



# **SHARE TRADING POLICY**

# **PROBIOMICS LIMITED SHARE TRADING POLICY**

## **1. OBJECTIVE**

Probiomics Limited ( PCC) is a public company listed on the Australian Securities Exchange, as such stringent rules apply to share trading and related securities by the employees while in possession of non-public price sensitive information

The objective of the Share Trading Policy is to create awareness of the legal prohibition on dealing in securities of the PCC by the employees. The Policy also aims to ensure that the Company's reputation and those of its employees and Directors is not adversely impacted by perceptions of dealing at inappropriate times.

The Policy's rules are designed to assist in preventing breaches of the insider trading provisions of the Corporations Act. Ultimately it is the responsibility of the Company's Directors, employees and contractors to ensure that none of his or her dealings could constitute insider trading.

## **2. DEFINITIONS**

**ASX Listing Rules or Listing Rules** means the Official Listing Rules of the ASX as amended or replaced from time to time.

**Board** means the board of Directors of the Company.

**Closed Period** means:

- (a) the period four weeks immediately preceding the preliminary announcement of the Company's annual result or, if shorter, the period from the end of the relevant financial year to and including the time of the announcement of the Company's result; and
- (b) if the Company reports on a half yearly basis, the period of four weeks immediately preceding the announcement of the half yearly results, or if shorter, the period from the end of the relevant financial period to and including the time of the announcement.

**Corporations Act** means the Corporations Act 2001 (Cth) as amended or replaced from time to time.

**Employee** means:

- (a) directors, officers, consultants and other staff;
- (b) the spouse or children of an employee;
- (c) partners or fellow directors of family partnerships and companies;

(d) a trust for which the employer acts as a trustee or as a director of its trustee Company; and

(e) an investment fund which effectively acts at the direction of the employee.

**Key Employees** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its related entities, directly or indirectly, including any director (whether executive or otherwise) of the Company or its related entities.

**Prohibited Period** means:

(a) any closed period ( see definition of closed period above);

(b) any period when there exists any matter which constitutes unpublished price sensitive information in relation to Company's securities; and

(c) any period when the person responsible for the clearance otherwise has reasons to believe that the proposed dealing is in breach of this.

**Security or Securities** means:

(a) A security within the meaning given to that expression by section 92(1) if the Corporations Act;

(b) An option over an unissued security within the meaning given to that expression by section 92(1) of the Corporations Act;

(c) A renounceable or un-renounceable right to subscribe for a security with the meaning given to that expression by section 92(1) of the Corporations Act;

(d) A financial product traded under ASX's rules; and

(e) Otherwise, as defined by the ASX Listing Rules.

### **3. POLICY**

It is the Company's (PCC's) policy that employees and former employees are prohibited in all circumstances from trading in securities at any time if they are in possession of non-public price sensitive information regarding the Company whether or not trading window is open.. The non- public price sensitive information means:

(a) relates to the Company's securities;

(b) is specific or precise;

(c) has not been made public; and

(d) if were made public would be likely to have a significant effect on the price or value of the securities.

Additionally, under the Corporations Act it is an offence for a person in possession of information that is not generally available but which, if generally available, might materially impact the price or value of a security issued by the Company, to –

(a) trade in (i.e. apply for, acquire or dispose of, or enter into an agreement to do any of these things); or

(b) procure another person to trade in, the Security issued by the Company.

It is also an offence to pass the information to another person with the knowledge that the person could deal in the security.

Under the Share Trading Policy, trading is prohibited at any time if a person possesses inside information, irrespective of whether the Policy provides that trading could occur in a trading window or outside a Prohibited Period, or whether it is excluded from the operation of the Policy.

#### **4. SECURITIES DEALING BY KEY EMPLOYEES**

The Share Trading Policy also imposes additional dealing restrictions on the key employees.

- *Prohibited Period*

Each key employee is permitted to deal in the Company's securities throughout the year except during a Prohibited Period.

- *Prohibited Period Not to Apply*

The Company's securities dealing restriction during a Prohibited Period shall not apply to –

(a) the exercise by a key employee of an existing right, such as the exercise of options issued by the Company;

(b) participation by an employee in an issue of securities approved by shareholders;

(c) participation by a key employee in an issue of securities on the same terms and conditions as other shareholders in the Company;

(d) Where the proposed acquisition of securities is under:

(i) a bonus or rights issue made to all shareholders;

(ii) a dividend reinvestment or top up plan available to all shareholders; or

- (iii) an employee share plan;
- (e) Undertakings to accept, or the acceptance of, a takeover offer;
- (f) A dealing by a key employee with a related or associated person whose interest in the Company's securities is to be treated by virtue of the Corporations Act as the key employee's interest; or
- (g) A disposal of securities of the Company that is the result of a secured lender exercising their rights.

#### *4.1. Notice*

A key employee must not deal in the Company's securities without first –

- (a) if the key employee is a director of the Company, giving at least 24 hours prior written notification of the proposed dealing to the Chairman;
- (b) if the key employee is a person other than a director of the Company, giving at least 24 hours prior written notification of the proposed dealing to the Chief Executive Officer or the Company Secretary or in his absence, to an Executive Director.

#### *4.2. Effect of Notification*

On receiving at least 24 hours prior written notification (electronic notification or clearance by email is permitted) of a proposed dealing, the Chairman, Chief Executive Officer or the Company Secretary or Executive Director, as the case may be, shall consider the circumstances and where appropriate approve, by prior written clearance, the proposed dealing, or direct the key employee that the proposed dealing ought not to be undertaken.

In case of doubt, the Chief Executive Officer or the Company Secretary or Executive Director shall consult the Chairman.

Where the proposed dealing is approved by prior written clearance, the key employee must complete the dealing within 10 business days of the approval. Electronic notification or clearance by email is permitted.

#### *4.3. Prohibition on Active Dealing*

A key employee shall not actively deal in the Company's securities or derivatives with a view to deriving profit related income from that activity. For this purpose "Actively Deal" means to deal in the Company's securities in a manner which involves frequent and regular trading activity.

#### *4.4. Prohibition on Hedging Unvested Options*

From time to time, the Company issues incentive options to key employees. The terms of issue of the options may include performance hurdles and other vesting conditions.

Holders of incentive options are not permitted to hedge any unvested options. The option holders are permitted to hedge options which have previously vested where the relevant performance hurdles and vesting conditions have been satisfied.

#### *4.5. Director Requirement to Report to the Market*

In accordance with the agreement between Directors and the Company, Directors are required to provide in writing (electronic notification or clearance by email is permitted ) details of all changes to their interest in the Company's securities registered in the name of the director or held on behalf of the director, directly or indirectly.

If changes in interests in those Company securities or contracts are traded during a Closed Period where prior written notice is required under the ASX Listing Rules, the director must provide the following details in writing (electronic notification or clearance by email is permitted) to the Company:

- (a) Whether prior written notice was provided to allow the trade to proceed during this Closed Period; and
- (b) If prior written notice was provided, the date this was provided.

The details must be provided as soon as reasonably possible after the date of the change and in any event no later than two business days after the change to allow for compliance with the ASX Listing Rule obligations.

## **5. EXCEPTIONAL CIRCUMSTANCES**

If there are exceptional circumstances, the Chairman in consultation with the Chief Executive Officer or the Company Secretary, at their discretion, may waive parts of the Securities Dealing Policy to allow employee to sell or otherwise dispose the Company's securities (not to buy or otherwise acquire).

This discretion may be applied if it is the only reasonable course of action available to the employee, taking into account the hardship of the employee and weighing this against any perceived detriment to the Company's reputation.

## **6. SUMMARY**

The Share Trading Policy is designed to clarify the obligations on employees in relation to trading in the PCC securities, and to help them should they wish to buy and sell the Company's securities

**Approved by the Board of Probiomics Limited 20 December 2010**