

# Guidelines for Dealing in Securities

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## 1 Introduction

The purpose of these Guidelines for Dealing in Securities guidelines is to:

explain the type of conduct in relation to dealings in securities that is prohibited under the *Corporations Act*, which is applicable to all officers, employees and contractors of PearlStreet Limited ACN 107 329 224 (the **Company**) and its related bodies corporate (the **Group**); and

establish a best practice procedure relating to buying and selling securities that provides protection to the Company, and its officers, employees and contractors against the misuse of unpublished information which could materially affect the value of securities.

The Company aims to achieve the highest possible standards of corporate conduct and governance. Accordingly, the Board of Directors considers that compliance with these guidelines is essential to ensure that the highest standards of conduct are being met by all officers, employees and contractors of the Company. The Company also wishes to ensure that any perception of executives or employees dealing in shares when they should not do so is avoided.

Any non-compliance with these guidelines will be regarded as serious misconduct which may entitle the Company to take corrective disciplinary action which may include termination of employment.

For the purposes of these guidelines, **Listing Rules** means the Listing Rules of the Australian Stock Exchange (**ASX**).

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## 2 Guidelines

### 2.1 Persons to whom these guidelines apply

These guidelines apply to:

directors of, and contractors to any member of the Group; and

employees of any member of the Group,

and their associates (collectively **Relevant Persons**).

### 2.2 The guidelines

#### (a) Window Period

Relevant Persons, other than directors or senior management, may buy or sell the Company's shares on the ASX in the period of [31] days commencing 48 hours following:

- the announcement of half-yearly results;
- the announcement of annual results; or
- the holding of the Annual General Meeting,

**EXCEPT** where the Relevant Person is in possession of price sensitive or "inside" information or where the Company is in possession of price

sensitive or “inside” information and the Company has, during the “window” set out above, notified the Relevant Person that they may not buy or sell securities during all or part of any such period.

Relevant Persons may also buy or sell the Company’s securities during the period that the Company has a current prospectus or other form of disclosure document on issue pursuant to which persons may subscribe for shares.

Price sensitive information is information which is not generally available and if it was generally available would be likely to have a material affect on the price or value of the Company’s securities. The information may be non-financial in nature (for example current negotiations in relation to a contract). This is dealt with in greater detail below.

If you are not sure whether you should buy or sell the Company’s shares during this time please consult with the relevant person listed in paragraph (b) below.

**(b) During other periods**

Outside of the “window” period, all Relevant Persons, other than directors or senior management, must receive clearance for any proposed dealing in the Company’s shares on the ASX by informing and receiving approval from the Company Secretary prior to undertaking a transaction.

It is intended that a request will be answered within 48 hours.

**(c) Directors and senior management**

During all periods, directors and senior management must receive clearance for any proposed dealing in the Company’s securities on the ASX as follows:

- a **director** or any member of senior management of the Company must inform and receive approval from the Chairman prior to undertaking a transaction; and
- the **Chairman** must obtain approval from the Board or the next most senior director, prior to undertaking a transaction.

It is intended that a request will be answered within 48 hours.

Unless there are unusual circumstances, as determined by the Board, approval will not be given to enable directors and senior management to trade in the Company’s shares outside the “windows” specified in paragraph 2.2(a).

**(d) Short Term Dealing**

Relevant Persons may not deal in the Company’s securities on a short term trading basis, except in circumstances of special hardship, with the Chairman’s approval. That is, Relevant Persons may not buy and sell securities within a three month period. In addition, Relevant Persons may not enter into any other short term dealings (for example, forward contracts) except with the approval of the Chairman.

**(e) Options**

Options may be exercised at any time in accordance with their terms of issue, unless the Relevant Person is in possession of price sensitive information.

In addition, any dealings in shares acquired upon exercise of options must only occur in accordance with these guidelines.

**(f) Securities in other companies**

Whilst in general you are free to deal in shares in other listed companies, the prohibited conduct under the *Corporations Act* includes dealings in securities of the Company as well as of other listed companies with which the Company may be dealing (such as the Company's customers or joint venture partners) where an Relevant Person possesses "inside information" in relation to that other company.

That is, if you are aware of information that is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security, you should not deal in the securities of the companies that it affects. For example, where you are aware that the Company is about to sign a major agreement with another company, you should not buy shares in either the Company or the other company.

**(g) Hedging Transactions**

Executives are not permitted to enter into transactions with Securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements under any equity-based remuneration schemes offered by the Company.

**3 Dealing in securities****3.1 Summary of prohibited conduct**

The Corporations Act prohibits "insider trading".

Under the *Corporations Act*, a person is prohibited from dealing in *securities* where:

the person possesses information which is not generally available to the public;  
and

that information may have a *material effect* on the price or value of securities of the relevant entity; and

the person knows or ought reasonably to know that the information is not generally available and, if it were, it might have a material effect on the price of securities.

In addition, a person with inside information must not *procure* another person to deal in the Company's securities nor communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in the Company's securities.

The key concepts are discussed in more detail in paragraph 3.2.

## 3.2 Relevant Terms

### (a) Securities

The definition of securities in the *Corporations Act* is very broad.

Securities include:

- ordinary shares;
- preference shares;
- options;
- debentures; and
- convertible notes.

It also extends to things relating to securities issued by the Company (for example, warrants and other derivative products).

### (b) Dealing in securities

Dealing in securities is a broad concept and covers more than simply buying or selling shares. It extends to exercising options over securities and entering agreements to buy or sell securities.

That is, under these guidelines and the law, the prohibition on dealing means that Relevant Persons are not permitted to:

- buy or sell; or
- enter into an agreement to subscribe for, buy or sell, securities,

where you possess information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of those securities.

If you possess price sensitive information that is not generally available, you are also prohibited from:

- procuring any other person to deal in those securities; or
- directly or indirectly communicating the information to another person who you believe is likely to deal in, or procure another to deal in, those securities.

Procuring means enticing, encouraging, persuading, causing or securing another person to do something. For the purposes of these provisions procuring includes inciting, inducing or encouraging an act or omission.

For example you cannot ask or encourage family members to deal in securities when you possess price sensitive information, and you should not communicate price sensitive information.

If you accidentally give somebody “inside information” when you should not have, you must immediately tell that person that it is “inside information” and warn them against trading in the Company’s securities, getting others to trade in the Company’s securities, or communicating the information to others.

Directors and senior management will customarily be privy to price sensitive information that is not generally available. Accordingly, directors and senior management should ensure that they do not deal in the Company's securities when they or the Company possess 'inside information' (even during a 'window' period set out in paragraph 2.2(a)).

In general, other employees will be free to deal in the Company's securities during the window period, unless otherwise notified by the Company.

**(c) Information that is generally available**

Information is "inside" if it is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect (upwards or downwards) on the price or value of a security.

Information is considered to be "generally available" if:

- it consists of readily observable matter; or
- it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed; or
- it may be deduced, inferred or concluded from the above.

That is, information will be "generally available" if it has been released to the ASX, published in an annual report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways.

**(d) Material effect of the price of securities**

Information is considered by the *Corporations Act* to be likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

It is not possible to list all of the information that may be material. However, the following types of information would be likely to be considered to have a material effect on the price of the Company's securities:

- information regarding a material increase or decrease in the Company's financial performance from previous results or forecasts, such as changes to profit results and distributions;
- a proposed material business or asset acquisition or sale, mergers or takeovers;
- the damage or destruction of a material operation of the Company group;
- proposed material legal proceedings to be initiated by or against the Group;

- regulatory action or investigations undertaken by a government authority;
- the launch of a material new business; or
- a proposal to undertake a new issue of shares or major change in financing.

**(e) Information**

For the purposes of the insider trading provisions of the *Corporations Act*, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

### 3.3 Relationship to the continuous disclosure regime

The *Corporations Act* and the Listing Rules require the Company to immediately release to the ASX any information concerning the Group which may reasonably be expected to have a material effect on the price or value of the Company's securities, subject to limited exceptions.

As a result of the operation of the continuous disclosure regime, usually all material price sensitive information will be generally available. However, there are limited circumstances in which disclosure is not required. In these situations, there may be people with "inside information" who would breach the insider trading prohibition if they dealt in securities at that time.

Specifically, the Listing Rules do not require disclosure where:

a reasonable person would not expect the information to be disclosed; *and*

the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; *and*

one or more of the following applies:

- it would be a breach of law to disclose the information;
- the information concerns an incomplete proposal or negotiation;
- the information comprises matters of supposition or is insufficiently definite to warrant disclosure (eg. the effect of an event on the Group has not yet been quantified);
- the information is generated for internal management purposes of the entity (eg. internal management accounts or an internal management report); or
- the information is a trade secret.

Even if information does not need to be disclosed under the Listing Rules, it may be "inside information" to which the prohibition on insider trading applies. If a person deals in the Company's securities at a time when that person is aware of information which, but for a carve-out to the Listing Rules, would need to be disclosed to the market, that person will be in breach of the insider trading provisions.

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## 4 Register of dealings

The Company Secretary will maintain a copy of:

- all requests for approval to deal in the Company's securities submitted by directors, executives and senior management and any other Relevant Persons;
- all decisions relating to requests and accompanying reasons for the decision; and
- details of all dealings in the Company's securities made by directors, executives and senior managers.

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## 5 Notification by directors

Directors of the Company must notify the Company if there is a change in their security interests to enable the Company to comply with timeframes applying under the Listing Rules in notifying changes in directors' security interests.

[The details of each dealing in the Company's securities made by a director, executive or senior manager will be tabled at the Board meeting next following the dealing.]

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## 6 Penalties

A person who commits a breach of the insider trading provisions could be subject to criminal liability (substantial fines and/or imprisonment may be imposed) or civil liability (substantial pecuniary penalties can be imposed) under Australian law. In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

In the case of a body corporate, the commission of an offence under the insider trading provisions is also punishable by substantial fines.

In addition, disciplinary action may be taken against Relevant Persons for a breach of these guidelines which may include termination of employment.

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## 7 Defences

The *Corporations Act* sets out several defences to conduct which would otherwise breach the insider trading prohibition. These defences are complex and, in general, will not apply to you. On this basis, you should not deal in the Company's securities until you have received the required approval from the relevant person in paragraph 2.2(b) above.

Breaches of the insider trading laws have serious consequences for both the Relevant Person concerned and PE. It may also give rise to adverse public scrutiny and media comment. It is therefore important that Relevant Persons adhere to these guidelines at all times.

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## 8 Who to contact

If you are in any doubt regarding your proposed dealing in securities you should contact the Company Secretary.