

25 June 2015

The Manager
Company Announcements Office
ASX Limited
Level 4, 20 Bridge St
Sydney NSW 2000

Revised Securities Trading Policy

In accordance with ASX Listing Rule 12.10, please find attached a copy of the revised Securities Trading Policy for Viralytics Limited (ASX: VLA) which was approved and takes effect today.

Yours sincerely



Sarah Prince
Company Secretary

VIRALYTICS LIMITED SECURITIES TRADING POLICY

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1. Introduction – Purpose & Objectives of this Policy

The Viralytics Limited (**Company** or **Viralytics**) Securities Trading Policy (**Policy**) as required by the Australian Securities Exchange (**ASX**) Listing Rules sets guidelines for:

- a) when Directors, officers, senior management, other employees, consultants and contractors of the Company (and any family member or associate over whom they have influence) may deal in the Company's Securities;
- b) when Directors, officers, senior management, other employees, consultants and contractors of the Company may deal in listed securities of another entity (because they may obtain inside information about another entity's securities while performing their duties for the Company); and
- c) procedures to reduce the risk of insider trading.

For the purposes of this Policy, Viralytics Securities includes listed shares in Viralytics, options over those shares and any other financial products of Viralytics traded on any securities exchange.

This Policy is aimed at ensuring that all Viralytics Staff (defined in clause 2 below) comply with the law at all times and their dealings in Securities and inside information are within both the letter and the spirit of the law, and meet industry practice and market expectations. The Policy also assists Viralytics in its disclosure and reporting obligations, while maintaining and promoting Viralytics' reputation.

Viralytics recognises the primacy of the insider trading laws and the importance of managing both regulatory and reputational risk. Any perception that directors or employees may have traded on the basis of an unfair advantage and/or breached their legal obligations could have a significant impact on the personal reputation of those persons, and negatively affect the Company's standing in the market. Therefore the purpose of this policy is to both manage the risk of insider trading, and to avoid any perception of insider trading and the significant reputational harm that may cause. The Policy will be administered and communicated to Viralytics Staff in accordance with its purpose.

For the purposes of this Policy, **dealing** includes, without limitation, securities transactions such as transfers of beneficial ownership and trading (either directly or indirectly).

2. Who does this Policy apply to?

This policy applies to all **Viralytics Staff**, which includes:

- All Executive and Non-Executive Directors, officers and employees;
- Contractors and consultants of the Company who have been advised by the Managing Director that they are subject to the Policy; and
- Persons over whom any Viralytics Staff Member has or is deemed to have investment control or influence.

Designated Persons are Directors and Senior Executives of Viralytics Limited, and any family member or associate over whom they have influence, and any other person designated by the Chairman as a Designated Person from time to time. This may include technical advisors and consultants engaged by Viralytics for the purposes of its clinical trials.

The Managing Director is required to advise those contractors and consultants who are subject to this policy:

1. that they are subject to the policy – either at the time they commence working with the Company or at any time that the Managing Director or Board decide that they are subject to the policy; and
2. where a copy can be located on the Company's website.

The Managing Director must also advise the Company Secretary who will maintain a register of those subject to the policy to assist with email notification regarding the timing of black-out periods and will also keep a record of all notifications of intention to trade or requests to trade.

If at any time the Managing Director or Board determines that a contractor or consultant ceases to be subject to this policy, the Managing Director must inform both the relevant consultant or contractor and the Company Secretary in writing.

3. What is Insider Trading and Inside Information

The *Corporations Act 2001* (Cth) (**the Act**) prohibits the dealing in any financial products by those in possession of inside information. Inside information is information that:

- is not generally available; and
- if it were generally available, would or would be likely to influence investors in deciding whether to buy or sell an entity's securities.

Information is generally available if it:

- is readily observable;
- has been made known in a manner, e.g. released to the ASX, likely to bring it to the attention of persons who commonly invest in securities and a reasonable period for that information to be disseminated has elapsed since it was made known.

Where a person has inside information in relation to securities of any company, that person must not deal in those securities, advise others or procure others to trade in the securities or pass on the inside information to any person who will use that information to trade in, or procure someone else to trade in, the securities.

Insider trading is a criminal offence, attracting potential fines and imprisonment. At the date of this Policy, the maximum penalty for insider trading is 10 years imprisonment and/or a fine, being the greater of \$765,000 or three times the amount of the benefit obtained. Civil penalties and compensation may also be ordered against a person who engages in insider trading.

Dealing in Viralytics Securities or the securities of another entity is prohibited at any time that a Viralytics Staff member possesses inside information in relation to Viralytics or the securities of another entity, regardless of whether this Policy provides that dealing may otherwise occur at that time.

Examples of information that might be inside information include, but are not limited to, information relating to:

- clinical or preclinical trial results;
- intellectual property rights held by Viralytics;

- Viralytics' financial performance;
- Viralytics considering a major acquisition or disposal of assets, or a takeover or merger;
- a proposed new share issue or change to capital structure;
- the threat of major litigation against Viralytics; or
- a significant change in senior management.

Outside a Black-Out Period (refer section 5), the laws prohibiting insider trading continue to apply to Viralytics Staff. The fact that a Company is not in a Black-Out Period does not mean a Viralytics Staff member is not in possession of inside information. A person may possess inside information notwithstanding that dealing by employees is generally permitted, and if this is the case, a person **should not** deal in the Company's securities.

Viralytics Staff should also be aware that as a result of their role with Viralytics, they may also be privy to inside information regarding another listed company. In dealing in securities of another listed entity, relevant Staff members must ensure they are not in possession of inside information of that company and are not in breach the insider trading laws as a result.

Similarly, Viralytics Staff should be aware that the insider trading laws apply even where a person has been given clearance to deal under this Policy, and a clearance to deal will not absolve a person from a breach of the insider trading laws. If a person is in possession of inside information, any dealing in the relevant securities will be a breach of the insider trading provisions.

4. When can Viralytics Staff deal in Securities?

(a) What is dealing in Securities?

Dealing in the Company's Securities includes but is not limited to buying, selling and transferring the Company's Securities.

(b) When can Viralytics Staff deal in Securities?

A person identified in Section 2 of this policy may only deal in Viralytics Securities if:

- a) he or she does **not** have information that he or she knows, or ought reasonably to know, is Inside Information in relation to Viralytics Securities; and
- b) he or she is not in a Black-Out period (see section 5).

(c) What notification is required prior to dealing in Securities?

Prior to dealing in Viralytics Securities Viralytics Staff must notify of their intention in writing (which may be via email) as set out below:

Employees, Consultants or Contractors	Managing Director
Executives	Managing Director
Directors including Managing Director	Chairman of the Board
Chairman	Chairman of the Audit & Risk Committee

(d) What confirmation is required regarding Inside Information?

In notifying of their intention to deal Staff must confirm that they are not in possession of any Inside Information (see section 3 above regarding Inside Information).

5. When are Viralytics Staff prohibited from dealing in Securities? (Black-Out Periods)

For the purposes of this Policy, certain periods are designated Black-Out Periods and no trading in Viralytics Securities may occur during those times. The Black-Out Periods are as set out below.

Circumstance	Black-Out Period	
	Designated Persons	Other Viralytics Staff
Release of full year results to ASX	From end of relevant financial year until start of the trading day following release	4 weeks before release until start of the trading day following release
Release of Half Year results to ASX	From end of relevant half year until start of the trading day following the release	4 weeks before release until start of the trading day following release
Release of Quarterly reports to ASX	4 weeks before release until start of the trading day following release	

The Company may also determine that certain additional periods are Black-out Periods for the purposes of this Policy, including when the Company is considering matters subject to ASX Listing Rule 3.1A (**Additional Black Out Periods**). The Company may also determine that a Black-Out Period will apply in the period prior to a corporate event such as the Annual General Meeting. Any Additional Black-out Periods will be notified to Designated Persons. Any communication in this regard will be carefully managed to ensure the Company maintains confidentiality. Additional Black Out Periods will be notified to Designated Persons, and to Viralytics Staff if applicable. Any communication in this regard will be carefully managed to ensure the Company maintains confidentiality.

In exceptional circumstances, the Chairman may grant permission to trade during a Black-out Period, refer Sections 6 and 7.

6. Exceptional Circumstances - when Viralytics Staff may deal during Black-out Periods

In exceptional circumstances Viralytics Staff may be given prior written clearance to dispose of (but not acquire) Viralytics Securities where they would otherwise be prevented from doing so due to a Black-Out Period. Those circumstances are where the Staff Member:

- is in severe financial hardship or other exceptional circumstances apply;
- is not in possession of inside information in relation to Viralytics Securities; and
- has sought permission from:
 - (a) the Managing Director; or
 - (b) in the case of a Designated Person, the Chairman; or
 - (c) in the case of the Chairman, the Chairman of the Audit & Risk Committee;

and the Managing Director, Chairman or the Chairman of the Audit & Risk Committee (as applicable) has given prior written approval to dispose of the Viralytics Securities.

As a guide:

- severe financial hardship would not normally include a tax liability unless the person has no other means of satisfying the liability. A tax liability relating to securities received under an employee equity plan would generally not constitute severe financial hardship or be considered exceptional circumstances; and
- a court order or enforceable undertaking requiring the sale or disposal of Viralytics Securities (such as a bona fide family settlement), or a disposal under some other overriding legal or regulatory requirement, may constitute exceptional circumstances.

7. Approval Requirements for Dealing During Blackout Periods

The following procedures apply to Viralytics Staff who wish to deal in Viralytics Securities during a Black-Out Period:

- a Viralytics Staff member (or a family member or associate over whom they have influence) must provide the Managing Director, the Chairman or the Chair of the Audit & Risk Committee with a notice in writing (which may be by email), requesting permission to deal in Viralytics Securities, including any reasons for the request (refer Section 5);
- Viralytics Staff must not deal in Viralytics Securities unless they have received permission in writing (which may be by email) from the Managing Director, Chairman or Chair of the Audit & Risk Committee (as applicable);
- Viralytics Staff must effect the instructions to deal within 2 days of receiving permission, and the dealing must be executed within that period;
- Permission to deal may be withdrawn if new information arises, or if there is a change in circumstances. The Viralytics Staff member will be notified of any withdrawal in writing (which may be by email);
- if the dealing is not executed within the 2 day period, the permission to deal lapses, and the Viralytics Staff member must submit a further request with the Managing Director, Chairman or Chair of the Audit & Risk Committee (as applicable) for permission to deal.

When considering a request from a Viralytics Staff member for permission to deal, Managing Director, Chairman or Chair of the Audit & Risk Committee (as applicable) will take into account a range of factors to determine if the risk of insider trading, or the appearance of insider trading is not a concern. These factors include but are not limited to whether:

- the Company is about to release a periodic report or other financial information that the market may not expect;
- the Company will shortly release market sensitive information under ASX Listing Rule 3.1;
- the Company is considering a matter that is subject to ASX Listing Rule 3.1A; and
- the Viralytics Staff member has access to or is likely to have access to [other] material information that has not been released to the market;

More generally, the Managing Director, Chairman or Chair of the Audit & Risk Committee (as applicable) will consider the specific circumstances of a request as a whole, in light of the underlying purpose of

this Policy, to both minimise the risk of insider trading and avoid any appearance of insider trading and possible reputational damage. The Managing Director, Chairman or Chair of the Audit & Risk Committee (as applicable) may seek professional advice to assist in making any decision. In most circumstances if the Company is about to release information that falls into the categories set out above, the Managing Director, Chairman or Chair of the Audit & Risk Committee (as applicable) will not grant permission to deal.

A refusal to grant permission to deal is final and binding on the person seeking the permission. If permission is refused, the person must keep that information confidential and not disclose it to anyone, to ensure that the Company manages its disclosure obligations in accordance with its policies, the ASX Listing Rules and the Law.

8. Excluded Dealings – Dealings not restricted by this Policy

The following are Excluded Dealings for the purposes of this Policy, and may be carried out at any time:

- transfers of Viralytics Securities already held by Viralytics Staff into a superannuation fund or other saving scheme in which the person is a beneficiary;
- an investment in, or trading units of, a fund or other scheme (other than a scheme only investing in the Company's Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a Viralytics Staff member is a trustee, trading in Viralytics Securities by that trust, provided the person is not a beneficiary of the trust and any decision to trade during a Black-out Period is taken by the other trustees or by the investment managers independently of the Viralytics Staff member;
- undertakings to accept, or the acceptance of, a takeover offer;
- trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution investment plan (**DRP**) and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
- the exercise (but not the sale of Viralytics Securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period and where the Viralytics Staff member could not reasonably have been able to exercise at a time when free to do so; and
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
 - the Viralytics Staff member did not enter into the plan or amend the plan during a Closed Period; and
 - the trading plan does not permit the Viralytics Staff member to exercise any influence or discretion over how, when, or whether to trade.

9. Trading and Transactions that are prohibited at all times

Viralytics Staff are prohibited from participating in or entering into any of the following under this Policy:

- trading in derivative products over Viralytics Securities, including warrants, exchange-traded and over-the-counter options, and contracts for difference;
- price protection arrangements in respect of unvested remuneration or vested remuneration which is the subject of a holding lock (**hedging**);
- short-term trading of Viralytics Securities within 6 months of purchase, unless specific personal circumstances are provided
- short-selling – the borrowing and sale of Viralytics Securities with the intention of purchasing the securities at a later date at a lower price, thus closing out the short position at a profit;
- margin lending – the nature of margin lending arrangements, including the right of a lender to sell securities the subject of such an arrangement, may mean that the requirements of this Policy would be breached by the actions of a third party. Therefore Viralytics Staff are not permitted to enter into margin lending arrangements that involve Viralytics Securities.

10. Disclosures to ASX

ASX Listing Rule 12.9 requires this Policy to be disclosed to the ASX. Where Viralytics makes a material change to this Policy, the amended policy must be provided to ASX within 5 business days of the material changes taking effect, in accordance with ASX Listing Rule 12.10.

In addition, if a change to a notifiable interest of a Viralytics Director occurs during a Closed Period, Viralytics must tell ASX (in its Appendix 3Y filing) that this is the case, whether prior written clearance for the relevant dealing was provided and the date of such clearance.

11. Compliance & Consequences of Breach of this Policy

Viralytics has established processes to ensure Viralytics Staff are aware of and understand their obligations under this Policy, and to monitor and enforce compliance with the Policy. The Company Secretary is responsible for maintaining a register of all requests for permission to deal under this Policy, decisions relating to those requests, and any relevant trades.

Other measures include:

- Viralytics Staff are provided with a copy of this Policy and any amendments to the Policy;
- sending email reminders of the start and finish dates for Black-Out Periods, one week before commencement of the period and immediately before commencement;
- Designated Persons are required to provide annual written confirmation that they are aware of and understand this Policy and are in compliance with the Policy.

All Viralytics Staff must comply with the principles and requirements of this Policy. Failure to comply may result in the relevant staff member being subject to disciplinary action, including possible dismissal. The Company may require any person who has acquired securities in breach of this policy to sell those securities as soon as possible within the requirements of the law, and donate any profit from the sale to charity.

In addition, a breach of this Policy may also result in exposure to potential civil or criminal liability under applicable laws and regulations.

12. Review of this Policy

This Policy will be reviewed regularly by the Company's Directors, having regard to the changing circumstances of the Company, and any changes to this Policy will be notified to affected persons in writing. If Directors and Senior Executives have any comments or views concerning the operation or effectiveness of this Policy, they should be communicated to the Company Secretary,

Board Approval Date: 25 June 2015