

# Micro-X Limited ACN 153 273 735

## Securities trading policy

### 1. Background

- 1.1 The principal insider trading prohibition is section 1043A of the Corporations Act. Subject to limited exceptions, it prohibits a person (**insider**) who has Inside Information relating to Company Securities or the Securities of another entity from:
- (a) dealing in relevant Securities;
  - (b) procuring another person to do so; or
  - (c) in relation to quoted securities, communicating, directly or not, Inside Information to someone else when the insider knows, or ought reasonably to know, that the other person would or is likely to:
    - (i) Deal in relevant Securities; or
    - (ii) procure another person to do so.
- 1.2 It does not matter how the insider received the information.
- 1.3 Insider trading is a criminal offence, punishable by substantial fines, imprisonment or both. The Company may also be liable if a Designated Officer or Employee engages in insider trading.
- 1.4 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties, and order compensation paid to persons suffering related loss or damage, and impose banning orders prohibiting participation in the management of a corporation.

### 2. Interpretations

Capitalised words and phrases are defined terms. For definitions, see clause 17.

### 3. Introduction

- 3.1 Securities of the Company will be or are quoted on ASX.
- 3.2 This policy outlines:
- (a) when Designated Officers, Employees and Associates must not Deal in Company Securities;
  - (b) when Designated Officers, Employees and Associates must not Deal in quoted Securities of another entity; and
  - (c) certain limited exceptions.

### 4. What is Inside Information?

- (a) Inside Information is information that:
  - (i) is not generally available; and
  - (ii) if it were generally available, would, or would be likely to, influence persons who normally invest in securities in deciding whether to acquire or dispose of the relevant securities.
- (b) Information is generally available if it:

- (i) is readily observable;
  - (ii) has been made known in a way that is likely to bring it to the attention of persons who normally invest in the relevant type of securities, and a reasonable time for the information to be circulated has since passed; or
  - (iii) consists of deductions, conclusions or inferences drawn from information that has been made known in that way or is readily observable.
- (c) Inside Information is also called 'material price-sensitive information'. It need not relate only to the Company. It could also be information about a customer, or supplier of the Company, or a party with whom the Company is discussing future opportunities or negotiating a significant transaction.
- (d) In order to minimise the risk of insider trading, the Company must immediately disclose to the market material price-sensitive information not otherwise excluded from the disclosure, as set out in the Company's continuous disclosure policy.
- (e) Material price sensitive information is Inside Information even if it does not trigger a disclosure obligation under the continuous disclosure regime.

## 5. What is Dealing in Securities?

### 5.1 Dealing in Securities includes:

- (a) applying for, acquiring or disposing of, Securities;
- (b) entering into an agreement to do so; or
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Securities.

### 5.2 Dealing in Company Securities can include, but is not limited to:

- (a) buying or selling Company Securities by way of an on-market or off-market transaction;
- (b) granting, acquiring or disposing of a beneficial interest in Company Securities, such as through a trust that holds Company Securities;
- (c) applying for, acquiring or exercising options or rights over Company Securities;
- (d) acquiring Company Securities (or an interest in them) under any employee share plan operated by the Company;
- (e) accepting, or taking up entitlements under, a dividend reinvestment plan, rights issue, bonus issue, share purchase plan or any other offer of Securities made by the Company;
- (f) accepting an offer under a takeover bid for Company Securities;
- (g) entering into a Derivative; and
- (h) agreeing to do any of the above things.

## 6. When Employees or their Associates must not Deal

An Employee (who is not a Designated Officer) or their Associate must not, in any circumstances, Deal or procure another person to Deal in Company Securities or quoted Securities of another entity if they have Inside Information in relation to Company Securities or Securities relating to that other entity.

## 7. When a Designated Officer or their Associates must not Deal

- 7.1 A Designated Officer or his or her Associate must not, in any circumstances, Deal or procure another person to Deal in Company Securities if he or she has Inside Information in relation to Company Securities.
- 7.2 A Designated Officer or his or her Associate must not, in any circumstances, Deal or procure another person to Deal in Securities relating to another entity if they have Inside Information in relation to those Securities.
- 7.3 A Designated Officer or their Associate must not Deal or procure another person to Deal in Company Securities during a Closed Period.
- 7.4 Closed Periods are:
- (a) the period commencing one month prior to the scheduled release of the Company's half-yearly results to ASX and ending 24 hours after such release; and
  - (b) the period commencing one month prior to the scheduled release of the Company's full year results to ASX and ending 24 hours after such release; and
  - (c) the period commencing two weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting; and
  - (d) any additional period that the Board may specify from time to time.
- 7.5 The Closed Period trading prohibition does not limit any other obligations of Designated Officers prescribed by this policy.

## 8. Notification of periods when trading is permissible

The Company Secretary will endeavour to notify each Designated Officer of times when he or she is permitted to buy or sell Company Securities.

## 9. Exceptions

- 9.1 An Employee (who is not a Designated Officer) or his or her Associate may Deal or procure another person to deal in Company Securities if he or she does **not** have Inside Information in relation to Company Securities.
- 9.2 A Designated Officer or his or her Associate may Deal or procure another person to Deal in Company Securities outside of the Closed Periods if he or she does **not** have Inside Information in relation to Company Securities and the Designated Officer has provided notification in accordance with clause 10.
- 9.3 A Designated Officer or his or her Associate may Deal in Company Securities during a Closed Period only if he or she has obtained Clearance in accordance with clause 10.2, or an exception applies under clause 9.4).

- 9.4 Clause 7.3 prohibitions do not apply to Dealing by a Designated Officer or his or her Associate that involves or results directly from any of the following, provided that the Designated Officer has provided notification in accordance with clause 10:
- (a) Dealing in Company Securities under an offer or invitation made by the Company to all or most of its ordinary shareholders – such as an offer or invitation under a rights issue, bonus issue, share purchase plan, dividend reinvestment plan, equal access buy-back or in lieu of a cash dividend (and including, without limitation, decisions relating to whether or not to take up entitlements, and the sale of entitlements required to provide for the take-up of the balance of entitlements, under a renounceable rights issue) – or under an equal reduction of capital undertaken by the Company;
  - (b) undertaking to accept, or accepting, an offer for Company Securities made under a takeover bid or disposing of Company Securities under a court-approved compromise or arrangement under Part 5.1 of the Corporations Act;
  - (c) Dealing in units of or interests in, a fund or other scheme (other than a scheme investing primarily in Company Securities) whereby the assets of that fund or scheme are invested at a third party's sole discretion;
  - (d) where the Designated Officer or his or her Associate is the trustee of a trust, Dealing in Company Securities by that trust provided that neither the Designated Officer nor any Associate is a beneficiary of the trust and any decision to trade during a prohibited period is taken entirely independently of the Designated Officer or his or her Associate;
  - (e) disposal of Company Securities effected by a change in the trustee of a trust;
  - (f) accepting an offer to acquire Company Securities, or acquiring Company Securities, under any employee share plan that the Board from time to time determines is a plan to which this clause 9.4 applies;
  - (g) the exercise (but not the sale of Company Securities following exercise) of an option or right under an employee share plan, or the conversion of a convertible security, where the final date for exercise or conversion falls during a prohibited period; and the Company has been in an exceptionally long prohibited period or has had a number of consecutive prohibited periods and exercise or conversion could not reasonably have occurred outside a prohibited period;
  - (h) the forfeiture, lapse, cancellation or surrender of Company Securities under an employee share plan; or
  - (i) an off-market transaction involving the transfer or other disposal of Company Securities between a Designated Officer or Associate and any of the following:
    - (i) an Associate of the relevant Designated Officer (or, in the case of an Associate, the Designated Officer);
    - (ii) a company, trust or other entity over which the relevant Designated Officer or Associate of that Designated Officer has control or significant influence (whether alone or jointly with any of their close Associates); or
    - (iii) a superannuation fund or other pension or saving scheme in which the relevant Designated Officer or an Associate of that Designated Officer is a beneficiary.
- 9.5 All Dealing referred to in clauses 9.3 and 9.4 is subject to the overriding inside trading prohibition – that is, a Designated Officer or Associate must not Deal if he or she has Inside Information in relation to Company Securities.

- 9.6 A Designated Officer may Deal in the quoted Securities relating to another entity if he or she does **not** have Inside Information in relation to those Securities.

## 10. Providing notification and obtaining Clearance

- 10.1 If a Designated Officer proposes to Deal in Company Securities at any time, he or she must, prior to such Dealing, provide:
- (a) written notice of his or her intention to the Clearance Officer; and
  - (b) confirmation that he or she is not in possession of Inside Information,
- in the form of the template in Appendix A. After such Dealing, the Designated Officer must provide the Clearance Officer with a transaction confirmation.
- 10.2 The Clearance Officer may give a Clearance in exceptional circumstances. Exceptional circumstances may include:
- (a) if a person is required by court order, or enforceable undertaking (eg in a bona fide family settlement) to transfer or sell Company Securities or there is another overriding legal requirement to do so; or
  - (b) if a person has a pressing financial commitment that cannot otherwise be satisfied and all reasonable alternatives have been investigated.
- 10.3 A tax liability will not generally constitute a pressing financial commitment unless it fits the definition in clause 10.2(b).
- 10.4 A Clearance Officer may delegate his or her authority in writing to an appropriate person in the event of illness or absence, provided that person is not a member of the class for which he or she is the Clearance Officer.
- 10.5 The Clearance Officer has discretion to determine that circumstances other than in clause 10.2 nevertheless warrant Clearance.
- 10.6 Clearance will not be given:
- (a) retrospectively; or
  - (b) if there is a matter about which there is Inside Information in relation to Company Securities (regardless of whether the applicant is aware of it) when Clearance is requested; or
  - (c) if there is other reason to believe that the proposed Dealing breaches this policy.
- 10.7 A request for Clearance must:
- (a) be in writing and given by hand or email to the Clearance Officer at least three business days prior to the proposed disposal of Company Securities;
  - (b) set out the number of Company Securities proposed to be disposed of, and whether the proposed transaction will be on-market or off-market; and
  - (c) include:
    - (i) sufficient information to demonstrate exceptional circumstances and that the proposed disposal is the only reasonable course of action available to the applicant; and
    - (ii) a declaration that the applicant does not believe they have any Inside Information.

A template request is included in Appendix A

- 10.8 The Clearance Officer must:
- (a) keep a written record of:
    - (i) any information or request received in connection with this policy; and
    - (ii) any Clearance given; and
  - (b) send a copy of that record to the Company Secretary for keeping.
- 10.9 The Company Secretary must keep a file of materials received under clauses 10.1 and 10.8.
- 10.10 A Clearance:
- (a) must be in writing and may be given by hand or emailed;
  - (b) will only be given if the Clearance Officer is satisfied that the applicant has no Inside Information and the circumstances are exceptional;
  - (c) cannot extend for more than five business days (with the effect that the relevant sale or disposal must be commenced within that period); and
  - (d) lapses immediately if the applicant acquires Inside Information.
- 10.11 A Clearance is not an endorsement. Designated Officers, Employees and Associates remain responsible for their compliance with this policy and the Corporations Act.

## 11. Dealing by an Associate

- 11.1 If a Designated Officer may not Deal in Company Securities, he or she must prevent such Dealing by his or her Associate.
- 11.2 A Designated Officer must:
- (a) inform any Associate of the periods during which the Designated Officer must not Deal in Company Securities;
  - (b) inform any Associate that he or she must not Deal in Company Securities on a speculative basis; and
  - (c) request any Associate to inform the Designated Officer immediately after Dealing in Company Securities.
- 11.3 A Designated Officer does not have to comply with clauses 11.1 and 11.2 to the extent that compliance would breach his or her obligation of confidence to the Group.

## 12. Communicating Inside Information

- 12.1 A Designated Officer, Employee or Associate must not directly or indirectly communicate Inside Information in relation to Company Securities or quoted Securities relating to another entity, if he or she knows, or ought reasonably to know, that the other person would be likely to:
- (a) Deal in relevant Securities; or
  - (b) procure another person to so Deal.
- 12.2 The provisions of clause 12 do not limit, and are additional to, other duties of confidentiality.

## 13. Notice of change in director's interest

- 13.1 If a Designated Officer is a director, he or she must ensure that an Appendix 3Y ASX Listing Rules Change of Directors' Interest Notice is completed (including the disclosures required by Part 3 of that document titled: 'Closed Period') and provided to the Company Secretary within two business days after the commencement of any Dealing in Company Securities.

- 13.2 The Company Secretary must provide the Appendix 3Y notice to ASX within five business days after the transaction's commencement.

## 14. Speculative dealing

- (a) A Designated Officer must not Deal in Company Securities on considerations of a Short-Term Nature.
- (b) **Short Term Nature** means any purchase and sale of Company Securities where both transactions occur within a period of six months or less.

## 15. Derivatives

- 15.1 The Company may grant securities, options or performance rights to its employees as part of their remuneration entitlements. These grants will usually be subject to the satisfaction of performance or time-based hurdles before they vest in the Employee or Designated Officer. The use of Derivatives over unvested Company Securities may allow value to be realised from those Securities even if performance hurdles have not been met. This would break the intended connection between staff performance and shareholder best interests.
- 15.2 Accordingly, Employees and Designated Officers are not permitted to use Derivatives in relation to any unvested Company Securities in any way.
- 15.3 Employees and Designated Officers may use Derivatives in relation to vested Company Securities, provided any Dealing complies with the balance of this policy.

## 16. Using Company Securities to secure a loan

- 16.1 Company Securities used to secure a loan can compromise compliance with this policy, as the loan's terms may compel the sale of Company Securities during a prohibited period or when the Employee or Designated Officer has relevant Inside Information.
- 16.2 Employees and Designated Officers are prohibited from entering into loan arrangements to fund the acquisition of Company Securities or in relation to which Company Securities are or may be used as security against loan repayment.

## 17. Defined terms

**Associate** means someone that a Designated Officer or Employee (**the Principal**) can be regarded as having investment control or influence over, including:

- (a) a family member of the Principal (including a child);
- (b) a nominee of the Principal (including an investment manager managing funds on the Principal's behalf);
- (c) a trust of which the Principal, or any family member, or any family-controlled company is the trustee or beneficiary;
- (d) a person in partnership with the Principal or a connected person mentioned above; and
- (e) a company that the Principal controls.

**ASX** means ASX Limited or the financial market operated by it, as the context requires.

**Board** means the directors of the Company from time to time, acting as a board.

**Clearance** means permission given to a Designated Officer, Employee, or Associate to sell or otherwise dispose of, but not buy, Company Securities in circumstances otherwise prohibited by this policy.

**Clearance Officer** means:

- (f) for an Employee, the Company Secretary;
- (g) for a Designated Officer who is not a director, the Company Secretary;
- (h) for the Company Secretary, the Chairperson of the Board;
- (i) for a director (except the Chairperson of the Board), the Chairperson of the Board;
- (j) for the Chairperson of the Board, the Chairperson of the Board's audit and risk committee;  
and
- (k) for an Associate, the Clearance Officer of his or her Principal.

**Company** means Micro-X Limited ACN 153 273 735.

**Company Securities** include Securities and Derivatives of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended or modified from time to time.

**Dealing** has the meaning given in clause 5, and Deal has a corresponding meaning.

**Derivatives** has the meaning given in the Corporations Act, and includes the following if they relate to or derive their value from Company Securities: put or call options, forward contracts, futures, warrants, depositary receipts, structured financial products, swaps, contracts for difference, spread bets, caps and collars, and any other hedging or investment arrangement.

**Designated Officer** means any director of the Company and each other person with authority and responsibility, whether direct or not, for the planning, direction and control of the Company's activities (i.e. key management personnel).

**Employee** includes, in addition to Group employees, any contractor or consultant whose terms of engagement incorporate this policy.

**Group** means the Company and its controlled entities.

**Inside Information** has the meaning given in clause 4.

**Securities** include shares (including but not limited to ordinary and preference shares), debentures, any legal or equitable right or interest in shares or debentures, options, convertible notes, Derivatives, interests in managed investment schemes and other financial products.

## 18. Breach

A breach of this policy is serious and may lead to disciplinary action, up to and including dismissal.

## 19. Assistance and additional information

Anyone who has information that he or she considers might be Inside Information and is unsure whether he or she can Deal in Company Securities or Securities of another quoted entity should contact his or her Clearance Officer for assistance and additional information.



## 20. Distribution

This policy must be distributed to all Employees and Designated Officers.

## 21. Amendment

21.1 Amendments to this policy not of a purely administrative nature must be approved by the Board.

21.2 Amendments to this policy that relate to:

- (a) Closed Periods; or
- (b) exclusions from its operation; or
- (c) exceptional circumstances in which trading may be permitted during a prohibited period;  
or
- (d) are otherwise material,

must be given to ASX by the Company Secretary for release to the market.

## 22. Approved and adopted

This policy was approved and adopted by the Board on 25 November 2015.

# Appendix A – Request for clearance

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[*insert date*]

[*insert name of relevant Clearance Officer*]

**Micro-X Limited**

[*Postal Address*]

## TRADING OF COMPANY SECURITIES

In accordance with clause 10 of Micro-X Limited's securities trading policy, I give notice to you that I am proposing to Deal with Company Securities in the following manner:

buy Company Securities

sell Company Securities

transfer Company Securities vested under an equity incentive plan to me

transfer Company Securities to a related party (eg family company, trust or superannuation fund)

exercise options over Company Securities

utilise derivatives and enter into a hedging transaction

The number of securities that I propose to Deal with is [*insert number*].

The transaction will be carried out [*~on-market/~off-market*].

I confirm that I have no insider information and will comply with the balance of Micro-X Limited's securities trading policy in relation to my Dealing.

I agree to notify the Company Secretary of the results of this action for the purposes of disclosure in the annual report or to ASX.

I [*~attach/set out~*] the following information required under clause 10.7(c) of the Company's Securities Trading Policy [*employee/director to set out relevant information or summarise relevant information attached*].

Please confirm that I am cleared to Deal in Company Securities.

.....

[**Designated Officer/Employee/Associate**]

**Date:**

**I confirm that subject to you not gaining any Inside Information, you are authorised to Deal in Company Securities within a [5] business day window starting on [*insert date*] and ending on [*insert date*] as outlined above.**

.....

**Clearance Officer**

**Date:**