

Karina So
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23 February 2023

Dear Ms So

**Prosipa Group Limited ('PGL'): Trading during closed period
(Appendix 3Y) – Query**

We refer to your letter dated 20 February 2023 requesting information from Prosipa Group Limited (**PGL** or the **Company**) in respect of the on-market purchase of 123,684 shares in PGL by Spinoza Investments Pty Ltd, a trustee of Mr Gregory Moshal's family trust, on 13 February 2023 (the **Transaction**).

Please find below our responses to the questions raised.

1. **Please explain what arrangements PGL has in place with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A.**

Each director is issued with a letter prior to their appointment as a director which confirms the Company's requirements to provide ASX information in relation to a director's interests and transactions in the Company's securities.

The Company also has a Securities Dealing Policy (the **Policy**) in place that has been provided to all directors. The Securities Dealing Policy states that following any trade, directors must promptly notify the Company Secretary (ideally by close of business on the day the trade is entered into) to assist the Company to comply with its disclosure obligations under the ASX Listing Rules.

2. **When did PGL first become aware of Spinoza Investments Pty Ltd's on-market Transaction?**

The Company first became aware of the proposed Transaction on 18 January, when Mr Moshal emailed the Chair of the Board seeking approval to purchase shares in the Company 'post releasing our update'. The Chair of the Board confirmed that she would be 'happy to approve [the] purchase once we are out of blackout'.

The Company released a Trading Update on 13 February 2023, which included all material information the Company had in its possession at that time. Mr Moshal believed that the release of the Trading Update triggered the end of the blackout period.

The Transaction occurred on 13 February 2023 and Mr Moshal informed the Company's legal counsel, Ms Laura Edwards, that the Transaction had taken place via email on the same day.

3. **Did Mr Moshal comply with section 4.4 of the Trading Policy and notify the Company Secretary in writing of his intention to carry out the Transaction before entering into it? If not, why not?**

Mr Moshal did not notify the Company Secretary directly. However, as noted in

the response to question 2, Mr Moshal emailed the Chair prior to undertaking the Transaction, and the Chair copied the Company Secretary in her response.

4. **Did the Chairman of the Board confer with other directors in relation to the proposed Transaction in accordance with 4.4 of the Trading Policy? If not, why not?**

There is no obligation under section 4.4 of the Policy for the approver to confer with other directors when reaching a decision. Rather, section 4.4(b) states that an approver may reach a decision, having consulted with members of management 'as appropriate'.

The Chair of the Board copied the Chair of the Audit and Risk Committee into her response to Mr Moshal (in addition the Company Secretary / Chief Financial Officer, and a member of Prospa's legal team).

5. **Did the Board advise Mr Moshal in writing that there is no known reason to preclude him/her from dealing in PGL's securities before Spinoza Investments Pty Ltd entered into the on-market Transaction, as required under 4.4 of the Trading Policy? If so, please provide a copy of the written communications. If not, why not?**

There is no requirement under section 4.4 of the Policy to do this. Section 4.4(c) of the Policy states that the approver is not obliged to provide reasons for any aspects of their decision.

6. **Did the Chairman of the Board grant approval (written or otherwise) to Mr Moshal to carry out the Transaction that took place/appear to have taken place during a blackout period? If so, on what basis did it do so? If not, why not?**

Please refer to the response to question 2.

7. **What disciplinary or remedial action is the board of PGL proposing to take in relation to the apparent breaches of PGL's Trading Policy?**

After becoming aware of the Transaction, Ms Edwards circulated an email to all Restricted Persons (as defined in the Policy) confirming that the blackout remained in place and that no trading should take place to ensure that others did not share the misunderstanding that the Trading Update ended the blackout period.

In addition, all restricted persons (including Mr Moshal) will undertake additional training in relation to the Policy and its operation.

We note that, while at a technical level the Policy was not complied with, the Trading Update was designed to ensure that all material financial information emerging in the results process was disclosed. The breach was therefore an inadvertent and technical one, and did not involve a breach of the spirit of the Policy. Mr Moshal did everything he believed was required, and believed he was authorised to trade, but had misunderstood the Chair's response.

8. **Please confirm that PGL is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

Yes, PGL is complying with the Listing Rules, and in particular, Listing Rule 3.1.

9. **Please confirm that PGL's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PGL with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms that its responses to these questions have been authorised and approved for release by the Board.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Aucutt', with a horizontal line underneath the name.

Ross Aucutt
Company Secretary



20 February 2023

Reference: ODIN68539

Mr Ross Aucutt
Company Secretary
Prospa Group Limited
Level 1, 4-16 Yurong Street
Sydney
NSW 2000

By email

Dear Mr Aucutt

Prospa Group Limited ('PGL'): Trading during closed period (Appendix 3Y) – Query

ASX refers to the following:

- A. The announcement by PGL entitled 'Change of Director's Interest Notice' lodged on the ASX Market Announcements Platform on 15 February 2023 (the 'Announcement'). The Announcement disclosed:
- (i) The on-market purchase of 123,684 shares in PGL by Spinoza Investments Pty Ltd, a trustee of the director Mr Gregory Moshal's family trust, on 13 February 2023 (the 'Transaction');
 - (ii) The shares were traded during a closed period; and
 - (iii) The shares were traded without written clearance being provided to allow the trade to proceed during the closed period.
- B. 'PGL Securities Dealing Policy update' lodged on the ASX Market Announcements Platform on 30 November 2021 (the 'Trading Policy') which states, among other things, the following:

"4.1 No dealing in blackout periods

Restricted Persons must not deal in Company securities during any of the following blackout periods:

- *the period from the close of trading on the ASX on 30 June each year until the day following the announcement to ASX of the full-year results;*
- *the period from the close of trading on the ASX on 31 December each year until the day following the announcement to ASX of the half-year results;*
- *any other period that the Board specifies from time to time."*

- C. Guidance Note 27: *Director Disclosure of Interests and Transactions in Securities – Obligations of Listed Entities* which was published to assist listed entities with their obligations under Listing Rules 3.19A and 3.19B and to give an overview of ASX policy in relation to disclosure of directors' interests and transactions in securities, and Guidance Note 22: *Trading Policies* which was published to assist listed entities to comply with their obligations under Listing Rules 12.9-12.12 regarding trading policies.

ASX notes the following:

1. PGL's blackout period commenced from the close of trading on 31 December 2022 and is scheduled to end one trading day following release of PGL's half-year results to ASX.
2. PGL's half-year results for the half-year ended 31 December 2022 have yet to be lodged on the ASX Market Announcement Platform.

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3. The Transaction would appear to have taken place during a blackout period in breach of section 4.1 of the Trading Policy.

Request for Information

Having regard to the above, and pursuant to Listing Rule 18.7, ASX asks PGL to respond separately to each of the following questions.

1. Please explain what arrangements PGL has in place with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A.
2. When did PGL first become aware of Spinoza Investments Pty Ltd's on-market Transaction?
3. Did Mr Moshal comply with section 4.4 of the Trading Policy and notify the Company Secretary in writing of his intention to carry out the Transaction before entering into it? If not, why not?
4. Did the Chairman of the Board confer with other directors in relation to the proposed Transaction in accordance with 4.4 of the Trading Policy? If not, why not?
5. Did the Board advise Mr Moshal in writing that there is no known reason to preclude him/her from dealing in PGL's securities before Spinoza Investments Pty Ltd entered into the on-market Transaction, as required under 4.4 of the Trading Policy? If so, please provide a copy of the written communications. If not, why not?
6. Did the Chairman of the Board grant approval (written or otherwise) to Mr Moshal to carry out the Transaction that took place/appear to have taken place during a blackout period? If so, on what basis did it do so? If not, why not?
7. What disciplinary or remedial action is the board of PGL proposing to take in relation to the apparent breaches of PGL's Trading Policy?
8. Please confirm that PGL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that PGL's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PGL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT on Friday, 24 February 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PGL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require PGL to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PGL's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

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- the reasons for the trading halt;
 - how long you want the trading halt to last;
 - the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PGL's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PGL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that PGL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Regards

Karina So
Adviser, Listings Compliance