Auditors of the Bank,
- c) any person who is or has during the six months prior to the concerned act been associated with the Bank, 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 Bank or holds any position including a professional or business relationship between himself and the Bank 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.

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; or
- b) the holding, associate or subsidiary Company; or
- c) an intermediary as specified in Section 12 of the SEBI Act or an employee or director thereof; or
- d) an investment Company, trustee Company; asset management Company or employee or director thereof; or
- e) an official of a stock exchange or a clearing house or corporation; or
- f) a member of board of trustees of a mutual fund or a member of the Board of the asset management Company of a mutual fund or is an employee thereof; or
- g) an official or an employee of a self-regulatory organization recognized or authorized by the Board; or
- h) a banker of the Bank; or
- i) a concern, firm, trust, Hindu undivided Family, Company or association of persons wherein a director of the Bank or his immediate relative or banker of the Bank, has more than ten percent of the holding or interest.

vii. “Designated Persons” means-

- a) Directors on the Board of the Bank.
- b) General Managers & above of the Bank.
- c) All executives posted in the following Divisions:
 - i) Board Secretariat,
 - ii) Accounts,
 - iii) RMMD,
 - iv) Project Finance Department,

v) Refinance Department

or any other Division(s) by whatever name called due to changes in the nomenclature of the aforementioned Divisions.

d) Any other Employee as may be designated by the Compliance Officer in consultation with the Managing Director of the Bank considering the objectives of the Regulations and the Code.

Provided that the following employees from the above shall not be considered as 'Designated Persons':

- a. Employees on deputation outside the Bank.
- b. Employees on long-term leave.

- viii. "Director" means a member of the Board of Directors of the Bank.
- ix. "Generally available information" means information that is accessible to the public on a non-discriminatory basis;
- x. "Immediate relative" means spouse of a person, 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.
- xi. "Insider" means any person who is
 - a) a connected person; or
 - b) in possession of or having access to unpublished price sensitive information
- xii. "legitimate purpose" shall include 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 the SEBI (PIT) Regulations.
- xiii. "SEBI" means the Securities and Exchange Board of India.
- xiv. "Securities" shall have the meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 (42 of 1956).
- xv. "Specified" means specified by SEBI in writing.
- xvi. "Trading" means and includes subscribing, redeeming, switching, buying, selling, dealing, or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities, and "trade" shall be construed accordingly.

- xvii. "Trading Day" means a day on which the recognized stock exchanges are open for trading.
- xviii. "Trading Plan" means the term "Trading Plan" as prescribed in SEBI (PIT) Regulation.
- xix. "Unpublished Price Sensitive Information" means any information, relating to the Bank 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, demergers, acquisitions, delisting, disposals and expansion of business and such other transactions; and
 - e) Changes in key managerial personnel.
- xx. Compliance Officer means SEBI Compliance Officer
- xxi. Duties of the Compliance Officer:

The Compliance Officer shall be responsible for:

- a) Prescribing the procedures including format for undertaking/ information for various activities referred to in the Code in accordance with the SEBI (PIT) Regulations.
 - b) Monitoring adherence to the rules for the preservation of Price Sensitive Information.
 - c) Granting prior approval to the Designated Persons for Dealings in securities and monitoring of such Dealings in Securities
 - d) Implementation of this Code under the general supervision of The Managing Director.
- xxii. The Compliance Officer shall maintain a record (either manual or in electronic form) of the Designated Persons and their Immediate Relatives and changes thereto from time to time.
 - xxiii. The Compliance Officer shall assist all the employees in addressing any clarifications regarding the Regulations and this Code.
 - xxiv. The Compliance Officer shall place status report on the compliance of the Code before the Audit Committee of the Board (ACB) on a yearly basis.
 - xxv. In terms of Regulation 9(1) and 9(2) of SEBI (PIT) Regulations, any violations of code of conduct shall be reported to Stock Exchanges.

5. Maintenance of Secrecy and Prevention of misuse of Unpublished Sensitive Information.

- i. The Insider shall maintain confidentiality of all 'Unpublished Price Sensitive Information'. No insider shall communicate, provide or allow access to any unpublished price sensitive information, relating to the Bank 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. Further, 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.
- ii. 'Unpublished Price Sensitive Information' shall be handled on a 'need to know' basis. Such information should be disclosed only to those within the Bank who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- iii. Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "insider" and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with the SEBI (PIT) Regulations
- iv. Chinese Wall:
 - a) The term "Chinese Wall" refers to separation of those areas of the organization which routinely have access to confidential information considered "inside areas" from other areas or departments considered "public areas".
 - b) The 'Inside areas' of the Bank shall be the divisions and also include Designated Persons.
 - c) In terms of Chinese Wall, the persons in the inside area of the Bank shall not communicate any Unpublished Price Sensitive Information to anyone in public area.
 - d) In exceptional circumstances, employees from the public areas may be brought "Over the Wall" and given confidential information on "Need to Know" basis, after intimation to the Compliance Officer.
 - e) The Compliance Officer shall make aware individuals of the duties and responsibilities attached to the receipt of inside information, and the liability attached to the misuse or unwarranted use of such information.

- v. All non-public information directly received by any Designated Person should be reported to the Head of his / her Department / Compliance Officer immediately.
- vi. All files containing confidential information shall be kept secure under lock and key. Computer files shall have adequate security of login and Passwords. Files containing confidential information should be deleted / destroyed after its use. Shredders should be used wherever necessary for the destruction of physical files.
- vii. An Insider will not on his own accord reveal any information to any person unless authorized to do so by the Compliance Officer to further his / her legitimate purposes, performance of duties or discharge of legal obligations.
- viii. If an Insider commits a breach or accidentally crosses the 'Chinese Wall', it shall be reported to the Compliance Officer and immediate action shall be initiated to stop the information from being further misused.
- ix. Structured Digital Database:
 - a) The Bank shall ensure that a structured digital database is maintained containing the nature of unpublished price sensitive information, the names of such persons who have shared the information, the names of such persons with whom the information has been shared in terms of the provisions of the Code along with the Permanent Account Number or any other identifier authorized by law, where Permanent Account Number is not available.
 - b) Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.
 - c) Further, such structured digital database shall be preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.
- x. 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 Bank 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, 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 from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm’s length transactions

6. Restrictions on trading in securities:

- i. 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:

*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: –

- a. the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- b. in the case of non-individual Insiders: –
 - i. 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

ii. 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;

c. the trades were pursuant to a trading plan set up in accordance with regulation.

7. Pre-clearance of Trades

All Designated Persons and their immediate relatives who intend to or trade in the securities of the Bank should pre-clear the transactions as per procedure described hereunder :

- i. An application shall be made to the Compliance Officer indicating the estimated number of securities that the Designated Persons or their immediate relatives intends to or trade 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 Bank in this behalf in Form A along with a Statement of Debentures held at the time of pre-clearance in Form B along with an Undertaking in Form C.
- ii. The Compliance Officer shall give permission in Form D and make a record of the permission given.
- iii. All Designated Persons and their immediate relatives shall execute their order in respect of securities of the Bank within seven trading days after approval of pre-clearance is given. If the order is not executed within the aforementioned specified period, the Designated Person must pre-clear the transaction again.
- iv. In case, the Designated Person or his/ her immediate relative decides not to execute the trade after securing pre-clearance, he/she shall inform the Compliance Officer of such decision along with reasons thereof immediately.
- v. After execution of the transaction, a Statement as per Form E relating to change in holdings of the Securities of the Bank shall be submitted by the Designated Person to the Compliance Officer, within two trading days from the date of such transactions. Non-submission of the Statement shall be in violation/contravention of the above Code of Conduct.
- vi. Prior to approving any trades, the Compliance Officer shall be entitled to seek declaration(s) 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.

8. Trading Plans:

SEBI (PIT) Regulations enable an Insider to frame a Trading Plan. If any Insider wishes to formulate a Trading Plan for trading in Debentures, they may do so and present it to the Compliance Officer. The Compliance Officer will assess the Trading Plan and evaluate whether the plan is in violation of the PIT 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.

9. Disclosures:

Initial Disclosures:

Form F - Every person on appointment as a Director or as a Key Managerial Personnel of the Bank shall disclose holding of securities of the Bank as on the date of appointment, to the Compliance Officer within seven days of such appointment.

Continuous Disclosures:

- a. Form E :Designated Person of the Bank shall disclose to the Compliance Officer the number of Debentures acquired or disposed of within two trading days of such transaction.
- b. The Compliance Officer shall notify the particulars of such trading to the Stock Exchanges on which the Debentures are listed within two trading days of receipt of the disclosure or from becoming aware of such information.
- c. Form G- All Designated Persons shall disclose to the Compliance Officer the number of such Debentures acquired or disposed of during the financial year within 30 days of the end of the financial year.

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

10. Trading Window

The SEBI Compliance Officer shall announce Closure of Trading Window for Debentures of the Bank when any of the following events occur: -

- a. Financial Results*;
- b. Dividends
- c. Change in capital structure
- d. Mergers, demergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- e. Changes in Key Managerial Personnel.

**Trading restriction period shall, be made applicable from the end of every quarter till 48 hours after the declaration of the Financial Results*

The Trading Window shall be *inter-alia* closed:

- a. From the end of each quarter up to 48 (forty eight) hours after the declaration of quarterly/ half yearly/ annual financial results.
- b. At least 7 days prior to the Board Meeting to approve any mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions.

However, if the circumstances so warrant the time for closing the window may be increased or decreased with the approval of Managing Director.

The trading window shall be re-opened 48 hours after information referred to above becomes generally available. 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.

All Designated Persons and their immediate relatives shall conduct all their trading in the Debentures of the Bank only in a valid trading window and shall not trade in Bank's Debentures during the periods when trading window is closed, as referred to above or during any other period as may be specified by the Bank from time to time.

11. Institutional Mechanism for Prevention of Insider Trading

The internal controls shall include the following:

- a. all employees who have access to unpublished price sensitive information are identified as designated person;
- b. all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of Code/SEBI (PIT) Regulations;

- c. adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by this Code/SEBI (PIT) 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;
- e. all other relevant requirements specified under this Code/SEBI (PIT) Regulations shall be complied with;
- f. periodic process review to evaluate effectiveness of such internal controls.

The Audit Committee of Board of the Bank shall review compliance with the provisions of the Code & SEBI (PIT) Regulations on yearly basis and shall verify that the systems for internal control are adequate and are operating effectively.

12. Penalty for Contravention of the Code

- i. The Bank may impose monetary penalty on any Designated Person/Insider who trades in Debentures or communicates any price sensitive information, in contravention of the Code.
- ii. The action by the Bank shall not preclude SEBI from taking any action in case of contravention of the Regulations.
- iii. Any amount collected under this clause shall be remitted to the Investor Protection and Education Fund (maintained and administered by the SEBI).
- iv. In case of contravention of the Code / Regulations, the Bank shall promptly inform the Stock Exchanges where the debentures of the Bank are listed, in such form and such manner as may be specified by the SEBI from time to time.

B. CODE FOR FAIR DISCLOSURES

i. Prompt public disclosure of Unpublished Price Sensitive Information

Unpublished Price Sensitive Information shall be informed by the Bank to the Stock Exchanges promptly and also made generally available for Investors of the Bank by uploading the same on the Bank's website at <https://nhb.org.in/>

The following is an indicative list of information to be made generally available:

- a) Declaration of Financial Results (quarterly, half-yearly and annual).
- b) Any major expansion plans or winning of bid or execution of new projects.
- c) Amalgamation, mergers, takeovers.
- d) Disposal of whole or substantially whole of the undertaking.
- e) Any material change in Policies, Plans or Operations of the Bank.
- f) Disruption of operations due to natural calamities.
- g) Litigation/dispute with a material impact.
- h) Change in Key Managerial Personnel.
- i) Any information which, if disclosed, in the opinion of the person disclosing the same is likely to materially affect the prices of the Debentures of the Bank.

ii. Uniform and universal dissemination of Unpublished Price Sensitive Information to avoid selective disclosure.

The disclosure of Unpublished Price Sensitive Information shall be on a continuous, immediate, uniform basis and will be universally disseminated through dissemination of information to the Stock Exchanges / public announcements.

iii. Overseeing and coordinating disclosure.

- a) In terms of the Code of Conduct for Prevention of Insider Trading, the Company Secretary has been designated as the Compliance Officer of the Bank for inter alia monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of trades and the implementation of the Code.

- b) The Compliance Officer shall be responsible for ensuring that the Bank complies with continuous disclosure requirements and for overseeing and coordinating disclosure of unpublished price sensitive information to Stock Exchanges as well as on the website of the Bank.
- iv. Prompt dissemination of Unpublished Price Sensitive Information that gets disclosed selectively, inadvertently or otherwise to make such information generally available.
- a) Information disclosure should be normally approved in advance by the respective Departmental/Divisional Heads who shall inform the same to the Compliance Officer for onward dissemination.
 - b) If any unpublished price sensitive information is accidentally disclosed without prior intimation to Compliance Officer, the same shall be informed to the Compliance Officer immediately. In such an event of inadvertent, selective disclosure of unpublished price sensitive information, the Compliance Officer shall take prompt action to ensure that such information is made generally available.
- v. Responding to Queries on News reports and Requests for Verification of Market Rumours.
- a) The response to queries on News Reports/ requests for verification of market rumours shall be made by with authorization of Managing Director, Executive heading the Corporate Communication Division (CCD) or in his / her absence, by the Executive who is entrusted with the responsibility of managing media and public relations for the Bank.
 - b) Any such communication from the Stock Exchanges/SEBI shall be responded by the Company Secretary after obtaining the necessary clarifications from the concerned Departments under intimation to the Compliance Officer.
 - c) The legitimate purposes may include:
 - i. Sharing of relevant unpublished price sensitive information with consultants, advisors engaged by the Bank in relation to the subject matter of the proposed deal/ assignment in relation to such information;
 - ii. Sharing of relevant unpublished price sensitive information with intermediaries/ fiduciaries viz.

merchant bankers, legal advisors, auditors in order to avail professional services from them in relation to the subject matter of the unpublished price sensitive information;

- iii. Sharing of relevant unpublished price sensitive information with persons for legitimate business purposes (e.g., attorneys, investment bankers or accountants);
 - iv. Sharing of relevant unpublished price sensitive information with persons who have expressly agreed in writing to keep the information confidential, such as potential customers, joint venture partners and vendors, and not to transact in the Bank's Debentures on the basis of such information.
 - v. Sharing of relevant unpublished price sensitive information in case mandatory for performance of duties or discharge of legal obligations.
- d) Any person in receipt of unpublished price sensitive information pursuant to a "legitimate purpose" shall be considered an "Insider" for purposes of this Policy and due notice shall be given to such person to maintain confidentiality of such unpublished price sensitive information in compliance with the SEBI (PIT) Regulations.
- e) Prior to sharing of the unpublished price sensitive information, the concerned person sharing such information shall comply with the requirements in relation to circumstances and procedure as provided in the Code.

13. Review :

The SEBI Compliance Officer shall be responsible for formulating/ reviewing/ periodic updation of the Policy and Code as and when required.
