

No. 15(7)/1999-DPE (GM)-GL- 95
Government of India
Ministry of Heavy Industries and Public Enterprises
(Department of Public Enterprises)

Public Enterprises Bhawan
Block No. 14, C.G.O. Complex
Lodhi Road, New Delhi-110 003

Dated the 16th June, 2009

OFFICE MEMORANDUM

Subject :- Amendment in Model Conduct, Discipline and Appeal(CDA) Rules of Central Public Sector Enterprise (CPSEs)- with regard to dealing in the shares of CPSEs.

The Department of Public Enterprises had circulated Model CDA Rules vide O.M. No. 2(121)/73-BPE(GM) dated the 26th April, 1974 to the CPSEs with the direction that Managements of CPSEs may frame their own Employees Conduct, Discipline & Appeal Rules based on the Model Rules. In the recent years more and more CPSEs have been listed on the stock exchanges and their shares have also been offered to the executives/employees of these units under preferential quota to Directors/employees. In order to streamline the procedure in the case of the executives/employees of CPSEs who are concerned with issuance of Initial Public Offer (IPO)/Follow-on Public Offer (FPO), involved in the price fixation process of an IPO/FPO and are otherwise, in possession of unpublished price sensitive information in respect of shares, Government has decided that following provisions be incorporated in the Employees Conduct, Discipline & Appeal (ECDA) Rules of Central Public Sector Enterprises (CPSEs):

- (i) A full-time Director or any executive/employee involved in the decision making process of fixation of price of an IPO/FPO of shares of a CPSE shall not apply either himself/herself or through any member of his/her family or through any other person acting on his/her behalf for allotment of shares (which includes all types of equity related instruments) in an IPO/FPO of such CPSE, provided that Directors/employees of CPSEs may apply for allotment of shares out of the category of preferential quota reserved for employees/Directors of the CPSE.
- (ii) All executives/employees including full time Directors of CPSEs who are in possession of unpublished price sensitive information would be prohibited from dealing/transacting either in their own name or through any member of their family in the shares of their own company.
- (iii) Full-time Director or executives/employee of a CPSE or any member of his/her family or any person acting on his/her behalf shall not apply for shares out of any preferential quota reserved for employees/Directors of other companies.

(iv) All employees of the CPSEs would be required to disclose to the company all transactions of purchase/sale in shares worth Rs.20,000/- or more in value or existing holding/interest in the shares worth Rs. 20,000/- or more in his/her own company either in his/her own name or in the name of any family member to report to the company indicating quantity, price, date of transaction and nature of interest within 4 working days.

2. All the administrative Ministries/Departments concerned with CPSEs are requested to issue suitably instructions to the CPSEs under their administrative control to incorporate these provisions in their ECDA Rules accordingly. A copy of the communication sent to CPSEs may be endorsed to DPE.



(Rakesh Bhartiya)

Director

Tel: 24360218

To

Secretaries of Ministries /Departments concerned with CPSEs

Copy to:

1. Chief Executives of all CPSEs
2. Department of Disinvestment (Shri Sidhartha Pradhan, Joint. Secretary), Block-14, C.G.O. complex, Lodi Road, New Delhi w.r.t. O.M. No. 4(10)/2008-DD-II dated 15th April, 2009.
3. Department of Personnel & Training (Shri A. Balaram, Under Secretary), North Block, New Delhi.
4. Central Vigilance Commission (Shri K. Ramasubban, Secretary), Satarkta Bhawan, Block 'A', GPO Complex, INA, New Delhi.