

23 November 2020

ASX Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Etherstack plc (ESK) Securities Trading Policy

The attached revised Securities Trading Policy is authorised for release to the ASX.

Authorised by



David Carter
Chief Financial Officer & Company Secretary



English Registered Company No. 7951056 | ARBN 156 640 532

London (GMT)
P: +44 207 734 0200
info.eu@etherstack.com

Yokohama (GMT +9)
P: +81 45 342 9050
info.jp@etherstack.com

New York (GMT-5)
P: +1 917 661 4110
info.na@etherstack.com

Securities Trading Policy

Etherstack plc (UK Registered Company No 7951056)

Reviewed by the board November 2020

Contents

Page

1	Introduction and purpose of policy	1
2	Persons to whom this Policy applies	1
3	Restrictions on trading	2
4	Trading Windows and closed periods	3
5	Exceptional circumstances	5
6	Excluded trading	6
7	ASX Notifications	7
8	Insider trading provisions	8
9	Breach of this policy	8
10	Further information	8
11	Changes to this policy	8

1 Introduction and purpose of policy

- (a) The *Corporations Act 2001 (Cth)* (**Corporations Act**) prohibits the trading in shares, options, debentures (including convertible notes) and other securities (including CDIs) (**Securities**) of a company by any person who is in possession of undisclosed price sensitive information regarding that company. The Corporations Act imposes substantial penalties on persons who breach those provisions.
- (b) This policy aims to:
 - (i) raise awareness and provide an explanation of the prohibition on insider trading under the Corporations Act;
 - (ii) establish best practice procedure for when directors and employees buy and sell Securities;
 - (iii) specify the periods within the year in which trading in company Securities (including derivatives) by key management personnel is restricted;
 - (iv) set out the closed periods, a description of trading that is not subject to the policy and details of the procedure for obtaining clearance to trade within prohibited periods;
 - (v) disclose the 'exceptional circumstances' under which key management personnel may be granted clearance to trade in prohibited periods;
 - (vi) disclose to the market a change in a notifiable interest of a director of the entity (including whether the change occurred during a closed period where prior written clearance was required and if so, whether such clearance was provided) within five business days after the change occurs; and
 - (vii) disclose the trading policy and any subsequent amendments to the market.

2 Persons to whom this Policy applies

- (a) The Corporations Act prohibitions apply to all directors and employees of the Company and its related bodies corporate (as defined in the Corporations Act) (**the Group**).
- (b) This policy applies to:
 - (i) all directors, officers and senior managers of the Group including key management personnel (being directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly (**Key Management Personnel**));
 - (ii) all employees of the Group; (**Employees**); and

- (iii) all associates of Key Management Personnel and Employees, which includes:
 - (A) a company, trust or other entity controlled by the Key Management Personnel or Employee; or
 - (B) a family member who the Key Management Personnel or Employee may be expected to control, influence, or be influenced by, that Key Management Personnel or Employee in his or her dealings with Securities. This may include the Key Management Personnel or Employees spouse, partner, dependent child, a close relative, or a person acting in concert with the Key Management Personnel or Employee (**Associate**).

(each a **Relevant Person**).

3 Restrictions on trading

3.1 General prohibition on insider trading

- (a) If a Relevant Person possesses “inside information” in relation to Securities of the Company or any other company the person must not:
 - (i) buy, sell or in any way deal in any Etherstack Securities at any time;
 - (ii) procure another person to deal in Etherstack Securities in any way; or
 - (iii) directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to:
 - (A) deal in Etherstack Securities in any way;
 - (B) procure a third person to deal in Etherstack Securities in any way; or
 - (C) pass that information onto another person.
- (b) All Relevant Persons are prohibited from dealing in the Securities of outside companies about which they acquire inside information through their position with Etherstack.
- (c) A person possesses “inside information” in relation to Securities of Etherstack or another company where:
 - (i) the person possesses information that is not generally available to the public and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities (or a decision whether or not to trade in them); and
 - (ii) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Securities.

- (d) A reasonable person would be taken to expect information to have a “material effect” on the price or value of Securities if the information would, or would be likely to, influence a person who commonly invests in Securities to either deal or not deal in Securities in any way.
- (e) To “Deal” in Securities includes subscribing for, purchasing or selling Securities or entering into an agreement to do any of those things.
- (f) A person can possess inside information in respect of a company, even if they are not associated with that company in any way. It is not relevant how the inside information was obtained.

3.2 No speculative trading

- (a) Relevant Persons should not engage in short-term or speculative trading in Etherstack shares. Short-term or speculative trading includes buying and selling Securities within a short period (e.g. 3 months) period and entering into other short term dealings (for example, forward contracts).
- (b) The guiding principle should be that at the time of purchase, the Relevant Person should not intend to resell the shares within 3 months with the aim of realising a capital gain.
- (c) The prohibition on short-term or speculative trading includes direct dealings in Etherstack shares and transactions in the derivative markets involving exchange traded options, share warrants and similar instruments.
- (d) The entering into of all types of “protection arrangements” for any Etherstack shares (or Etherstack products in the derivatives markets) that are held directly or indirectly by Relevant Persons are prohibited at any time, irrespective of whether such protection arrangements are entered into during trading windows or otherwise. Without limiting the generality of this policy, entering into protection arrangements includes entering into transactions which:
 - (i) amount to “short selling” of shares beyond the Relevant Person’s holding of shares;
 - (ii) operate to limit the economic risk of any Relevant Person’s shareholding; or
 - (iii) otherwise enable a Relevant Persons to profit from a decrease in the market price of shares.
- (e) For the above purposes, “shares” are shares of Etherstack as well as financial products issued or created over shares by third parties, structured financial products, swaps, futures contracts, contracts for differences, spread bets, options, warrants, depository receipts, or other derivatives over or related to the acquisition or the performance of shares.

4 Trading Windows and closed periods

- (a) Subject to paragraph (g) and section 6, Key Management Personnel and such other Etherstack persons as the Chief Executive Officer nominates (each a **Designated Etherstack Person**) may only deal in Etherstack Securities during the

periods when relevant information regarding the Company is in the public domain, usually following Company public announcements (**Trading Windows**).

- (b) For the avoidance of doubt Designated Etherstack Persons may only trade during the Trading Windows if they are not in possession of inside information in relation to the Company
- (c) The Closed Periods for Designated Etherstack Persons are:

Circumstance	Closed Period
Release of Half year results to ASX	From 21 calendar days prior to the end of the relevant half year (30 June) until the start of the trading day following the day of the release
Release of Full Year Results to ASX	From 21 calendar days prior to the end of the relevant financial year (31 December) until the start of the trading day following the day of the release.

Any other period that the Board specifies from time to time.

- (d) All parts of the year that are not Closed Periods are ‘Trading Windows’ for the purposes of this policy (**Trading Windows**). The Board of Etherstack may from time to time nominate any additional period during a trading window that is also to be treated as a closed period.
- (e) Designated Etherstack Persons must:
 - (i) prior to dealing in Etherstack Securities during a trading window, notify the relevant person in paragraph 5(j) of the proposed dealing; and
 - (ii) after dealing with the Etherstack Securities, provide the relevant person in paragraph 5(j) with a transaction confirmation.
- (f) In addition to the notification that is required to be provided under paragraph (e):
 - (i) directors must advise the Chair of a proposed dealing in Etherstack Securities prior to any trade and confirm they are not in possession of any unpublished price-sensitive information;
 - (ii) Designated Etherstack Persons (other than directors) must advise the company secretary or, in his or her absence, the Chief Executive Officer, of a proposed trade in Etherstack Securities, prior to any trade and confirm they are not in possession of any unpublished price-sensitive information.
- (g) Subject to clauses 5 and 6, Designated Etherstack Persons are prohibited from:
 - (i) trading with Etherstack Securities during any Closed Period;
 - (ii) trading at any time in financial products such as options, warrants, futures or other financial products issued over Etherstack Securities by third parties such as banks and other institutions;

- (iii) entering into transactions in products associated with Etherstack Securities which operate to limit the economic risk of their security holding in the Company (e.g. hedging arrangements) including Etherstack Securities held beneficially (for example, on trust or under any Etherstack incentive plan) on that Etherstack person's behalf;
- (iv) engaging in short-term (less than 3 months) or speculative trading of Etherstack Securities at any time; and
- (v) trading during prohibited periods in financial products issued or created over or in respect of Etherstack Securities.

5 Exceptional circumstances

- (a) A Designated Etherstack Person, who is not in possession of inside information in relation to the Company, may be given prior written clearance to sell or otherwise dispose of the Securities of the Company during a prohibited period, where the restricted person is in severe financial hardship or there are other exceptional circumstances.
- (b) For the avoidance of doubt, there is no discretion to approve dealings by any person in possession of inside information.
- (c) What constitutes "exceptional circumstances" will be assessed by the Board on a case-by-case basis, and may include, without limitation:
 - (i) severe financial hardship where the person has a pressing financial commitment that cannot reasonably be satisfied otherwise than by selling the relevant Securities; or
 - (ii) a requirement by a court order or court enforceable undertaking, for example a bona fide family settlement.
- (d) Whether a person is in severe financial hardship or whether a particular set of circumstances falls within the range of exceptional circumstances set out above will be determined by the Board.
- (e) Etherstack recognises that exceptional circumstances cannot always be specified in advance. It is contemplated that there may be circumstances deemed exceptional by the Board and whereby prior written clearance is granted to permit trading.
- (f) Where there are exceptional circumstances, a Designated Etherstack Person is required to seek the written approval of the relevant authorising officer (as set out in the table in paragraph (j)), prior to engaging in any dealing in Etherstack Securities, and any approval given must be acted on within 5 business days of receipt and may be provided by electronic delivery via email.
- (g) The person seeking clearance to trade must satisfy the Board that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant Securities is the only reasonable course of action available. If the Board is in any doubt in making such determinations on behalf of the entity, consideration should be given to the purpose of the listing rules and the discretion should be exercised with caution.
- (h) An Etherstack employee (other than a Designated Etherstack Person) who is not in possession of inside information in relation to the Company and does not have access to regular confidential information (including, but not limited to Etherstack's

business unit or consolidated monthly management reports and forecasts) may deal in Etherstack Securities at any time if the employee notifies the Company Secretary before commencing the transaction and after the transaction has occurred, provides the Company Secretary with a trade confirmation.

- (i) The Company Secretary will maintain a copy of:
 - (i) all requests for an approval to deal in Etherstack Securities submitted by a Designated Etherstack Person or Etherstack employees; and
 - (ii) details of all dealings in Etherstack Securities made by Etherstack Designated Persons or Etherstack employees.
- (j) Consents and notifications

Relevant person	Person to notify or to provide consent or waiver
<i>Chair of the Board</i>	Any other member of the Board
<i>Other Directors and CEO</i>	The Chair of the Board
<i>Other Designated Etherstack Persons</i>	Approval: Chair of the Remuneration committee Notification: Chair of the Remuneration committee or Company Secretary
<i>Other relevant Etherstack persons</i>	Company Secretary

6 Excluded trading

In accordance with listing rule 12.12.3, set out below is trading which Etherstack excludes from the operation of its trading policy.

- (a) Designated Etherstack Persons may at any time:
 - (i) trade Etherstack shares where the trading does not result in a change of beneficial interest in the shares;
 - (ii) transfer Etherstack Securities already held into a self-managed superannuation fund or other saving scheme in which the restricted person is a beneficiary;
 - (iii) trade in Etherstack Securities where trading occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party, where the restricted person has no control or influence with respect to trading decisions, or where the trading occurs under an offer to all or most of the security holders of Etherstack;
 - (iv) acquire Etherstack ordinary shares by conversion of Securities giving a right of conversion to Etherstack ordinary shares;
 - (v) acquire Etherstack Securities under a bonus issue made to all holders of Securities of the same class;

- (vi) receive Etherstack shares under any director or employee share plan (but may not sell all or any of the shares received under these plans other than in accordance with this trading policy);
 - (vii) acquire, or agree to acquire, options under a share option plan;
 - (viii) exercise (but not sell the Securities following exercise) options or rights under a share option plan, where the final date for the exercise of the option or right, falls during a prohibited period and Etherstack has been in an exceptionally long prohibited period or has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so. The Relevant Person may not sell all or part of the shares received upon exercise of the options other than in accordance with this trading policy;
 - (ix) invest in, or trade in units of, a fund or other scheme (other than a scheme only investing in the Securities of Etherstack) where the assets of the fund or other scheme are invested at the discretion of a third party;
 - (x) where a restricted person is a trustee, trade in the Securities managed by that trust provided the restricted 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 restricted person;
 - (xi) undertake to accept, or accept, a takeover offer;
 - (xii) trade 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 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 deciding 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) If a director or employee (including Key Management Personnel) undertakes any of the actions described in paragraph (a), that person must advise the relevant authorising officer (as set out in clause 5(j)).

7 ASX Notifications

- (a) Subject to paragraph 3.1(a), a director must notify ASX within 5 trading days after any change to the director's relevant interest in Etherstack Securities or a related body corporate of Etherstack, including whether the change occurred during a closed period and, if so, whether prior written clearance was provided.
- (b) A director must immediately notify the company secretary in writing of the requisite information for the company secretary to make the necessary notifications to Australian Securities and Investments Commission and ASX as required under the Corporations Act and ASX Listing Rules.

8 Insider trading provisions

The requirements imposed by this policy are in addition to any legal prohibitions on insider trading. Trading in Etherstack Securities is prohibited at any time by a director or a Etherstack person if that person possesses insider information, irrespective of whether the trade would occur during a trading window.

9 Breach of this policy

A breach of this policy will be regarded seriously and may lead to disciplinary action, including dismissal.

10 Further information

If you require any further information or assistance, or are uncertain about the application of the law or this trading policy in any situation, please contact the Company Secretary.

11 Changes to this policy

If Etherstack makes a material change to this trading policy, the amended trading policy will be provided to the ASX for release to the market within 5 business days of the material changes taking effect.