



SECURITIES TRADING POLICY

Merchant Bank of Sri Lanka & Finance PLC



Securities Trading Policy

Approver	Board of Directors
----------	--------------------

Policy Owner	Company Secretary
Functional Owner	Company Secretary

Revision History				
Version	Approval Date	Effective date	Author	Description
1.0		01 st October 2024	Company Secretary	New policy

Merchant Bank of Sri Lanka & Finance PLC

Securities Trading Policy

1. Introduction

Directors, and specified categories of employees of listed companies may receive or possess inside information that is not generally available to investors and that may have a material effect on the price or value of a company's securities.

This policy has been developed to ensure Directors and other specified employees of Merchant Bank of Sri Lanka & Finance PLC and its subsidiary MBSL Insurance Company Limited (MBSLI) do not trade in MBSL securities and securities of other companies that MBSL is in business with (including customers, suppliers, contractors and business partners) in a way that breaches the law or compromises confidence in MBSL.

2. Purpose and Scope

The purpose of this policy is to minimise the risk of insider trading and to avoid the appearance of insider trading and the significant reputational damage that may cause. It also sets out clear guidelines and procedures relating to trading in securities that provide safeguards against the incidence of "insider trading" and protection to Directors and other specified staff.

This policy document has been adopted by the Board of Directors of MBSL and applies without exception, to all Directors and the other specified categories of employees of MBSL.

3. Definitions

For the purposes of this policy:

"MBSL" includes MBSL and its subsidiary Company, MBSLI.

"MBSL securities" includes ordinary shares of MBSL and any structured financial product, swap, futures contract, option, warrant, or other derivative over an ordinary share of MBSL,

"Other Specified staff" includes members of the Corporate management, Accountants, Executives in the Finance division and any other employees who deals securities trading and includes consultants and their closely connected persons.

"Closely connected persons" include immediate family members of directors and other specified employees.

"market sensitive information" is the term used by Securities & Exchange Commission (SEC) to describe information that is subject to the continuous disclosure regime under the listing rules and Companies Act no 7 of 2007 that is, information concerning an entity that a reasonable person would expect to have a material effect on the price or value of the entity's securities;

Examples of possible price sensitive information include, but are not limited to:

- i. The financial performance of MBSL Group (to the extent that they contain non public information which is price sensitive)
- ii. Entry into or termination of a material contract
- iii. A material acquisition or sale of asset by MBSL
- iv. An actual or proposed takeover or merger
- v. An actual or proposed change to the company's capital structure
- vi. A proposed dividend or a change in dividend policy
- vii. A material claim against MBSL or other unexpected liability of a material nature.
- viii. A damage or destruction of a material operation of the company

"Inside information" means information that is not generally available and which a reasonable person would expect, if it was generally available, to have a material effect on the price or value of a company's securities; inside information may come from the entity itself or someone other than the entity

"Trade" includes subscribing for, buying, selling or otherwise transferring the beneficial or legal interest in a security.

4. Insider Trading Prohibition

The law prohibits any person who has inside information from trading securities personally or through another person (such as a family member, friend, associate, broker, investment adviser, private company or trust).

MBSL staff who possess inside information about any company (including MBSL) must not:

- trade in the securities of that company;
- advise, procure or encourage another person to trade in the securities of that company;

Pass on inside information to any other person if they know, or ought reasonably to know, that the person may use the inside information to trade in (or procure another person to trade in) securities of that company.

5. Designated MBSL Personnel

Directors and other specified staff have or are provided inside information as part of their roles in MBSL.

For the purposes of this policy, the following MBSL staff, hereinafter called Designated MBSL personnel) are covered under this policy

- MBSL Directors (including alternate Directors);
- MBSLI Directors and Members of the Leadership Team
- MBSL Corporate Management Team
- Other specified staff members.

6. Restriction on Trading During Closed Periods

In addition to the insider trading prohibitions, Designated MBSL Personnel must not trade in MBSL securities in the following periods (closed periods):

Ten market days before an announcement and two market days after an announcement of any material price sensitive information

Any other period designated as a black-out period by the MBSL Board.

7. Short term Trading

Designated MBSL Personnel are prohibited from engaging in short term or speculative trading in MBSL securities within a six month period.

8. Requirement to Notify Details of Trading

Designated MBSL Personnel must notify the Company Secretary in writing of details of any trading in MBSL securities no later than seven (7) days after the date of the trade. This notification should describe the type of transaction, the date of the transaction, number of shares covered by the transaction, and the purchase/sale price, as per the specimen marked Annex I hereto.

9. Register of Trading

The Company Secretary shall record such transactions and update the relevant registers including Register of Directors' shareholdings and table such transactions to the Board at the very next Board meeting.

10. Margin Lending and other secured financing arrangements

Designated MBSL Personnel are prohibited from entering into any margin lending and other secured financing arrangements in respect of MBSL securities.

11. Trading by Connected Persons

Designated MBSL personnel must take reasonable steps including notifying their closely connected persons of closed periods to prevent any closely connected persons from trading in MBSL securities in any way that is prohibited under this policy.

12. Trading in Securities of other entities

Designated MBSL Personnel are prohibited from trading in the securities of other entities with which MBSL is in confidential negotiations about a material transaction or any other price sensitive information acquired their role at MBSL.

13. Contravention of policy

MBSL considers contravention of this policy to be a serious matter and may lead to disciplinary action, including termination of employment.

MBSL staff must report any contravention of this policy to the Company Secretary, who will in turn report it to the Board.

Additionally, a contravention of the law relating to insider trading can have serious consequences, including criminal and civil liability, for individual MBSL staff and for MBSL.

14. Review of policy

The Board shall review the MBSL' s **Securities Trading Policy** at least every two(2) years to ensure that the policy is consistent with the listing rules of the Colombo Stock Exchange of Sri Lanka, The Companies Act and with the Corporate Goals of MBSL.

15. Publication

This policy will be made available on the MBSL website (www.mbslbank.com.com).

Annex I

Notice of Share Trading

(To be submitted with 7 days of each transaction)

To: Company Secretary
 Merchant Bank of Sri Lanka & Finance PLC
 Company Secretarial Services Division
 Level 18, Bank of Ceylon Merchant Tower,
 28, St Michael's Road, Colombo 03.

As per the requirements of the Company's Securities Trading policy I,
..... holder of NIC No..... hereby give notice of the following
transactions carried out by me.

1. Type of Transaction (Purchase/ Sale of Securities
2. Date of Transaction
3. No of Securities traded
(Please refer to the copy of the contract note attached herewith)

Signature of Director/Officer of the Company