



CONFLICT OF INTEREST

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Personal Trading and Insider Information

As an employee of the Exchange, you are prohibited from buying or selling securities listed on the Exchange, whether for your own account or for the account of another. An exception is trading PSE shares under an approved Employee Stock Purchase Plan and subject to the proper disclosure to the Securities & Exchange Commission. Subscribing to initial public offerings (IPO) from listed companies or underwriters is likewise prohibited. These prohibitions, besides being imposed by Exchange rules, are to avoid actual or potential conflicts of interest, or the perception of conflict of interest, arising from the possession by Exchange employees of insider information resulting from their work in the Exchange.

Employees may at some time have access to information related to our company or to other issuers that is not known to the general public. All non-public information about the Company or other issuers should be considered confidential information and should not generally be disclosed to third parties (including family members) or used for any direct or indirect personal benefit unless or until such information is disclosed to the public.

Information that is “material” and non-public is commonly referred to as “Insider Information”. Information is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in the decision to buy or sell a security. Information that, if made public, would likely have an impact on the price of the security or related financial instruments should be considered material. As it pertains to the Exchange, insider information may include, but may not be limited to, information:

- concerning the Exchange as a listed company or as an SRO
- concerning other issuers and trading participants
- market information available on our trading systems that is not yet published or distributed to external market participants.

(The definition of “insider” in the Securities Regulation Code Implementing Rules & Regulations includes an “officer of an exchange, clearing agency, and/or self-regulatory organization who has access to material information about an issuer or a security that is not generally available to the public”. For purposes of this Code, this definition extends to non-officer employees of the Exchange as well)

Employees and officers who have access to confidential information about the Company or any other entity are not permitted to use or share that information for trading purposes in the Company’s or the other entity’s securities or for any other purpose except the conduct of the Company’s business. To use non-public information for personal financial benefit or to “tip” others who might make an investment decision on the basis of this information is not only unethical but also illegal. Securities laws prohibit trading stock based on material insider information. A violation of these laws can result in civil and criminal penalties.



A. Insider Trading – Refrain from Trading while in possession of non-public material information or disclose material information prior to trading subject to block out rule.

Who is an Insider?

An insider is:

1. a director or officer of an exchange, clearing agency and/or self-regulatory organization who has access to material information about an issuer or a security that is not generally available to the public. (Sec. 3.8(d), SRC)
2. a person who learns such information by communication from any of the foregoing insiders. (Sec. 3.8(e), SRC)

What is "material non-public information"?

- (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 a lapse of a reasonable time for the market to absorb the information; or
- (b) Considered by a reasonable person important under the circumstances in determining his course of action whether to buy, sell or hold a security. (Sec. 27.2, SRC)

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

- (a) The insider proves that the information was not gained from such relationship; or
- (b) If the other party selling to or buying from the insider (or his agent) is identified, the insider proves: (i) that he disclosed the information to the other party, or (ii) that he had reason to believe that the other party otherwise is also in possession of the information. (Sec. 27.1, SRC)

A purchase or sale of a security of the issuer made by an Insider, or such Insider's spouse or relatives by affinity or consanguinity 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 the 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 nonpublic information at the time of the purchase or sale.



PSE Director's Manual "Insider Trading Policy"

It shall be unlawful for any insider to communicate material nonpublic information about an issuer or any security to any person, where the Insider communicating the information knows or has reason to believe that such person will likely buy or sell a security of the issuer while possession of such information. (Sec. 27.3, SRC)