

# CORPORATE GOVERNANCE SECTION 6 :

## POLICY AND PROCEDURES FOR DEALING IN THE SECURITIES OF LYCOPODIUM LIMITED

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## **SECTION 6      POLICY AND PROCEDURES FOR DEALING IN THE SECURITIES OF LYCOPODIUM LIMITED**

### **1.0      INTRODUCTION**

The Corporations Act 2001 (Cth) ("Corporations Act") prohibits any person who possesses inside information (whether as principal or agent) from using that information to deal in securities, either for personal gain or for the gain of any other person.

Inside information is information that is not generally available and, if it were available, a reasonable person would expect to have a material effect on either the price or value of the applicable security.

The main provision dealing with insider trading is section 1043A of the Corporations Act, which is summarised at the end of this policy.

Maximum penalties for non-compliance are:

- (a) in the case of a natural person \$200,000 or imprisonment for 5 years, or both,
- (b) in the case of a body corporate \$1,000,000, and
- (c) unlimited civil liability.

The following Policy and Procedures have been produced to provide guidance to directors and employees of Lycopodium Limited, and their associates, when dealing in Lycopodium Limited securities (which includes shares and options issued by Lycopodium Limited).

### **2.0      CLOSED PERIOD**

The following periods are considered a Closed Period :

- (a) the period from the close of the financial year (30 June) until the release of the financial results for the full year,
- (b) the period from the close of the half year (31 December) until the release of the financial results for the half year, and
- (c) other periods designated by the resolution of the Board as a "Closed Period",

### **3.0 POLICY ON TRADING IN LYCOPODIUM LIMITED SECURITIES**

During a Closed Period :

- (a) a director or officer of Lycopodium Limited and their associates, and
- (b) a director or secretary of a subsidiary of Lycopodium Limited and their associates,

are prohibited from trading in any securities of Lycopodium Limited.

At all times directors, officers, employees and their associates of Lycopodium Limited and its subsidiaries:

- (a) must not deal in any security of Lycopodium Limited whilst in possession of inside information,
- (b) should never engage in short term trading of any securities of Lycopodium Limited,
- (c) in a period, other than a Closed Period, should advise the Company Secretary, or in his absence, a director, of any purchase or sale of securities in Lycopodium Limited within two business days.

### **4.0 TRADING NOT SUBJECT TO THE TRADING POLICY**

There may be instances where the trading in securities of Lycopodium Limited is excluded from the trading policy.

These instances may include deals where:

- (a) the trading results in no change in beneficial interest in the securities,
- (b) the trading occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party,
- (c) the restricted person has no control or influence with respect to trading decisions, or
- (d) the trading occurs under an offer to all or most of the security holders of the entity.

## **5.0 EXCEPTIONAL CIRCUMSTANCES IN WHICH TRADING IN A CLOSED PERIOD IS PERMITTED**

A director, officer or their associate, who is not in possession of inside information in relation to the entity, may be given prior written clearance to sell or otherwise dispose of the securities of the entity during a closed period under the trading policy, where the restricted person is in severe financial hardship or there are other exceptional circumstances.

Exceptional circumstances, in this instance would include, but is not limited to:

- (a) a restricted person may be in severe financial hardship and has a pressing financial commitment that cannot be satisfied otherwise than by selling the securities of Lycopodium Limited
- (b) a restricted person is required by a court order, or there are court enforceable undertakings, to transfer or sell the securities of the entity or there is some other overriding legal or regulatory requirement for him or her to do so,
- (c) other circumstances, which may be deemed exceptional by the Chairman or the Managing Director (where the Chairman is the person involved) and whereby prior written clearance is granted to permit trading

If an exceptional circumstance, as outlined above, is deemed to exist, the person must obtain written approval from the Chairman, or if the Chairman is involved, the Managing Director, to trade in the securities of Lycopodium Limited. This approval, shall be valid for a period of no longer than two weeks and is to be reported at the next Board meeting,

## **6.0 PROCEDURES FOR TRADING IN LYCOPODIUM LIMITED SECURITIES**

Subject to the requirements of the Corporations Act and the above Policy requirements, a director, officer, employee or their associate may:

- (a) deal in any security of Lycopodium Limited provided that the person is not in possession of any inside information.
- (b) acquire securities in Lycopodium Limited under a bonus issue made to all holders of securities of the same class
- (c) acquire securities of Lycopodium Limited 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, shares or options under any employee share or option plan implemented by Lycopodium Limited,
- (e) exercise options granted by Lycopodium Limited (pursuant to any option plan or otherwise), but may only sell all or part of the shares received upon exercise of

the options only in accordance with the above Policy and these Procedures, and

In the case of directors only, section 205G of the Corporations Act requires that a director must notify the Australian Stock Exchange Limited of the acquisition or disposal of any security of Lycopodium Limited. A copy of any such notification should be forwarded by the relevant director to the Lycopodium Limited Company Secretary within 2 business days of a deal occurring.

## 7.0 DEFINITIONS

In this Policy on Dealing in the Securities of Lycopodium Limited:

**"associate"** includes nominee companies, spouses, dependent children, family trusts, etc.

**"security"** includes shares, debentures, rights, options, employee options, prescribed interests and warrants.

**"deal"** includes any transaction associated with buying, selling or converting a security.

**"inside information"** is information that if it was generally available and known to the market would have material effect on the price or value of the applicable security, and includes, without limitation:

- (a) sales figures,
- (b) profit forecasts,
- (c) borrowings,
- (d) liquidity and cash flow information,
- (e) significant changes in operations,
- (f) management restructuring, significant litigation,
- (g) impending mergers acquisitions, reconstructions, takeovers,
- (h) major asset purchases or sales, and
- (i) new products and technology.

## 8.0 CORPORATIONS ACT LEGISLATION

As stated above, the main provision dealing with insider trading is section 1043A of the Corporations Act. However, other sections throughout the Corporations Act deal with peripheral and related matters such as stock market manipulation, misleading conduct, fiduciary duties etc.

Section 1043A is summarised as follows:

- (a) Where:
    - (i) a person ("insider") possesses inside information, and the person knows, or ought reasonably to know, that:
      - (A) the information is not generally available, and
      - (B) if it were generally available, it might have a material effect on the price or value of those securities,
- the following rules apply.
- (b) The insider must not (whether as principal or agent):
    - (i) apply for, acquire, or dispose of, relevant securities or enter into an agreement to apply for, acquire, or dispose of, relevant securities, or
    - (ii) procure another person to apply for, acquire, or dispose of, relevant securities or enter into an agreement to apply for, acquire, or dispose of, relevant securities.
  - (c) The insider must not, directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to:
    - (i) apply for, acquire, or dispose of, relevant securities or enter into an agreement to apply for, acquire, or dispose of, relevant securities, or
    - (ii) procure another person to apply for, acquire, or dispose of, relevant securities or enter into an agreement to apply for, acquire, or dispose of, relevant securities.