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Securities trading policy

Netccentric Limited

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Securities trading policy

1 Definitions

In this policy, unless the context otherwise requires:

ASX means the Australian Securities Exchange.

Companies Act means Companies Act (Cap.50).

Director means a director of Netccentric and the Group.

Exceptional Circumstances means where:

- (a) the KMP is experiencing severe financial hardship that cannot be satisfied otherwise than by Trading in the Group Securities;
- (b) the KMP is required to transfer their Group Securities in a bona fide legal settlement;
- (c) there is a legal or regulatory requirement for a KMP to transfer their Group Securities; or
- (d) any other exceptional circumstance identified by the Board in its absolute discretion, having regard to what may be regarded as acceptable 'exceptional circumstances' under the ASX Listing Rules or any other applicable law or regulation in a particular circumstance.

Generally available has the meaning given in clause 3.4.

Group Company means any company (directly or indirectly) wholly owned or controlled by Netccentric.

Group Person means each director, officer, KMP and other employee of Netccentric and the Group Company, and each contractor and consultant to Netccentric and the Group Company whose terms of engagement apply this policy to them.

Group Securities means Securities in Netccentric.

Inside information has the meaning given in clause 3.2.

Key Management Person or **KMP** means:

- (a) a director of Netccentric and the Group Company;
- (b) a company secretary of Netccentric;
- (c) the Australian Compliance Adviser of Netccentric;
- (c) a member of senior management of Netccentric and the Group Company; and
- (d) each other person having authority and responsibility for planning, directing and controlling the activities of Netccentric (whether directly or indirectly).

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Netccentric means Netccentric Limited.

Related Party means, in relation to a Group Person:

- (a) that person's spouse or de facto spouse;
- (b) a child of that person;
- (c) an entity controlled by that person or any member of their family;
- (d) a trust which that person, any member of their family, or any family controlled company, is a trustee or beneficiary; and
- (e) a person in partnership with the person, or any of their connected persons mentioned above.

Securities includes:

- (a) shares in a company (whether public, private or listed or unlisted);
- (b) interests/units in a managed investment scheme (listed or unlisted, stapled or unstapled);
- (c) derivatives;
- (d) debentures; and
- (e) options to acquire any of the above.

Securities and Futures Act means the Securities and Futures Act (Cap. 289).

Trade/Trading includes, but is not limited to:

- (a) subscribing for, buying, selling or otherwise transferring the beneficial or legal interest in Securities;
- (b) creating a hedge, security interest, margin loan or other financial interest over or in relation to Securities;
- (c) any other transfer or creation of an interest in Securities, whether directly or by arranging for someone else to undertake the dealing on a person's behalf; and
- (d) agreeing or applying to do any of the above.

2 Introduction

2.1 What is the purpose of this policy?

Netccentric is committed to ensuring that public confidence is maintained in its personnel and the Trading of Group Securities.

The purpose of this policy is to assist Group Persons in complying with their legal obligations and in the interests of maintaining investor confidence.

This policy summarises the law relating to insider trading and is designed to prevent breaches of those provisions and outlines mechanisms for disclosure of any breaches of those provisions.

Division 3 of Part XII of the Securities and Futures Act prohibits insider trading in relation to Securities. The Companies Act and the ASX Listing Rules also require disclosure of any trading undertaken by directors or their related entities in Securities.

2.2 Who does this policy apply to?

This policy applies to all Group Persons, whether trading:

- (a) on their own account;
- (a) on behalf of another person, including family members, friends, associates or related entities; or
- (b) on behalf of Netccentric.

Although this policy only applies to Group Persons, the insider trading prohibitions of the Securities and Futures Act apply to (among others) friends, associates and Related Parties of Group Persons.

2.3 What is the policy?

A Group Person must not deal or procure others to deal in Group Securities, or other Securities of any entity, while they possess inside information about that entity that is not generally available to the public. In addition, they must not communicate inside information in relation to publicly traded Securities to another person if that person would be likely to deal or procure others to deal in those Securities. These are legal requirements which apply to all Securities, not just Group Securities.

For Group Securities, there is a more restrictive policy. Group Persons, even if they do not have inside information, are not permitted to Trade in Group Securities without the consent of the Board during the closed periods described in section 6 below (unless permitted in accordance with section 7 below). This policy extends beyond the requirements of the law.

2.4 Responsibility

Each Group Person has individual responsibility to ensure that he or she complies with the law relating to insider trading and the other requirements of this policy. This policy is a general guide only in respect of complex legal provisions and should not be taken as legal advice.

If at any stage a Group Person has any question regarding his or her ability to deal in Securities, he or she should consult the Managing Director.

3 Legal Framework

3.1 What are the insider trading rules?

Broadly, a person will breach the insider trading rules in the Securities and Futures Act if they possess **inside information** about an entity and at the same time they:

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- (a) apply for, buy or sell Securities in that entity (or enter into an agreement to do so);
 - (b) encourage someone else to buy or sell Securities in that entity (encouraging investment); or
 - (c) pass on that information to another person (eg a friend or family member) where they know, or ought reasonably to know, that that person would be likely to buy or sell Securities or encourage someone else to buy or sell Securities of that entity. This is known as “tipping”.

3.2 What is inside information?

Inside information means information that is:

- (a) not generally available to the market; and
- (b) if it were generally available to the market, a reasonable person would expect it to have a material effect on the price or value of an entity’s Securities.

3.3 What is information?

The **information** includes matters of supposition and other matters that are insufficiently definite to warrant being made known to the public and matters relating to the intentions, or likely intentions, of a person.

3.4 When is information generally available?

Information is **generally available** if:

- (a) it is readily observable; or
- (b) it has become known in a manner which is likely to bring it to the attention of people who commonly invest in securities of a kind whose price might be affected by the information and, since it has been made known, a reasonable period has passed for it to spread to those people.

3.5 When is information that has a ‘material effect’?

A reasonable person would be taken to expect information to have a **material effect** on price or the value of Securities if the information would, or would be likely to, influence people who commonly acquire Securities in deciding whether to buy or sell those Securities.

Examples of inside information include, but are not limited to, information regarding:

- (a) the financial performance of an entity, including reaching or failing to reach forecast earnings;
- (b) major changes in the value of investment assets;
- (c) a proposed major acquisition or disposal of assets;
- (d) entering into or terminating a material contract;
- (e) a significant new development proposal;

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- (f) a proposed distribution or change in dividend policy;
 - (g) an actual or proposed takeover, merger or sale;
 - (h) a material claim or other unexpected liability;
 - (i) a proposed new issue of Securities; or
 - (j) a significant change in senior management.

The above list is not exhaustive and information that constitutes inside information may relate to Netccentric or any other Group Company.

In addition, you may come into possession of inside information if you are directly involved in relationship management, credit research or credit decisions, structuring of solutions and products, or advising a corporate customer of Netccentric or a corporate customer of one of Netccentric's related entities.

3.6 Consequences of breaching the insider trading laws

A breach of the insider trading laws can result in:

- (a) criminal liability - penalties include heavy fines and imprisonment; and
- (b) civil liability - a person who breaches the insider trading laws can be sued by another party (including Netccentric) for any loss suffered as a result of illegal trading activities.

Any breach of the law or this policy (or both) will also be regarded by Netccentric as serious misconduct which may lead to disciplinary action or dismissal.

4 Prohibitions and restrictions

4.1 General prohibitions

If a Group Person possesses inside information relating to Netccentric, that person must not:

- (a) deal in Group Securities or enter into an agreement to do so;
- (b) procure another person to deal in those Securities or enter into an agreement to do so; or
- (c) pass on that information to another person if the Group Person knows, or ought reasonably to know, that the other person would or would be likely to engage in the activities specified in the above paragraphs.

At all times Group Persons are prohibited from Trading in Group Securities in the following situations:

- (d) where such trading amounts to 'short selling';

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- (e) where the Trading is directed at limiting the economic or financial risk associated with that Group Person's holding of Securities (including options over Securities); or
- (f) where such Trading would otherwise enable that Group Person to profit from or limit the economic or financial risk of a decrease in the market price of the Securities.

These general prohibitions are overriding obligations and apply at all times despite any other term of this policy.

These prohibitions apply equally to the application for, grant, exercise or transfer of options over Group Securities.

It does not matter how or in what capacity a Group Person becomes aware of the inside information. Information does not have to be obtained from Netccentric to constitute inside information.

A Group Person cannot avoid the insider trading prohibition by arranging for a member of that person's family or a friend to deal in Securities, nor may any Group Person give 'tips' to others concerning inside information relating to Netccentric.

4.2 Exceptions to general prohibitions

- (a) Where Netccentric is purchasing Securities in Netccentric through an on-market buy-back of Securities, Trading by Netccentric in the Securities to which the buy-back is in progress is permitted, other than during the following periods:
- (i) in the four weeks prior to the announcement of half year results;
 - (ii) in the four weeks prior to the announcement of full year results; and
 - (iii) any other period determined by the Board of Netccentric,

provided that the Group Person conducting the on-market buy-back does not have inside information and the Trading is otherwise in accordance with this policy.

- (b) This policy does not preclude any Group Person from taking up or renouncing an entitlement to Group Securities through any dividend reinvestment plan (**DRP**), if available, provided that Group Persons may only elect to participate in a **DRP** when they are not in possession of inside information and they may not change that election until such time as they are not in possession of any such inside information.
- (c) The prohibition on Trading in Group Securities in this policy does not apply to the application for (and subsequent acquisition of) Group Securities (including the exercise of rights or options) by a Group Person under an employee incentive scheme. However, the prohibition will apply to the disposal of Group Securities which have been acquired under an employee incentive scheme.

5 Prior notice of dealing in Securities

Each Group Person or Related Party wishing to:

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- (a) Trade in Group Securities; or
 - (b) procure another person to Trade in Group Securities on behalf of that person,
- is required to first obtain written approval from the Managing Director.

Each Group Person or Related Party seeking approval in relation to Trading in Group Securities must confirm with the Managing Director that the proposed Trading in Group Securities is not as a result of access to, or the receipt of, inside information.

Approval for a Group Person or Related Party to Trade in Group Securities will not be given pursuant to this section 5 where non-public, price sensitive information exists in relation to a matter, even though such party may not be aware of it.

Where approval is given to Trade Group Securities, the Group Person or Related Party must undertake the Trade within five business days of approval being granted, unless specifically approved for some other time period at the time of approval. If the Trade is not undertaken within that period of time, the Group Person or Related Party must re-submit their application to Trade if they still wish to Trade.

The Group Person or Related Party must notify the Managing Director that the Trade has been executed and details of the transaction on completion of the Trade.

6 Closed periods

6.1 Restriction on Trading in Group Securities during closed periods

Subject to the terms of section 7.1 of this policy, Group Persons and their Related Parties are excluded from Trading in Group Securities at the following times (each a **Closed Period**):

- (a) on the day any price sensitive information is released to the ASX;
- (b) the period commencing on the day immediately after the end of Netccentric's financial year (or financial half year, as applicable) and ending 24 hours after the release of the annual results announcement (or half yearly results announcement, as applicable) to the ASX by Netccentric (for the avoidance of doubt, the 24 hour period excludes weekends, public holidays and non-trading days); and
- (c) seven days prior to the date of the annual general meeting of Netccentric (if an annual general meeting is held) and the day of the annual general meeting.

In addition to the closed periods specified above, the Board may, in its sole discretion, impose one or more further closed periods by notice at any time, which may apply to KMPs only or to all Group Persons (referred to as a 'blackout period'). A blackout period imposed by the Board is subject to any conditions and exceptions determined by the Board from time to time in its sole discretion.

7 Exceptions to this policy

7.1 Trading under Exceptional Circumstances

A KMP or Related Party may be permitted to Trade during a Closed Period under Exceptional Circumstances. A KMP seeking an exception to Trade will need to provide all relevant information to the Managing Director in accordance with section 5 of this policy.

An exception will not be granted if the KMP or Related Party is in possession of inside information under any circumstances.

The determination as to whether an exception will be granted rests solely in the discretion of the Managing Director.

A person who receives written notification from the Managing Director advising that they have been granted an exception in accordance with this section must complete the sale of his or her Group Securities as soon as possible and, in any event, within three business days of the date of the notice from the Managing Director, unless some other time period is specified in the notice.

7.2 Trading not subject to the policy

This policy does not apply in the following circumstances:

- (a) transfers of Group Securities already held into a superannuation fund in which the Group Person is a beneficiary;
- (b) an investment or Trading in units of a diversified fund where the assets of the fund are invested at the discretion of the third party;
- (c) undertakings to accept, or the acceptance of, a takeover offer;
- (d) 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 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 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; and
- (e) a disposal of Group Securities that is the result of a secured lender exercising their rights.

8 Information barriers

Section 226(1) of the Securities and Futures Act states that, for the purposes of the insider trading provisions:

- (a) a body corporate is taken to possess any information which an officer of the body corporate possesses and which came into his or her possession in the course of the performance of duties as such an officer;

- (b) if an officer of a body corporate knows any matter or thing because he or she is an officer of the body corporate, it is to be presumed that the body corporate knows that matter or thing;
- (c) if an officer of a body corporate, in that capacity, is reckless as to a circumstance or result, it is to be presumed that the body corporate is reckless as to that circumstance or result; and
- (d) for the purposes of paragraph 1043M(2)(b), if an officer of a body corporate ought reasonably to know any matter or thing because he or she is an officer of the body corporate, it is to be presumed that the body corporate ought reasonably to know that matter or thing.

Section 226(2) of the Securities and Futures Act states that a body corporate does not contravene the insider trading provisions by entering into a transaction or agreement at any time merely because of information in the possession of an officer or Group Persons of the body corporate if:

- (e) the decision to enter into the transaction or agreement was taken on its behalf by a person or persons other than that officer or Group Persons; and
- (f) it had in operation at the time arrangements that could reasonably be expected to ensure that the information was not communicated to the person or persons who made the decision and that no advice with respect to the transaction or agreement was given to that person or any of those persons by a person in possession of the information; and
- (g) the information was not so communicated and no such advice was so given.

Where it is considered that an information barrier is necessary or desirable, the following arrangements will be implemented:

- (h) The Managing Director will be responsible for establishing the information barrier and monitoring the effectiveness of such arrangements. The Managing Director will provide regular updates to the Board in respect of such matters.
- (i) Group Persons must report to the Managing Director any breaches of an information barrier in place from time to time, whether inadvertent or not, and the Managing Director must keep proper records where this occurs.
- (j) If a situation arises where an information barrier may need to be crossed deliberately, the Managing Director must implement the necessary procedures for dealing with such a situation and must maintain proper records.
- (k) Where necessary, physical separation of the various departments of Netccentric and/or the Group Companies (where applicable) will occur to insulate information. This may include implementing arrangements for the physical and electronic separation of:
 - (i) Group Persons; and
 - (ii) information.
- (l) Separation of information can occur physically or electronically. Physical separation of information may occur by storing documents and files in a secure

place, to the extent possible, where they can only be accessed by authorised Group Persons. Electronic separation of information may occur by restricting access to relevant documents on the IT system, where reasonably practicable, so that only certain Group Persons can access it (eg by using password protection).

- (m) Group Persons must be made aware of the information barriers in place at least every six months, including by being reminded of the importance of not divulging confidential information, monitoring the operation of information barriers and the penalties for breaches of the information barriers policy.
- (n) Disciplinary sanctions may be imposed if the information barriers have been breached by any Group Persons.

9 Margin lending

KMPs may not enter into margin lending arrangements with respect to Group Securities without the approval of the Board. This restriction is limited to arrangements properly described as margin lending arrangements and does not include other types of loan arrangements or instruments that may be secured by way of the granting of a security interest in respect of Group Securities. KMPs may enter into such arrangements or acquire such instruments after first advising the Board of their intention to do so and disclosing the terms of such arrangements or instruments.

10 Promoting understanding of compliance

This Policy must be distributed to all Group Persons.

It is the responsibility of the Managing Director to ensure that this policy is drawn to the attention of all Group Persons every six months.

If you do not understand the summary of the insider trading laws set out in this policy or the prohibitions and restrictions imposed on you by this policy, please contact the Managing Director. You may wish to seek your own professional legal advice before dealing in Securities.

Group Persons must take steps to ensure their Related Parties understand and will act in accordance with the terms of this policy.

11 Review of policy

It is the responsibility of the Board to ensure that this policy is reviewed every 12 months so that it remains consistent with Netccentric's obligations to prevent insider trading in relation to Securities. Any changes to this policy must be approved by the Board.

12 Adoption of policy

This policy was adopted by the Board on 2015.

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