

Insider Trading Guidelines

For Listed Companies on the Barbados Stock Exchange Inc.

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1.0 Introduction

It has been contended that providing directors and senior executives with company shares, successfully aligns their interests with that of shareholders, thus ensuring that these individuals perform their roles in a manner which creates sustainable value for the organisation. While this is desirable, trading by insiders requires full disclosure to ensure market integrity and to prevent insider use of material non-public information in an advantageous manner.

The purpose of this document is to provide guidance on the trading activity of insiders of companies listed on the Barbados Stock Exchange (BSE), to supplement the requirements as outlined in the Securities Act, Cap 318A (“the Securities Act”) and the Companies Act Cap 308 (“the Companies Act”).

2.0 Objectives

- To ensure that all listed companies of the BSE have consistent standards and procedures governing corporate communications of a material and non-material form.
- To ensure that guidelines are instituted regarding the trading of securities by insiders.
- To ensure that non-trading periods i.e. black-out periods, are instituted in which insiders are prohibited from trading in company securities.
- To ensure that a compliance function is in place to monitor the trading activities of insiders and compliance with applicable laws.

3.0 Definition of an Insider

There are individuals who due to the nature of their positions within the organisation will be deemed to be insiders as they will possess material information of a company’s operations. These individuals include directors, the executive management team, Corporate Secretary and other individual who may be regarded as insiders from time to time due to exposure to material information as a result of various projects which they may undertake on behalf of the company.

As defined in the Securities Act, an insider is

- a) an issuer in respect of its securities;
- b) an affiliate of an issuer;
- c) a director, officer or employee of an issuer;
- d) a person who beneficially owns more than ten percent of the equity securities of an issuer or who exercises control or direction over more than ten percent of the votes attached to the securities of an issuer;
- e) any person whose relationship to the issuer gives him access to a material confidential fact, and
- f) a person who is informed of a material confidential fact by a person described in paragraphs (a) to (e) and who has knowledge that the informant is an Insider.

Insider also has the meaning given in the Companies Act.

It will be a requirement, that all companies listed on the Exchange have an insider trading policy outlining their measures to monitor the trading activity of insiders. It will also be a condition that this information forms part of the company's disclosure requirements on an annual basis, which should be submitted to the Exchange for review and dissemination to the marketplace.

The Securities Act and the Companies Act provide guidance use of price sensitive information by persons connected to issuers.

4.0 Material Information

Material information is defined as any information that has not yet been published, and is not otherwise generally available; and, if publicly known would be likely to:

- Impact on the price or value of securities.
- Induce an individual to act upon that knowledge in deciding to deal in the securities.

There are a variety of examples of information that is particularly sensitive; and, as a general rule can be deemed to be of a material nature.

Examples of such information may include:

- Known but unannounced financial condition of the company and financial results.
- Projections of future earnings or losses.
- Significant changes in senior management.
- Pending or proposed significant acquisition or disposal of assets.

- Pending or proposed partnerships, mergers, acquisitions, takeovers, joint ventures.
- New research developments or product announcements.
- Pending or proposed debt or equity offerings.
- Significant financial exposure due to threatened or actual litigation.
- Considerable change in dividend policy.
- Pending regulatory action.
- Changes in the pricing structure of the company's services or products.
- Gain or loss of a substantial customer or supplier.
- Significant product defects or modifications.
- Stock splits, consolidations, recapitalization plans.
- Pending defaults on credit facilities, potential bankruptcy reporting or financial liquidity issues.

5.0 Definition of a black-out period

A black-out period is any period in which insiders will be prohibited from trading due to material developments within the company.

A black out period is deemed to exist for a minimum period prior to the announcement of the company's financial results; and, prior to the announcement of matters of a nature involving price sensitive information which has not been disseminated to the public and which is likely to affect the company's share price or impact on market sentiment.

6.0 Insider Trading Guidelines

- 1) All listed companies must ensure that corporate communications are disseminated to the investing public in a timely manner.
- 2) There should be an insider trading compliance officer identified within the organisation who is responsible for the monitoring and approval of all trading activities of insiders; and, for the development and administration of a compliance policy on insider trading within the company.
- 3) A company must clearly identify its insiders and advise them of the procedures which underlie their trading in company securities.
- 4) All listed companies should maintain an up to date list of insiders.



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- 5) An insider should not deal in a company's securities if they are in possession of material information which has not been publicly disclosed.
- 6) All insiders should advise the company's insider trading compliance officer or individual performing a similar role of their intention to trade in the company's securities. This individual should also consult with the company's legal counsel, executive management or Board prior to the approval of such transactions.
- 7) Insiders must not deal in company's securities during any blackout periods, which include:
 - (a) 15 days after the end of the financial year until 24 hours after the public disclosure of the annual financial results;
 - (b) 15 days after the end of the half year until 24 hours after the public disclosure of the half yearly financial results;
 - (c) 15 days after the end of each quarter until 24 hours after the public disclosure of the quarterly financials results; or
 - (d) such other period as advised by the Corporate Secretary or the individual delegated to oversee insider trading activity.
- 8) Advance notice of the commencement and termination of a blackout period must be provided to insiders along with the contact person who can respond to queries which may arise regarding this period. The following information should also be provided in written or electronic format upon the notice of a pending black out period :
 - (a) The reason for the blackout period;
 - (b) The rights or investment vehicles affected;
 - (c) Advise that the insider should evaluate their investment decisions in light of the constraints faced during black out periods when they are prohibited from trading in a company's securities.
- 9) An insider must refrain from providing information to third parties including family, friends, colleagues, and suppliers when they are in receipt of material information which may induce the party to make a decision to deal in the company's securities.
- 10) Any securities which are held by a third party e.g. an investment advisor on behalf of the insider are subject to the same restrictions as if the insider was dealing in the securities himself.
- 11) Any insider who performs the role of a trustee of a trust should advise his co-trustees of his relationship with the company in order to alleviate any conflicts of interest in this regard.
- 12) Any insider who is a beneficiary of a trust which deals with securities must ensure that the trustee advises him prior to any dealings in the company's securities.
- 13) The Board of Directors must be provided with information on insider dealings in the company's securities at regular Board meetings.

Assuming the absence of material non-public information, insiders trading in a company's securities outside of prescribed blackout periods should exercise good judgment at all times.

There may also be instances where an insider may have to forego a potential transaction in a company's securities even though the transaction was planned prior to acquiring knowledge of a material nature and even though economic loss or the anticipated profit may not be realised.

7.0 Exceptions to Guidelines

The circumstances outlined below are exceptions to the guidelines outlined in Section 6.0 above:

- 1) Insiders are permitted to purchase securities in a company's stock purchase plans during a blackout period. (However the concurrent sale of company securities to fund the transaction is not permitted). Any shares so acquired must be held until the termination of the blackout period.
- 2) Insiders are permitted to make purchases or sales in a company's securities in accordance with a pre-existing written arrangement; and, if such a transaction was approved in advance by the Board.

The blackout period does apply however to any broker assisted cashless exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

The conditions outlined in 1 and 2 above, may be approved in rare circumstances and are subject to the insider demonstrating definitively that he or she do not possess, or have ready access to material insider information.

8.0 Effective date

These guidelines enter into force on the 1st of January, 2014. If the company so wishes, it may, however, implement these guidelines immediately after publication.

Decisions that need to be submitted to the Board and changes to the articles of association that are deemed necessary in order to comply with these guidelines can be made at the annual general meeting following the effective date of the guidelines. Prior to this date, the company is not required to explain its practices which may deviate from these guidelines.