

# Pharmaxis Ltd

## Securities Trading Policy

### 1. Introduction

The ordinary Shares of **Pharmaxis Ltd** are listed on the Australian Securities Exchange (**ASX**). Directors, officers and employees of Pharmaxis are encouraged to be shareholders of the Company. Additionally, a number of Directors, officers and employees of Pharmaxis may become shareholders of the Company by way of the Company's equity plans. Trading of the Company's securities is governed by, amongst other things, the Corporations Act 2001 (**Corporations Act**) and the ASX Listing Rules. The provisions regulating the trading of securities on the ASX prohibit people in possession of "Inside Information"<sup>1</sup> (including "market sensitive information"<sup>2</sup>) from using the information to trade in the relevant Securities or to communicate that information to others to gain an improper advantage for themselves or anyone else.

It is therefore important that Directors, officers and Employees (as defined in paragraph 7.1 below) of Pharmaxis exercise due care in the timing of any trading in Pharmaxis securities, and ensure that at all times they comply with the law in connection with trading Pharmaxis securities.

It is the responsibility of the individual Director, officer or Employee to determine if they are in possession of "Inside Information" and whether they are in compliance with applicable law. When required under this policy, "Trading Clearance" is given on the basis that the individual making the request has already satisfied themselves they are not in possession of any "Inside Information" and are otherwise in compliance with applicable law. For the avoidance of any doubt, the Company does not endorse an individual's proposed trade by giving "Trading Clearance", and the individual remains responsible for their own investment decisions and their compliance with insider trading laws at all times.

For the purposes of this policy, "**securities**" include any share (including ordinary shares) in, or debenture of, Pharmaxis; an option over an unissued share in, or debenture of, Pharmaxis; and a renounceable or unrenounceable right to subscribe for a share in, or debenture of, Pharmaxis.

### 2. Purpose

This policy sets out the Company policy on trading in Pharmaxis securities by the Directors, officers and Employees of the Company. The purpose of this policy is:

- to assist Directors, officers and Employees and certain of their associates to comply with their personal obligations to avoid conduct known as "insider trading";

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<sup>1</sup> Inside information means information that is not generally available and if it was generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

- to the extent possible, to reduce the appearance of insider trading and the significant reputational damage that may cause; and
- to enable Pharmaxis to comply with its obligations under applicable securities legislation and ASX Listing Rules.

### 3. What is “Insider Trading”?

The Corporations Act contains three distinct, but related, offences of insider trading. In summary terms, the offences prevent a person in possession of “Inside Information” from the following actions:

- to trade in the relevant securities or to enter into an agreement to trade in the securities of the Company;
- procuring another person to trade in the relevant securities or to enter into an agreement to trade in the securities of the Company; or
- directly or indirectly communicating the Inside Information, or causing the Inside Information to be communicated, to another person who is likely to trade in the securities in the Company or procure someone else to trade in the securities of the Company.

The prohibitions relate to the Company’s Ordinary Shares and all other forms of securities including but not limited to options, debentures, and units.

Inside Information could relate to internal matters of the Company or actions of parties external to the Company.

Examples of internal matters that may constitute Inside Information include, but are not limited to:

- mergers, acquisitions, sales or reconstructions
- significant disputes or litigation
- liquidity and material cash flow information
- material changes in the asset values or valuations
- profit and profit forecasts
- buybacks of the Company’s shares
- capital raisings/share issues
- dividend announcements
- recruitment or resignation of key personnel
- results from major clinical trials or other material events arising in the course of clinical trials
- decisions in relation to the registration or reimbursement of the Company’s product by a government agency in a material market
- significant agreements with other companies

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<sup>2</sup> Market sensitive information is the term used by the ASX to describe information that is subject to the continuous disclosure regime in the ASX Listing Rules and the Corporations Act.

Examples of matters by parties external to the Company that may constitute Inside Information include:

- substantial acquisitions or disposals of the Company's shares
- changes to the competitive environment in which the Company operates
- takeover and merger activity

#### **4. Penalties**

Civil and criminal penalties for breaches of prohibitions are severe and include substantial fines and/or imprisonment for up to fifteen years under Australian law.

#### **5. Trading shares**

In order to assist Directors, officers and Employees to avoid breaching the prohibitions, this policy:

- stipulates "Trading Blackout Periods" during which no trading may be carried out (unless a specific exception applies)
- details the people to whom relevant aspects of the policy apply
- sets out when clearance is required from the Company and when the Company is required to be notified after trading activity

In this policy, trading includes applying for, acquiring or disposing of securities.

#### **6. Trading Blackout Periods**

Unless otherwise advised by the Company Secretary, fixed Trading Blackout Periods are in force between the following dates:

- 1<sup>st</sup> January to the beginning of trading on the trading day after the announcement of Pharmaxis' quarterly shareholder update;
- 1<sup>st</sup> April to the beginning of trading on the trading day after the announcement of Pharmaxis' quarterly shareholder update;
- 1<sup>st</sup> July to the beginning of trading on the trading day after the announcement of Pharmaxis' quarterly shareholder update
- 1<sup>st</sup> October to the beginning of trading on the trading day after the announcement of Pharmaxis' quarterly shareholder update;
- Other periods as advised by the Company Secretary in anticipation of reporting dates or significant events.

The Company may also implement ad hoc Trading Blackout periods (either applicable to all Directors, officers and Employees or to a designated subset) at its discretion, including in anticipation of reporting dates or significant events. If the Company Secretary advises of an ad hoc Trading Blackout Period, Directors, officers and Employees must not communicate that fact to others.

Regularly scheduled meetings of the Board will review anticipated upcoming events and determine the requirement if any, for a Trading Blackout Period to be imposed leading up to upcoming events and the appropriate time to institute the Trading Blackout Period.

Trading Blackout Periods may be extended as advised by the Company Secretary. Typically, the Company Secretary will close a Trading Blackout Period a reasonable period of time following release to the market of any one of the following Company announcements (as applicable):

- periodic updates to shareholders
- updated investor presentations
- annual general meeting
- an announcement in relation to an event for which the Trading Blackout Period was put in place

Directors, officers and Employees will be notified of the commencement and conclusion of Trading Blackout Periods by the Company Secretary.

## 7. People to whom this policy applies

### 7.1. Directors, officers and Employees and certain connected persons

This policy extends to all Directors, officers and Employees of Pharmaxis and its related bodies corporate, and certain people connected to such persons including:

- close family members of such person including their spouse and any of their children (including step-children) less than 18 years old
- their nominee, including an investment manager managing funds on their behalf (subject to the Exceptions section below)
- any family company or trust that they or their close family members may control or have any interest in
- a person in partnership with them or any of their connected persons mentioned above (acting in his or her capacity as such)
- a company which they or their family control

For the purposes of this policy the term “**Employees**” includes contractors engaged for the provision of personal services on an ongoing basis.

### 7.2. Designated Persons

Designated Persons for the purpose of this policy are as follows:

- Directors and the Company Secretary of Pharmaxis
- Chief Executive Officer
- Direct reports to the Chief Executive Officer, and their direct reports
- any other person who is notified that they are a Designated Person by the Pharmaxis Chief Executive Officer or the Company Secretary
- persons connected with Designated Persons as described in paragraph 7.1.

These persons are referred to in this Policy as “Designated Persons”.

## 8. Trading rules

### 8.1. General rules for all Directors, officers and Employees (including Designated Persons)

- Directors, officers and Employees of the Company must at all times abide by the rules and regulations governing the trading of securities in the Company including, without limitation, any applicable provisions of the Corporations Act, the ASX Listing Rules and this policy
- Directors, officers and Employees must not trade in Pharmaxis securities or enter into an agreement to trade in Pharmaxis Securities when they are in possession of Inside Information, and this applies even where the trade occurs outside a Trading Blackout Period specified in this policy or in circumstances where the person has received Trading Clearance from the Company
- Directors, officers and Employees with Inside Information must not at any time procure another person to acquire, or dispose of, or enter into an agreement to acquire, or dispose of, securities of the Company
- Directors, officers and Employees with Inside Information must not at any time, directly or indirectly, communicate any Inside Information, or cause the information to be communicated if they know, or ought to reasonably to know, that the other person would be likely to acquire or dispose, or enter into an agreement to acquire or dispose, of the relevant shares or procure another person to acquire or dispose of the shares
- Directors, officers and Employees are not permitted to trade in Pharmaxis securities under this policy during a Trading Blackout Period, unless a specific exception applies
- from time to time Directors, officers or Employees may gain Inside Information concerning another company as a result of their involvement with the Company. The insider trading provisions apply equally to that information
- Directors, officers and Employees must not trade in Pharmaxis derivatives or enter into hedging transactions which operate to limit the economic risk of holding unvested securities (shares, options or performance rights) in Pharmaxis. The exercise of options or performance rights granted under the Pharmaxis Employee Option Plan does not constitute trading in derivatives
- Directors, officers and Employees must not buy and sell Pharmaxis securities within a three-month period or enter into any other short-term dealings in Pharmaxis securities without prior written permission from the Company Secretary. The sale within a three-month period of shares issued upon exercise of options or performance rights granted under the Pharmaxis Employee Option Plan is excluded from this prohibition
- Directors, officers and Employees must not engage in margin loan arrangements or any other secured financing arrangements in relation to Pharmaxis securities without prior written permission from the Company Secretary
- Designated Persons are not to engage in short selling of Pharmaxis securities.
- Employees (other than Designated Persons) are otherwise permitted under this policy to trade in Pharmaxis securities other than during a Trading Blackout Period (unless a

specific exception applies), provided they are not in possession of Inside Information relating to Pharmaxis which has not been made public and are in compliance with this policy and the law

8.2. Additional rules applicable to Designated Persons

Designated Persons are only permitted to trade in Pharmaxis securities under this policy other than during a Trading Blackout Period, provided they are not in possession of Inside Information relating to Pharmaxis which has not been made public, and they are in compliance with this policy and the law, and they have sought and obtained prior written clearance from the Company Secretary (see Trading Clearances below).

8.3. Notification of trading by directors

In addition to the Trading Clearance, each of the Directors is required to notify the Company Secretary within two business days after any change in their interests in Pharmaxis securities, or the interests of any of the persons listed above who are associated with them and fall within the broader definition of Designated Persons. This enables Pharmaxis to notify the ASX of the change in the Director's or connected person's interests, which must occur by the end of the business day following the receipt of the notification.

## **9. Insider information relating to other companies**

If Directors, officers or Employees have price sensitive information relating to a company other than Pharmaxis, which has been obtained as a result of their involvement with the Company, the same principles apply in relation to the trading of securities in that company. Apart from the application of the insider trading restrictions, Directors, officers and Employees are also bound by obligations of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

## **10. Trading clearances**

- when a Trading Clearance is required, it is to be obtained in writing (and an electronic workflow or an email will be sufficient for the purposes of this requirement) from the Company Secretary before the person trades in Pharmaxis securities (including trading in shares issued on the exercise of options). The Company Secretary must obtain the following additional clearance in the case of:
  - a request from the Chief Executive Officer must be approved by the Board or a subcommittee of the Board
  - a request from a non executive director must be approved by the Board or a subcommittee of the Board
  - a request from a direct report to the Chief Executive Officer must be approved by the Chief Executive Officer

- a request from the Company Secretary must be approved by the Board or a subcommittee of the Board,  
before giving the requested Trading Clearance.
- to obtain a Trading Clearance a person must submit a request for clearance.
  - For Employees the request is to be submitted by way of the Request Share Trading Clearance workflow accessible by way of the Pharmaxis intranet. The workflow will request Employees' to confirm that
    - they are not in possession of any Inside Information (as defined in the Pharmaxis Ltd Securities Trading Policy); and
    - to the best of their knowledge and belief they are in compliance with the Pharmaxis Ltd Securities Trading Policy and the law.

Employees may not trade until they receive Trading Clearance from the Company Secretary.
  - Directors and other Designated Persons subject to this policy who do not have access to the Pharmaxis intranet are to apply for Trading Clearance in writing or by way of email including a completed and signed Application for Clearance to Trade Pharmaxis Ltd Securities confirming:
    - they are not in possession of any Inside Information (as defined in the Pharmaxis Ltd Securities Trading Policy); and
    - to the best of their knowledge and belief they are in compliance with the Pharmaxis Ltd Securities Trading Policy and the law.

Directors and other Designated Persons may not trade (including outside the Trading Blackout Periods) until they receive Trading Clearance from the Company Secretary (or in the case of the Company Secretary, from the Board or a subcommittee of the Board).
- if any of the confirmations contained in a request for clearance cease to be accurate at any time:
  - before the clearance is given; or
  - during the clearance period if clearance is given,

the person who requested the Trading Clearance must immediately notify the Company and must not trade despite having received the Trading Clearance.
- if Trading Clearance is given, the clearance will specify the number of days for which the Trading Clearance is valid - ordinarily five business days after the date of the clearance. The person will be notified if their ability to trade securities changes within those five business days. A further application will need to be made if desired trading is incomplete at the end of the five business days.
- persons may not be given clearance to trade in Pharmaxis securities under this policy where price sensitive, non-public information exists in relation to a matter, even though they may not have access to the information.
- the Company may refuse to grant Trading Clearance at its discretion, including on grounds that

trading may result in adverse inferences being drawn in relation to the Company, its Directors, officers or Employees.

- the Company is not obliged to give any reasons for its decision to grant or refuse Trading Clearance.
- the Company may withdraw a Trading Clearance with immediate effect upon notice to the relevant person if new information comes to light or there is a change in circumstances.
- the Company's decision to refuse Trading Clearance is final and binding on the person seeking the Trading Clearance.
- persons who have been told that they cannot trade must not communicate this fact to others.
- the sale of shares issued upon the exercise of performance rights granted to certain executives require Board approval, as detailed in the terms of the specific grant.

## **11. Exceptions to the trading restrictions**

Employees (including Designated Persons) who are facing severe financial hardship or who are in other exceptional circumstances may apply for a Trading Clearance (see Trading Clearances above) in writing to the Company Secretary, who will refer the matter to the Board or a subcommittee of the Board, to be exempted from the prohibition on trading during a Trading Blackout Period. The application must include all relevant information and confirmation that the person is not in possession of any Inside Information and that to the best of their knowledge and belief they are in compliance with this policy and the law. The Board will consider the applications on a case by case basis having regard to all applicable circumstances. An exception will not be granted if the Employee is in possession of Inside Information under any circumstances.

This Policy does not apply in the following circumstances:

- trading in a managed securities portfolio, listed investment company, exchange traded fund or similar investment vehicle that is managed by a third party and where the person is not in a position to influence a choice of the securities acquired or traded
- trading under a share purchase plan or dividend reinvestment plan where the person has given a standing instruction to reinvest dividends
- the acquisition of securities under an incentive scheme, or the exercise of options, performance rights or zero grant and zero exercise priced options granted under a Pharmaxis incentive scheme. However, this policy does apply in respect of the trading in any shares issued as a consequence of the exercise of options, performance rights or zero grant and zero exercise priced options
- where the Employee is required by a court order or a court enforceable undertaking (for example, in a bona fide family settlement) or some other overriding legal or regulatory requirement to transfer, or accept a transfer of, securities



## **12. Confidentiality agreements with external advisers**

It is possible that, as a result of acting for or advising Pharmaxis, external advisers to Pharmaxis may have access to price sensitive information affecting Pharmaxis securities.

Whilst these external advisers are not covered by this policy, it is Pharmaxis policy to require such external advisers to enter into confidentiality agreements.

## **13. Compliance with securities trading policy and the law**

Directors, officers and Employees should be aware that they have legal obligations not to engage in insider trading or market manipulation, and that if they breach those obligations, they might be charged with civil and / or criminal offences under the rules and regulations associated with the prevention of insider trading and market manipulation. Accordingly, it is the responsibility of each Director, officer and Employee to ensure that they abide by this policy and the law. The law also provides for a range of other prohibitions and penalties relating to dealing with securities including false trading and market rigging and misleading and deceptive conduct, none of which are covered by this policy.

Failure to comply with this policy may be considered cause for disciplinary action or termination of employment.