
STATUTORY INSTRUMENTS

1986 No. 1034 (N.I. 8)

NORTHERN IRELAND

**The Company Securities (Insider Dealing)
(Northern Ireland) Order 1986**

Laid before Parliament in draft

Made

23rd June 1986

Coming into Operation

24th September 1986

ARRANGEMENT OF ORDER

Introductory

Article

1. Title and commencement.
2. General interpretation.

Interpretation for Articles 10 to 17

3. "Connected with a company".
4. "Unpublished price sensitive information".
5. "Company"; "related company".
6. "Securities", etc.
7. "Deal in securities"; "off-market dealer", etc.
8. "Take-over offer".
9. Expressions used in Article 15.

Regulation of insider dealing

10. Prohibition on stock exchange deals by insiders, etc.
11. Abuse of information obtained in official capacity.
12. Actions not prohibited by Articles 10 and 11.
13. Off-market deals in advertised securities.
14. Restriction on promoting off-market deals abroad.

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

15. International bonds.
16. Trustees and personal representatives.
17. Punishment of contraventions.

At the Court at Buckingham Palace, the 23rd day of June 1986

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order has been approved by a resolution of each House of Parliament:

1974 c. 28 Now, therefore, Her Majesty, in exercise of the powers conferred by paragraph 1 of Schedule 1 to the Northern Ireland Act 1974, and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

Introductory

Title and commencement

1.—(1) This Order may be cited as the Company Securities (Insider Dealing) (Northern Ireland) Order 1986.

(2) This Order comes into operation on the expiration of three months from the day on which it is made.

General interpretation

1954 c. 33 (N.I.) 2.—(1) The Interpretation Act (Northern Ireland) 1954 applies to Article 1 and the following provisions of this Order as it applies to a Measure of the Northern Ireland Assembly.

(2) In this Order—

“Crown servant” means an individual who holds office under, or is employed by, the Crown;

1986 NI 6 “debenture” has the same meaning in relation to companies not incorporated under the Companies (Northern Ireland) Order 1986 as it has in relation to companies so incorporated;

1940 c. 9 (N.I.) “recognised stock exchange” means any body of persons which is for the time being a recognised stock exchange for the purposes of the Prevention of Fraud (Investments) Act (Northern Ireland) 1940;

“share” has the same meaning in relation to companies not incorporated under the Companies (Northern Ireland) Order 1986 as it has in relation to companies so incorporated;

“unregistered company” means any body corporate to which the provisions specified in Schedule 21 to the Companies (Northern Ireland) Order 1986 apply by virtue of Article 667 of that Order.

(3) Subject to this Article and Articles 3 to 9, expressions used in this Order and the Companies (Northern Ireland) Order 1986 have the same meanings in this Order as in that. 1986 NI 6

Interpretation for Articles 10 to 17

“Connected with a company”

3. For the purposes of this Order, an individual is connected with a company if, but only if—

- (a) he is a director of that company or a related company, or
- (b) he occupies a position as an officer (other than a director) or employee of that company or a related company or a position involving a professional or business relationship between himself (or his employer or a company of which he is a director) and the first company or a related company which in either case may reasonably be expected to give him access to information which, in relation to securities of either company, is unpublished price sensitive information, and which it would be reasonable to expect a person in his position not to disclose except for the proper performance of his functions.

“Unpublished price sensitive information”

4. Any reference in this Order to unpublished price sensitive information in relation to any securities of a company is a reference to information which—

- (a) relates to specific matters relating or of concern (directly or indirectly) to that company, that is to say, is not of a general nature relating or of concern to that company, and
- (b) is not generally known to those persons who are accustomed or would be likely to deal in those securities but which would if it were generally known to them be likely materially to affect the price of those securities.

“Company”; “related company”

5. In this Order—

- (a) “company” means any company, whether or not a company within the meaning of the Companies (Northern Ireland) Order 1986, and
- (b) “related company”, in relation to a company, means any body corporate which is that company’s subsidiary or holding company, or a subsidiary of that company’s holding company.

“Securities”, etc.

6. In this Order—

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

1986 NI 6

- (a) "securities" means listed securities and, in the case of a company within the meaning of the Companies (Northern Ireland) Order 1986, or a company registered under Chapter II of Part XXII of that Order or an unregistered company, the following securities (whether or not listed), that is to say, any shares, any debentures, or any right to subscribe for, call for or make delivery of a share or debenture;
- (b) "listed securities", in relation to a company, means any securities of the company listed on a recognised stock exchange; and
- (c) "advertised securities" in relation to a particular occurrence, means listed securities or securities in respect of which, not more than 6 months before that occurrence, information indicating the prices at which persons have dealt or were willing to deal in those securities has been published for the purpose of facilitating deals in those securities.

"Deal in securities"; "off-market dealer", etc.

7.—(1) For the purposes of this Order, a person deals in securities if (whether as principal or agent) he buys or sells or agrees to buy or sell any securities; and references to dealing in securities on a recognised stock exchange include dealing in securities through an investment exchange.

(2) "Investment exchange" means an organisation maintaining a system whereby an offer to deal in securities made by a subscriber to the organisation is communicated, without his identity being revealed, to other subscribers to the organisation, and whereby any acceptance of that offer by any of those other subscribers is recorded and confirmed.

(3) "Off-market dealer" means a person who—

- (a) holds a licence under section 3 of the Prevention of Fraud (Investments) Act (Northern Ireland) 1940 or section 3 of the Prevention of Fraud (Investments) Act 1958 (principals' and representatives' licences for dealers in securities), or
- (b) is a member of a recognised stock exchange or recognised association of dealers in securities within the meaning of either of those Acts, or
- (c) is an exempted dealer within the meaning of either of those Acts.

(4) An off-market dealer is taken —

- (a) to deal in advertised securities, if he deals in such securities or acts as an intermediary in connection with deals made by other persons in such securities (references to such a dealer's officer, employee or agent dealing in such securities to be construed accordingly), and
- (b) to make a market in any securities, if in the course of his business as an off-market dealer he holds himself out both to prospective buyers and to prospective sellers of those securities

1940 c. 9 (N.I.)
1958 c. 45

(other than particular buyers or sellers) as willing to deal in them otherwise than on a recognised stock exchange.

(5) For the purposes of Article 13, an individual is taken to deal through an off-market dealer if the latter is a party to the transaction, is an agent for either party to the transaction or is acting as an intermediary in connection with the transaction.

“Take-over offer”

8. In this Order, “take-over offer for a company” means an offer made to all the holders (or all the holders other than the person making the offer and his nominees) of the shares in the company to acquire those shares or a specified proportion of them, or to all the holders (or all the holders other than the person making the offer and his nominees) of a particular class of those shares to acquire the shares of that class or a specified proportion of them.

Expressions used in Article 15

9.—(1) For the purposes of Article 15, the following definitions apply—

- (a) “international bond issue” means an issue of debentures of a company (“the issuing company”)—
 - (i) all of which are offered or to be offered by an off-market dealer to persons (whether principals or agents) whose ordinary business includes the buying or selling of debentures, and
 - (ii) where the debentures are denominated in sterling, not less than 50 per cent. in nominal value of the debentures are or are to be so offered to persons who have not the requisite connection with the United Kingdom;
- (b) “issue date” means the date on which the first of those debentures is issued by the issuing company; and
- (c) “issue manager” means—
 - (i) an off-market dealer acting as an agent of the issuing company for the purposes of an international bond issue, or
 - (ii) where the issuing company issues or proposes to issue the debentures to an off-market dealer under an arrangement in pursuance of which he is to sell them to other persons, that off-market dealer.

(2) The Department may by regulations make provision—

- (a) for permitting persons of any specified class to be treated as issue managers for the purposes of paragraph (1) or (2) (or both) of Article 15,
- (b) for permitting persons of any specified class to be treated as off-market dealers for those purposes, or

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

- (c) for permitting an issue of international securities of any specified class to be treated as an international bond issue for those purposes.
- (3) The reference in paragraph (1)(a)(ii) to persons who have not the requisite connection with the United Kingdom is to persons who are neither—
 - (a) British citizens, British Dependent Territories citizens or British Overseas citizens, nor
 - (b) companies incorporated or otherwise formed under the law of any part of the United Kingdom.
- (4) The reference in paragraph (2)(c) to international securities is to any securities (whether listed, advertised or other) which are in any way connected with a country outside Northern Ireland, for example—
 - (a) securities issued by a body incorporated or resident outside Northern Ireland, or
 - (b) securities which are denominated in a currency other than sterling, or dealt in by bodies incorporated or resident outside Northern Ireland or by individuals so resident.
- (5) Regulations under paragraph (2)—
 - (a) may contain such incidental and supplementary provisions as the Department thinks fit,
 - (b) shall not be made unless a draft of the regulations has been laid before, and approved by a resolution of, the Assembly.

Regulation of insider dealing

Prohibition on stock exchange deals by insiders, etc.

- 10.**—(1) Subject to Article 12, an individual who is, or at any time in the preceding 6 months has been, knowingly connected with a company shall not deal on a recognised stock exchange in securities of that company if he has information which—
- (a) he holds by virtue of being connected with the company,
 - (b) it would be reasonable to expect a person so connected, and in the position by virtue of which he is so connected, not to disclose except for the proper performance of the functions attaching to that position, and
 - (c) he knows is unpublished price sensitive information in relation to those securities.
- (2) Subject to Article 12, an individual who is, or at any time in the preceding 6 months has been, knowingly connected with a company shall not deal on a recognised stock exchange in securities of any other company if he has information which—
- (a) he holds by virtue of being connected with the first company,
 - (b) it would be reasonable to expect a person so connected, and in the position by virtue of which he is so connected, not to disclose

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

except for the proper performance of the functions attaching to that position,

- (c) he knows is unpublished price sensitive information in relation to those securities of that other company, and
- (d) relates to any transaction (actual or contemplated) involving both the first company and that other company, or involving one of them and securities of the other, or to the fact that any such transaction is no longer contemplated.

(3) Paragraph (4) applies where—

- (a) an individual has information which he knowingly obtained (directly or indirectly) from another individual who—
 - (i) is connected with a particular company, or was at any time in the 6 months preceding the obtaining of the information so connected, and
 - (ii) the former individual knows or has reasonable cause to believe held the information by virtue of being so connected, and
- (b) the former individual knows or has reasonable cause to believe that, because of the latter's connection and position, it would be reasonable to expect him not to disclose the information except for the proper performance of the functions attaching to that position.

(4) Subject to Article 12, the former individual in that case—

- (a) shall not himself deal on a recognised stock exchange in securities of that company if he knows that the information is unpublished price sensitive information in relation to those securities, and
- (b) shall not himself deal on a recognised stock exchange in securities of any other company if he knows that the information is unpublished price sensitive information in relation to those securities and it relates to any transaction (actual or contemplated) involving the first company and the other company, or involving one of them and securities of the other, or to the fact that any such transaction is no longer contemplated.

(5) Subject to Article 12, where an individual is contemplating, or has contemplated, making (whether with or without another person) a take-over offer for a company in a particular capacity, that individual shall not deal on a recognised stock exchange in securities of that company in another capacity if he knows that information that the offer is contemplated, or is no longer contemplated, is unpublished price sensitive information in relation to those securities.

(6) Subject to Article 12, where an individual has knowingly obtained (directly or indirectly), from an individual to whom paragraph (5) applies, information that the offer referred to in that paragraph is being contemplated or is no longer contemplated, the former individual shall not himself deal on a recognised stock exchange in securities of that

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

company if he knows that the information is unpublished price sensitive information in relation to those securities.

(7) Subject to Article 12, an individual who is for the time being prohibited by any provision of this Article from dealing on a recognised stock exchange in any securities shall not counsel or procure any other person to deal in those securities, knowing or having reasonable cause to believe that that person would deal in them on a recognised stock exchange.

(8) Subject to Article 12, an individual who is for the time being prohibited as mentioned in paragraph (7) from dealing on a recognised stock exchange in any securities by reason of his having any information, shall not communicate that information to any other person if he knows or has reasonable cause to believe that that or some other person will make use of the information for the purpose of dealing, or of counselling or procuring any other person to deal, on a recognised stock exchange in those securities.

Abuse of information obtained in official capacity

11.—(1) This Article applies to any information which—

- (a) is held by a Crown servant or former Crown servant by virtue of his position or former position as a Crown servant, or is knowingly obtained by an individual (directly or indirectly) from a Crown servant or former Crown servant who he knows or has reasonable cause to believe held the information by virtue of any such position,
- (b) it would be reasonable to expect an individual in the position of the Crown servant or former position of the former Crown servant not to disclose except for the proper performance of the functions attaching to that position, and
- (c) the individual holding it knows is unpublished price sensitive information in relation to securities of a particular company (“relevant securities”).

(2) This Article applies to a Crown servant or former Crown servant holding information to which this Article applies and to any individual who knowingly obtained any such information (directly or indirectly) from a Crown servant or former Crown servant who that individual knows or has reasonable cause to believe held the information by virtue of his position or former position as a Crown servant.

(3) Subject to Article 12, an individual to whom this Article applies—

- (a) shall not deal on a recognised stock exchange in any relevant securities,
- (b) shall not counsel or procure any other person to deal in any such securities, knowing or having reasonable cause to believe that that other person would deal in them on a recognised stock exchange, and

- (c) shall not communicate to any other person the information held or (as the case may be) obtained by him as mentioned in paragraph (2) if he knows or has reasonable cause to believe that that or some other person will make use of the information for the purpose of dealing, or of counselling or procuring any other person to deal, on a recognised stock exchange in any such securities.

Actions not prohibited by Articles 10 and 11

12.—(1) Articles 10 and 11 do not prohibit an individual by reason of his having any information from—

- (a) doing any particular thing otherwise than with a view to the making of a profit or the avoidance of a loss (whether for himself or another person) by the use of that information,
- (b) entering into a transaction in the course of the exercise in good faith of his functions as liquidator, receiver or trustee or assignee in bankruptcy, or
- (c) doing any particular thing if the information—
 - (i) was obtained by him in the course of a business of a jobber in which he was engaged or employed, and
 - (ii) was of a description which it would be reasonable to expect him to obtain in the ordinary course of that business, and he does that thing in good faith in the course of that business.

“Jobber” means an individual, partnership or company dealing in securities on a recognised stock exchange and recognised by the Council of The Stock Exchange as carrying on the business of a jobber.

(2) An individual is not, by reason only of his having information relating to any particular transaction, prohibited—

- (a) by Article 10(2), (4)(b), (5) or (6) from dealing on a recognised stock exchange in any securities, or
- (b) by Article 10(7) or (8) from doing any other thing in relation to securities which he is prohibited from dealing in by any of the provisions mentioned in sub-paragraph (a), or
- (c) by Article 11 from doing anything,

if he does that thing in order to facilitate the completion or carrying out of the transaction.

Off-market deals in advertised securities

13. Subject to Article 15, Articles 10 to 12 apply in relation to—

- (a) dealing otherwise than on a recognised stock exchange in the advertised securities of any company—

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

- (i) through an off-market dealer who is making a market in those securities, in the knowledge that he is an off-market dealer, that he is making a market in those securities and that the securities are advertised securities, or
- (ii) as an off-market dealer who is making a market in those securities or as an officer, employee or agent of such a dealer acting in the course of the dealer's business;
- (b) counselling or procuring a person to deal in advertised securities in the knowledge or with reasonable cause to believe that he would deal in them as mentioned in paragraph (a);
- (c) communicating any information in the knowledge or with reasonable cause to believe that it would be used for such dealing or for such counselling or procuring,

as they apply in relation to dealing in securities on a recognised stock exchange and to counselling or procuring or communicating any information in connection with such dealing.

Restriction on promoting off-market deals abroad

14.—(1) An individual who, by reason of his having information, is for the time being prohibited by any provision of Article 10 or 11 from dealing in any securities shall not—

- (a) counsel or procure any other person to deal in those securities in the knowledge or with reasonable cause to believe that that person would deal in the securities outside Northern Ireland on any stock exchange other than a recognised stock exchange, or
- (b) communicate that information to any other person in the knowledge or with reasonable cause to believe that that or some other person will make use of the information for the purpose of dealing or of counselling or procuring any other person to deal in the securities outside Northern Ireland on any stock exchange other than a recognised stock exchange.

(2) Paragraph (1) does not prohibit an individual by reason of his having any information from acting as mentioned in any of subparagraphs (a) to (c) of Article 12(1).

(3) An individual is not, by reason only of having information relating to a particular transaction, prohibited by any provision of this Article from doing anything if he does that thing in order to facilitate the completion or carrying out of the transaction.

International bonds

15.—(1) Article 10 does not by virtue of Article 13 or 14 prohibit an individual from doing anything in relation to a debenture or a right to subscribe for, call for or make delivery of a debenture, if—

- (a) that thing is done by him in good faith in connection with an international bond issue—

- (i) not later than 3 months after the issue date, or
- (ii) in a case where the international bond issue is not proceeded with, before the decision is taken not to proceed with the issue,
and he is an issue manager for that issue or is an officer, employee or agent of an issue manager for that issue, or
- (b) he is or was an issue manager for an international bond issue who is making a market in that debenture or right, or is an officer, employee or agent of such an issue manager, and that thing is done by him in good faith as a person making a market in that debenture or right or as an officer, employee or agent of such a person,

and in either case the unpublished price sensitive information by virtue of which Article 10 would (but for this Article) apply in relation to that thing is information which he holds by virtue of his being (or having been) such an issue manager or an officer, employee or agent of such an issue manager, and is information which it would be reasonable to expect him to have obtained as an issue manager, or as such officer, employee or agent.

(2) Where an individual holds unpublished price sensitive information in relation to any securities but by virtue of paragraph (1) he is not prohibited by Article 10 from doing anything in relation to those securities, he is also not prohibited (by virtue of his holding that information) by Article 14 from doing any other thing in relation to those securities.

(3) The Department may by regulations make provision—

- (a) extending the exemptions conferred by paragraph (1) or (2) (or both) for things done in relation to other advertised securities or other advertised securities of any specified class;
- (b) amending or disapplying head (i) or (ii) (or both) of paragraph (1)(a) in relation to an international bond issue or an international bond issue of a specified class.

(4) Regulations under paragraph (3)—

- (a) may contain such incidental and supplementary provisions as the Department thinks fit,
- (b) shall not be made unless a draft of the regulations has been laid before, and approved by a resolution of, the Assembly.

Trustees and personal representatives

16.—(1) Where a trustee or personal representative or, where a trustee or personal representative is a body corporate, an individual acting on behalf of that trustee or personal representative who, apart from Article 12(1)(a) or, as the case may be, Article 14(2), would be prohibited by any of Articles 10 to 14 from dealing, or counselling or procuring any other person to deal, in any securities deals in those securities or counsels or

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

procures any other person to deal in them, he is presumed to have acted with propriety if he acted on the advice of a person who—

- (a) appeared to him to be an appropriate person from whom to seek such advice, and
- (b) did not appear to him to be prohibited by Article 10, 11, 13 or 14 from dealing in those securities.

(2) “With propriety” means otherwise than with a view to the making of a profit or the avoidance of a loss (whether for himself or another person) by the use of the information in question.

Punishment of contraventions

17.—(1) An individual who contravenes Article 10, 11, 13 or 14 is liable—

- (a) on conviction on indictment to imprisonment for a term not exceeding 2 years or a fine, or both, and
- (b) on summary conviction to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum, or both.

(2) Proceedings for an offence under this Article shall not be instituted except by the Department or by, or with the consent of, the Director of Public Prosecutions for Northern Ireland.

(3) No transaction is void or voidable by reason only that it was entered into in contravention of Article 10, 11, 13 or 14.

G. I. de Deney,
Clerk of the Privy Council.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order consolidates the statutory provisions relating to insider dealing in company securities.

**THE COMPANY SECURITIES
(INSIDER DEALING) (NI) ORDER 1986
SI 1986/1034 (NI 8)**

This Table has no official status

TABLE OF DERIVATIONS

The following abbreviations are used in this Table:—

“1960” = Companies Act (Northern Ireland) 1960 (c. 22 (N.I.)),

“1981” = Companies (Northern Ireland) Order 1981 (NI 19),

“1982” = Companies (Northern Ireland) Order 1982 (NI 17).

Derivations are quoted even though parts only of the sections or Articles are the source.

Article of Order	Derivation
1.	Title and commencement.
2.	1960 s. 399(1); 1981 Art. 75(5).
3.	1981 Art. 75(1).
4.	1981 Art. 75(2).
5.	1981 Art. 75(5).
6.	1981 Arts. 72(3), 75(5).
7.	1981 Arts. 72(3)-(5), 75(3)-(5).
8.	1981 Art. 75(5).
9.	1981 Art. 73(2), (3)(a)-(c), (4), (5); 1982 Art. 109(4), (5).
10.	1981 Art. 70(1)-(7).
11.	1981 Art. 71(1)-(3).
12.	1981 Arts. 70(8)-(10), 71(4), (5).
13.	1981 Art. 72(1).
14.	1981 Art. 72(2).
15.	1981 Art. 73(1), (1A), (3)(d), (e), (5); 1982 Art. 109(2), (3), (5).
16.	1981 Arts. 70(11), 71(4), 72(2).
17.	1981 Art. 74; 1982 Sch. 3, para. 50.

STATUTORY INSTRUMENTS

1986 No. 1034 (N.I. 8)

Northern Ireland

**The Company Securities (Insider Dealing)
(Northern Ireland) Order 1986**

Printed in the UK for HMSO by The Universities Press (Belfast) Ltd.
805/ z.36 c35 7/86

ISBN 0 11 067034 5