
STATUTORY INSTRUMENTS

1994 No. 188

INSIDER DEALING

The Traded Securities (Disclosure) Regulations 1994

<i>Made</i>	- - - -	<i>1st February 1994</i>
<i>Laid before Parliament</i>		<i>1st February 1994</i>
<i>Coming into force</i>	- -	<i>1st March 1994</i>

Whereas the Treasury are a government department designated(1) for the purposes of section 2(2) of the European Communities Act 1972(2) in relation to measures relating to the publication of information about developments in the sphere of activity of a company or undertaking, whose securities are admitted to trading on a market, which may affect the price of that company's or undertaking's securities;

Now, therefore, the Treasury in exercise of the powers conferred on them by section 2(2) of that Act hereby make the following Regulations:—

Citation and commencement

- 1.—(1) These Regulations may be cited as the Traded Securities (Disclosure) Regulations 1994.
- (2) These Regulations shall come into force on 1st March 1994.

Interpretation

2. In these Regulations:—

“the Official List” has the meaning given by section 142(7) of the Financial Services Act 1986(3);

“overseas investment exchange” and “recognised investment exchange” have the meaning given by section 207(1) of the Financial Services Act 1986;

“regulated market” means any market in the United Kingdom on which securities are admitted to trading being a market which is regulated and supervised by a recognised investment exchange and which operates regularly and is accessible directly or indirectly to the public; and

(1) S.I.1992/2870.

(2) 1972. c.68.

(3) 1986 c. 60. Section 142(7) of the Financial Services Act 1986 has been amended by the Official Listing of Securities (Change of Competent Authority) Regulations 1991 (S.I.1991/2000).

“security” means any security which falls within any paragraph of the Schedule to these Regulations but does not include an investment which is admitted to the Official List in accordance with Part IV of the Financial Services Act 1986.

and the expressions “admitting to trading” and “company” and “undertaking” have the same meaning as in the Council Directive of 13th November 1989 co-ordinating regulations on insider dealing (89/592/EEC)(4)

Obligation to disclose information

3.—(1) Subject to paragraph (2) below, a company or undertaking which is an issuer of a security admitted to trading on a regulated market (an “issuer”) shall inform the public as soon as possible of any major new developments in the issuer’s sphere of activity which are not public knowledge and which may, by virtue of their effect on the issuer’s assets and liabilities or financial position or on the general course of its business, lead to substantial movements in the price of that security.

(2) A recognised investment exchange which regulates and supervises a regulated market on which an issuer’s securities are admitted to trading may exempt the issuer from the obligation imposed by paragraph (1) above if satisfied that the disclosure of the particular information would prejudice the legitimate interests of that issuer.

(3) The rules of a recognised investment exchange must, at least, enable the exchange, in the event of a failure by an issuer whose securities are admitted to trading on a regulated market which the exchange regulates and supervises to comply with the obligation imposed by paragraph (1) above, to do any of the following, that is to say—

- (a) discontinue the admission of the securities to trading;
- (b) suspend trading in the securities;
- (c) publish the fact that the issuer has failed to comply with the obligation; and
- (d) itself make public any information which the issuer has failed to publish.

4. The Financial Services Act 1986 shall have effect as if the requirement set out in paragraph (3) of regulation 3 above was—

- (a) in the case of a recognised investment exchange which is not an overseas investment exchange, among those specified in Schedule 4 to that Act (requirements for recognition of UK investment exchange); and
- (b) in the case of an overseas investment exchange, among those mentioned in section 37(7) (a) of that Act (revocation of recognition order) and specified in section 40(2) of that Act (requirements for recognition of overseas investment exchange etc.).

Tim Wood
Irvine Patnick
Two of the Lords Commissioners of Her
Majesty’s Treasury

1st February 1994

SCHEDULE

Regulation 2

1. Shares and stock in the share capital of a company (“shares”).
2. Any instrument creating or acknowledging indebtedness which is issued by a company or undertaking, including, in particular, debentures, debenture stock, loan stock, bonds and certificates of deposit (“debt securities”).
3. Any right (whether conferred by warrant or otherwise) to subscribe for shares or debt securities (“warrants”).
- 4.—(1) The rights under any depositary receipt.
(2) For the purposes of sub-paragraph (1) above a “depositary receipt” means a certificate or other record (whether or not in the form of a document)—
 - (a) which is issued by or on behalf of a person who holds any relevant securities of a particular issuer; and
 - (b) which acknowledges that another person is entitled to rights in relation to the relevant securities or relevant securities of the same kind.
- (3) In sub-paragraph (2) above “relevant securities” means shares, debt securities and warrants.
5. Any option to acquire or dispose of any security falling within any other paragraph of this Schedule.
- 6.—(1) Rights under a contract for the acquisition or disposal of relevant securities under which delivery is to be made at a future date and at a price agreed when the contract is made.
(2) In sub-paragraph (1) above—
 - (a) the references to a future date and to a price agreed when the contract is made include references to a date and a price determined in accordance with the terms of the contract; and
 - (b) “relevant securities” means any security falling within any other paragraph of this Schedule.
- 7.—(1) Rights under a contract which does not provide for the delivery of securities but whose purpose or pretended purpose is to secure a profit or avoid a loss by reference to fluctuations in—
 - (a) a share index or other similar factor connected with relevant securities; or
 - (b) the price of particular relevant securities.
- (2) In sub-paragraph (1) above “relevant securities” means any security falling within any other paragraph of this Schedule.

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations give effect to the provisions of article 7 of the Council Directive of 13th November 1989 co-ordinating regulations on insider dealing (89/592/EEC) (No. L334/30). Article 7 requires

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

that all companies and undertakings, the transferable securities of which are, whatever their nature, admitted to trading on a market which is regulated and supervised by bodies recognised by public bodies, operates regularly and is accessible directly or indirectly to the public, should be under an obligation to inform the public as soon as possible of any major new developments in the issuer's sphere of activity which are not public knowledge and which may, by virtue of their effect on the issuer's assets and liabilities or financial position or on the general course of its business, lead to substantial movements in the price of the securities admitted to trading. The authorities responsible for the market on which securities are admitted to trading may exempt a company or undertaking from compliance with the requirement if the disclosure of the information would prejudice the legitimate interests of that company or undertaking. In the United Kingdom, the obligation extends to companies and undertakings whose securities are admitted to trading on an investment exchange recognised under the Financial Services Act 1986.

Regulation 2 of, and the Schedule to, the Regulations contain definitions which are relevant for the purposes of the Regulations.

Regulation 3(1) imposes the obligation required by article 7 except where the securities in question are admitted to listing in accordance with Part IV of the Financial Services Act. Listing rules made under that Part impose the obligation in relation to such securities.

Regulation 3(2) enables an investment exchange recognised under the Financial Services Act to dispense an issuer from compliance with the obligation in the circumstances permitted by article 7 and regulation 3(3) requires that each recognised investment exchange must have rules which enable it, at least, to discontinue or suspend trading in the relevant securities where there has been a failure to comply with the obligation.

Regulation 4 makes the obligation imposed on recognised investment exchanges by regulation 3(3) one of the requirements which an exchange must meet if it is to continue to be recognised under the Financial Services Act.