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This policy replaces, effective 15 September 2015, the “Securities Trading Policy and Guidelines” implemented in March 2014.

The material changes introduced by this revised policy include:

- Amendments to the trading “black-out” periods for “Restricted Persons” which are:
  - from the close of trade on 31 August until the opening of the ~~first~~ second full trading day after Xero’s half-year ~~results (i.e. Interim Report)~~ financial statements (audited or unaudited) are released to ASX and NZX;
  - from the close of trade on the last day of February until the opening of the ~~first~~ second full trading day after Xero’s full-year ~~results (i.e. Annual Report)~~ financial statements (audited or unaudited) are released to ASX and NZX; and
  - for the 30 day period prior to the release of a prospectus or similar offering document for a general public offer of the same class of Xero Restricted Securities.
- An amended definition of “Restricted Persons” (see Section 3 below for the new definition), which is now “all directors, officers and employees of Xero”; the definition of “Restricted Persons” in the prior (and now superseded) “Securities Trading Policy and Guidelines” was “all directors of Xero and its subsidiaries; Xero’s Chief Executive; all members of Xero’s Senior (i.e. C-level) Leadership Team and their direct reports (including Country Managers and the Global Executive Team); all members of Xero’s Group Finance Team; and all other people designated by Xero’s Company Secretary. Such designation may by name, position or business group and shall be for such period of time as determined by Xero’s Company Secretary.”

## Xero Limited

### Securities Trading Policy and Guidelines

September 2015

This policy applies to all directors, officers and employees of Xero and its subsidiaries (**you**) who intend to trade in Xero Restricted Securities (defined below). In this policy ‘trade’ includes buying or selling listed securities, or agreeing to do so, whether as principal or agent, but it does not include subscription for, or the issue of, new securities.

#### 1. Introduction and Purpose

This document details Xero’s policy on, and rules for dealing in, the following securities (**Xero Restricted Securities**):

- Xero’s listed ordinary shares; and
- any other listed securities of Xero or its subsidiaries, and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of such listed securities, from time to time.

The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand, Australia, the United Kingdom, the United States of America, and any other relevant jurisdiction.

If you do not understand any part of this policy, or how it applies to you, you should raise the matter with the Company Secretary before dealing with any securities covered by this policy.

#### Fundamental Rule – Insider trading is prohibited at all times

If you possess “Material Information” (defined below), then whether or not you are a Restricted Person (defined below), you must not:

- trade Xero Restricted Securities;
- advise or encourage others to trade or hold any Xero Restricted Securities;
- advise or encourage a person to advise or encourage another person to trade or hold Xero Restricted Securities; or
- pass on Material Information to others.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading. The prohibition on insider trading applies not only to information concerning Xero Restricted Securities. If a person has Material Information in relation to listed securities of another issuer and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of such listed securities, that person must not trade in those securities.

## **2. Insider Trading Laws**

If you have any Material Information, it is illegal for you to:

- trade Xero Restricted Securities;
- advise or encourage others to trade or hold Xero Restricted Securities;
- advise or encourage a person to advise or encourage another person to trade or hold Xero Restricted Securities; or
- pass on the Material Information to anyone else – including colleagues, family or friends – knowing (or where you ought to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, Xero Restricted Securities.

This offence, called “insider trading”, can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Xero, for any loss suffered as a result of illegal trading.

### **Confidential information**

In addition to the above, you also have a duty of confidentiality to Xero. You must not reveal any confidential information concerning Xero to a third party (unless that third party has signed a confidentiality agreement with Xero and you have been authorised to disclose the confidential information), or to use confidential information in any way which may injure or cause loss to Xero, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Xero information confidential.

### **What is “Material Information” ?**

“Material Information” is information that:

- is not generally available to the market; and
- if it were generally available to the market, a reasonable person would expect it to have a material effect on the price of Xero’s listed securities.

Information is generally available to the market if it has been released as an ASX or NZX announcement, or investors that commonly invest in Xero’s listed securities can readily obtain the information (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the Material Information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function). Information includes rumours, matters of supposition, intentions of a person (including Xero), and information which is insufficiently definite to warrant disclosure to the public.

### **What are some examples of Material Information?**

The following list is illustrative only. Material Information could include information concerning:

- the financial performance of Xero;
- a possible change in the strategic direction of Xero;

- the introduction of an important new product or service;
- a possible acquisition or sale of any assets or company by Xero;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in Xero's capital structure;
- a change in historical pattern of dividends;
- senior management changes;
- a material legal claim by or against Xero; or
- any other unexpected liability, which has not been released to the market.

### **Exceptions**

This policy does not apply to:

- acquisitions and disposals by gift or inheritance;
- acquisitions through an issue of new listed securities, such as an issue of new shares on the exercise of options, under a rights issue, or a dividend reinvestment plan.

### **Short term trading discouraged**

You should not engage in short term trading (the buying or selling of listed securities within a 6 month period), unless there are exceptional circumstances discussed with and approved by the Company Secretary. Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade listed securities on a short-term basis.

### **Fixed Trading Plan defence**

Trading of Xero's securities under a fixed trading plan may be permissible if certain legal requirements have been satisfied. You should obtain your own legal advice if you wish to set up a fixed trading plan, to ensure you are doing so in accordance with applicable laws and this Policy.

### **If in doubt, don't**

The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading. If in doubt, don't!

### **Breaches of policy**

Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

### **Monitoring of trading**

Xero may monitor the trading of directors, officers, and employees as part of the administration of this policy.

### **Application of policy**

The Board of Xero has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by posting on Xero's intranet. To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

## **3. Additional Trading Restrictions for Restricted Persons**

### **Persons covered by additional trading restrictions**

The additional trading restrictions set out below apply to all directors, officers and employees of Xero and its

subsidiaries (**Restricted Persons**).

Restricted Persons will be considered responsible for the actions of trusts and companies controlled by them. In this respect, “control” is not to be construed in a technical way but by looking at how decisions are made in practice.

If you are unsure as to whether these Rules apply to you, you should contact Xero’s Company Secretary.

#### **Additional trading restrictions for Restricted Persons (black-out period)**

Restricted Persons are prohibited from trading in any Xero Restricted Securities during the following specific “black-out” periods:

- from the close of trade on 31 August until the opening of the second full trading day after Xero’s half-year financial statements (audited or unaudited) are released to ASX and NZX;
- from the close of trade on the last day of February until the opening of the second full trading day after Xero’s full-year financial statements (audited or unaudited) are released to ASX and NZX; and
- for the 30 day period prior to the release of a prospectus or similar offering document for a general public offer of the same class of Xero Restricted Securities.

Restricted Persons are not permitted to trade any Xero Restricted Securities during a black-out period unless Xero’s Board provides a specific exemption.

Please note that if you hold Material Information you must not trade Xero Restricted Securities at any time – regardless of these periods.

## **4.Trading in Xero Restricted Securities**

### **Requirements before trading**

Before trading in Xero Restricted Securities, at any time, all directors, officers, and employees of Xero or any of its subsidiaries must, in writing:

- notify Xero’s Company Secretary of their intention to trade in securities, and seek consent to do so (using the Request for Consent to Trade in Listed Securities form set out on the following page);
- confirm that they do not hold Material Information; and
- confirm that there is no known reason to prohibit trading in any Xero Restricted Securities.

A consent is only valid for a period of up to 10 trading days after notification. A consent is automatically deemed to be withdrawn if the person becomes aware of Material Information prior to trading.

### **Requirements after trading**

All directors of Xero and its subsidiaries; Xero’s Chief Executive; all members of Xero’s Senior (i.e. C-level) Leadership Team and their direct reports (including Country Managers and the Global Executive Team); and all members of Xero’s Group Finance Team and Legal Team must advise the Company Secretary promptly following completion of any trade, and they must comply with any disclosure obligations they have at law, including under the Financial Markets Conduct Act 2013.



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**XERO LIMITED**  
**REQUEST FOR CONSENT TO TRADE IN LISTED SECURITIES**

To: Company Secretary, Xero Limited (**Xero**)

In accordance with Xero's Securities Trading Policy, I request Xero's consent be given to the following proposed transaction to be undertaken either by me or persons associated with me, within 10 trading days of approval being given. I acknowledge Xero is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

<b>Name:</b>	
<b>Name of registered holder transacting (if different):</b>	
<b>Address:</b>	
<b>Position:</b>	
<b>Description and number of securities:</b>	
<b>Type of proposed transaction:</b>	Purchase / Sale/ other (specify)
<b>To be Transacted:</b>	On NZX/ On ASX/ Off-market trade/ other (please specify)
<b>Likely date of transaction (on or about):</b>	

I declare that I do not hold information which:

- is not generally available to the market; and
- would have a material effect on the price of Xero's listed securities if it were generally available to the market.

I know of no reason to prohibit me from trading in Xero's listed securities and certify that the details given above are complete, true and correct.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Xero hereby consents/does not consent to the proposed transaction described above. Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent, and in compliance with Xero's Securities Trading Policy.

\_\_\_\_\_  
Name:  
on behalf of Xero Limited

\_\_\_\_\_  
Date