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## EXPLANATORY NOTE

*(This note is not part of the Order)*

Part V of the Criminal Justice Act 1993 (“the Act”) establishes the offence of insider dealing. It is an offence for an individual who has information as an insider to deal on a “regulated market” or through or as a professional intermediary in “securities” whose price would be significantly affected if the inside information were made public. It is also an offence to encourage insider dealing and to disclose inside information. No offence is committed unless there is some connection with the United Kingdom which includes dealing on a regulated market which has been identified as being “regulated in the United Kingdom”.

This Order specifies the securities to which the insider dealing provisions apply and identifies what is a regulated market and a market regulated in the United Kingdom. The Act defines other terms used.

Section 54(1) of the Act provides that Part V applies to any security which falls within any paragraph of Schedule 2 to the Act which satisfies any condition applying to it under an order made by the Treasury for the purposes of section 54(1). Articles 4 to 8 of this Order set out those conditions.

The first condition applies to any security falling within Schedule 2: shares, debt securities, warrants, depositary receipts, options, futures and contracts for differences. Any security of those types which is officially listed in a State within the European Economic Area or which is admitted to dealing on, or has its price quoted on or under the rules of, a regulated market is a security for the purposes of insider dealing.

Alternative conditions apply to securities listed in Schedule 2 to the Act other than shares and debt securities. A depositary receipt is a security for the purposes of insider dealing if the rights under it are in respect of shares or debt securities which satisfy the first condition i. e. that the shares or debt securities are officially listed in a State within the European Economic Area or are admitted to dealing on or have their price quoted on or under the rules of a regulated market. A warrant is a security for the purposes of insider dealing if the right under it is a right to subscribe for any share or debt security of the same class as a share or debt security which satisfies the first condition.

An option or a future is a security for the purposes of insider dealing if the option or rights under the future are in respect of shares, debt securities or depositary receipts which satisfy the first condition or are in respect of a depositary receipt which satisfies the first condition or the rights under which are in respect of shares or debt securities which satisfy the first condition.

A contract for differences is a security for the purpose of insider dealing if the purpose or pretended purpose of the contract is to secure a profit or avoid a loss by reference to fluctuations in the price or an index of the price of shares or debt securities which meet the first condition.

Article 9 and the Schedule to the Order identify which markets are “regulated markets” for the purposes of insider dealing. They are the markets which are established under the rules of an investment exchange specified in that Schedule.

Article 10 identifies the regulated markets which are “regulated in the United Kingdom” for the purposes of the territorial scope of the offence of insider dealing. These are markets established under the rules of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (other than the market operating in the Republic of Ireland known as the Irish Unit), of LIFFE and OMLX.