

# **KEY MANAGEMENT PERSONNEL SECURITIES TRADING POLICY**

IQNOVATE LTD ACN 149 731 644

Dated: 28 June 2016

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#### 1. Generally

- 1.1 iQnovate Ltd ACN 149 731 644 (the **Company**) has adopted this Securities Trading Policy (**Policy**) which regulates dealings in shares, options and other securities issued by the Company by the following:
- 1.1.1 directors and key management personnel of the Company;
  - 1.1.2 directors and key management personnel of each of the Company's wholly owned subsidiaries (if any),
- (in this Policy, referred to as **restricted persons**).
- 1.2 In this policy, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly as defined in Australian Accounting Standard AASB 124 "Related Party Disclosure".
- 1.3 The rationale for the Policy is to ensure that restricted persons are aware of the legal restrictions on trading the Company securities while a person is in possession of unpublished Company price-sensitive information and to impose certain closed periods during which trading is prima facie prohibited.
- 1.4 Also, in order to preserve the reputation and integrity of the Company, it is vital that when people associated with the Company deal in the Company's securities those dealings are not only fair, but are seen to be fair. When restricted persons deal in securities of the Company they must be sure that it does not reflect improperly on them or the Company.
- 1.5 It is important to also note that although this Policy only applies to the restricted persons specified above, the insider trading prohibitions set out in *the Corporations Act 2001* (Cth) (**Corporations Act**) and discussed in paragraphs 3 and 8 below, apply to all persons (whether inside or outside of the company).

#### 2. Standards

- 2.1 All restricted persons should ensure that all transactions in the Company's securities or other Company securities which may be issued from time to time by the Company (**Company securities**) comply with:
- 2.1.1 the Corporations Act and Regulations (particularly the insider trading provisions); and
  - 2.1.2 the ASX Listing Rules (particularly the continuous disclosure requirements in Listing Rule 3.1 and the disclosure of the director's interests in accordance with Listing Rule 3.19A).

#### 3. The insider trading provisions

- 3.1 The insider trading provisions of the Corporations Act (**Insider Trading Provisions**) operate to prohibit a person (which includes a company) in possession of "inside information" about financial products (including shares) from:

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- 3.1.1 applying for, acquiring or disposing of those financial products (or entering into an agreement to do so) (the trading offence);
  - 3.1.2 “procuring” another person to do any of the things set out in paragraph (a) (the procuring offence); and
  - 3.1.3 in some cases where the financial products are able to be traded on a financial market, restricted persons are prohibited from directly or indirectly communicating, or causing to be communicated, that information to any other person if they know, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs 3.1.2 or 3.1.3 above.
- 3.2 A person will be taken to have procured another if that person incites, induces, or encourages or causes an act or omission by another person.
- 3.3 These prohibitions apply equally to the application for, grant, exercise or transfer of an option over the Company’s Securities.
- 3.4 It does not matter how or in what capacity restricted persons become aware of the Inside information. It does not have to be obtained from the Company to constitute inside information.
- 3.5 Restricted persons cannot avoid the insider trading prohibition by arranging for a member of their family or an associate to deal in the Company’s Securities nor are they able to give “tips” concerning Inside information relating to the Company to others, including clients.
- 4. What is inside information?**
- 4.1 “Inside information”, is information relating to the Company which is not “generally available” and information which a reasonable person would expect to have a “material effect on the price” or value of the Company’s securities.
- 4.2 Importantly, inside Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person, provided if the information were generally available, it would likely have a material effect on the price or value of the Company’s Securities.
- 4.3 Information is commonly held to be likely to have a material effect in circumstances where it would, or would be likely to, influence those people who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company’s Securities.
- 4.4 Some examples of information which could be inside information are:
- 4.4.1 proposed dividends;
  - 4.4.2 profit forecasts;
  - 4.4.3 significant litigation;
  - 4.4.4 unpublished information regarding the Company’s financial performance;
  - 4.4.5 unpublished announcements, or knowledge of possible regulatory investigation;
  - 4.4.6 changes in the capital structure of the Company; or
  - 4.4.1 proposed changes in the Company’s capital structure, including issues of securities, right and buy-backs changes in the Company’s actual or anticipated

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financial condition or business performance.

## 4.5 When is information generally available?

Information is considered to be generally available if it:

- 4.5.1 is readily observable; (for example, published in the press, or in marketing communications);
- 4.5.2 has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of a kind whose price or value might be affected by the information (e.g. by way of an ASX announcement) and, since the information was made known, a reasonable period has elapsed; or
- 4.5.1 consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

## 5. Restrictions on trading and dealing

### 5.1 General restrictions

Restricted persons must not, despite anything to the contrary in this Policy, trade in any Company securities while that person is in possession of inside information.

### 5.2 Specific restrictions

Restricted persons:

- 5.2.1 who hold Company securities under an incentive plan offered by the Company from time to time, must not, without the prior consent in writing of the Company, sell, create a security interest in, or otherwise dispose or deal with their Company securities or any of their interests in any of those Company securities;
- 5.2.2 are prohibited from trading during the closed periods (set out at paragraph 6 below) in financial products issued or created over or in respect of the Company's securities.

## 6. Closed periods for trading

Subject to paragraph 7 below, restricted persons must not trade in the Company's shares during the following 'closed periods':

- 6.1.1 the period between the end of the Company's half-year up to and including the day on which the Company's half year results are released; and
- 6.1.2 the period between the end of the Company's financial year up to and including the day on which the Company's full year results are released.

## 7. Company share and option plans

### 7.1 If restricted persons participate, or are eligible to participate, in a rights issue or Company employee share, option or other equity plan (ESOP):

- 7.1.1 acquisitions of the Company's securities (as applicable) under the issue or ESOP; or
- 7.1.2 the exercise of any other entitlement under the ESOP are permitted during a closed period, subject to

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the provisions of the Trust Deed governing the Company's ESOP.

### 7.1.3 Any:

- (a) applications to participate in the ESOP; or
- (b) a variation of instructions in relation to participation in an ESOP,

may be made at any time whether or not within a closed period, subject to the general prohibitions in paragraph 3 and the rules of the ESOP. The closed period prohibition will apply in respect of any subsequent dealing in securities acquired under an ESOP.

## 8. Exemptions

### 8.1 Excluded trading

A restricted person may trade in Company securities during a closed period if that trading falls within one of the following categories of "excluded trading":

- 8.1.1 transfers of Company securities already held from a restricted person's own name into a superannuation fund to which the restricted person is a beneficiary;
- 8.1.2 an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Company securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- 8.1.3 undertakings to accept, or the acceptance of, a takeover offer;
- 8.1.4 transfers of securities of the Company already held by the restricted person to or from private companies or trusts controlled by the restricted person;
- 8.1.5 transfers of securities to reflect a change in legal ownership where beneficial ownership does not change
- 8.1.6 trading under an offer or invitation made to all or most of the Company's members 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; or
- 8.1.7 a disposal of Company securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement.

### 8.2 Trading with consent

A restricted person may trade in Company securities during a closed period if that person obtains written permission to do so in accordance with paragraph 8.3.

### 8.3 Procedure for obtaining written consent to trade

- 8.3.1 A restricted person who wishes to trade in Company securities during a closed period (**Applicant**) must obtain the prior written permission (whether by letter, facsimile, electronic or other form of visible communication) of:
  - (a) the Chairman or the Chief Executive Officer; or
  - (b) where the Chairman or the Chief Executive Officer is the Applicant, the other of them and the Chair of the Audit and Risk Committee (collectively the

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### Approvers).

- 8.3.2 As part of his or her application, an Applicant must give the Approvers an undertaking that the Applicant complies with paragraph 3;
- 8.3.3 The Approvers may only provide written permission (whether by letter, facsimile, electronic or other form of visible communication) to trade in Company securities where:
- (a) the restricted person is in severe financial hardship or other exceptional circumstances exist; and
  - (b) the Approvers are satisfied that there is no inside information which has not been disclosed to ASX.
- 8.3.4 The following are examples of situations of severe financial hardship or other exceptional circumstances which the Approvers may consider sufficient to warrant approval under this paragraph 8:
- (a) “severe financial hardship” could include (but is not limited to) the Applicant having a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Company securities; and
  - (b) “exceptional circumstances” could include (but is not limited to) where the Applicant is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell Company securities or there is some other overriding legal or regulatory requirement for him or her to do so.
- 8.3.5 An Applicant seeking clearance to trade must satisfy the Approvers that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant Company securities is the only reasonable course of action available.
- 8.3.6 Determination as to whether the Applicant is in severe financial hardship or whether a particular set of circumstances exist may only be made by the Approvers.
- 8.3.7 Any permission provided under this paragraph 8 must be obtained by the Applicant not more than 2 business days before the proposed trade and the restricted person must only effect the trade between 2 business days and 5 business days after receipt of the permission.

## 9. Notification to ASX of Directors’ Interests

- 9.1.1 The Company is required, under the ASX Listing Rules, to disclose to the ASX details of Directors’ interests in Securities of the Company and in contracts relevant to Securities of the Company, changes in these interests, and whether the change occurred in a Closed Period, within 5 business days after such change.
- 9.1.2 Within 2 business days, a Director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC and ASX as required by the *Corporations Act* and the ASX Listing Rules.
- 9.1.3 It is the responsibility of each individual Directors to ensure they comply with this notification requirement.

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### 10. Policy responsibility

10.1.1 Each restricted person is responsible for adhering to the Company's standard for trading in Company securities.

10.1.2 The Company Secretary has responsibility for maintaining the Policy.

### 11. Insider trading

The requirements imposed by the Policy are separate from, and additional to, the legal prohibitions in the Corporations Act on insider trading.

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**Dated and approved by the Board on 28 June 2016**