

# **Share Trading Policy**

## **Mercantile Investment Company Limited**

**ABN: 15 121 415 576**

**Level 5, 139 Macquarie Street, Sydney**

**NSW 2000**

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# Share Trading Policy

## 1. General Trading Policy

### 1.1 Policy

The Board of the Company has established the following policy to apply to trading in the Company's shares on the Australian Securities Exchange (**ASX**). This policy applies to those persons defined below as Executives or Employees of the Company. Executives and Employees to whom this policy applies must restrict their buying and selling of Company's shares within the Company trading windows established by this policy.

In addition to the requirements of this General Trading Policy, all Executives and Employees (as defined below) must also comply with the Insider Trading Policy of the Company in section 2 below.

### 1.2 Restrictions on trading

This General Trading Policy and the restrictions on trading in shares of the Company set out below applies to the following representatives of Company (**Executives and Employees**):

- (a) the Board;
- (b) the Managing Director of the Company;
- (c) the Company Secretary of the Company;
- (d) directors and company secretary of any subsidiary of the Company;
- (e) all direct reports of the Managing Director;
- (f) all employees; and
- (g) any person who is entitled to receive equity performance rights and/or options as part of any equity incentive based scheme of the Company.

The Executives and Employees of the Company are to be subject to restrictions on trading in the Company's shares at certain times of the year. Restrictions also apply where any Executive or Employee is exposed to inside Price Sensitive Information in the course of their duties in accordance with the Insider Trading Policy (see section 2 below).

### 1.3 Associated parties

Each Executive and Employee has a personal responsibility to ensure that his or her "associated parties" (being immediate family (including a spouse (or equivalent) or dependent), family company or trust) complies with the same respective restrictions as apply to Executives.

### 1.4 Prohibition on dealing in Shares

In addition to the overriding prohibition on dealing when a person is in possession of inside Price Sensitive Information in accordance with the Insider Trading Policy, Executives, Employees and their associated parties are at all times prohibited from dealing in shares during:

- each period of 5 days immediately prior to the intended date upon which the Company releases its annual financial statements to the ASX;
- each period of 5 days immediately prior to the intended date upon which the Company releases its half-yearly financial statements to the ASX;

- each period of 5 days immediately prior to the intended date upon which the Company holds its annual general meeting or any general meeting of shareholders;
- the period from the first calendar day of each month, up to and including the day of NTA announcement to the ASX and;
- each period of 2 days immediately after the date upon which the Company issues an ASX announcement or holds any general meeting of shareholders, collectively known as **(Non Trading Periods)**.

For the avoidance of doubt, it is emphasized that Executives and Employees may not deal whilst in the possession of "Inside Price Sensitive Information " (see section 2) – this restriction applies at all times.

### **1.5 Board of Directors' discretion**

The Board of the Company has an absolute discretion to place an embargo on Executives and/or employees and/or their respective associated parties trading in the Company's shares at any time.

### **1.6 Notification rules in relation to dealing in shares**

Executives are required to notify the Company of intended dealings in shares, by themselves or their associated parties of the Company prior to such intended dealings. This should be done by written notice (email being sufficient) to the Company Secretary of the Company outlining:

- (a) name of shareholder;
- (b) type of proposed transaction (purchase, sale, etc.); and
- (c) number of shares (including price per share) involved.

The Company Secretary may confer with the Chairman of the Board in relation to any proposed dealing.

### **1.7 Discretion to trade within Non Trading periods**

**Executives and Employees** may receive prior written clearance (including via email) upon 48 hours notice to trade in the Company's securities on a prescribed financial market during a Non Trading Period in exceptional circumstances (provided that they are **not** in possession of inside Price Sensitive Information) as follows:

- a director of the Company (including the Chief Executive Officer (MD/CEO)) must inform and receive approval from the Chairman before undertaking a transaction during a Non Trading Period;
- the Chairman must obtain approval from the Board before undertaking a transaction during a Non Trading Period;
- executives and senior management must inform and receive approval from the Company Secretary before undertaking a transaction during a Non Trading Period; and
- all other employees must inform and receive approval from the Company Secretary before undertaking a transaction during a Non Trading Period.

## **1.8 Exceptional circumstances requiring written clearance to trade within Non Trading periods**

Circumstances under which **Executives and Employees** may receive prior written clearance to trade during a Non Trading Period include:

- severe financial hardship that cannot be satisfied other than by sale of the Company's securities (including margin loan calls subject to the operation of section 10 of this policy); and
- court orders or enforceable undertakings

## **1.9 Directors to notify ASX of shareholding**

The Directors of the Company are required to request that the Company Secretary complete, either Appendix 3X, 3Y or 3Z (as applicable) following a change in shareholding and lodge it with the ASX in respect of their shareholding in the Company within 5 business days of the change occurring, for the purposes of section 205G of the Corporations Act and Listing Rule 3.19A. The Directors acknowledge that a completed Appendix 3Y must state whether trading took place in a closed period where prior written clearance is required and, if so, whether that clearance was granted and the date it was granted.

## **1.10 Margin lending**

Margin lending is one form of finance which may be arranged by Executives or Employees at the time of purchase of shares or at another time. If the Executive or Employee subsequently receives a margin call then the Executive or Employee has the choice of meeting the call by providing additional cash or meeting the obligation under the margin call by selling shares. An Executive or Employee may sell the Company's shares as a result of a margin call in accordance with the procedures in this policy.

Directors however, must disclose margin lending positions involving above 5% of the Company's shares to the Board and Company Secretary for disclosure of the key terms of the arrangements to the ASX under Listing Rule 3.1.

## **1.11 Hedging**

**Executives and Employees** who have rights to the Company's shares under a Long Term Incentive Plan (LTIP) may not hedge against those rights until they have vested. **Executives and Employees** may hedge after vesting if the hedge is both initiated in and arranged so that the specified exercise date does not fall within a Non-Trading Period (as defined in section 1.4).

# **2. Insider Trading Policy**

## **2.1 Policy**

The Board of the Company has established the following Insider Trading Policy to apply to trading in the Company's shares on the ASX.

This policy applies to all Directors, senior management and employees of the Company. All Directors, senior management and employees of Company must not deal in the Company's shares while in possession of Price Sensitive Information.

In addition, the General Share Trading Policy (see section 1 above) sets out additional restrictions which apply to Directors and senior management of the Company.

The law imposes a number of significant restrictions on employees of the Company when they deal in their Company's shares. As fiduciaries, these persons must not utilise their position for their own gain or for the gain of any person other than the Company.

The Corporations Act imposes severe penalties (both criminal and civil) on persons who conduct insider trading activities. Any perception of improper conduct by employees of the Company also has the potential to substantially damage the Company's reputation.

The Company has established the policy set out in this document in an effort to prevent the incidence of insider trading in the Company's shares. The policy provides a general summary of the law in Australia in relation to insider trading, and as such operates in addition to the legal requirements. It is the personal responsibility of each Director, Executive and employee to comply with this policy.

## **2.2 Overview of the insider trading provisions in the Corporations Act**

It is illegal for anybody to deal in any shares of a body corporate (including the Company), when in possession of information that the person knows, or ought reasonably to know:

- is not generally available (including information that the Company has not disclosed to the market in accordance with the Company's Continuous Disclosure Policy); and
- might have a material effect on the price or value of those shares if it was generally available (**Inside Information**).

This prohibition extends to procuring another person to deal, and, in the case of shares of listed corporations, extends to communicating the inside information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the shares in question or procure another person to do so. To communicate Inside Information to another person is also an offence which carries both civil and criminal penalties.

A person in possession of Inside Information about the Company has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person.

## **2.3 Dealing with security analysts, institutional investors and journalists**

A person may be exposed to others outside the Company such as security analysts, institutional investors and journalists. It is important that all Directors, Executives and employees be aware that selective disclosure of non-public information may result in a breach of the insider trading rules.

It is important to emphasise that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed.

It is possible to convey information in breach of this policy and the Corporations Act by expressing subjective attitudes about the Company's performance or by calling attention to selective information not available as an aggregate to the general public. It is essential to avoid the indirect conveyance of information by any means whatsoever.

If during the course of a discussion with an analyst, journalist or other outsider, material non-public information concerning the Company is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until the Company has made full public disclosure of that information. The Company Secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information.

No public comments should be made regarding any previously undisclosed operating results or other developments unless authorised by the Company.