



**ASX Announcement**

10<sup>th</sup> June 2016

**Revised Securities Trading Policy**

In accordance with Listing Rule 12.10, please find attached a copy of the recently revised Securities Trading Policy for Cogstate Ltd which is effective from 7<sup>th</sup> June 2016.

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# Securities Trading Policy

Cogstate Limited (ABN 80 090 972 723) and its subsidiaries (the Company)

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## 1. Introduction and Purpose

### 1.1 Background

This Securities Trading Policy (**Policy**) regulates Trading by Directors, employees of the Company and its subsidiaries (the **Group**) and Closely Connected Persons and Entities of Restricted Employees in Company Securities or Securities of any other companies.

Directors and all employees must comply with the insider trading prohibitions of the Corporations Act at all times. Any person who possesses inside information in relation to a company must not Trade in Securities of that company, regardless of the terms of this Policy or any written clearance given under this Policy in respect of Company Securities.

In addition to setting out general principles in relation to Trading in Securities applicable to all Directors and employees of the Company and the Group, this Policy recognises that there are specific periods when Directors and Restricted Employees should not Trade in Company Securities. This Policy also sets out procedures which apply to Trading in Company Securities by Directors and Restricted Employees.

### 1.2 Purpose

The purpose of this Policy is to assist Directors and employees, including Restricted Employees, to comply with their obligations under the insider trading prohibitions of the Corporations Act and to protect the reputation of the Company, its Directors and employees.

All Directors and employees, particularly Restricted Employees, should read this Policy carefully and familiarise themselves with the requirements and procedures detailed in it.

The Board considers insider trading to be both illegal and unethical. Any breach with this Policy will be regarded as serious misconduct.

If you have any questions about this Policy please contact the Company Secretary.

### 1.3 Definitions

Capitalised terms used in this Policy are defined in the Schedule.

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## 2. Key principles of insider trading prohibition

### 2.1 Conduct prohibited by law

Under the Corporations Act, if a person possesses "inside information" in relation to Securities of the Company or any other company, the person must not:

- (a) Deal in those Securities; or
- (b) Procure another person to Deal in those Securities; or
- (c) directly or indirectly communicate the information, or cause the information to be communicated, to another person if the first-mentioned person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in those Securities or Procure a third person to Deal in those Securities.

Importantly, given the broad definition of "Procure", a person who Deals in Securities through a trust or company while in possession of inside information may contravene the insider trading prohibitions in the Corporations Act and this Policy.

## **2.2 When a person possesses inside information**

A person possesses inside information in relation to Securities of the Company or another company where:

- (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 the 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 the Securities.

Directors and employees may only assume that information is generally available if it has been announced to ASX.

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

## **2.3 A person does not need to be an "insider"**

A person can possess inside information in respect of a company, even if they are not associated in any way with that company. It is irrelevant how the inside information was obtained.

## **2.4 Penalties**

A person who Trades in Securities while they possess inside information or communicates that information in the circumstances described in paragraph 2.1(c) above may be liable for both significant civil and criminal penalties.

In addition, a breach of this Policy may lead to disciplinary action by the Company or Group, including termination of employment with the Group.

## **2.5 Examples of inside information**

The following items are examples of information which may be inside information in relation to the Company:

- (a) a change in financial forecasts or expectations;
- (b) a proposed dividend;
- (c) pending changes in the Board of Directors or senior executives;
- (d) pending ASX announcements;
- (e) proposed changes in capital structure, including issues of securities, rights issues, the redemption of securities and capital reconstructions;
- (f) giving or receiving a notice of intention to make a takeover offer;
- (g) debt facilities and borrowings;

- (h) proposed mergers, demergers, acquisitions and divestments;
- (i) proposed changes in operations, strategy or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- (j) liquidity and cash flow information;
- (k) sales figures;
- (l) major or material purchases or sales of assets;
- (m) significant new contracts or customers;
- (n) an entity proposing to buy, or a holder proposing to sell, a substantial number of Company Securities;
- (o) industry issues that may have a material impact on the Company;
- (p) significant litigation involving the Company;
- (q) allegations of any material breach of the law or other regulatory requirements by the Company; and
- (r) decisions on significant issues affecting the Company by regulatory bodies in Australia or other relevant jurisdictions.

This is not an exhaustive list.

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### **3. Restrictions on trading**

#### **3.1 General principles**

Directors and employees must comply with the following general principles in relation to Trading in Securities:

- (a) Directors and employees must comply with the insider trading provisions of the Corporations Act at all times and must not Trade in Securities whilst in possession of inside information in respect of those in Securities; and
- (b) Directors and employees must not derive personal advantage from information which is not generally available and which has been obtained by reason of their connection with the Group.

#### **3.2 Short term Trading - all Directors and employees**

Except as stated below, Directors and employees must not engage in short term Trading of Company Securities.

In general, the acquisition of Securities with a view to resale within a 6 month period and the sale of Securities with a view to repurchase within a 6 month period would be considered to be transactions of a short term nature.

Provided that Directors and employees are not in possession of inside information, this prohibition does not restrict the sale of Securities following the vesting or exercise of options under any employee share scheme.

### **3.3 Short Selling - all Directors and employees**

Directors and employees must not engage in short selling of Company Securities.

In general, the execution of a short sale in reliance on an existing securities lending arrangement to have a 'presently exercisable and unconditional right to vest' the products in the buyer at the time of sale would be considered to be a short sale transaction.

### **3.4 Securities of other companies**

Directors and employees must not Trade in Securities of another company whilst in possession of inside information in respect of that company.

### **3.5 No Trading in Company Securities during Prohibited Periods**

Directors, Restricted Employees and Closely Connected Persons and Entities must not Trade in Company Securities during the following Prohibited Periods:

- (a) two weeks before the Company's year end until the business day after the release of the full year results;
- (b) two weeks before the Company's half year end until the business day after the release of the half yearly results;
- (c) if a quarterly report is required to be released, two weeks before the Company's quarterly balance date until the business day after the release of the quarterly report;
- (d) two weeks before the Company's Annual General Meeting; and
- (e) any additional periods imposed by the Board from time to time (for example when the company is considering matters which are subject to Listing Rule 3.1A).

However, even if a Prohibited Period is not operating, Directors, Restricted Employees and Closely Connected Persons and Entities must not Trade in Company Securities at that time if they are in possession of inside information.

### **3.6 Prior written clearance for Trading**

Directors, Restricted Employees and Closely Connected Persons and Entities must seek prior written clearance before undertaking any Trading in Company Securities.

This requirement applies to all Trading outside of a Prohibited Period and any Trading during a Prohibited Period which is subject to an exception in section 3.12 of this Policy. (The procedures for seeking prior written clearance to Trade during a Prohibited Period as a consequence of Exceptional Circumstances are set out in section 3.11.)

In order to seek clearance to Trade, Directors, Restricted Employees and Closely Connected Persons and Entities must submit a written request to the Designated Officer at least two weeks before the proposed trade date. The Designated Officer may request such information as considered appropriate in the circumstances.

The Designated Officer's discretion will be exercised with caution. Directors, Restricted Employees and Closely Connected Persons and Entities should be aware that the Designated Officer is not obliged to provide the clearance to Trade. A clearance to Trade may be withdrawn to the extent new information or circumstances arise that, had they been known at the time the

initial clearance to Trade was granted, would have resulted in the Designated Officer determining that such clearance would be inappropriate.

Any decision of the Designated Officer to refuse clearance to Trade is final and binding and must be kept confidential by the Director, Restricted Employee or Closely Connected Person or Entity.

Directors, Restricted Employees and Closely Connected Persons and Entities may only engage in the proposed Trading if and only if prior written clearance is given by the Designated Officer. Any clearance for the Trading will be valid for 7 days from the date it is given.

### **3.7 Subsequent notification of all Trading**

Directors, Restricted Employees and Closely Connected Persons and Entities must provide the Company Secretary with subsequent written notification of all Trading in Company Securities within two business days, regardless of whether prior written clearance has been given for that Trading.

Directors must provide sufficient details of all Trading to enable the Company to file a notice in accordance with the ASX Listing Rules within 5 business days of the Trade. The Company will also be obliged to notify ASX whether the Trading by a Director occurred during a Closed Period where prior written clearance was required and, if so, that prior written clearance was provided.

### **3.8 Margin loans and other security interests**

If a Director, Restricted Employee or Closely Connected Person or Entity proposes to put in place margin loan arrangements or any similar funding arrangements in relation to Company Securities, he or she must immediately advise the Company Secretary (or, in the case of the Company Secretary, the Chairman) of the details and proposed arrangements. If a demand for payment is made under, or any other Dealing is proposed in connection with, the margin loan arrangement, the person must immediately advise the Company Secretary and the Designated Officer.

Notifications made in accordance with this clause must include, as applicable, the number of Company Securities that are or are to be subject to the margin loan arrangement (or where the margin loan arrangement relates to a portfolio of Company Securities, the approximate percentage of that portfolio that consists of Company Securities) and any further information required to assist the Company in complying with its ASX Listing Rule obligations.

The person may only trade their Company Securities in accordance with this Policy, subject always to insider trading laws. Directors and Key Management Personnel must have regard to the terms of this Policy before entering into any margin loan agreements.

### **3.9 Hedging and Derivatives**

Directors and employees must not use, or allow to be used, any Derivatives or other products which operate to limit the economic risk of unvested Company Securities or vested Company Securities which are subject to holding locks.

### **3.10 Trading may be permitted in Exceptional Circumstances**

A Director, Restricted Employee or Closely Connected Person or Entity who is not in possession of inside information in relation to the Company may Trade in Company Securities during a Prohibited Period if:

- (a) the Designated Officer determines that an Exceptional Circumstance applies to the Director, Restricted Employee Closely Connected Person or Entity; and
- (b) prior written clearance is granted by the Designated Officer in accordance with this Policy to permit the Director, Restricted Employee or Closely Connected Person or Entity to Trade in Company Securities during the Prohibited Period.

A Director, Restricted Employee or Closely Connected Person or Entity seeking clearance to Trade during a Prohibited Period must satisfy the Designated Officer that Exceptional Circumstances exist and that the proposal to Trade in Company Securities during a Prohibited Period is the only reasonable course of action available. Directors, Restricted Employees and Closely Connected Persons and Entities must apply for clearance in accordance with paragraph 3.11 below.

However, even if prior written clearance is given, Directors, Restricted Employees and Closely Connected Persons and Entities must not Trade in Company Securities if the person is in possession of any inside information.

### **3.11 Prior written clearance**

In order to seek prior written clearance to Trade during a Prohibited Period due to Exceptional Circumstances, Directors, Restricted Employees and Closely Connected Persons and Entities must submit a written request to the Designated Officer at least two weeks before the proposed trade date. The Designated Officer may request such information as considered appropriate in the circumstances.

The Designated Officer's discretion will be exercised with caution and having regard to the importance of minimising both the risk and appearance of insider trading. Directors, Restricted Employees and Closely Connected Persons and Entities should be aware that the Designated Officer is not obliged to provide the clearance to Trade, even if Exceptional Circumstances exist. A clearance to Trade may be withdrawn to the extent new information or circumstances arise that, had they been known at the time the initial clearance to Trade was granted, would have resulted in the Designated Officer determining that such clearance would be inappropriate.

Any decision of the Designated Officer to refuse clearance to Trade is final and binding and must be kept confidential by the Director, Restricted Employee or Closely Connected Person or Entity.

Directors, Restricted Employees and Closely Connected Persons and Entities may only engage in the proposed Trading if written clearance is given. Any prior written clearance given for Exceptional Circumstances trading will be valid for 7 days from the date it is given.

### **3.12 Dealings which may occur during a Prohibited Period**

Provided that the Director, Restricted Employee or Closely Connected Person or Entity is not in possession of any inside information, during a Prohibited Period Directors, Restricted Employees and Closely Connected Persons and Entities may Trade in Company Securities in the circumstances described below:

- (a) **(Transfers into a superannuation fund)** Transfers of Company Securities already held into a superannuation fund or other saving scheme in which the Director, Restricted Employee or Closely Connected Person or Entity is a beneficiary;

- (b) **(Investment in fund etc)** 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;
- (c) **(Director or Restricted Employee acting as trustee)** Where the Director, Restricted Employee or Closely Related Person or Entity is a trustee or a director of a corporate trustee, Trading in Company Securities by that trust provided the Director, Restricted Employee or Closely Related Person or Entity is not a beneficiary of the trust and any decision to Trade during a Prohibited Period is taken by the other trustees or directors or by the investment managers independently of the Director, Restricted Employee or Closely Connected Person or Entity;
- (d) **(Accepting a takeover offer)** Undertakings to accept, or the acceptance of, a takeover offer, or participation in a scheme of arrangement;
- (e) **(Rights issue, security purchase plan, distribution reinvestment plan etc)** Trading under an offer or invitation made to all or most of the Company's security holders, 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. (This extends to decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue);
- (f) **(Margin loans)** An involuntary disposal of Company Securities that is the result of a secured lender exercising their rights, for example, under a margin loan or similar funding arrangement;
- (g) **(Exercise of options or rights)** The exercise (but not the sale of Securities following exercise) of an option or a right under an employee incentive scheme. This exception applies to options and rights granted under an employee incentive scheme before this Policy takes effect;
- (h) **(Exercise of options or rights, or conversion of convertible security)** The exercise (but not the sale of Securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the Company has been in an exceptionally long Prohibited Period, or the entity has had a number of consecutive Prohibited Periods, and the Director, Restricted Employee or Closely Connected Person or and Entity could not reasonably have been expected to exercise it at a time when free to do so. This exception applies to options and rights granted under an employee incentive scheme after this Policy takes effect; or
- (i) **(Share qualification)** The acquisition of shares by a Director to obtain a share qualification.

Please note that the Policy requirements with respect to prior written clearance and subsequent notification continue to apply to Trading under one of the above exceptions - see paragraphs 3.6 and 3.7.



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## 4. Other matters

### 4.1 Qualifications

Under insider trading laws, a person who possesses inside information about an entity's securities is generally prohibited from trading in those securities. This applies even where:

- (a) the trading occurs at a time that would otherwise be outside a Prohibited Period specified in this Policy;
- (b) the trading falls within an exclusion in this Policy; or
- (c) the person has been given clearance under the Policy to Trade (whether in exceptional circumstances or otherwise).

Clearance to Trade under this Policy is not an endorsement of the proposed Trade nor a representation that such Trade is lawful. The person Trading is the individual responsible for his or her investment decisions and his or her compliance with insider trading laws.

Before any Director, Restricted Employee or Closely Related Person or Entity Trades in Securities, they should consider carefully whether they are in possession of any inside information that might preclude them from Trading at that time and, if they have any doubt they should seek professional advice.

When seeking written clearance to Trade in Company Securities, Directors, Restricted Employees and Closely Related Persons or Entities must certify that they are not in possession of any inside information that might preclude them from Trading.

If any Director, Restricted Employee or Closely Related Person or Entity comes into possession of inside information after receiving a clearance to Trade, they must not Trade despite having received the clearance.

### 4.2 Changes to Policy

If any material changes are made to this Policy, the Company will give the amended Policy to ASX for release to the market within 5 business days of the material change taking effect.

Amendments to the Policy which are likely to constitute a material change include:

- (a) changes to the Closed Periods;
- (b) changes with respect to Trading in Company Securities which is not subject to a Prohibited Period (as set out in paragraph 3.12 of this Policy); and
- (c) changes with respect to the Exceptional Circumstances in which Directors and Restricted Employees may be permitted to Trade during a Prohibited Period (as set out in paragraphs 3.10 and 3.11 of this Policy).

### 4.3 Adoption of Policy and annual Board review

This Policy was adopted by the Board on [*insert date*] and takes effect from that date and replaces all previous securities trading policies in this regard.

The Board will review this Policy annually. The Company Secretary will communicate any amendments to employees as appropriate.

## Schedule 1 Definitions

For the purposes of this Policy:

**ASX Listing Rules** means the listing rules of ASX Limited;

**Board** means the board of directors of the Company;

**Chair** means the Chair of the Board from time to time;

**Closed Period** means the periods set out in paragraphs 3.5(a) and 3.5(b);

**Closely Connected Persons and Entities** means close family members of Restricted Employees (including the spouse and minor children of such persons) and any family company or family trust which the KMP or their close family members may control or have an interest in.

**Company Securities** means Securities issued by the Company;

**Corporations Act** means the Corporations Act 2001 (Cth);

to **Deal** in Securities means to apply for, acquire or dispose of Securities, or enter into an agreement to do any of those things, and **Dealing** has a corresponding meaning;

**Derivative** has the meaning in section 761D of the Corporations Act and includes options, forward contracts, futures, warrants, swaps, caps and collars;

**Designated Officer** means:

- (a) in respect of a Director, the Chair;
- (b) in respect of the Chair, the CEO;
- (c) in respect of a Restricted Employee, the Company Secretary; and
- (d) in respect of the Company Secretary, the CEO;

or such other person appointed by the Board as a Designated Officer for the purposes of this Policy;

**Directors** means directors of any company in the Group;

**Exceptional Circumstances** means, in relation to a Director or Restricted Employee:

- (a) **(Severe financial hardship)**: a pressing financial commitment that can only be satisfied by selling the relevant Company Securities;
- (b) **(Tax liability)**: a tax liability of such a person would constitute severe financial hardship only if the person has no other means of satisfying the liability;
- (c) **(Court order)**: a requirement to Trade in Company Securities as a result of:
  - (i) a court order;
  - (ii) court enforceable undertakings (eg as part of a bona fide family settlement); or
  - (iii) some other overriding legal or regulatory requirement; or

**(Other circumstances):** any other circumstances considered exceptional by the Designated Officer;

to **Procure** another person to Deal in Securities includes inciting, inducing or encouraging a person to Deal or not Deal in Securities;

**Prohibited Period** means the periods set out in paragraphs 3.5(a), 3.5(b) and 3.5(d);

**Restricted Employees** means the:

- (a) Chief Executive Officer;
- (b) Chief Financial Officer;
- (c) Company Secretary;
- (d) General Counsel;
- (e) Chief Scientific Officer;
- (f) Chief Technical Officer
- (g) Chief Commercial Officer
- (h) Marketing Director
- (i) Finance Manager;
- (j) Quality Assurance Manager;
- (k) employees employed in the finance department;
- (l) employees employed in the Company's strategic planning department;
- (m) direct reports to the above positions (including, without limitation, any executive assistants to the above people);
- (n) employees who have access to the emails, documents or files of the above positions;  
and
- (o) employees nominated by the Board as Restricted Employees (and who are notified accordingly),

whether employed by the Company or another member of the Group;

**Securities** includes shares, options, rights, debentures (including convertible notes), interests in a managed investment scheme, Derivatives and other financial products covered by s1042A of the Corporations Act; and

**Trade** means to Deal in Securities or Procure another person to Deal in Securities, and

**Trading** has a corresponding meaning.