

# PSIVIDA CORP.

## SECURITIES TRADING POLICY

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### 1. Introduction and Purpose

This policy statement summarises the law relating to insider trading and sets out the policy of pSivida Corp. (the “Company” or “pSivida”) on directors, officers, employees and consultants dealing in the securities of pSivida.

If you do not understand the summary of law or pSivida’s policy, or how it applies to you, you should raise the matter with the CEO before trading in any securities which may be affected by the policy or the law.

This policy statement is only a summary of complex legal provisions, and should therefore only be used as a general guide, not as legal advice.

### 2. The Insider Trading Prohibition

If you have “price-sensitive information” relating to pSivida which has not been published or which is not otherwise “generally available”, it is illegal for you to:

- buy, sell or otherwise deal in shares in pSivida;
- advise, procure or encourage another person (for example, a family member, a friend, a family company or trust) to buy or sell pSivida securities; or
- pass on information to any other person, if you know or ought reasonably to know that the person may use the information to buy or sell (or procure another person to buy or sell) pSivida securities.

The rules also apply to derivatives relating to shares in pSivida (such as options or warrants).

It is the responsibility of each director, officer, employee and consultant to ensure that they do not do any of the things prohibited by the insider trading law. The consequences for breach of this law may be severe.

As a director, officer, employee, team member or consultant of the Company or its subsidiaries, this policy applies to you. The same restrictions that apply to you apply to your family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). You are responsible for making sure that the purchase or sale of any security covered by this policy by any such person complies with this policy.

### 3. What is “Price Sensitive Information”?

Price-sensitive information means information relating to pSivida that would, if the information were publicly known, be likely to:

- have a material effect on the price or value of pSivida securities; or

- influence persons who commonly invest in securities in deciding whether or not to buy or sell pSivida securities.

Examples of possible price-sensitive information include, but are not limited to:

- the financial performance of pSivida against its budget;
- entry into or termination of a material contract (such as a major joint venture);
- a material acquisition or sale of assets by pSivida;
- an actual or proposed takeover or merger;
- an actual or proposed change to pSivida's capital structure;
- a proposed dividend or a change in dividend policy; or
- a material claim against pSivida or other unexpected liability.

#### **4. When is the information “generally available”?**

Information is generally available if:

- it consists of readily observable matter;
- it has been made known in a manner likely to bring the information to the attention of people who commonly invest in securities of a kind whose price or value might be affected by the information, and, since it was made known, a reasonable period for it to be disseminated among such persons has elapsed;
- it is derived from information which has been made public; or
- it consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

#### **5. Restrictions on dealings in the Company's securities**

As a general policy, before engaging in transactions involving the securities of the Company, you must notify the CEO (or in his/her absence the Company Secretary) of the intended transaction. You must then provide subsequent confirmation that the trading has occurred.

The Company's policy regarding trading in the Company's securities by directors, officers, employees and consultants is that you should never engage in short term trading and you may not conduct any transactions involving the Company's securities in the following circumstances:

- when you are in possession of price sensitive or material non-public information about the Company;
- during a “Blackout Period” beginning on the last day of each fiscal quarter and ending after the first full business day following the date of the public release of our earnings results for that quarter.

In relation to the quarterly and annual reports, it is apparent that these reports will contain financial information concerning the Company. It is generally the case that at some time before the public disclosure of the quarterly and annual reports, some or all of the directors, officers, employees and consultants will have access to the financial figures based on data contained in the management accounts, which may, in some circumstances, be price sensitive information, not yet

released. In such circumstances any directors, officers, employees or consultants in possession of such information could not deal in the Company's securities.

However, you will generally be permitted to engage in trading (subject to due notification being given to the CEO) at the following times:

- during the "Window Period" beginning on the second business day following the public release of the Company's quarterly earnings and ending on the day before the last day of the fiscal quarter.

It is strongly recommended that at least one business day be allowed on the basis that, under applicable U.S. and Australian securities laws and regulations, directors, officers, employees or consultants will only be protected following disclosure to the market of price sensitive information, if that information has become generally available. Information is "generally available" if it has been known in a manner that would or would be likely to bring it to the attention of persons who commonly buy and sell shares in companies of a kind whose price or value might be affected by the information that has been released.

This policy does not apply to the acquisition of pSivida securities via new issues or dividend reinvestment plans where the issues are available pro rata to all shareholders.

## **6. Consequences for breach of the Insider Trading Prohibition**

Breach of the insider trading prohibition by you or family members could expose you or them to criminal and civil liability. Breach of insider trading law or this policy will also be regarded by pSivida as serious misconduct which may lead to disciplinary action and/or dismissal.

## **7. Dealing in shares of other companies**

If you have "price sensitive information" relating to a company other than pSivida which is not "generally available" the same insider trading rules outlined above apply to buying and selling shares in that company. In the course of performing your duties as a director, officer, employee or consultant of pSivida, you may obtain price sensitive information relating to another company in a variety of circumstances. Examples include, but are not limited to the following:

- another company may provide price sensitive information about itself to pSivida in the course of a proposed transaction;
- another company which whom pSivida is dealing may provide price sensitive information about a third company; or
- information concerning pSivida or actions which may be taken by pSivida (i.e. a planned transaction or strategic change) could reasonably have an effect on a third party company.

Apart from the application of the insider trading rules to shares in other companies, directors, officers, employees and consultants are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

## **8. Contacts**

If you have any questions arising from pSivida's Securities Trading Policy, you may contact the person listed below.

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