

Dealing in Company Securities, Misuse of Price Sensitive Information & Insider Trading

Policy (Australia)

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About this document

Audience

This policy applies to executive and non-executive directors and staff members of Praemium Limited (ASX:PPS) ('PPS') and each of its incorporated subsidiaries (the 'Group') located in Australia.

The subsidiaries that are incorporated in the United Kingdom ('UK') may have their operations there. Because the laws in the UK differ from those in Australia, the UK subsidiary group may adopt its own policies and procedures for the prevention of insider trading or otherwise in respect to personal account dealing. Those policies and procedures must be consistent with the policy set out in this document. The only differences that arise should arise as a consequence of different requirements under law or as a consequence of regulation affecting a subsidiary or its operations.

All members of staff of the Group who are employed to work in any of the businesses located in Australia are expected to be familiar with, and to comply with this policy and any related/ancillary policies that apply to their business unit¹.

Objectives

The purpose of this policy is to ensure that:-

- (a) The Group's executive and non executive directors and members of staff located in Australia, have a good understanding of their obligations in relation dealing in PPS securities, misuse of price sensitive information and insider trading pursuant to Australian law in order to ensure they avoid such conduct;
- (b) The Group complies with the requirements of the ASX Listing Rules;
- (c) The Group is protected against damage to its business reputation; and
- (d) PPS and its Australian subsidiaries meet their obligation under the *Corporations Act 2001 (Cth)* (the 'Act').

Scope

This document outlines the policy that is approved by the Board of Directors.

All Directors and Staff must comply with this policy. Directors of Praemium Limited and each of its wholly owned subsidiaries and members of the Senior Executive Team of the PPS Group ("**Key Management Personnel**") are also required to ensure that any of their associates (including their spouse, de facto partner, children under the age of 18 years, self managed superannuation funds and any company or trust which they or any member of their family control) ("**Associated Parties**") also comply with the requirements of this policy.

The processes and procedures that outline the practical steps to manage this policy are contained in the Procedure for the Prevention of Insider Trading (Australia).

¹ The UK Subsidiary Group may have additional requirements to ensure compliance with local requirements.

Related documentation

- Praemium Corporate Code of Conduct
- Praemium Audit, Risk & Compliance Charter
- Conflict of Interest Policy (Australia)
- Conflict of Interest Procedure (Australia)
- Dealing in Company Securities, misuse of price sensitive information & Insider Trading Procedure (Australia)

Updates

If you have any questions about this document, or suggestions for improving its accuracy or usability, please send a message to **author's team**.

Version no.	Status	Draft no.	Version date	Description of change	Created by
1.0	Draft		24 Oct 2005	Document Title: Guidelines for Trading in the Company's Securities Initial draft Note this policy has been prepared in anticipation of a public share offering and listing on ASX. Those components of the document that are not relevant prior to listing will only apply when the listing occurs.	CCN
1.1	Draft	2	14 Dec 2005	Update and reviewed for consistency with AFS Licence application/compliance requirements	CCN
2.0	Approved	3	1 June 2006	Split into 2 policies in anticipation of becoming a public listed company – this one relates to misuse of sensitive information taken from PAS or the misuse of price sensitive information about the company. The other is a guideline for trading in the company's shares once it is listed	CCN
2.1	Approved		1 June 2007	Annual update in preparation for new website /rebranding. Published on website.	
3	Draft	4	17 Sept 2007	Updated and combined with Misuse of Sensitive Information Policy	MG
3.1	Draft	5	Oct 2007	Board review and approval – not completed.	

4.0	Draft	1	8 Jan 2009	Review and update – any procedures have been stripped out and a separate procedure document has been created. The procedure document has also incorporated the guidelines for trading in company shares. The entire procedure has also been aligned with UK procedure to ensure consistency in approach.	KC
4.0	Draft	2	14 Jan 2009	Review	CCN
4.0	Draft	3	15 May 2009	Review	KC
4.0	Draft	4	20 May 2009	Review	CCN
4.0	Definitive		26 May 2009	Approved	PPS Board
5.0	Draft	1	20 Oct 2009	Update required to comply with the 'best practice' recommendations for Corporate Governance, in relation to Praemium's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes	KC/CCN
5.0	Definitive		27 Oct 2009	Amendments approved	Board
6.0	Draft	1	24 December 2010	Updates in anticipating of Listing Rule Changes taking effect on 1 January 2010	CCN

6.0	Final	1	31 December 2010	For RELEASE	Board
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Next Review

- Praemium will monitor and review this policy regularly to assess its effectiveness and compliance with the law at the time.
- This policy is due to be reviewed by the Legal Department June 2011.

1. Policy Statement

- 1.1. In accordance with the requirements of its Code of Conduct, Praemium shall take all reasonable steps to promote:
 - (a) Staff and directors to align their personal interests with the success of the Group by investing in PPS; and
 - (b) Compliance with both the letter and spirit of the laws and regulations that prohibit insider trading.
- 1.2. Praemium has established procedures which must be followed by all staff who wish to trade in PPS Securities. The details of those procedures may differ for staff who are resident in Australia and the UK. As a minimum requirement, whether or not a Closed Period (as described below) or Trading Ban is in place, all staff who wish to trade must submit a request in writing to the Company Secretary prior to trading in PPS Securities and provide any further information requested by the Company Secretary at that time. No instructions may be provided to any broker until clearance is given in writing (including by email) by the Company Secretary or the Chairman. Even if approval is given for trading over a period of time (which shall not be any longer than 10 Trading Days), if that approval is withdrawn any instructions which have not been fulfilled must be immediately withdrawn.
- 1.3. The Act prohibits an officer (including a director) or staff member of a company from making improper use of:
 - (a) His or her position with the company; or
 - (b) Information acquired by virtue of that position,
 - (c) to gain (directly or indirectly) an advantage for any person to cause detriment to the company.
- 1.4. The Act also prohibits a person from trading in securities of a company at a time when that person possesses certain information that is not generally available and would be likely to materially affect the market price of the securities.
- 1.5. Directors and staff are encouraged to be long-term investors in PPS. However, in the light of the prohibitions contained in the law and the need to maintain and protect confidentiality of information relating to the Group:
 - (a) Group directors and staff:
 - (i) must not, at any time, directly or indirectly, buy or sell PPS Shares, or deal in any other related financial products of the Group when in possession of unpublished information that is price sensitive and which could materially affect the price or value of the relevant security, and
 - (ii) must not communicate, disclose, use or misuse price sensitive information obtained in the course of his or her position with the Group.
 - (b) No Group director or staff member may disclose any information or opinion to any third party if they know (or reasonably should know or suspect) that as a result of that disclosure, the third

party will or would be likely to:

- (i) execute a transaction of a security or related financial product; or
- (ii) advise or procure another person to execute such a transaction.

- 1.6. There are various times during the year ("**Closed Periods**") during which no Directors or Staff may Trade in PPS Securities unless an appropriate exclusion applies. The Closed Periods differ depending on the seniority and role of the individual within the organisation.

2. Core concepts

Who is an Insider & what is Insider Trading?

- 2.1. In general terms insider trading occurs when:
- (a) a person (the 'insider') possesses information which is not generally available to the market and, if it were generally available to the market it would likely to materially affect the price or value of the company's securities (i.e. information that is price sensitive); and
 - (b) the insider:
 - (i) Subscribes for, buys, or sells (or enters into an agreement to subscribe for, buy, or sell) securities in the company;
 - (ii) Procures someone else to subscribe for, buy, or sell (or enters into an agreement to subscribe for, buy, or sell) securities in the company; or
 - (iii) Passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to subscribe for, buy, or sell the securities or procure someone else to subscribe for, buy, or sell the securities in the company.
 - (c) In most cases, the more senior a staff member is the more likely it is that that person will be an 'insider'. For this reason, the policy applies differently to Key Management Personnel than to other staff members.
- 2.2. Insider trading is a criminal offence. It may also result in civil liability.
- 2.3. A person does not need to be a director or staff member of a company to be guilty of insider trading. The prohibition extends to dealings by directors and staff members through nominees, agents or other associates, such as family members, family trusts and family companies.

What is Information?

- 2.4. Information means any fact, matter or circumstance and includes:-
- (a) Matters of supposition (eg, rumours) and other matters that are sufficiently definite to warrant being made known to the public; and
 - (b) Matters relating to the intentions, or likely intentions of a

personⁱ.

What is Insider Information?

- 2.5. Insider information means information in relation to which the following paragraphs are satisfied:
- (a) The information is not generally available;
 - (b) If the information were generally available, a reasonable person would expect it to have a material effect on the price or value of a financial productⁱⁱ.
- 2.6. It does not matter how or where the person obtains the information. It does not have to be obtained from the company to constitute insider information.

What does "Generally Available" mean in this context?

- 2.7. Information is generally available if
- (a) It consists of readily observable matter; or
 - (b) If both of the following apply:
 - (i) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in securities of bodies corporate of a kind whose price or value might be affected by the information, and
 - (ii) since it was so made known, a reasonable period for it to be disseminated among such persons has elapsed; or
 - (c) It consists of deductions, conclusions or inferences reasonably made or drawn from information referred to aboveⁱⁱⁱ.

When will there be a 'Material Effect'?

- 2.8. Information has a material effect on the price or value of financial products if the information would, or would likely to, influence people who commonly acquire or dispose of the particular shares and financial products.

Examples

- 2.9. You may come into possession of insider price sensitive information if you become aware of any of the following when it is **NOT** generally available and it would likely to materially affect the price of a company's shares:-
- (a) Actual profit results;
 - (b) Internal forecasts of profit results;
 - (c) Changes of strategic business direction;
 - (d) Details of a new product(s), service (s) or contact(s);
 - (e) the appointment or resignation of a CEO, or Chairman, or director;
 - (f) an actual or proposed major acquisition or disposal of assets;
 - (g) a float or other share issue, capital raising, takeover, merger,

- purchase, sale or partial sale of business;
- (h) actual or proposed litigation.

3. Prohibited Activities

- 3.1. The following are strictly forbidden: -
- (a) Dealings in PPS securities or other related financial products of the Group during a Closed Period or otherwise outside the guidelines specified in this policy and the Dealing in Company Securities, Misuse of Price Sensitive Information & Insider Trading Procedure.
 - (b) Dealings in PPS securities and any financial products related to the Group when in possession of price-sensitive information about the Praemium Group that is not available to the general public.
 - (c) The use of information obtained from Praemium's systems (including V-Wrap, SMA or SMARTfund platforms) to analyse the trading habits, investment decisions or recommendations of third persons for any purpose other than the provision by the Group of its services (and in particular to inform decisions in respect to dealing to company securities).

4. Closed Periods

- 4.1. Directors and Key Management Personnel are prohibited from trading in PPS Securities other than if an exemption applies during the following Closed Periods:
- (a) The first trading day in July until the date on which the PPS Group Preliminary Final Results are released (usually August);
 - (b) The first trading day in January until the date on which the PPS Group half year results are released (usually February);
 - (c) The date on which the Company's Notice of AGM is dispatched (usually in October) to shareholders until after the conclusion of its AGM (usually November);
 - (d) Whilst the Company is required to report its cash flows on a quarterly basis, the last day of each Calendar Quarter until the date on which the Company releases its quarterly cash flow report the Market.
- 4.2. For all other PPS Group Staff, the closed periods are:
- (a) from close of business on 31 December to the opening of the ASX the first trading day after PPS's half-year results are released to the ASX; and
 - (b) from close of business on 30 June to the opening of the ASX the first trading day after MSL's preliminary half year results are released to the ASX.
- 4.3. Even if it is not a Closed Period permission for trading must be obtained in accordance with this policy. In particular, the Board may extend a Closed Period following the release of the Preliminary Final Results and the Final Results.

5. Trading Bans

- 5.1. In addition to Closed Periods referred to above, the Board may impose trading bans at any time if it considers that as a consequence of any circumstances that have not been disclosed to the market there is a risk that they or the Group's employees may be trading inappropriately.
- 5.2. The existence of a trading ban outside a Closed Period need not be published generally.

6. Exceptions to Trading During Closed Periods / trading Bans

- 6.1. The Closed Periods do not apply in relation to:
- (a) Dealings which Results in No Change to the Beneficial Interest in the Securities.
 - (b) The Praemium Directors and Employee Benefits Plan or any other employee incentive scheme (EIS): Participation in an EIS (including the allocation of options, performance rights and the issuing of shares pursuant an EIS) is not prohibited during a Closed Period, but the rules do apply in respect of any subsequent trading of Securities to which Staff become entitled under those plans.
 - (c) Dealings under an Invitation made to all or most PPS Security Holders: Dealings under an offer or invitation made to all or most PPS Security Holders such as a share purchase plan or a rights issue.
 - (d) Dealings on the acceptance of a takeover offer.
 - (e) Written Approval: A Trade in PPS Securities for which prior written approval of the Chairman (in relation to Key Management Personnel and their Associated Parties) or the prior written approval of the Company Secretary (in relation to other PPS Staff) has been obtained. Approval may be granted in circumstances in which the relevant PPS Staff is in severe financial hardship or other circumstances deemed by the Chairman to be exceptional. Approval must be provided in writing (including by way of email). Approval, if granted, will be valid for a period of 10 trading days.

7. Dealing and Trading in Company Securities & Other Financial Products

- 7.1. Praemium shall maintain procedures and processes to enable compliance with and monitoring of the policies set out in this document. The guidelines and procedures relating to dealing and trading in PPS securities and the Groups other Financial Products are contained in the Dealing in Company Securities, Misuse of Price Sensitive Information & Insider Trading Procedure (Australia)..

8. Short Term Trading

- 8.1. Group directors and staff of Praemium locate in Australia must not engage in short term trading of PPS securities. For example, buying or selling PPS

shares within a short period of time with the view of realising a profit or minimising a loss as opposed to holding the shares as a long term investment.

9. Hedging or Similar Arrangement

- 9.1. Any member of staff who is considering participating directly with hedging or similar strategies designed to limit share price risk for unvested entitlements involving PPS securities must firstly seek permission from the PPS Company Secretary in accordance with this policy and the Dealing in Company Securities, Misuse of Price Sensitive Information & Insider Trading Procedure before entering into the proposed transaction.
- 9.2. In determining whether to grant permission to the staff member the PPS Company Secretary will consider the following:
 - (a) the level of seniority of the staff member seeking permission; and
 - (b) the level of information and detail if any, the staff member may have or is aware of in relation to the Company' commercial business strategies.
- 9.3. Generally senior staff members / designated officers of the Company will be prohibited from entering into transactions in financial products which operate to limit the economic risk of both vested or unvested holdings in the PPS securities including, without limitation, any hedging or similar arrangement in respect of unvested entitlements or restricted entitlements held or granted under any equity based remuneration scheme.

10. What are the consequences of a breach of this policy?

- 10.1. A breach of this policy, or failure to comply with the processes and procedures that are in force at any time in connection with this policy, may result in termination of directorship or employment, whichever the case may be.
- 10.2. In determining what disciplinary action to be taken, the Group CEO shall, in consultation with the Board, take into account the circumstances surrounding the breach or non compliance and the impact that the breach has, or could potentially have, on the Group and its reputation with the regulators and the market,

11. If in doubt!

- 11.1. The Group will devote appropriate resources to ensure that staff are provided with sufficient support and information to encourage ongoing compliance with this policy.
- 11.2. The Group does not provide legal or financial advice to its staff. However, it will provide confidential access to its legal and compliance team members for consultation regarding the operation of the policy. If you are in doubt as to whether the insider trading prohibitions may apply to you at any time, please contact the Group Company Secretary on extension 216 or via email at cathryn.nolan@praemium.com.au prior to dealing in any PPS securities or related financial products.

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- ⁱ Section 1042A
 - ⁱⁱ *ibid*
 - ⁱⁱⁱ Section 1042C