

National Reinsurance Corporation of the Philippines

# Revised Policy on Insider Trading of Company Securities

May 17, 2018

# National Reinsurance Corporation of the Philippines

## (Revised) Policy on Insider Trading of Company Securities

### **Principle**

Consistent with the company's adherence to pertinent laws and regulations of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), as well as the principles of good corporate governance, this policy is issued to provide guidelines on dealings of insiders in shares of stock of the Company, as well as personal trading of PSE-listed shares.

### **Coverage**

This Policy applies to and shall be implemented by all members of the Board of Directors, Officers, Employees and Consultant/s of the Company.

### **Policy**

#### **1. Insider Trading**

##### **(A) Who are Insiders**

**Insiders** are generally the following:

- (a) A director or officer (or person performing similar functions) of, or a person controlling the Company;
  - *All members of the Board of Directors*
  - *All Executive Officers of the company who are or may be in possession of material non-public information because of their responsibilities. Executive Officers of the company include the President & CEO and the heads of departments and business units.*
- (b) A person whose relationship or former relationship to the Company gives or gave him access to material information about the Company or the security that is not generally available to the public;
  - *Consultants and Advisers of the company*
  - *All other company employees who are made aware of undisclosed material information*
- (c) A government employee, or director, or officer of an exchange, clearing agency and/or self-regulatory organization who has access to material information about the Company that is not generally available to the public; or
- (d) A person who learns such information by a communication from any of the foregoing insiders.  
*(Section 3.8 Securities Regulation Code)*

##### **(B) Insider's duty to disclose when trading**

It shall be unlawful for an insider to sell or buy a security of the Company while in possession of material information with respect to the security or the Company that is not generally available to the public, unless:

- (1) The insider proves information not gained from such relationship; or
- (2) If the other party selling to or buying from the insider (or his agent) is identified, the insider proves:

## National Reinsurance Corporation of the Philippines

- (i) that he disclosed the information to the other party,
- (ii) that he had reason to believe that the other party otherwise is also in possession of the information.

A purchase or sale of a security of the Company made by an insider, or such insider's spouse or relatives by consanguinity or affinity within the second degree, legitimate or common law, shall be presumed to have been effected while in possession of material non-public information if transacted after such information came into existence but prior to dissemination of such information to the public and the lapse of a reasonable time for the market to absorb such information; provided however, that this presumption shall be rebutted upon a showing by the purchaser or seller that he was not aware of the material non-public information at the time of the purchase or sale.

*(Section 27.1 Securities and Regulation Code)*

### (C) Duty to keep information confidential

It shall be unlawful for any insider to communicate material non-public information about the Company or the security to any person who, by virtue of the communication, becomes an insider, where the insider communicating the information knows or has reason to believe that such person will likely buy or sell a security of the Company while in possession of such information.

*(Section 27.3 Securities Regulation Code)*

### (D) What is Material Non-Public Information

Material Non-Public Information means:

- (a) It has not been generally disclosed to the public and would likely affect the market price of the security after being disseminated to the public and the lapse of a reasonable time for the market to absorb the information; or
- (b) would be considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold a security.

*(Section 27.2 Securities Regulation Code)*

## 2. Blackout Period

A Director, Officer, Employee or Consultant of an Issuer **must not deal in NRCP securities** (i.e. buy or sell NRCP shares) during the period within which material non-public information is obtained and up to two (2) full Trading Days after the price sensitive information is disclosed.

*(Section 13.2 PSE Disclosure Rules)*

The **Blackout periods** are the following:

### A. Structured Reports/Disclosures

**Five (5) trading days before and two (2) full trading days** after the disclosure of Structured Reports (e.g. quarterly reports, annual financial statement).

Structured reports/disclosures shall refer to periodic reports required by the Securities and Exchange Commission and/or the Philippine Stock Exchange to ensure public availability of continuing adequate information on the Company, such as the following:

- SEC Form 17-Q (Quarterly Report) - filed within 45 days from end of the quarter
- SEC Form 17-A (Annual Report) - filed within 105 calendar days after end of fiscal year

## National Reinsurance Corporation of the Philippines

### B. Unstructured Reports/Disclosures

**Three (3) trading days before and Two (2) trading days** after the disclosure of any material information other than quarterly report and annual financial statement.

Unstructured reports/disclosure shall refer to corporate developments as they occur and as may be necessary to update information on the operations and business of the company, such as the following:

- Monthly Board Meetings (*every 3<sup>rd</sup> Thursday of the month*)
- Board Committee Meetings
- Annual Stockholders' Meeting (*every 4<sup>th</sup> Wednesday of June*)

as there may be material non-public information arising from these meetings.

The Company will make the proper notification on the necessary blackout periods should there be any change in the disclosure dates for the Company Structured Reports/Disclosures as mentioned above, as well as any material non-public information arising from Monthly Board/Committee meetings and Annual Stockholders' Meeting.

### 3. *Personal Trading of PSE-listed securities by an Investment Access Person:*

- A. Investment Access Person (IAP) is an officer or employee who is directly involved in the investment process and who has access to privileged client information, including non-public material price-sensitive information, client trading objectives and strategies of his managed accounts or on shares of investee companies included in his investment portfolio.*
- B. All personal trades of purchase and sale transactions of any Philippine Stock Exchange (PSE)-listed company shares by an IAP shall only be coursed through the designated brokers approved by the Investment Committee.*
- C. Personal shareholdings of an IAP with non-designated brokers prior to the effectivity of this policy shall, in the discretion of the IAP, remain with his non-designated broker for sell transactions only. Upon effectivity of this policy, all subsequent personal trading transactions shall be with designated brokers only.*
- D. IAPs shall execute a waiver to allow the designated broker to disclose his respective portfolio in a recurring report submitted to the Compliance Office.*
- E. IAPs doing personal trading of Nat Re and non-Nat Re shares shall be subject to a 90-day holding period for buy transactions.*
- F. IAPs when making personal trades of Nat Re and non-Nat Re shares are required to disclose these trades to Compliance Office on a monthly basis.*

# National Reinsurance Corporation of the Philippines

## **Compliance and Reporting Policies**

All directors and key officers shall report their **trades of Nat Re shares** to the Compliance Office **within 2 (two) days from the transaction date** to ensure timely report/disclosure to the SEC/PSE.

Insiders are advised to inquire with the company's Compliance Office for any new disclosures posted at the Company or PSE website before making any trade as additional precautionary measure to avoid violation of the black-out rule.

## **Sanctions**

Any willful violation or negligence in the implementation of this policy shall constitute a grave offense under Nat Re's code of conduct and shall be dealt with accordingly.

Under the laws, violations of the insider trading and the blackout period rules are subject to penalty of fines and/or imprisonment.

## **Questions**

For any question about this policy or in the determination of whether a situation violates or potentially violates this policy, please clarify with the Compliance Office.

## **Effectivity**

This revised Policy takes effect this 17 May, 2018 as approved by the Board.