

CODE OF CONDUCT **FOR PROHIBITION OF TRADING BY INSIDERS 2019-20**

1. Preface

Securities and Exchange Board of India (SEBI) vide Gazette notification no. LAD-NRO/GN/2014-15/21/85 dated 15th January 2015 has issued Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“**PIT Regulations**”). The same has been amended from time to time. Last such amendment was made vide SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. As per the amended Regulations, the Board of Directors of every listed entity shall formulate a code of conduct to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons.

The Board of Directors (the “**Board**”) of Union Bank of India (the “**Bank**”) has adopted this **Code of Conduct for Prohibition of Trading by Insiders** (the “**Code**”) to comply with the above requirements. The Audit Committee of the Board (the “**ACB**”) is empowered to review and amend this Code from time to time.

2. Objective

This Code is framed as per the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended to regulate, monitor and report trading by insiders.

3. Applicability

The Code shall be applicable to Designated Persons and immediate relatives of designated persons as described in the Code or as may be specified by the Board of Directors in consultation with the Compliance Officer.

4. Definition

In the Code, unless the context otherwise requires, the following words, expressions and derivations there from shall have the meanings assigned to them as under:-

4.1 “**Act**” means the Securities and Exchange Board of India Act, 1992;

4.2 “**Bank**” means Union Bank of India;

4.3 "Connected person" means -

- (i) 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between himself and the Bank whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
- (ii) 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 specified in clause (i); or
 - b) a holding company or associate company or subsidiary company; or
 - c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
 - d) an investment company, trustee company, asset management company or an employee or director thereof; or
 - e) an official of a stock exchange or of clearing house or corporation; or
 - f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 - h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
 - i) a banker of the Bank; or
 - j) a concern, firm, trust, Hindu undivided family, Bank or association of persons wherein a director of the Bank or his immediate relative, has more than ten percent of the holding or interest;

4.4 "Designated Persons" The following class of persons/entities will be treated as Designated Persons for the purpose of the Code:

- (i) All the Directors on the Board of Directors of the Bank;
- (ii) All the employees of the Bank in the senior management cadre viz. Scale V, VI and VII;
- (iii) All the employees of FP&IR Department, Economic Intelligence Department, Central Accounts Department, Investment Department - Treasury Branch, Board Secretariat, MD & CEO's Secretariat, ED's Secretariat and Secretaries of all GMs of the Bank;

- (iv) All the employees posted at Department of Information Technology who have access to unpublished price sensitive information, as identified by the General Manager (DIT) on quarterly basis.
- (v) All the connected persons and persons deemed to be connected as defined in the Code.

**The employees referred above in sub-clause (ii) to (iv) are hereinafter referred to as “Designated Employees” for the purpose of the Code.*

- 4.5 “Fiduciaries” includes professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising the Bank.
- 4.6 “Generally available information” means information that is accessible to the public on a non-discriminatory basis;
- 4.7 “Immediate relative” means any of the following who is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities-
- a) Spouse
 - b) Father
 - c) Mother
 - d) Brother
 - e) Sister
 - f) Son (including step-son)
 - g) Daughter (including step-daughter)
- 4.8 “Insider” means any person who is:
- i) a connected person; or
 - ii) in possession of or having access to unpublished price sensitive information;
- 4.9 “Promoter” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 4.10 “Promoter Group” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;
- 4.11 “Proposed to be listed” shall include securities of an unlisted company:
- (i) if such unlisted company has filed offer documents or other documents, as the case may be, with the Board, stock exchange(s) or registrar of companies in connection with the listing; or

- (ii) if such unlisted company is getting listed pursuant to any merger or amalgamation and has filed a copy of such scheme of merger or amalgamation under the Companies Act, 2013.

4.12 “Regulation” means the “Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015”.

4.13 “Securities” shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof except units of a mutual fund;

4.14 “Trading” means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and “trade” shall be construed accordingly;

4.15 “Trading day” means a day on which the recognized stock exchanges are open for trading;

4.16 “Unpublished price sensitive information (UPSI)” means any information, relating to 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:

- (i) Financial results;
- (ii) Dividends;
- (iii) Change in capital structure;
- (iv) Mergers, de-mergers, acquisition, delistings, disposals and expansion of business and such other transactions;
- (v) Changes in key managerial personnel; and
- (vi) Material information in accordance with Policy for Determination of Materiality of Events or Information of the Bank.

Words and expressions used and not defined in these regulations but defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made there under shall have the meanings respectively assigned to them in those legislations.

5. Compliance Officer

Company Secretary of the Bank shall be designated as the **Compliance Officer** under this Code who shall report to the Board of Directors of the Bank.

6. Duties of Compliance Officer

6.1 The Compliance Officer shall maintain a record of the designated employees and changes, if any, from time to time.

- 6.2 The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of “Unpublished Price Sensitive Information”, pre-clearance of trades of designated employees and their dependents (directly or through respective department heads as decided by the Bank), monitoring of trades and the implementation of the Code of Conduct under the overall supervision of the Board of Directors of the Bank.
- 6.3 The Compliance Officer may in consultation with the Officer designated as Chief Investor Relations Officer (CIRO) under the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Managing Director & CEO or Executive Director(s), specify prohibited period from time to time and immediately make an announcement thereof to all concerned.
- 6.4 The Compliance Officer shall maintain a record of Prohibited Period specified from time to time.
- 6.5 The Compliance Officer shall maintain records of all the declarations submitted in the appropriate form given by the Directors and Designated Employees for a minimum period of three years.
- 6.6 The Compliance Officer shall assist all the Designated Employees in addressing any clarification regarding the Regulations and the Bank’s Code.
- 6.7 The Compliance Officer shall report on quarterly basis on compliance of the Code to the Audit Committee.
- 6.8 The Compliance Officer shall confidentially maintain a list of such securities as a “restricted list” which shall be used as the basis for approving or rejecting applications for pre clearance of trades.
- 6.9 The Compliance Officer shall put in place adequate and effective system of internal controls to ensure compliance with the requirements of SEBI (PIT) Regulations to prevent insider trading.

7. Trading Restrictions

Trading Window is the period during which the purchase or sale of transactions is allowed by the Directors and Designated Employees of the Bank subject to their satisfying the conditions laid down by the Code.

The period prior to declaration of price sensitive information is particularly sensitive for transactions in the Bank’s securities. This sensitivity is due to the fact that the Directors and Designated Employees will, during that period, often possess unpublished price sensitive information. During such sensitive times, the Directors and Designated Employees will have to forego the opportunity of trading in the Bank’s securities. The Directors and

Designated Employees of the Bank shall not deal in the securities of the Bank when the trading window is closed.

The Compliance Officer shall decide the period during which Trading Window shall be closed 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 48 hours after the information becomes generally available.

The trading window shall also be applicable to any person having contractual or fiduciary relation with the Bank, such as auditors, accountancy firms, law firms, analysts, consultants etc. assisting or advising the Bank.

In case any director or employee has to be allotted securities in terms of ESOP/ESPS of the Bank, there shall be no restriction on allotment of securities even during the Trading Window closure period. However, the employee shall not be permitted to dispose off the securities during the Trading Window closure period.

The Compliance Officer may announce closure of Trading Window for securities of the Bank when any of the following events occurs -

- a) Declaration of Financial results (quarterly, half-yearly and annual)
- b) Declaration of dividends (interim and final)
- c) Issue of securities by way of public/rights/bonus, etc.
- d) Any major expansion plans or execution of new projects
- e) Amalgamation, mergers, takeovers and buy-back
- f) Disposal of whole or substantially whole of the undertaking
- g) Any changes in policies, plans or operations of the Bank

8. Trading when in possession of unpublished price sensitive information

8.1 No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information without taking prior approval of trading plan.

8.2 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. The insider shall be provided a chance to prove his innocence.

8.3 In 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 SEBI.

9. Trading Plans

9.1 An insider shall be entitled to formulate a trading plan and present it to the compliance officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan.

9.2 Such trading plan shall:-

- a. not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- b. 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;
- c. entail trading for a period of not less than twelve months;
- d. not entail overlap of any period for which another trading plan is already in existence;
- e. 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
- f. not entail trading in securities for market abuse.

The compliance officer shall review the trading plan to assess whether the plan would have any potential for violation of these 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.

9.3 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.

Provided that the implementation of the trading plan shall not be commenced if any unpublished price sensitive information in possession of the insider at the time of formulation of the plan has not become generally available at the time of the commencement of implementation and in such event the compliance officer shall confirm that the commencement ought to be deferred until such unpublished price sensitive information becomes generally available information so as to avoid a violation.

9.4 Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

10. Pre-Clearance of Trades

- 10.1. Designated Person can deal in the securities of the Bank only when the trading window is open and Designated Person is not in the possession of any unpublished price sensitive information.
- 10.2. If the traded value of securities is less than or equal to **Rs. 10,00,000 (Rupees Ten Lakhs)** in a calendar quarter, no pre clearance is required but if the value of securities is more than **Rs. 10,00,000 (Rupees Ten Lakhs)** in a calendar quarter than pre-clearance from the Compliance Officer is required.
- 10.3. Pre-clearance of trades shall not be required for a trade executed as per an approved trading plan.
- 10.4. Designated Person has to apply for pre-clearance of trades to Compliance Officer in the **Form 1** and has to provide an undertaking to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information in **Form 2**.
- 10.5. The Compliance Officer may grant the pre-clearance in **Form 3** after -
 - a) seeking such information as may be necessary from the applicant;
 - b) confirming the accuracy of declaration submitted by applicant that he is not in the possession of unpublished price sensitive information;
 - c) confirming that the applicant has not done any prior contra trade within the period of six months;
 - d) confirming that the securities for which pre-clearance has been sought is not covered under the restricted list;

The pre-clearance shall be valid for a period of seven days and within which trades that have been pre-cleared have to be executed by the designated person, failing which fresh pre-clearance would be needed for the trades to be executed.

- 10.6. Designated Person shall inform the Compliance Officer in **Form 4** of execution of trade for which pre-clearance was sought within 2 trading days from the execution of trade.
- 10.7. In case the Designated Person decides not to execute the trade after securing pre-clearance, he/she shall inform the Compliance Officer of such decision alongwith reasons thereof immediately in **Form 4**.
- 10.8. A Designated Person who is permitted to trade (buy or sell) shall not execute a contra trade (sell or buy) any number of securities for the next six months following the prior transaction unless permission in this regard has been obtained from Compliance Officer in **Form 5**.

- 10.9. The Compliance Officer may grant relaxation to a contra trade for reasons recorded in writing provided that such relaxation does not violate the Code or Regulations, on receipt of application from Designated Person. The said relaxation order shall be issued in **Form 6**.
- 10.10. In case a contra trade is executed within 6 months inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.

11. Disclosures of Trading by Insiders

11.1 Initial Disclosures

Every person on appointment as a Director or Key Managerial Personnel of the Bank shall disclose their as well as their immediate relatives' holding of securities of the Bank as on the date of appointment, to the Bank within seven days of such appointment in **Form 7**.

11.2 Continual Disclosures

- a) **To Bank** - Every Director and Designated person of the Bank shall disclose to the Bank the number of such securities acquired or disposed of **within two 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 (Rupees Ten Lakhs) in Form 8**;
- b) **To Stock Exchanges** - Compliance Officer shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure from the insider in **Form 8**.

Note: The disclosure of the incremental transactions after any aforesaid disclosure shall be made when the transactions effected after the prior disclosure cross the threshold limit of Rs. 10,00,000 (Rupees Ten Lakhs).

11.3 Disclosures by other connected persons

Board of Directors of the Bank may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the Bank in **Form 9** and at such frequency as may be determined by the Bank in order to monitor compliance with these regulations.

12. Disclosure of holding of Bank's Securities by Directors/Designated Employees

All the Directors/Designated Employees are required to submit Disclosure of holding of Bank's Securities in their name and in name of their immediate relatives in **Form 10** for

every quarter within 30 days from the end of quarter. Form 10 is available in Union Parivar for online submission by Designated Employees.

13. Other Internal Controls to prevent Insider Trading

- (a) The Compliance Officer is authorised to identify any employee who have access to unpublished price sensitive information as designated employee even if he is not covered under the definition of designated employee under the Code and all the provisions of the Code shall be applicable to such employee.
- (b) all the unpublished price sensitive information shall be identified by the Vertical Heads and its confidentiality shall be maintained as per the requirements of the Code.
- (c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these 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 these regulations shall be complied with.
- (f) periodic process review to evaluate effectiveness of such internal controls.

14. Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons where Bank is an Intermediaries and Fiduciary

- 14.1 **Applicable to:** Designated persons and immediate relatives of designated persons of the Bank shall abide by this Code governing dealing in securities.
- 14.2 **Database of designated persons:** All designated persons shall be required to submit name and Permanent Account Number (PAN) or any other identifier authorized by law of the following to the Bank in 'Union Parivar' 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 following shall also be disclosed on a one time basis :

- a. names of educations institutions from which designated persons have studied;
- b. names of their past employers.

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 during the immediately preceding twelve months, equivalent to at least 25%

of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.

- 14.3 **Need-to-know:** All information obtained from the customers of the Bank as an intermediary or in banker-customer relationship shall be handled within the Bank on a need-to-know basis and no unpublished price sensitive information of the customers shall be communicated to any person except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 14.4 **Pre-Clearance of the Trade:** Designated persons may execute trades subject to compliance with this Code. Trading by designated persons shall be subject to pre-clearance by the Compliance Officer(s), if the value of the proposed trades is more than **Rs. 10,00,000 (Rupees Ten Lakhs)** in a calendar quarter. Designated person has to apply following the procedure specified by the Investor Services Division, Board Secretariat in for pre-clearance of such trades.
- 14.5 **List of Restricted Securities:**
- 14.5.1 All Credit verticals shall prepare a list of companies (*listed or in process of listing with a recognised stock exchange*) which are customers of the Bank and from whom Bank has received or may receive any unpublished price sensitive information during its dealing with the said Company. For e.g. Bank obtains unpublished price information (financial projections, orders in hand, details of new business line, sales achievements, unaudited financial results etc.) for sanctioning of a loan proposal of listed companies.
- 14.5.2 Credit Verticals shall update the said list on regular basis and forward the same to Compliance Officer.
- 14.5.3 The Compliance Officer shall confidentially maintain list of securities of such Companies as a "restricted list" which shall be used as the basis for approving or rejecting applications for pre-clearance of trades.
- 14.6 **Pre-clearance by Compliance Officer:** Prior to approving any trades, the compliance officer shall seek declarations 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.
- 14.7 **Execution of pre-cleared trades:** The designated personal shall execute the pre-cleared trades within a period of seven trading days. If the trade is not executed with that time, a fresh pre-clearance would be needed for the trades to be executed.
- 14.8 **Contra trade within a period of six months:** The designated person who is permitted to trade in the securities of such listed company, shall not execute a contra trade within a period of six months from the date of first trade. The

Compliance Officer may grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate the Code or SEBI regulations. If a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund. This provision shall not be applicable for trades pursuant to exercise of stock options.

- 14.9 **Reporting by designated persons:** The designated person shall make reporting of trades executed, reporting of decisions not to trade after securing pre-clearance, and reporting level of holdings in securities at such intervals as may be determined as being necessary to monitor compliance with these Codes in the formats prescribed by the Investor Services Division.
- 14.10 **Penal Provision:** If it is observed by the Bank that any designated person has acted in contravention of this Code or SEBI (PIT) Regulations, 2015, he will be subject to the sanctions and disciplinary actions, including wage freeze, suspension, recovery, clawback etc. that may be imposed by the Human Resource Department of the Bank for the contravention of the Code.
- 14.11 **Disclosure to SEBI in case of violation:** Further, in case it is observed that there has been a violation of SEBI (PIT) Regulations, 2015, the Bank shall inform the SEBI promptly.
- 14.12 **Awareness to employees:** Investor Services Division, Board Secretariat with consultation with Human Resource Department shall develop mechanism to make employees aware of the duties and responsibilities attached to the receipt of Insider Information and the liability that attaches to misuse or unwarranted use of such information.

15. Online submission of Forms

Department of Information Technology (DIT) in consultation with Human Resource Department and Compliance Officer shall evolve mechanism to enable Designated Employees to submit the forms required under this Code online in Union Parivar or any other software package as DIT may deem fit.

All designated employees shall submit the forms available in Union Parivar through online mode only and no physical forms will be accepted in such cases.

16. Penalty and punishment for contravention of code of conduct:

Any Designated Person and any other person considered as an Insider who deals in securities or communicates any price sensitive information, in violation / contravention of the Code may be penalized by the Bank. The Bank may take appropriate disciplinary

action including wage freeze, suspension, ineligibility for future participation in employee stock option plans, promotion process, imposition of penalty etc.

Such a person shall also be subject to any action that may be taken by SEBI for violation of the Code.

17. Inquiry in case of leak/suspected leak of UPSI:

A Committee of three General Managers shall be formed with approval of MD & CEO to inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information. Such Committee shall accordingly initiate appropriate inquiries on becoming aware of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information and inform the SEBI promptly of such leaks, inquiries and results of such inquiries.

If an inquiry has been initiated by the Bank in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information, the relevant intermediaries and fiduciaries shall be requested to co-operate with the Bank in connection with such inquiry conducted by listed company.

18. Whistle Blower Policy

The Bank shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information.

19. Information to the Audit Committee of the Board

The Audit Committee the Board shall review compliance with the provisions of PIT regulations & this Code of Conduct at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

20. Information to SEBI in case of non compliance

The Bank/Compliance Officer shall inform SEBI of all violations of Regulations observed by them.

21. Disclosure on Website of the Bank

This code and any amendments thereto shall be made available on the website of the Bank.

References:

1. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
2. SEBI Circular No. CIR/ISD/02/2015 dated 16.09.2015 on Revised Disclosure Formats under SEBI (Prohibition of Insider Trading) Regulations, 2015
3. SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015