

AUSTBROKERS HOLDINGS LIMITED

SECURITIES TRADING POLICY

Revised by the Board on 25th August 2009

1. Purpose

The purposes of the Policy are to:

- (a) set out the circumstances in which Directors, Employees and their Associates may deal in Company Securities;
- (b) highlight that there are times when they cannot or should not deal in Company Securities; and
- (c) protect and maintain the reputation of the Company, and ensure that it is seen by persons outside the Company as being protected and maintained.

The policy is not designed to prohibit Directors and employees from investing in Company securities but does recognise that there may be times when Directors or employees cannot or should not invest in Company securities. The policy provides guidance to Directors and employees as to the time that Directors and employees may invest in the Company's securities. The requirements of the policy also allow the Company to monitor the personal investment activity in the Company's securities by Directors and employees.

2. Interpretation

In the Policy:

Associate means, in relation to a Director or an Employee:

- (a) their spouse, de-facto spouse, parent or child or a spouse or de-facto spouse of that parent or child;
- (b) an entity controlled by one or more of the persons referred to in paragraph (a); and
- (c) an entity that the Director or Employee controls.

Company Securities includes shares in the Company, debentures and convertible notes issued by the Company, units of shares in the Company and options to acquire or subscribe for shares in the Company or financial products or derivatives referenced to the price or value of shares in the Company.

Director means a Director of the Company or any of its subsidiaries.

deal includes directly or indirectly subscribing for, purchasing or selling or entering into an agreement to do any of those things, and "dealing" has a corresponding meaning.

Employee means an employee of the Company or any its subsidiaries.

Senior Executive means a person occupying a position in the Company or any of its subsidiaries which is designated by the Board as a senior executive position.

3. Objectives of the Policy

The objectives of the Policy are to ensure that:

- (a) Directors and Employees do not contravene the applicable requirements of the *Corporations Act* or the ASX Listing Rules;
- (b) Directors and Employees adhere to high ethical and legal standards in their personal dealings in Company Securities; and
- (c) the personal dealings of Directors and Employees in Company Securities do not conflict with the interests of the Company and its shareholders in relation to Company Securities.

4. Outline of *Corporations Act* requirements

4.1 Inside Information

A Director or Employee possesses "inside information" in relation to the Company if:

- (a) the person **possesses** information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of Company Securities; and
- (b) 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 Company Securities.

A reasonable person would be taken to expect information to have a material effect on the price or value of Company Securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to deal in Company Securities.

4.2 Restricted Dealings

If a Director or Employee possesses "inside information" in relation to the Company, they must not:

- (a) deal in Company Securities;
- (b) procure another person to deal in Company Securities; or
- (c) directly or indirectly, communicate the information, or cause the information to be communicated, to another person if they know or ought reasonably to know, that the other person would, or would be likely to, deal in Company Securities or procure a third person to deal in Company Securities.

4.3 Penalties

A Director or Employee who deals in Company Securities while they possess "inside information" will be liable to both civil and criminal penalties. The penalties are:

- (a) for a natural person, up to \$220,000;
- (b) for a body corporate, up to \$1.1 million; and
- (c) for both, unlimited civil liability equivalent to the damage caused.

5. Examples of "inside information"

Information which may be considered to be "inside information" includes information relating to the following (which is not an exhaustive list):

- (a) revenue figures;
- (b) profit forecasts;
- (c) unpublished announcements;
- (d) proposed changes in capital structure, including share issues, rights issues and the redemption of securities;
- (e) borrowings, including debenture and convertible note offerings;
- (f) impending mergers, acquisitions, disposals, reconstructions and takeovers;
- (g) significant litigation;
- (h) significant changes in operations or proposed changes in the general character or nature of the business of the Company or any of its subsidiaries;
- (i) new products and technology;
- (j) liquidity and cashflow information;
- (k) major or material purchases or sales of businesses/assets;
- (l) management restructuring or board changes;
- (m) significant new contracts or customers; and
- (n) proposed sales or purchases of a substantial number of Company Securities.

6. Application of the Policy

- (a) The Policy applies to Directors and Employees.
- (b) Directors and Employees must use their best endeavours to ensure that their Associates comply with the principles of the Policy in their dealings in Company Securities.

7. Principles of the Policy

7.1 General principles

In their dealings in Company Securities, Directors and Employees should:

- (a) avoid, and be seen to avoid, actual or potential conflict between their personal interests and their duty to the Company and its shareholders;
- (b) not derive or seek to derive, personal advantage from information which is not generally available and which has been obtained by reason of, or in the course of, their directorship or employment;
- (c) seek prior approval to deal in Company Securities from a designated officer of the Company to ensure that the interests of the Company and its shareholders are not compromised;
- (d) ensure that any personal dealings are on a scale that reflects their individual financial ability to fund and maintain an appropriately-sized portfolio;

- (e) ensure that any personal dealings do not adversely impact on their ability to perform their normal duties;
- (f) not utilise broker credit: relevant exchange settlement terms must apply on all occasions and all transactions must be settled according to industry standards. This prohibition does not extend to normal documented margin lending or loan facilities offered to the general public by brokers, banks or other lending institutions;
- (g) not personally deal in Company Securities if they have access to price sensitive information or "inside information".

7.2 Short term dealing

Directors and Employees should never engage in short term dealing in Company Securities. In general, the purchase of Company Securities with a view to their resale within a 12 month period, or the sale of Company Securities with a view to their repurchase within a 12 month period, will be considered to be a dealing of a "short term" nature. The sale of Company Securities immediately after they have been acquired through the conversion of another security (eg. exercise of an option) will not be regarded as a short term dealing.

7.3 Trading windows

The recommended period for Directors and Employees to deal in Company Securities (and minimise the risk of the suggestion of insider trading) is the period of 6 weeks after each of:

- (a) the date of the Company's AGM;
 - (b) the release by the Company of its half yearly results announcement to the ASX;
 - (c) the release by the Company of its yearly results announcement to the ASX; and
 - (d) the release of a disclosure document offering equity securities in the Company,
- provided they are not in possession of any inside information relating to Company Securities.

7.4 Trading embargo

Directors and Employees must not deal in Company Securities in the period of 2 months before the scheduled release by the Company of its half yearly and yearly results announcements to the ASX.

7.5 Directors and Senior Executives

Directors and Senior Executives may not deal in Company Securities without the prior consent of the Chairman of the Board. They must also provide subsequent written confirmation of the dealing to the Chairman of the Board.

Prudence will dictate that dealings by Directors and Senior Executives should generally be confined to the periods referred to in paragraph 7.3 except in the circumstances described in paragraph 7.7(a). The Chairman will generally refuse consent to deal in Company Securities outside these periods unless special circumstances exist (such as financial hardship). In any event, Directors and Senior Executives should not deal in Company Securities at any time if they are in possession of any inside information relating to Company Securities.

7.6 Employees other than Senior Executives

Employees other than Senior Executives may deal in Company Securities at any time if they notify the Company Secretary both before the dealing and after its completion. They must also provide subsequent written confirmation of the dealing to the Company Secretary. Employees

are strongly advised to limit dealings in Company Securities to the periods referred to in paragraph 7.3. In any event, Employees should not deal in Company Securities at any time if they are in possession of any inside information relating to Company Securities.

7.7 Exercise of options, participation in employee share option plans etc

Subject to the insider trading provisions of the *Corporations Act*, Directors and Employees may at any time:

- (a) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
- (b) acquire Company Securities under a bonus issue made to all holders of securities of the same class;
- (c) acquire Company Securities under a dividend reinvestment or top-up plan that is available to all holders of securities of the same class;
- (d) acquire, or agree to acquire, options under a Company share option plan; and
- (e) exercise options acquired under a Company share option plan, but may not sell all or any part of the Company Securities so acquired except in accordance with the Policy.

7.8 Hedging

- (a) Directors and Employees are prohibited from entering into transactions in financial products which operate to limit the economic risk of unvested options granted under a Company share option plan.
- (b) Directors and Employees may enter into transactions in financial products which operate to limit economic risk of vested options granted under a Company share option plan, provided that the prior written approval of the Chairman of the Board has been obtained.

7.9 Secured lending

- (a) Directors and Employees are prohibited from:
 - (i) entering into, or terminating, assigning or novating any stock lending agreement in respect of Company Securities;
 - (ii) using as security, or otherwise granting a charge, lien or other encumbrance over Company Securities,
(Secured Lending Arrangement) without the prior written approval of the Chairman of the Board.
- (b) A Director's or Employee's request to engage in a Secured Lending Arrangement must include the material terms and the number of Company Securities that will be subject to the Secured Lending Arrangement.
- (c) If the Chairman of the Board approves a Director or Employee's entry into a Secured Lending Arrangement, the Director or Employee must notify the Chairman of the Board in writing within 3 business days after:
 - (i) the entry into a Secured Lending Arrangement in respect of Company Securities as previously advised in the request for approval;

- (ii) the transfer of any Company Securities pursuant to the Secured Lending Arrangement; and
 - (iii) the sale of any Company Securities to satisfy a call or otherwise pursuant to the Secured Lending Arrangement.
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8. Notification by Directors

8.1 205G information

To comply with section 205G *Corporations Act*, Directors must notify the ASX within 14 days after any change in their relevant interest in Company Securities or in the securities of a related body corporate of the Company.

8.2 Other information

Directors must provide to the Company Secretary in writing the information necessary for the Company Secretary to give to ASIC and ASX the notifications required by the *Corporations Act* and the ASX Listing Rules.

9. Questions?

If you have any questions regarding the Policy you should contact the Company Secretary.

