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विकास प्राधिकरण
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**PENSION FUND REGULATORY
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**SUBJECT: GUIDELINES FOR PENSION FUNDS ON SELF DEALING, FRONT
RUNNING AND INSIDER TRADING**

1. These guidelines are issued by the Authority in exercise of powers under sub-clause (b) of sub-section (2) of Section 14 read with Section 23 of the PFRDA Act, 2013 and Regulation 21 of the PFRDA (Pension Fund) Regulations, 2015.
2. Designated Persons shall include all employees, key personnel, directors (excluding independent directors not forming part of the Investment Committee) of the Pension Funds including employees on deputation.
3. Self-dealing is the conduct of Designated Person that consists of taking advantage of his position in a transaction and acting in his own interests rather than in the interests of the beneficiaries of the trust.
4. Front Running means any transaction of purchase/sale of a security carried by any Designated Person whether for self or for any other person and/or in concert, knowing fully well that the company also intends to purchase/sell the same security for its investment operations.
5. Insider trading means dealing in Securities of a company listed/traded on any stock exchange in India based on, or when in possession of, unpublished price sensitive information.
6. These guidelines shall be applicable to all Designated Persons and shall form a part of the Code of Conduct as mentioned in PFRDA (Pension Fund) Regulations, 2015.
7. These guidelines shall cover transactions for sale or purchase of securities made in the name of Designated Persons, either individually or jointly, and in the name of the spouse and/or dependent children, parent, sibling of the Designated Persons and/or as a member of HUF.
8. All securities transactions made by Designated Persons in their personal capacity shall be conducted in accordance with these guidelines and in such a manner as to

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avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.

9. No Designated Person shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information.
10. No Designated Persons shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such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.
11. It shall be the obligation on all Designated Persons who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organizations developing practices based on need-to-know principles for treatment of information in their possession.
12. No Designated person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
13. There shall be a prohibition on unlawfully procuring possession of unpublished price sensitive information. Inducement and procurement of unpublished price sensitive information not in furtherance of one's legitimate duties and discharge of obligations would be illegal under this provision.
14. These guidelines cover transactions for purchase or sale of any securities such as shares, debentures, bonds, coupons, options and warrants.
15. The following investments are not covered under the ambit of these guidelines:
 - a) Investments in fixed deposits with banks/financial institutions/companies, life insurance policies, provident funds (including public provident fund), National Pension System (NPS) or investment in savings scheme as National Savings Certificates, National Savings Schemes, Kisan Vikas Patra or any other similar investment.
 - b) Investment of a non-financial nature such as gold, real estate etc., where there is no likely conflict between Pension Fund's interest and the Designated Person's interest.
 - c) Investments in Government securities, money market instruments and mutual fund schemes.

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16. The Designated Persons must seek prior approval from the Competent Authority of the Pension Funds for transacting for subscription under and IPO/FPO. The sale of Securities arising due to buy-back of shares, will be permissible, however, it will be subject to prior-intimation to the Compliance Officer.
17. A Designated Persons is permitted to apply to a public issue of shares and/or debentures and/or bonds and/or warrants of any company, as long as the application is made in the normal course of public issue. Such an application may be made without seeking the clearance from the Competent Authority. Designated Persons are prohibited from applying in any reserved quota such as promoters' quota, employees' quota etc. Designated Persons shall not participate in any private placement of equity by any company.
18. A Designated Person may apply for shares and/or debentures and/or bonds and/or warrants in a preferential offer, in cases where such a preferential offer is being made by a company that belongs to the same industrial group as the company in which the Designated Person already has an investment, provided that such a preferential offer is made to all shareholders and/or debenture holders of such company. Details of such applications made shall be intimated to the Competent Authority in the PF.
19. The Designated Persons may apply for any rights offer of any company in which they are already shareholders. Applications for additional rights shares may be made by the Designated Persons without getting clearance from the Competent Authority in the Pension Fund. Details of any applications made in any rights issue, whether in the normal course, or through purchase of rights renunciations, shall be intimated to the Competent Authority in the PF.
20. A Designate Person who wishes to transact in the Securities covered under investment universe of the company, through secondary market, shall seek permission from the Competent Authority in the Pension Fund. The Compliance Officer shall keep a track of the transactions of the Designated Persons of the Pension Fund to ensure that there is no conflict of interest between them. The Compliance Officer has to ensure that there is a "cooling off" period of 15 calendar days, i.e. the last transaction in that particular security is done by the respective Pension Fund at least 15 days prior to the date of written application by the Designated Person.
21. If share and/or debentures and/or bonds and/or warrants of the company or derivatives specified by the Designate Person are held by any scheme of the NPS of which Pension Fund is the investment manager, there should be a "cooling off" period of 15 calendar days. The Compliance Officer shall ensure that the last transaction in that particular security was done by the Pension Fund at least 15 calendar days prior to the date of the written application by the Designate Person. In other words, the application for a purchase/sale transaction on a personal basis would be cleared only

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if the Pension Fund has not transacted in that particular security for at least 15 calendar days.

22. The Compliance Officer shall maintain a record of all requests for pre clearance regarding the purchase or sale of a security, including the date of the request, the name of the Designated Persons, the details of the proposed transaction and whether the request was approved or denied and waivers given, if any, and its reasons.
23. Exercise of ESOPs shall not be considered to be trading except for disclosures. Pre-clearance is not required for exercise of ESOP. However, sale of shares acquired under ESOPs issued by Group Companies of Pension Fund would be governed by the Code of Conduct for Insider Trading of respective group companies.
24. All Designated Persons shall submit in the prescribed form the details of their following personal transactions of purchase or sale of securities to the Compliance Officer of the Pension Fund:
 - a) Details of transactions effected for purchase/sale of securities including transactions in rights entitlements through the secondary market every month.
 - b) Details of allotment received against application for public and right issues within every month from the date of receipt of the allotment advice.
 - c) Every new employee joining the company should provide statement of holding of securities.
 - d) Declaration shall also be included in the reporting form regarding Front Running and Self-Dealing.

In addition to the above, all Designated Persons shall provide yearly Demat Statement to the Pension Fund on 31st March every year

25. As the Pension Funds deal with the securities traded in the market, the Pension Funds shall also follow the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and subsequent amendments thereto.
26. In case of any ambiguity with regard to any clauses of these guidelines, the interpretation of the Authority shall be final.
27. These guidelines shall be reviewed by the Authority once a year.


(Sumit Kumar)
General Manager