

## ASX RELEASE

2 July 2013

**SFG AUSTRALIA LIMITED**  
**ASX RELEASE**  
(ASX: SFW)

### **SECURITIES TRADING POLICY**

Please see attached the updated SFG Australia Securities Trading Policy.

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### **About SFG Australia Limited**

SFG Australia is a leading non-aligned client focused financial advice and end-to-end wealth management firm, listed on the Australian Securities Exchange (ASX: SFW).

SFG Australia provides a full range of wealth management services to high net worth and affluent clients, including strategic financial advice, portfolio administration solutions, portfolio construction and management services, insurance (both general and risk) solutions, finance broking, stockbroking, corporate superannuation services, accounting and tax services.

# SFG Australia Limited and Subsidiaries ACN 006 490 259

## Securities Trading Policy

Approved by the Risk Management and Audit Committee with effect from  
1 July 2013

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## 1. Application

### Who does this Policy apply to?

- 1.1. The Company has adopted this Securities Trading Policy (Policy) to regulate Trading in Shares or related Securities of the Company. This Policy applies to all Employees of the Company and the Group.

### Reasons for this Policy

- 1.2. The Company has adopted this Policy to regulate Trading by Employees in the Company's Securities.
- 1.3. All Employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the Employee's personal interests and those of the Group. The Company is also keen to promote shareholder and general market confidence in the Group.
- 1.4. This Policy is specifically designed to:
  - (a) raise awareness and minimise any potential for breach of the prohibitions on insider trading contained in Part 7.10 of the *Corporations Act 2001* (Cth) – see section 4 for further details; and
  - (b) meet the Company's obligations under the ASX Listing Rules to maintain a Securities Trading Policy.

## 2. Definitions

In this Policy:

**ASX** means Australian Securities Exchange;

**ASX Listing Rules** means the listing rules of ASX applicable to the Company from time to time;

**Board** means the board of directors of the Company;

**Closed Period** means any time other than during a Trading Window;

**Company** means SFG Australia Limited ACN 006 490 259;

**Director** means any director of the Company and their Related Parties;

**Employee** means a person who is an employee, officer or director of the Company or the Group and includes the Senior Executives, unless expressly stated otherwise;

**Executive Management Team** means the members of the Board appointed committee of the senior executive management of the Company;

**Exceptional Circumstances** means circumstances which the Chairman (or the Deputy Chairman or lead independent director in the case of proposed Trading by the Chairman) decides are so exceptional that the proposed Trading of Securities is the only reasonable course of action available, which can include the circumstances set out in section 7.1;

**Group** means the Company and its controlled entities;

**Prohibited Period** means any Closed Period and any additional period from time to time when the Chairman or Board impose a prohibition on Trading;

**Related Party** means, in relation to a Director or Senior Executive, the spouse, parents, and children of the Director or Senior Executive, and entities controlled by the Director or Senior Executive.

**Shares** means ordinary shares of the Company;

**Securities** includes Shares, options, performance rights and other securities issued by the Company which are convertible into Shares, as well as financial products issued or created over Shares by third parties, including structured financial products, swaps, futures contracts, contracts for differences, spread bets, options, warrants, depositary receipts or other derivatives over or related to the performance of Shares;

**Senior Executives** means:

- (a) the members of the Executive Management Team (including the Managing Director and Chief Financial Officer);
- (b) all direct reports to a member of the Executive Management Team;
- (c) any other person who is one of the Group's key management personnel (as defined in AASB 124 *Related Party Disclosures*), including those persons identified as key management personnel in the Company's most recent Annual Report;
- (d) any other Employee who has been notified that the Board designates them as a Senior Executive for the purposes of this Policy; and
- (e) any Related Party of the Senior Executive.

**Trade or Trading** means:

- (a) buying or selling Securities;
- (b) entering into an agreement to buy or sell Securities; or
- (c) exercising options, rights or awards to acquire Securities; and

**Trading Window** means any period specified as such in clauses 3.5 to 3.7.

### 3. Trading Windows

#### Trading may occur only during Trading Windows

- 3.1 All Trading in Securities by Employees must be in accordance with this Policy and generally will only be permitted during Trading Windows and must not occur during any Prohibited Period.
- 3.2 No Trading in Securities may occur outside of Trading Windows without the prior written permission of the Chairman (or an officer of the Company designated by the Chairman), unless an exception in section 3.8 applies. Permission to sell (but not purchase) Securities will ordinarily only be granted in Exceptional Circumstances and only in the event that the person involved is not in possession of inside information affecting Securities. Requests for such permission should generally be made through the Company Secretary. Refer to section 7 for further details.

**When is Trading during a Trading Window prohibited?**

- 3.3 Even if a Trading Window is open, the laws prohibiting insider trading continue to apply to Employees so that they must not trade if they possess any inside information. Refer to section 4 of this Policy for further details.
- 3.4 Further, Employees are prohibited from:
- (a) Short term trading, other than when an Employee exercises employee options or performance rights to acquire Shares at the specified exercise price, Trading in Securities (or an interest in Securities) on a short-term trading basis. Short-term trading includes buying and selling Securities within a 3 month period, and entering into other short-term dealings (e.g. forward contracts);
  - (b) Trading in Securities which operate to limit the economic risk of an Employee's holdings of unvested Securities granted under an employee incentive plan (hedging unvested awards); or
  - (c) Trading in Securities which enable an Employee to profit from or limit the economic risk of a decrease in the market price of Shares (short positions).

**When are the Trading Windows?**

- 3.5 The Trading Windows during which Employees will be permitted to Trade Securities will be notified by the Company Secretary on the Company's website and/or via email to Employees. These will generally be open at the following times:
- (a) for a period of 4 weeks commencing on the next trading day after the public release by the Company of its preliminary annual results to the ASX;
  - (b) for a period commencing on the next trading day after lodgement of the Company's September Quarterly FUM update with the ASX and continuing until 31 December (being the end of the first half of the relevant financial year);
  - (c) for a period of 4 weeks commencing on the next trading day after the public release by the Company of its preliminary half year results to the ASX;
  - (d) for a period commencing on the next trading day after lodgement of the Company's March Quarterly FUM update with the ASX and continuing until 30 June (being the end of the relevant financial year); and
  - (e) during the offer period (for so long as it remains open) under any publicly available prospectus issued by the Company offering Securities.
- 3.6 Notwithstanding the time periods described above, the Company may declare a Trading Window closed at any time at its absolute discretion and without prior notice. For example, this could occur where directors of the Company believe that certain Employees may hold inside information relating to the Group.
- 3.7 Trading windows will not automatically be opened at the times described above. Details of when a Trading Window is opened or closed and any Prohibited Periods will be posted on the Company's website and/or communicated via email to Employees. Employees should check the website or with the Company Secretary to confirm that a relevant Trading Window applies, before Trading in any Securities.

## Exceptions to the Prohibited Periods

- 3.8 The following exceptions to the Trading restrictions during Prohibited Periods apply even if a Trading Window is not open (but subject always to insider trading laws):
- (a) an exercise (but not the sale of Securities following exercise) of an option or other right to acquire Shares 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 Prohibited Period;
  - (b) Trading under an offer or invitation made to all or most of the shareholders such as, a rights or entitlement issue, a security purchase plan, or an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the 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;
  - (c) Trading where the beneficial interest in the relevant Securities does not change. This includes:
    - (i) a dealing by which the relevant Securities are transferred by an Employee from their personal holdings to a superannuation fund of which they are a beneficiary;
    - (ii) the withdrawal of Securities from an employee incentive scheme and the transfer of that Security to the participant's personal holdings or superannuation fund of which they are a beneficiary;
  - (d) an acquisition of shares under a dividend reinvestment plan, provided the election to participate in the dividend reinvestment plan was made before the Employee came into possession of any inside information;
  - (e) an Employee accepting a takeover bid or transferring Securities under a scheme of arrangement in respect of the Company;
  - (f) an investment in, or trading in units of, a fund or some other scheme (other than a scheme only investing in the Securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (g) where an Employee is a trustee, Trading in the Securities of the Company by that trust provided the 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 the relevant Employee; and
  - (h) 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 Employee did not enter into the plan or amend the plan during a Prohibited Period;
    - (ii) the trading plan does not permit the Employee to exercise any influence or discretion over how, when, or where to Trade; and
    - (iii) the trading plan does not allow for the cancellation of a trading plan or for the Employee to otherwise vary their participation in the trading plan during a Prohibited Period other than in exceptional circumstances.

## Escrow

- 3.9 Any Employee who holds Securities in escrow (either as ASX restricted securities or through voluntary escrow arrangements) must comply with the terms of any applicable escrow arrangements and will be unable to trade in Securities during that time. Furthermore, once any such escrow arrangements have ended, the Employee is not free to Trade in their Securities unless and until permitted by this Policy.

## 4. Insider trading laws

### What is insider trading?

- 4.1 Insider trading involves trading in securities on the basis of price sensitive information which has not been made available to the other party to the transaction (or to the ASX as a whole).
- 4.2 A person (the **Insider**), including an Employee or a former Employee, must not Trade in securities, or procure another person to do so, if the Insider possesses information that is not Generally Available and a reasonable person would expect that information, if it were made Generally Available, to have a material effect on the price of the securities (**Inside Information**). This prohibition applies at all times, including when a Trading Window is open. There are only limited exceptions to the prohibition.
- 4.3 Information is Generally Available where the information:
- (a) is readily observable; or
  - (b) has been made known in a manner likely to bring it to the attention of investors in Securities of a kind whose price may be affected by the information, and a reasonable period has elapsed to allow the information to be disseminated; or
  - (c) consists of deductions, conclusions or inferences made or drawn from the above.
- 4.4 Inside Information captures a very broad range of information. It includes matters that are insufficiently definite to warrant being publicly disclosed, future intentions, and matters of opinion. The information will be considered to have a material effect on the price of securities if it would influence persons who commonly Trade in securities in deciding whether or not to Trade.
- 4.5 In addition, Employees are prohibited from disclosing Inside Information, specifically they:
- (a) must not communicate Inside Information to someone who might then:
    - (i) Trade in Securities; or
    - (ii) procure another person to Trade in Securities,this should be assumed to include family members, relatives, and entities they control; and
  - (b) should seek to ensure that third parties who come into possession of Inside Information preserve its confidentiality and do not Trade while in possession of that information. This will usually be achieved by means of a written confidentiality agreement.
- 4.6 The Company seeks to minimise the risk of Insider Trading both through enforcing and monitoring compliance with this Policy, the use of Trading Windows, and through complying with its obligations in relation to continuous disclosure to ASX. The Company is obliged under the ASX Listing Rules to immediately disclose to the market any material price



sensitive information in relation to the Company's securities. However, there are exceptions to this continuous disclosure requirement, for example if the information is confidential and generated for internal management purposes and a reasonable person would not expect it to be disclosed. This means that there may be circumstances where Inside Information is known by Employees and has not been disclosed the market.

- 4.7 Any Employee who considers that he or she may have Inside Information must not Trade in the Company's securities, or communicate Inside Information to another person, as described in sections 4.2 and 4.5.
- 4.8 Prior to Trading in the Company's securities, the Employee must be satisfied that he or she does not possess Inside Information. This must be the case irrespective of whether the Trading Window is open, or the Employee otherwise has permission to Trade because of the existence of Exceptional Circumstances. A request for approval to Trade, made in accordance with this Policy, must also include a declaration that the Employee does not have any Inside Information.

### **What are the consequences of insider trading?**

- 4.9 Insider trading is strictly prohibited by law, and it is important that all Employees do not breach that prohibition. Insider trading, or the perception of insider trading, by any Employee will not be tolerated. The existence of a personal financial emergency or hardship does not excuse non-compliance with this Policy. It is not only important that the Group and its Employees do not participate in any insider trading activities, but also that we avoid any appearance of insider trading. Any allegation of insider trading would be likely to have a serious detrimental impact on the Group and its business. As such, all Employees must be seen to be actively and diligently upholding the law and complying with this Policy.
- 4.10 Insider trading is a crime and can result in imprisonment, fines, orders to pay compensation and other penalties against the Company and Employees.

## **5. Insider trading in securities of other companies**

- 5.1 While in general Employees are free to deal in securities of other listed companies, the insider trading prohibitions under the Corporations Act includes dealings not only in the Company's Securities but also those of other listed companies with which the Company may be dealing (including the Group's business partners) where an Employee possesses Inside Information in relation to that other company.
- 5.2 If an Employee is aware of such Inside Information in respect of another company, the Employee should not trade or deal in the securities of the company that it affects. For example, where the Employee is aware that the Group is about to sign a major agreement with another company, the Employee should not buy securities in either the Company or the other company.

## 6. Pre-notification and reporting of Trades

### Who and when must give notification of an intention to Trade?

- 6.1 When permitted to Trade in accordance with this Policy, all Directors and Senior Executives must give at least two trading days (or such shorter period approved by the Chairman) prior written notice (which can be by email) of any proposed Trading in Securities and confirm that they do not possess any inside information:
- (a) in the case of Senior Executives, to the Company Secretary;
  - (b) in the case of a Director of the Company, to the Chairman;
  - (c) in the case of the Chairman, to the Deputy Chairman or lead independent director of the Company.

### What Trading does not need to be pre-notified?

- 6.2 The only Trades that do not need to be pre-notified are those that are permitted under a specific exception in section 3.8.

### Reporting of completed Trades

- 6.3 Once a Trade of any Securities has been made by or for a Director or a Senior Executive, details of the Trade, including the number and price of Securities involved, the change to their relevant interests and any other relevant matters must be reported in writing to the Company Secretary within three business days of the completion of the trade in the Company.
- 6.4 Further, Directors of the Company must immediately report all acquisitions or disposals or other Trading of Securities, including date, price and volume, without exception to the Company Secretary so that the Company can comply with its ASX reporting obligations. Each disclosure notice given to ASX will need to state whether the relevant trade occurred outside of a Trading Window and, if so, whether prior written clearance was provided.

## 7. Exceptional circumstances

- 7.1 Employees may make requests for permission to Trade outside of the Trading Windows only in Exceptional Circumstances such as:
- (a) severe financial hardship, where the Employee has pressing financial commitments that cannot be satisfied otherwise than by selling their interest in the Company's Securities. A liability to pay tax would not normally constitute such severe financial hardship;
  - (b) if the Trading is required by a court order, or there are court enforceable undertakings, for example in a bona fide family settlement, to sell or transfer Securities or there is some other overriding legal or regulatory requirement for them to do so;
  - (c) any other circumstances that the Chairman accepts as being sufficiently exceptional.

- 7.2 A request for permission to Trade due to Exceptional Circumstances should be made by written notice to the Company Secretary outlining:
- (a) the name of the Employee;
  - (b) details of the Exceptional Circumstances and the reasons for requesting permission to Trade;
  - (c) the type of proposed transaction (purchase, sale, etc.);
  - (d) the number and type of Securities involved; and
  - (e) confirmation that they do not hold any inside information.
- 7.3 The Company Secretary will confer with the Chairman in relation to any proposed Trading due to Exceptional Circumstances. Permission to Trade is entirely discretionary, and Employees should not Trade in the expectation that permission will later be given. If permission is granted, the Employee may only Trade the Securities during the period specified in such permission.

## **8. Margin lending arrangements and other security over Shares**

- 8.1 Directors of the Company and Senior Executives may not grant security over their Shares or include their Securities in a margin loan portfolio or otherwise Trade in Securities pursuant to a margin lending arrangement without first obtaining the consent of the Chairman (or, in the case of the Chairman, the Deputy Chairman or lead independent director of the Company). Such dealing would include:
- (a) Borrowing to acquire Shares and granting the lender a share mortgage over those Shares;
  - (b) entering into a margin lending arrangement in respect of Securities;
  - (c) transferring Securities into an existing margin loan account; and
  - (d) selling Securities to satisfy a call pursuant to a margin loan except where they have no control over such sale.

## **9. Review of Policy and compliance with Policy**

- 9.1 This Policy will be reviewed annually by the Company Secretary having regard to the changing circumstances of the Company and any changes to this Policy will be notified to ASX. If Employees have any comments or views concerning the operation or effectiveness of this Policy, they should also be communicated to the Company Secretary.
- 9.2 The Company Secretary is responsible for reviewing and reporting to the Board annually on compliance with, and the effectiveness of, this Policy. The Company Secretary will regularly report to the Board in relation to compliance with this Policy on an exceptions basis.

## 10. Breaches

- 10.1 Breaches of this Policy will be viewed seriously and may lead to remedial and/ or disciplinary action being taken against the relevant Employee. In serious cases, such action may include dismissal. Any Employee who becomes aware of a violation of this Policy should immediately report the violation to the Company Secretary.
- 10.2 It should be noted that, in some circumstances, the Company may be obliged to notify regulatory and/or criminal authorities of a serious breach of this Policy.

## 11. Questions

**For questions about the operation of this Policy, please contact:**

Company Secretary  
SFG Australia Limited  
Level 18, 50 Bridge St  
Sydney NSW 2000  
(02) 9250 1500