

## 1. INTRODUCTION

- 1.1 The ordinary shares of Sigma Pharmaceuticals Limited ACN 088 417 403 (**Company**) are quoted on ASX.
- 1.2 The freedom of Designated Officers and Employees of the Company to deal in Company Securities, which includes the Company's ordinary shares, is restricted in a number of ways - by statute, by common law and by the requirements of the Listing Rules. The purpose of this Securities Trading Policy (**Policy**) is to:
- (a) assist Designated Officers, Employees, and associates to avoid abusing or placing themselves under suspicion of having abused material price-sensitive information that they may have or be thought to have, especially in periods leading up to the announcement of financial results; and
  - (b) to protect the Company against potentially damaging adverse inferences being drawn that its Designated Officers or Employees may have engaged in unlawful activity, or acted for their personal benefit using information which is not publicly available.
- 1.3 This Policy outlines:
- (a) when Designated Officers and Employees may Deal in Company Securities and the rules which must be followed by Designated Officers and Employees who wish to Deal in Company Securities, including a mandatory clearance process;
  - (b) when Designated Officers and Employees are precluded from Dealing in Company Securities (except in limited exceptional circumstances); and
  - (c) a brief overview of the law in relation to insider trading in Australia. This overview is not a complete statement of the law in relation to insider trading and is provided as a summary only. It is the responsibility of each Designated Officer and Employee to be aware of their legal obligations.
- 1.4 The Policy applies to Designated Officers and Employees whether they are in or out of Australia. Foreign insider trading laws may apply to Designated Officers and Employees outside Australia. This Policy does not address foreign law. It is the responsibility of all Designated Officers and Employees outside Australia to be aware of the legal requirements in the relevant jurisdictions.

## 2. DEFINITIONS

In this Policy the following definitions, in addition to those contained in the Listing Rules, apply unless the context otherwise requires:

**ASIC** means the Australian Securities and Investments Commission.

**Associate** includes nominee companies, spouses, dependent children, family trusts, etc. of a designated officer or employee.

**ASX** means ASX Limited ACN 008 624 691 or the financial market it operates.

**Chairman** means the chairman of the Company.

**Chief Executive Officer** means the chief executive officer of the Company;

**Company** means Sigma Pharmaceuticals Limited ACN 088 417 403.

**Company Secretary** means the company secretary of the Company.

**Company Securities** includes ordinary shares in the Company or a Group member, options over those shares and any other financial products of the Company traded on ASX.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Employee** means any employee of the Company (including consultants or contractors employed by the Company) or any nominee, agent, or other associate of an employee.

**Exempt Dealings** means the relevant Dealings described in paragraph 15 of this Policy.

**Dealing** has the meaning given to the term in paragraph 5 of this Policy, and **Deal** and **Dealt** have corresponding meanings.

**Designated Officer** means any person who is key management personnel as defined in Australian Accounting Standard AASB 124 "Related Party Disclosures", being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Group** means the Company and each of its controlled entities.

**Listing Rules** means the official listing rules of the ASX, as applicable to the Company from time to time.

**Policy** means the Company's share trading policy, as set out in this document.

**Prohibited Period** means any period to which paragraph 6 of this Policy applies.

### 3. OPERATION OF THIS POLICY

This Policy does not create any legal rights in favour of the Company. Specifically, the Company is not given by this Policy any power to dispose or control the disposal of Company Securities in which any person has a relevant interest.

Failure to observe the Policy by a Designated Officer or Employee will be regarded by the Company as grounds for the immediate summary dismissal of that Designated Officer or Employee for cause, to the maximum extent permitted by law.

## 4. INSIDER TRADING

- 4.1 If a person has information about Company Securities and the person knows, or ought reasonably to know, that the information is "inside information", it is likely to be illegal for the person to:
- (a) Deal in Company Securities;
  - (b) procure another person to Deal in Company Securities; or
  - (c) directly or indirectly communicate the information to another person who the person knows, or ought reasonably to know, is likely to:
    - (i) Deal in Company Securities; or
    - (ii) procure someone else to Deal in Company Securities.

- 4.2 In respect of the Company, "inside information" is information which has not been made public and which, if it were made public:
- (a) would be likely to have a material or significant effect on the price or value of Company Securities; or
  - (b) would, or would be likely to, influence an investment decision by those who commonly invest in securities.

That is, "inside information" is, in effect, material price sensitive information.

- 4.3 In general terms, information will be considered to have been made public (or be "generally available") if it:
- (a) is readily observable; or
  - (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type (eg. by an announcement made by the Company to ASX) and a reasonable period for that information to be disseminated has elapsed since it was made known; or
  - (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraph 4.3(a) or 4.3(b).

- 4.4 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading. The criminal penalties for a breach of the insider trading prohibition include:
- (a) for an individual – a fine of up to \$220,000 and a gaol term of up to five years; and
  - (b) for a corporation – a fine of up to \$1,100,000.

- 4.5 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss

or damage because of insider trading. The Corporations Act also imposes civil liabilities on a person who has engaged in insider trading in certain circumstances.

- 4.6 The following are examples of information which, if made public, may be regarded as materially price sensitive:
- (a) financial results, unexpected changes in financial results for any period and projections of future earnings or losses;
  - (b) development of new products and developments affecting the Company's technology, products or market;
  - (c) news of a pending or proposed merger, joint venture or acquisition;
  - (d) news of a disposal of significant assets or a subsidiary;
  - (e) solvency problems;
  - (f) proposed or pending financings;
  - (g) change in the Company's auditors;
  - (h) defaults or potential defaults in material obligations;
  - (i) material transactions with directors, officers or principal security holders;
  - (j) significant litigation exposure due to actual or threatened litigation;
  - (k) a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the Company's consolidated assets;
  - (l) a recommendation or declaration of a dividend by the Company or a recommendation or decision that a dividend will not be declared;
  - (m) a change in accounting policy adopted by the Company;
  - (n) any rating applied by a rating agency to the Company, or Company Securities, and any change to such a rating;
  - (o) changes in senior management.

Accordingly, if such information exists but is not generally available, it may be considered to be "inside information".

## **5. WHAT IS "DEALING" IN COMPANY SECURITIES?**

5.1 "Dealing" in Company Securities includes directly or indirectly:

- (a) applying for, acquiring or disposing of, Company Securities;

- (b) entering into an agreement to apply for, acquire or dispose of, Company Securities; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Company Securities.

5.2 Paragraph 15 of this Policy sets out a number of "Exempt Dealings" – that is, kinds of dealings which are not subject to the provisions of this Policy.

## **6. WHEN A DESIGNATED OFFICER OR EMPLOYEE MAY NOT DEAL IN COMPANY SECURITIES – "PROHIBITED PERIOD"**

6.1 A Designated Officer or Employee may not Deal or procure another person to Deal in Company Securities if:

- (a) the Designated Officer or Employee has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities; or
- (b) the Designated Officer or Employee has not complied with paragraph 7.

6.2 Without limiting paragraph 6.1, Designated Officers and Employees are not permitted to Deal in Company Securities during the period from:

- (a) the end of the relevant half-year period until the day after the release by the Company of its half-yearly accounts; or
- (b) the end of the relevant annual period until the day after the release by the Company of its annual accounts.

6.3 Each of the above periods is known as a "Prohibited Period". The Company may from time to time also impose other periods when Designated Officers and Employees are prohibited from trading because price sensitive information which is not generally available may exist in relation to a matter. Any such periods will also be "Prohibited Periods".

6.4 It is important to be aware that there may be occasions when it is not proper for a Designated Officer or Employee to deal in Company Securities because of their knowledge of impending or actual developments which are not known in the market place. There will be times when the Company is confidentially considering a major event and will not inform the market of this until the occurrence of the event is more certain. If so, Dealing in Company Securities will not be permitted.

## **7. CLEARANCE FROM THE CHAIRMAN TO DEAL IN COMPANY SECURITIES**

7.1 Before dealing in Company Securities, a Designated Officer must first inform the Chairman and obtain written clearance from the Chairman, or the Chief Executive Officer where the Chairman is not available. In the case of clearance required in respect of the Chairman, the Chairman must first inform and obtain written clearance from the Chief Executive Officer.

- 7.2 The Chairman must not give clearance during the periods set out in paragraph 6. Further, the Designated Officer may not be given clearance by the Chairman during the periods specified in paragraph 6 if:
- (a) there is a matter in relation to which there is inside information in respect of Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities; or
  - (b) the Chairman has any other reason to believe that the proposed Dealing breaches this Policy.
- 7.3 The Chairman must keep a written record of, and forward the written advice of Dealing to the Company Secretary as soon as possible after the Dealing has occurred or is transacted. Such advice must include:
- (a) any information received from a Designated Officer in connection with this Policy, including, for the avoidance of doubt:
    - (i) the number and type of the Company Securities;
    - (ii) the price at which the Company Securities were Dealt; and
    - (iii) the date and approximate time on which the Dealing occurred; and
  - (b) any clearance given under this Policy.
- 7.4 The Chairman must specify the duration of any clearance provided under this paragraph 7. If clearance is given, the Designated Officer may ordinarily trade within two business days after receiving the clearance. The Designated Officer will be notified if the clearance position changes within those two business days. A further application will need to be made if no Dealing takes place within the two business days and the Designated Officer still wishes to Deal.

## **8. DEALING IN EXCEPTIONAL CIRCUMSTANCES**

- 8.1 In exceptional circumstances clearance may be given for a Designated Officer or Employee to Deal in Company Securities when he/she would otherwise be prohibited from doing so. Clearance to deal will be determined on written request to the Chairman, who may obtain legal advice on the question at the Company's expense. Types of circumstances which may be considered exceptional for these purposes include, but are not limited to:
- (a) a pressing financial commitment on the part of the Designated Officer or Employee that cannot otherwise be satisfied;
  - (b) severe financial hardship; and
  - (c) where there is a court order, or there are court enforceable undertakings, to transfer or sell the Company Securities or there is some other overriding legal or regulatory requirement to do so.

- 8.2 The determination of whether circumstances are exceptional for the purposes of paragraph 8.1 will be made by the Chairman (or in the case of the Chairman being the relevant Designated Officer, the Chief Executive Officer) in his discretion and the Chairman's (or, if applicable, the Chief Executive Officer's) decision will be final.
- 8.3 Severe financial hardship is likely to exist where the Designated Officer or Employee had a pressing financial commitment that could not be satisfied otherwise than by selling Company Securities. A tax liability of a Designated Officer or Employee would not normally constitute severe financial hardship unless the Designated Officer or Employee had no other means of satisfying the liability.
- 8.4 The Chairman must not give clearance under the exception in paragraph 8.1 if there is a matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer or Employee knows about the matter) when the Designated Officer or Employee requests clearance or proposes to Deal in Company Securities.
- 8.5 Even where the Chairman has determined that exceptional circumstances exist, neither the Chairman nor the Company are providing any advice. It remains the sole responsibility of the Designated Officer or Employee to comply with all applicable laws.

## **9. DEALINGS BY ASSOCIATES AND INVESTMENT MANAGERS**

- 9.1 If a Designated Officer or Employee may not Deal in the Company Securities, he or she must prohibit any Dealing in the Company Securities by:
- (a) any Associate (which includes the Designated Officer's or Employee's spouse, de facto, family members, associated trusts, nominee companies, family trusts of which the Designated Officer or Employee is a sole trustee, co-trustee or beneficiary or other third parties contemplating the acquisition or sale of Company Securities on the Designated Officer's or Employee's behalf); or
  - (b) any investment manager on their behalf or on behalf of any Associate.
- 9.2 For the purposes of paragraph 9.1, a Designated Officer or Employee must:
- (a) inform any investment manager or Associate of the periods during which the Designated Officer or Employee may and may not Deal in Company Securities; and
  - (b) request any investment manager or Associate to inform the Designated Officer or Employee immediately after they have Dealt in Company Securities.
- 9.3 A Designated Officer or Employee does not have to comply with paragraphs 9.1 and 9.2 to the extent that to do so would breach their obligations of confidence to the Company.

## **10. DESIGNATED OFFICER'S AND EMPLOYEE'S DUTY TO NOTIFY ASSOCIATES**

- 10.1 For the purposes of paragraph 9 of this Policy, a Designated Officer or Employee must advise all such Associates and investment managers:
- (a) that he/she is a Designated Officer or Employee;

- (b) of the periods during which they cannot Deal in the Company's Securities (ie. the Prohibited Periods); and
- (c) that they must advise him/her immediately after they have dealt in Company Securities.

## **11. LIST OF DEALINGS**

- 11.1 A list of Dealings in Company Securities since the date of the previous list should be circulated to members of the board with the board papers for each board meeting where such dealings are:
- (a) by or on behalf of a Designated Officer;
  - (b) by an Associate of a Designated Officer; or
  - (c) by investment managers on behalf of either a Designated Officer or an Associate of a Designated Officer.

## **12. EXERCISE OF EMPLOYEE RIGHTS OR OPTIONS**

- 12.1 The Chairman or other designated director may allow the exercise of an option or right under an employee share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during any Prohibited Period and the Designated Officer or Employee could not reasonably have been expected to exercise it at an earlier time when he/she was free to Deal.
- 12.2 Note that the exercise of an option or right or the conversion of a convertible security may nevertheless be caught by the insider trading laws even where this Policy has been complied with. It remains each Designated Officer's and Employee's sole responsibility to comply with these and any other applicable laws.

## **13. SALE OF RESULTING SHARES**

- 13.1 Where an exercise or conversion is permitted pursuant to paragraph 12 of this Policy, the Chairman or other designated director may not, however, give clearance for the sale of Company Securities acquired pursuant to such exercise or conversion.
- 13.2 Even where such clearance has been given this does not constitute advice from the Chairman or the Company. It remains the sole responsibility of the Designated Officer or Employee to comply with all applicable laws.

## **14. GUIDANCE ON OTHER DEALINGS**

- 14.1 For the avoidance of doubt, the following constitute Dealing for the purposes of this Policy and are consequently subject to the provisions of this Policy:
- (a) arrangements which involve a sale of Company Securities with the intention of repurchasing an equal number of such Company Securities soon afterwards;
  - (b) dealings between Designated Officers and/or Employees;



- (c) off market dealings; and
- (d) transfers for no consideration by a Designated Officer and/or Employee, other than as described in paragraph 15.

## **15. EXEMPT DEALINGS**

15.1 For the avoidance of doubt, and notwithstanding the definition of Dealing contained in paragraph 5 of this Policy or paragraph 14 of this Policy, the following Dealings are not subject to the provisions of this Policy:

- (a) trading under an offer or invitation made to all or most of the security holders of the Company, such as a rights issue, a security purchase plan, a dividend reinvestment plan or an equal access buy-back, where the timing and structure of the offer or invitation has been approved by the Company's board of directors. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (b) the take up of entitlements under such a rights issue or other offer (including an offer of Company Securities in lieu of cash dividend);
- (c) allowing entitlements to lapse under such a rights issue or other offer (including an offer of Company Securities in lieu of cash dividend);
- (d) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under such a rights issue;
- (e) undertakings to accept, or the acceptance of, a takeover offer that has been made for the Company and accordingly in public information;
- (f) transfers of Company Securities already held into a superannuation fund or other saving scheme in which the Designated Officer or Employee is a beneficiary;
- (g) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company Securities) where the assets of the fund or other scheme are invested at the discretion of an independent third party;
- (h) where a Designated Officer or Employee is a trustee, trading in the Company Securities by that trust provided the Designated Officer or Employee is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of, and without reference to, the Designated Officer or Employee;
- (i) a disposal of Company Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (j) the exercise of an option or a right under an employee incentive scheme or the conversion of a convertible security (but not the sale of Company Securities

following exercise or conversion) where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the entity has been in an exceptionally long Prohibited Period or the entity has had a number of consecutive Prohibited Periods and the restricted person could not reasonably have been expected to exercise or convert at a time when free to do so; and

- (k) 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:
  - (i) the Designated Officer or Employee did not enter into the plan or amend the plan during a Prohibited Period;
  - (ii) the trading plan does not permit the Designated Officer or Employee to exercise any influence or discretion over how, when, or whether to trade; and
  - (iii) the Designated Officer or Employee does not cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Prohibited Period other than in exceptional circumstances; and
- (l) a dealing by a Designated Officer or Employee with a related/associated person whose interest in the Company Securities is to be treated by virtue of the Corporations Act as the Designated Officer's or Employee's interest.

15.2 All or some of the above categories of Dealing may nevertheless be subject to legislation or regulation, including any applicable insider trading laws. Again, it remains the sole responsibility of each Designated Officer and Employee to comply with all applicable laws.

## **16. SHORT-TERM OR SPECULATIVE DEALING**

16.1 A Designated Officer or Employee may not deal in Company Securities on considerations of a short-term or speculative nature.

16.2 Specifically an acquisition by a Designated Officer or Employee of Company Securities (other than on the exercise or vesting of rights under a Company employee incentive scheme) triggers a 30 day period where that type of Company Securities must not be sold by the Designated Officer or Employee.

## **17. ASX NOTIFICATION**

17.1 The Company is required, under the Listing Rules, to notify ASX of the "notifiable interests of a director" (as that term is defined in the Listing Rules) on the date that a director is appointed by providing a completed Appendix 3X to ASX within 5 business days of the director's appointment.

17.2 The Company is required, under the Listing Rules, to notify ASX of a change to a "notifiable interest of a director" by providing a completed Appendix 3Y to ASX within 5 business days after the change occurs.

- 17.3 The Company is required, under the Listing Rules, to notify ASX of the "notifiable interests of a director" at the date that the director ceases to be a director by providing a completed Appendix 3Z to ASX within 5 business days after the director ceases to be a director.
- 17.4 Under the Listing Rules, an ASX-listed company must make such arrangements as are necessary with a director to ensure that the director discloses to the company all the information required by the company to give ASX completed Appendices 3X, 3Y and 3Z within the time period specified by the Listing Rules. In this regard, the Company requires each director to enter into an agreement with the Company regarding the disclosure of "notifiable interests" largely in the form of the pro forma agreement attached to ASX Guidance Note 22.

## **18. MODIFICATION OF POLICY**

- 18.1 This Policy may from time to time be modified or replaced by resolution of the board of directors of the Company.
- 18.2 Material amendments to this Policy must be provided to ASX for release to the market, within 5 business days of the material amendments taking effect. Material amendments include, but are not limited to:
- (a) changes to the Prohibited Period;
  - (b) changes to the dealings which constitute Exempt Dealings; and
  - (c) changes with respect to the exceptional circumstances in which a Designated Officer or Employee is permitted to Deal with the Company Securities.

## **19. DISTRIBUTION OF POLICY**

- 19.1 This Policy must be distributed to all Designated Officers and Employees.

## **20. ASSISTANCE AND ADDITIONAL INFORMATION**

- 20.1 Designated Officers or Employees who are unsure about any information they may have in their possession, and whether they can use that information for Dealing in Company Securities, should contact the Company Secretary.

Approved by the Sigma Pharmaceuticals Limited Board – January 2011