

## SECURITIES TRADING POLICY

### 1. Purpose

#### 1.1 Introduction

Glennon Small Companies Limited (**Company**) is committed to ensuring that public confidence is maintained in the Company, its people and the trading of its securities. This policy sets out the Company's trading policy on buying and selling securities of the Company including shares, options, derivatives, managed investment products, superannuation products and any other financial products of the Company that are able to be traded on a financial market (**Company's Securities**).

#### 1.2 Who does this policy apply to?

This policy applies as follows:

- (a) part 2 (insider trading laws) applies to everyone (including all directors, officers contractors, family and associates);
- (b) part 3 (trading policy) applies to all directors and officers of the Company and/or any of the Company's controlled entities (**Group**) and any other key management persons designated by the board of directors (**Board**) from time to time (each a **Designated Person**); and
- (c) paragraph 3.4 (**associates**) extends certain parts of our trading policy (part 3) to the family and associates of Designated Persons as specified in that paragraph.

#### 1.3 Further advice

If you do not understand any aspect of this trading policy, or are uncertain whether it applies to you or your family or associates, please contact the Company Secretary. You may wish to obtain your own legal or financial advice before dealing in the Company's Securities.

### 2. Insider trading prohibitions under the Corporations Act

#### 2.1 What are the insider trading prohibitions?

Under the *Corporations Act 2001* (Cth) (**Corporations Act**), if you have Inside Information (as defined in paragraph 2.2 below) relating to the Company it is illegal for you to:

- (a) deal in (that is, apply for, acquire or dispose of) the Company's Securities or enter into an agreement to do so;
- (b) procure another person to apply for, acquire or dispose of the Company's Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that information to any other person if you know, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs 2.1(a) or 2.1(b) above.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from the Company to constitute Inside Information.

You cannot avoid the insider trading prohibition by arranging for a member of your family or a friend to deal in the Company's Securities nor may you give "tips" concerning Inside Information relating to the Company to others.

## **2.2 What is Inside Information:**

"**Inside Information**" is information relating to the Company which is not generally available but, if the information were generally available, would be likely to have a material effect on the price or value of the Company's Securities. Inside Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company's Securities.

Examples of Inside Information could be:

- (a) the financial performance of the Company against its budget;
- (b) changes in the Company's actual or anticipated financial condition or business performance;
- (c) changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- (d) proposed changes in the nature of the business of the Company;
- (e) changes to the Board or significant changes in key management personnel;
- (f) an undisclosed significant change in the Company's market share;
- (g) likely or actual entry into, or loss of, a material contract;
- (h) material acquisitions or sales of assets by the Company;
- (i) proposed dividend or other distribution or a change in dividend policy; or
- (j) a material claim against the Company or other unexpected liability.

## **2.3 When is information generally available?**

Information is generally available if:

- (a) it consists of readily observable matter or deductions;
- (b) it has been brought to the attention of investors through an announcement to ASX Limited (**ASX**) or otherwise similarly brought to the attention of investors who commonly invest in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- (c) it consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs 2.3(a) or 2.3(b) above.

Examples of possible readily observable matters are:

- (a) a change in legislation which will affect the Company's ability to make certain types of investments or conduct certain activities; or

- (b) a severe downturn in global securities markets.

## 2.4 Penalties

Breach of the insider trading laws may subject you to:

- (a) criminal liability – penalties include heavy fines and imprisonment;
- (b) civil liability – you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities; and
- (c) civil penalty provisions – the Australian Securities and Investments Commission (**ASIC**) may seek civil penalties against you and may even seek a court order that you be disqualified from managing a corporation.

Breach of the law, this policy, or both, will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.

## 3. Trading Policy

### 3.1 Prohibited Periods

As the Company is a listed investment company announcing its Net Tangible Assets monthly on the ASX, the Board believes the shareholders are generally fully informed.

A Designated Person must not deal in the Company's Securities if they are in possession of price sensitive or 'inside information'.

In addition to this overriding prohibition, the Board has also nominated that a Designated Person may not deal in the Company's Securities during each 5 business day period before the announcement of a capital management initiative (including a dividend) that might have a material impact on the Company's share price (**Prohibited Period**).

The Company may from time to time designate further periods of time as Prohibited Periods under this trading policy.

### 3.2 Notification of dealing

Designated Persons must notify the Company (by notifying the Company Secretary in writing) within three business days each time they deal in the Company's Securities. This notice must include details of the number of the Company's Securities affected, the relevant parties to the dealing and, if the Designated Person is a director, all other information required to be disclosed to the market in accordance with ASX Listing Rule 3.19A.

The Directors are required to complete, or request that the Company Secretary complete, necessary forms to be filed with ASX in respect of their shareholding in the Company for the purposes of section 205G of the Corporations Act and the ASX Listing Rules.

### 3.3 Securities of other entities

The Chairman may extend this trading policy (part 3) by specifying that Designated Persons are also restricted from dealing in the securities of other specified entities with which the Company may have a close relationship.

### 3.4 Associates

The trading policy (part 3) also applies to Associates of Designated Persons, except for paragraph 3.2 regarding notification of dealing.

"**Associates**" of a Designated Person includes their family members, trusts, companies, nominees and other persons over whom a Designated Person has investment control. If you are in doubt as to whether a person is an associate, you should contact the Company Secretary who will make a determination on the issue.

### 3.5 Exceptional circumstances

A Designated Person may request, and the Chairman (or another Director where the Chairman is involved) may give, prior confirmation for the Designated Person to deal in the Company's Securities during a Prohibited Period if there are exceptional circumstances (except if this would breach the insider trading prohibitions).

Exceptional circumstances may include:

- (a) severe financial hardship (for example, a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant the Company's Securities);
- (b) requirements under a court order or court enforceable undertakings or other legal or regulatory requirements; or
- (c) other exceptional circumstances as determined by the Chairman (or the Board of Directors where the Chairman is involved).

The Chairperson or another Director (where the Chairperson is involved) will decide if circumstances are exceptional.

Any clearance given by in accordance with paragraph 3.5 must be in writing (which may be in the form of an email). The Director who decides whether circumstances are exceptional must also determine, and specify in the written clearance, the maximum duration of the clearance.

### 3.6 Permitted dealings

The following types of dealing are excluded from the operation of this trading policy (other than paragraph 3.2 with respect to notification of dealing by Directors) and may be undertaken at any time, subject to the insider trading prohibitions:

- (a) **(superannuation)** transfers of the Company's Securities which are already held in a superannuation fund in which the Designated Person is a beneficiary;
- (b) **(third parties)** an investment in, or trading in 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;
- (c) **(other trustees)** where a Designated Person is a trustee, trading in the Company's Securities by the respective trust provided the Designated Person 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 the Designated Person;
- (d) **(takeover)** undertakings to accept, or the acceptance of, a takeover offer;
- (e) **(rights offers, SPPs, DRPs and buy-backs)** 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 reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Company's Board. 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;

- (f) **(lender disposal)** a disposal of the Company's Securities that is the result of a secured lender exercising their rights;
- (g) **(trading plan)** 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 Person did not enter into the plan or amend the plan during a Prohibited Period; and
  - (ii) the trading plan does not permit the Designated Person to exercise any influence or discretion over how, when, or whether to trade,

however, this policy does not allow the Designated Person to cancel the trading plan or cancel or otherwise vary the terms of this participation in the trading plan during a Prohibited Period other than in exceptional circumstances;

- (h) **(dividend reinvestment plan)** acquiring the Company's Securities under the terms of the Company's dividend reinvestment plan;
- (i) **(bonus issues)** acquiring the Company's Securities under a bonus issue made all holders of the Company's Securities of the same class;
- (j) **(no change in beneficial interest)** trading the Company's Securities where the trading results in no change in beneficial interest in the Company's Securities;
- (k) **(transfer to SMSF)** transferring the Company's Securities already held into a self-managed superannuation fund in which the Designated Person is a beneficiary;
- (l) **(subscription under disclosure document)** subscribing for the Company's Securities under a disclosure document; and
- (m) **(conversion)** the conversion of convertible securities (as defined in the ASX Listing Rules) into shares provided the conversion at that time is not otherwise prohibited by applicable laws, including the ASX Listing Rules.

#### 4. Review and publication of this policy

The Board will review this policy periodically to ensure it remains relevant to the current needs of the Company. This policy may be amended by resolution of the Board.

This policy is available on the Company's website and the key features are published in the annual report or a link to the governance section of the website.

Approved by the Board on 10 May 2016