



هيئة الأسواق المالية
CAPITAL MARKETS AUTHORITY

Decision Number 6

On the Prohibition of Exploitation of Inside Non Public Information when Trading in the Capital Markets

The Chairman of the Capital Markets Authority / Governor of Lebanon's Central Bank,

Based on Law No. 161 dated 17/8/2011 on capital markets,

Based on Law No. 160 dated 17/8/2011 concerning the prohibition of exploitation of inside nonpublic information when trading in the capital markets,

Based on the decision of the Capital Markets Authority Board, taken in its meeting held on 11/11/2013,

Declares the following,

Article I: For the purpose of ensuring strict implementation of the provisions of this decision, the terms hereunder shall have the meanings ascribed to them below:

A – **Inside Non Public Information:** is the information that has the following characteristics:

- 1) Relating to one or more financial instruments or to one or more issuers of financial instruments
- 2) Has not been made public
- 3) Of a precise and accurate nature; information shall be deemed to be of a precise nature if it indicates a set of circumstances which exist or may reasonably be expected to come into existence or an event which has occurred or may reasonably be expected to do so and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. The information shall have a significant effect when, for example, it is considered relevant to a regular investor.

Inside information would include, but is not limited to, the following:

- Profit or loss.
- Mergers, acquisitions, tender offers, or joint ventures.
- Changes in the assets' value.
- Innovative products, processes, or discoveries.
- New licenses, patents, registered trademarks, or regulatory approval / rejection of a product issued by any entity, authority or body.
- Developments regarding customers or suppliers (e.g., the acquisition or loss of a contract).
- Changes in management.
- Change in auditor notification or qualified opinion (external audit).



- Events regarding the issuer's securities (e.g., non-payment of debt securities, repurchase plans, stock splits, changes in dividends, changes to the rights of security holders, public or private sales of additional securities, changes in the estimation of the degree of solvency).
- Bankruptcy cases.
- Significant legal disputes.
- Orders for large trades before they are executed.

B - Financial Instruments: Would refer, inter alia, to any of the financial instruments listed below, or that may arise later, traded in organized financial markets in Lebanon or tradable in organized financial markets or over-the-counter (OTC) markets in Lebanon when the issued capital shareholders number exceeds 20.

1. Shares, dividends or debt securities issued by joint-stock companies or collective investment bodies.
2. Any certificates, instruments or bonds which revenues are linked to financial expenses resulting from commercial papers, securities, dividends or interest bonds.
3. Any compound, derivative, indicators related financial instruments, or resulting from any securitization type.
4. Any compound financial instruments or certificates that give the holders the right of underwriting, acquisition or abandonment of the financial products mentioned above.

C- Realized Profit: Realized gain or avoided loss

D- Investment Services Providers: Banks, financial institutions, financial intermediaries and any other licensed institution which engages in related financial instruments.

E - Issuer: Every legal person in public or private law, or any collective investment body, who issues or proposes to issue any financial instruments for underwriting or sale to the general public .

F - Person who through his/her position is considered to very likely have access to insider information. Following are the persons who have an insider position:

1. Chairman/member of the Board of Directors, auditor or commissioner.
2. A senior official who can continuously have access to information about the issuer.

G - Closely Related Persons to an Insider Position

- 1- Partner
- 2- Ascendants and descendants (who are in the custody of the person with an insider position)
- 3- People who work publicly and certainly for the issuer like the lawyer or auditor, for example.



Article II: It is forbidden to every person, natural or legal, as :

1. Chairman/member of the board of directors, director general, employee, auditor or commissioner of issuer, shareholder or shareowner, to use or exploit inside non public information by directly or indirectly acquiring/ attempting to acquire or disposing/ attempting to dispose of the securities related to this inside non public information, for their own account or for the account of a third party.
2. The above mentioned prohibition applies to any other person who, by virtue of his/her profession, work or mission had access, even haphazardly, to inside information.

Article III: Persons referred to in Article II who have inside non public information are prohibited from :

- 1- Disclosing inside nonpublic information to any third party unless required as part of that insider's regular duties or professions.
- 2- Counseling or giving advice of any kind to a third party in relation to the acquisition or disposing of rights related to financial products.

Article IV: The prohibition referred to in Articles II and III applies to any natural or legal person, other than the people mentioned above, who knew, or should have known, by virtue of his/her profession, his/her work or mission that the information he/she received was inside information.

Article V: The provisions of this decision do not apply to:

1. Transactions by authorities or bodies legally authorized for purposes related to the country monetary policy, and public debt management; the provisions of this decision apply to any official in the authorities or bodies referred to above, in case of use of inside non public information for personal interest.
2. Transactions exclusively conducted in order to maintain the stability of financial instruments when issued for a period of time not exceeding two months.

Article VI: Disclosure and Notification Obligations

First, with respect to Insiders List:

1. Investment services providers shall ensure that a list is drawn up of persons who are given access to inside information (Insiders) from among their clients, and submit a copy to the Capital Markets Authority in accordance with Annex No. (1) Attached.



2. The list must contain at least the following information:

- Identity of the person subject to the notification requirement (Insider)
- Name of the issuer
- Reasons for including their names on the list
- Date of last modification

3. Investment Services Providers should constantly update the list and provide the Capital Markets Authority with all the changes that occur with an explanation of the reasons for this change, no more than five working days after the change date.

Secondly, in relation to the transactions executed by insiders:

1. Investment Services Providers shall disclose to the Capital Markets Authority, in accordance with Annex No. (2) attached, all transactions executed by insiders, or people closely related to them, which leads to directly or indirectly acquire/ attempt to acquire or dispose/ attempt to dispose of the securities related to this inside non public information, for their own account or for the account of a third party
2. The notification referred to in this article should take place within three business days following the transaction date; it must at least contain the following information:
 - Identity and account number of the person who benefited from the transaction.
 - Name of the Issuer in question.
 - Description of the financial instrument.
 - Number of financial instruments.
 - Is the financial instrument listed or not.
 - Nature of the transaction (sale or purchase)
 - Execution price.
 - Timing and market for the transaction.
 - Price and volume of the transaction.
 - Notification reasons.



3. The notification obligations provided in this Article shall not exempt the insider from abiding by the rules of law No. 160 dated 17/8/2011 on the prohibition of exploitation of inside non public information when trading in capital markets.

Third, where there is reason to suspect a violation, this shall be reported to the Capital Markets Authority without delay:

1. Investment Service Providers shall report without any delay, to the Capital Markets Authority, and in accordance with Annex No. (3) Attached, if there is reason to suspect that a transaction might constitute insider trading.
2. This should at least contain the following:
 - Identity and account number of the person who benefited from the transaction.
 - Name of the insider.
 - Name of the Issuer.
 - Description of the financial instrument.
 - Number of financial instruments.
 - Is the financial instrument listed or not.
 - Nature of the transaction (sale or purchase)
 - Execution price.
 - Timing and market for the transaction.
 - Price and volume of the transaction.
 - Accurate description of the suspected transaction.
 - Reasons to suspect that the transaction might constitute insider trading.
 - Any other information related to the reported transaction.
3. If all the information is not available at the time of notification to the Capital Markets Authority, the notification shall include at least the reasons why the notifying person suspects that the transaction may constitute insider trading. All remaining information shall be provided to the Capital Markets Authority as soon as it becomes available.



ARTICLE VII: The Blackout Period

Persons who through their position are considered to very likely have access to insider information, and closely related Persons to them, shall refrain from directly or indirectly acquiring/trying to acquire or disposing/trying to dispose of the securities related to this inside non public information, for their own account or for the account of a third party, within ten business days preceding the 10 days after the information is made public.

Article VIII: Persons who through their position are considered to very likely have access to insider information shall refrain from directly or indirectly acquiring/trying to acquire or disposing/trying to dispose of the securities related to this inside non public information by having a fiduciary contract that gives them the status of originator .

Article IX: The sanctions stipulated by Law No. 160 Dated 17/8/2011 on the prohibition of exploitation of inside non public information while trading in the capital markets does not prevent the Capital Markets Authority from imposing administrative penalties on whoever violates the provisions of this decision, in accordance with the laws and regulations in force.

Article X: This decision shall enter into force on the day of its publication in the Official Gazette.

Beirut on November 20, 2013
Chairman of the Capital Markets Authority
Governor of Lebanon's Central Bank

Riad Toufic Salameh
(Signature)



Annex 1

List of persons who are given access to inside information (Insiders List)

Investment Services Provider's Name
--

Name of the Insider	Name of the Issuer	Reasons for including their names on the list

Date of Last Modification

/ /

N.B: The Investment Services Providers should constantly update the list and provide the Capital Markets Authority with all the changes that occur with an explanation of the reasons for this change, no more than five working days after the change date.



Annex 2

Notification about the transactions by the Persons who through their position are considered to very likely have access to insider information, and closely related persons to them

Investment Services Provider's Name	
1	Name of the person who through his/her position is considered to very likely have access to insider information (insider), and closely related persons to him/her, if any
2	Name of the Issuer
3	Identity and account number of the person who benefited from the transaction
4	Description of the financial instruments
5	Is the financial instrument listed or not?
6	Nature of the transaction (sale or purchase)



7	Number of financial instruments
8	Execution price
9	Timing and market for the transaction
10	Price and volume of the transaction
11	Notification reasons

Cancelled



**Report a Transaction Suspected to Exploit
Inside Non Public Information**

Investment Services Provider's Name	
1	Identity and account number of the person who benefited from the transaction
2	Name of the Issuer
3	Accurate description of the suspected transaction
4	Description of the financial instruments
5	Is the financial instrument listed or not?
6	Nature of the transaction (sale or purchase)
7	Number of financial instruments



8	Execution price
9	Timing and market for the transaction
10	Price and volume of the transaction
11	Reasons to suspect that the transaction might constitute insider trading
12	Any other information related to the reported transaction

Cancelled