

## Law No. 160

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

**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.

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 in clause (1).

*C- Realized Profit*: Realized gain or avoided loss

**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:** Whoever violates the provisions of this law shall be sentenced to a term of imprisonment of one to three years and fined not less than twice and not more than ten times the realized gain.

The court may prohibit the violator temporarily or permanently from practicing a profession or work even if such a practice does not require a certificate or permission from the competent authorities.

**ARTICLE VII:** In the absence of any contrary stipulation, the bodies and concerned authorities regulate, control and supervise the organized financial markets by pursuing violators of this law in front of competent courts.

**Article VIII:** 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 preclude administrative penalties, in accordance with the laws and regulations in force.

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

Baabda on August 17, 2011

Signature: Michel Sleiman

**Issued by: The President of the Republic**

**The Prime Minister**

Prime Minister

Najib Mikati