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# **Corporate Governance Policy – Securities Trading – Directors, Executives and Employees**

**Katana Capital Limited**  
ACN 116 054 301

## Contact

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**Katana Capital Limited**  
ACN 116 054 301  
(Company)

# **Corporate Governance Policy – Securities Trading – Directors, Executives and Employees**

## **1. Introduction**

- 1.1 This policy imposes constraints on Directors, Executives and Employees of the Company dealing in securities of the Company.

## **2. Definitions**

- 2.1 For the purposes of this policy:

- (1) **deal in securities** means buy or sell securities in the Company, or enter into transactions in relation to securities in the Company. It includes procuring another person to do any of these things; and
- (2) **price sensitive information** means information concerning the company that a reasonable person would expect to have a material affect on the price or value of securities in the company.
- (3) **securities** includes shares, debentures, interests in a managed investment scheme and options to acquire any of these interests.

- 2.2 For the purposes of paragraph 5, directors “dealing” includes associates of directors dealing in securities, and it is incumbent on each director to ensure that an associate does not deal in circumstances where the dealing could be attributed to the director concerned.

## **3. Application**

- 3.1 This policy applies to all Directors, Executives and Employees of the Company as set out in the Schedule.

- 3.2 If any Employee has:

- (1) doubt as to whether he or she is subject to this policy; or
- (2) has any query about the application of this policy,

he or she should raise the matter with the Chairperson, or in his or her absence, the Company Secretary.

#### **4. Objectives**

4.1 The objectives of this policy are to:

- (1) minimise the risk of Directors, Executives and Employees of the Company contravening the laws against insider trading;
- (2) ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
- (3) increase transparency with respect to trading in securities of the Company by Directors, Executives and Employees.

4.2 To achieve these objectives Directors, Executives and Employees should treat this policy to be binding on them in the absence of specific exemption by the Board.

#### **5. Dealing in securities – legal and other considerations**

5.1 Sections 1042B to 1043O of the *Corporations Act 2001* prohibit persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:

- (1) dealing in the securities; or
- (2) communicating the information to others who might deal in the securities.

5.2 The central test of what constitutes price sensitive information is found in section 1042A. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a reasonable person would expect to have a material affect on the price of securities in the company (**price sensitive information**).

5.3 Examples of price sensitive information include:

- (1) The financial performance of the Company against its budget;
- (2) Entry into or termination of a material contract;
- (3) A material acquisition or sale of assets by the Company;
- (4) An actual or proposed takeover or merger;
- (5) An actual or proposed change to the Company's capital structure;

- (6) A proposed dividend or change in dividend policy; or
  - (7) A material claim against the Company.
- 5.4 Directors, Executives and Employees of the Company will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to release of annual or half-yearly results to Australian Stock Exchange Limited (**ASX**) and the period during which a major transaction is being negotiated.
- 5.5 The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to ASX, except in limited circumstances. The tests of what constitutes price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory, there is no risk of Directors, Executives or Employees contravening insider trading laws as all relevant information will already have been disclosed.
- 5.6 The Company has adopted a Continuous Disclosure Policy that governs the ongoing disclosure of information to the market for the purposes of the ASX Listing Rules and the *Corporations Act 2001*.
- 5.7 There are a number of limitations and qualifications to the requirement to make disclosure, including:
- (1) where the ASX Listing Rules and the *Corporations Act 2001* permit companies to not disclose certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
  - (2) where information may be known to a particular Director, Executive or Employee but not yet by the Company as a whole (ie the Board);
  - (3) where the Company may not have yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
  - (4) where Directors, Executives and Employees will generally have a better feel for the performance of the Company than the public.

In these situations, there is still potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect badly on the Company as well as on the Director, Executive or Employee concerned.

- 5.8 Another circumstance that must be guarded against is where one or more Directors, Executives or Employees are aware of an event or circumstance and the remaining Directors, Executives or Employees are not yet aware. In such a circumstance, it is important that no Director, Executive or Employee deals in securities because:
- (1) there is a risk that they will be found to have been guilty of insider trading even if they had no intention of committing a contravention; and
  - (2) of the potential for such circumstances to reflect badly on the Company.
- 5.9 For these reasons, the advice of the Chairperson should be sought prior to any dealings taking place, and steps should be taken to ensure that the Chairperson is appraised of all relevant considerations by the Disclosure Officer (Company Secretary) appointed under ASX Listing Rule 1.1, condition 12.

## **6. Policy – dealing in securities**

- 6.1 Directors, Executives or Employees should not deal in securities of the Company unless:
- (1) they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
  - (2) they have contacted the Chairperson or in his or her absence, the Company Secretary and notified them of their intention to do so and the Chairperson or Company Secretary indicates that there is no impediment to them doing so; and
  - (3) where the Chairperson wishes to deal in securities, he or she has contacted the Company Secretary and notified them of their intention to do so and Company Secretary indicates that there is no impediment to them doing so.
- 6.2 The Chairperson will generally not allow Directors, Executives or Employees to deal in securities of the Company as a matter of course in the following periods:
- (1) from balance date to the release of annual or half yearly results;
  - (2) within the period of 1 month prior to the issue of a disclosure document; and
  - (3) where there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

Directors, Executives and Employees should wait at least 2 hours after the relevant release before dealing in securities so that the market has had time to absorb the information.

- 6.3 In specific circumstances however, such as financial hardship, the Chairperson may waive the requirement of a Director, Executive or Employee to deal in securities outside the above periods on the condition that the Director, Executive or Employee can demonstrate to the Chairperson that they are not in possession of any price sensitive information that is not generally available to the public.
- 6.4 Directors, Executives and Employees must not at any time engage in short-term trading in securities of the Company.
- 6.5 Directors, Executives and Employees must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, a Director, Executive or Employee should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the Company.
- 6.6 Directors, Executives or Employees must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.
- 6.7 The above principles also apply to the following:
  - (1) trading in financial products issued or created over the Company's securities and associated products; and
  - (2) entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

## **7. Notification of dealing in securities**

- 7.1 Directors, Executives or Employees must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company.
- 7.2 Directors have entered into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters.

## **8. Notification of dealings in securities – Directors – legal and other considerations**

- 8.1 ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors within 5 business days. Three appendices are included in the Listing Rules for the purpose of this notification, being 3X

Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.

- 8.2 Section 205G of the *Corporations Act 2001* requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any securities of the Company. This is an obligation of the Director, not the Company. There is no prescribed form for such notifications. ASIC has granted relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.
- 8.3 Executives are required to notify the Chairperson, or in the absence of the Chairperson, the Company Secretary of any dealing in securities within 5 business days.

## **9. Penalties**

- 9.1 A trade in any securities by a person who is in possession of price sensitive information not publicly available could contravene the *Corporations Act 2001* and expose the person to civil and criminal penalties.
- 9.2 A contravention of this policy by a Director, Executive or Employee may result in summary dismissal.

## **Schedule 1**

Directors to whom this policy applies:

- Derek La Ferla
- Peter Wallace
- Dalton Gooding
- Giuliano Sala Tenna

Executives to whom this policy applies:

Employees to whom this policy applies: