

## **Melbourne IT Limited Share Trading Policy**

### **Objectives**

As part of the duty to avoid conflicts, the Corporations Law prohibits any director or employee of a company from making improper use of:

- his or her position with the company; or
- information acquired by virtue of that position,

to gain (directly or indirectly) an advantage for any person or to cause detriment to the company.

In addition, the Corporations Law prohibits any person from trading in securities of a company at a time when that person possesses certain information that is not generally available and which, if disclosed publicly, would be likely to materially affect the market price of the securities.

Directors and employees are encouraged to be long-term holders of Melbourne IT's shares. However, in light of the prohibitions in the Corporations Law and the ASX Listing Rules, it is important that care is taken in the timing of any trading in Melbourne IT's shares by its directors and employees.

These guidelines set out Melbourne IT's policy on the trading in Melbourne IT shares by its directors and employees. The purpose of these guidelines is to assist directors and employees to comply with the law and to adequately manage conflicts of interest. In some respects, Melbourne IT's policy extends beyond the strict requirements of the Corporations Law.

These guidelines include a basic explanation of what constitutes insider trading and Melbourne IT's policy to prevent it, including:

- a description of what conduct may constitute insider trading;
- a description of the safest times for directors and employees to buy or sell shares in Melbourne IT in order to minimise the risk of insider trading;
- closed periods during which directors, officers and key management personnel (and parties related to them) are not permitted to trade in Melbourne IT shares; and
- the steps for directors and employees to take when buying or selling share in Melbourne IT.

## **INSIDER TRADING IS PROHIBITED**

### **What is insider trading?**

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of a company's securities (i.e., information that is 'price sensitive'); and
- b) that person:
  - buys or sells securities in Melbourne IT; or
  - procures someone else to buy or sell securities in Melbourne IT; or
  - passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities; or
  - procures someone else to buy or sell the securities of Melbourne IT.

Information is generally available if:

- it consists of readily observable matter; or
- it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in securities of bodies corporate of a kind whose price or value might be affected by the information, and since it was so made known, a reasonable period for it to be disseminated among such persons has elapsed.

### **Examples**

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to affect materially the price of Melbourne IT's shares:

- the likely grant (or loss) of a major domain names registration services contract;
- Melbourne IT considering a significant new joint venture or partnering arrangement which could result in a material increase in Melbourne IT's revenues or profits;
- Melbourne IT considering a major acquisition or a disposal of a line of business;
- a proposal to launch a significant new product or service;
- Melbourne IT's financial results materially exceeding (or falling short of) the market's expectations; or
- the threat of major litigation against Melbourne IT.

### **Dealing through third parties**

A person does not need to be a director or employee of Melbourne IT to be guilty of insider trading in relation to securities in Melbourne IT. The prohibition extends to dealings by directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies.

### **Information however obtained**

It does not matter how or where the person obtains the information - it does not have to be obtained from Melbourne IT to constitute inside information.

### **Employee share schemes**

The prohibition does not apply to subscriptions for shares by employees made under an employee share scheme. However, the prohibition will apply to the disposal of shares acquired under such a scheme. It could also apply to the exercise of employee options.

### **Dividend Reinvestment Plan**

The prohibition does not apply to shares issued pursuant to the company's Dividend Reinvestment Plan.

## **GUIDELINES FOR TRADING IN MELBOURNE IT'S SECURITIES**

### **General rule**

Directors and employees of Melbourne IT **must not buy or sell shares** in Melbourne IT when they possess price sensitive information which is not generally available to the market.

In addition directors, officers and key management personnel must not buy or sell shares in Melbourne IT during a "closed period" except with prior approval as set out in this policy. The term "Key management personnel" is defined by reference to the Australian Accounting Standards Boards' AASB 124).

### **No short-term trading in Melbourne IT's securities**

It is also contrary to Company policy for directors and employees to be engaged in short-term trading of Melbourne IT's shares. For example, buying and selling Melbourne IT's shares within a short period of time with the view of realising a profit or minimising a loss as opposed to holding the shares as a long term investment.

### **Safest times to deal in Melbourne IT's securities**

Generally, directors and employees of Melbourne IT should be wary of dealing in Melbourne IT's shares or the shares of any other companies with which Melbourne IT is or may be involved.

The only appropriate time for a director or employee to acquire or sell Melbourne IT's shares is **when he or she is not in possession of price sensitive information which is not generally available to the market.**

In addition directors, officers and key management personnel may not deal in Melbourne IT's shares during the following periods ("closed periods") unless expressly permitted in writing to do so by the Chairman:

- from the close of each half-yearly or yearly results period (i.e. 30 June and 31 December each year) until 24 hours following the release of Melbourne IT's half-yearly or yearly results;
- the two weeks immediately before the Annual General Meeting when it is customary for the Chairman and CEO to provide further information about Melbourne IT's current performance; or
- any other period which may be designated as a "closed" or "black-out period" by the Chairman.

In the past, the view has been that it is safest to trade in a company's securities during 'window' periods immediately following the release of information to the public; for instance, in the period following the Annual General Meeting or the release of the annual or half-yearly results.

However, publicly listed companies and other disclosing entities are now required by statute to disclose price sensitive information on an on-going basis. Therefore, it is no longer relevant to refer to specific 'window' periods during which it is safest to trade in a company's securities. There are, however, certain carve-outs from a listed company's continuous disclosure obligation (such as where the information relates to confidential and incomplete negotiations of a material transaction). Accordingly, directors and employees cannot assume that they are always free to trade outside of the "closed" periods set out above.

Once price sensitive information which was not previously available to the market has been released to the market, it is safest to trade in Melbourne IT's securities after a reasonable amount of time has passed in respect of the market announcement. What is a reasonable amount of time in the circumstances is a matter of judgement, however, the question is whether enough time has passed for investors or shareholders to have obtained the information.

If in doubt, queries should be directed to the Chairman (in the case of directors) or Company Secretary (in the case of employees).

### **Clearance procedures**

Any director, officer or key management personnel of the Company wishing to trading in Melbourne IT's shares, or exercise options over Melbourne IT's shares, **must** advise the Chairman (in the case of directors) or the Company Secretary (in the case of an executive officer or key management personnel) of their intention to do so **before** buying or selling the shares or exercising options. This notification obligation operates at all times.

Directors, and key management personnel must not buy or sell Melbourne IT's shares, or exercise options, until approval has been given by the Chairman (in the case of directors) or the Chief Executive Officer (in the case of key management personnel). Approval will only be granted to trade during a closed period in certain exceptional circumstances such as severe financial hardship or any other circumstance which the Board determines appropriate. It is important to stress, however, that **this approval does not absolve the person proposing to deal of their obligation to comply with the law**. It is a means of giving the director or executive officer greater comfort (for example, there may be something imminent which may be material but of which they are not yet aware and it may cause subsequent embarrassment were trading to have occurred shortly prior to such a development being announced). It is not a **sanction**.

This procedure should prevent potential embarrassment and adverse publicity concerning trading Melbourne IT's shares when, for example, there may be important corporate information (whether or not material in a legal context) not publicly released, or when projected financial results may deviate from market expectations.

#### **ASX notification by Melbourne IT**

The ASX Listing Rules requires Melbourne IT to notify the ASX within 5 days of any dealing by a director in Melbourne IT's shares (either personally or through a third party) which results in a change in the relevant interests of the director in Melbourne IT's shares. It is also necessary to advise whether the trade occurred during a closed or 'blackout' period and, if so, whether prior written approval was granted. A director should therefore also contact the Company Secretary prior to dealing in any of Melbourne IT's shares to enable Melbourne IT to comply with this requirement.