

Share trading policy

Mortgage Choice Limited

ABN 57 009 161 979

Share trading policy

1. Introduction

- 1.1 The shares of Mortgage Choice Limited ABN 57 009 161 979 (**the Company**) are quoted on the Australian Securities Exchange (**ASX**).
- 1.2 This policy outlines:
- (a) when directors, senior management and other employees must not Deal in Company Securities;
 - (b) when directors, senior management and other employees must not Deal in Securities of another entity (because they may obtain inside information about another entity's securities while performing their duties for the Company); and
 - (c) procedures to reduce the risk of insider trading.

2. Defined terms

In this policy:

Board means the directors of the Company from time to time, acting as a board.

Company Securities includes:

- (a) ordinary shares issued by the Company;
- (b) any other class of shares or Securities issued by the Company or by any related body corporate of the Company;
- (c) options or rights to acquire any such shares or Securities;
- (d) beneficial interests in any such shares or Securities; and
- (e) Derivatives entered into with a third party over or in relation to any of the above Securities.

Close Associate of a person means:

- (a) a family member of the person who may be expected to be influenced by, or to influence, the person, including the person's spouse, de facto partner and any children or other relatives of the person (or of the person's spouse or de facto partner) who live with the person; and
- (b) a company, trust or other entity controlled by the person or by another Close Associate of the person (in each case, whether alone or jointly with one or more of their Close Associates) or over which the person or their Close Associate has significant influence (such as a family trust or family company).

Dealing has the meaning given in clause 5 and Deal has a corresponding meaning.

Designated Officer means a director of the Company and each other person who is a member of the key management personnel (within the meaning given to that term in Australian accounting standard AASB 124 'Related Party Disclosures') of the Company.

Derivatives has the meaning given in the Corporations Act, and includes options, forward contracts, futures, warrants, depositary receipts, structured financial products, swaps, contracts for difference, spread bets, caps and collars and any other hedging or other arrangement that derives its value from any other underlying security or asset.

Disclosure Officer means the person appointed to act as Disclosure Officer under the Company's market disclosure policy, being (as at 1 December 2010) the Company Secretary.

inside information has the meaning given in clause 4.

prohibited period means any period during which Designated Officers are prohibited from Dealing in Company Securities under clause 8.1.

Securities include shares, debentures, any legal or equitable right or interest in shares or debentures, options, convertible notes, Derivatives, interests in managed investment schemes and any financial products as defined by the Corporations Act.

3. Insider trading

- 3.1 If a person has information about Securities and the person knows, or ought reasonably to know, that the information is inside information, it is generally illegal for the person to:
- (a) Deal in the Securities;
 - (b) procure (including arrange or encourage) another person to Deal in the Securities; or
 - (c) give the information to another person who the person knows, or ought reasonably to know, is likely to:
 - (i) Deal in the Securities; or
 - (ii) procure (including arrange or encourage) someone else to deal in the Securities.
- 3.2 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading.
- 3.3 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

4. What is inside information?

4.1 Inside information is information that:

- (a) is not generally available (see clause 4.2); and
- (b) if it were generally available, a reasonable person would expect to have a material effect on the price or value of the relevant Securities (see clause 4.3).

4.2 Information is generally available if it:

- (a) is readily observable;
- (b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in Securities of the relevant type and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs 4.2(a) or 4.2(b).

4.3 A reasonable person will 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 those Securities.

4.4 Inside information need not relate to the Company. For example, it could be information about a franchisee, customer, or supplier of the Company, or someone with whom the Company is discussing future strategic opportunities or negotiating a significant transaction.

5. What is Dealing in Securities?

5.1 Dealing in Securities includes:

- (a) applying for, acquiring or disposing of, Securities;
- (b) entering into an agreement to apply for, acquire or dispose of, Securities; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of Securities.

5.2 Examples of Dealing in Company Securities include (but are not limited to):

- (a) buying or selling shares in the Company on-market (or through an off-market transaction);
- (b) granting, acquiring or disposing of any beneficial interest in shares in the Company, such as through a trust that holds shares in the Company;
- (c) applying for, acquiring or exercising options or rights over shares in the Company;

- (d) acquiring shares (or an interest in shares) under any employee share plan operated by the Company (such as 'performance shares' under the Mortgage Choice Performance Share Plan);
- (e) accepting, or taking up entitlements under, a dividend reinvestment plan, rights issue, bonus issue, share purchase plan or any other offer of shares made by the Company;
- (f) accepting an offer made under a takeover bid for shares in the Company;
- (g) entering into any Derivative instrument with any third party in relation to shares in the Company; and
- (e) agreeing to do any of the above things.

6. When employees (including Designated Officers) may Deal

- 6.1 An employee (who is not a Designated Officer) may Deal in Company Securities or the Securities of another entity if, and only if, he or she does **not** have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the Securities of the other entity.
- 6.2 A Designated Officer may only Deal in Company Securities where permitted to do so under clause 8 or clause 9 of this policy.
- 6.3 A Designated Officer may Deal in the Securities of another entity if, and only if, he or she does **not** have information that he or she knows, or ought reasonably to know, is inside information in relation to those Securities.

7. General restriction on Dealing by employees and Designated Officers

An employee or former employee (including an existing or former Designated Officer) may not Deal or procure (including arrange or encourage) another person to Deal in Company Securities or the Securities of another entity if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the Securities of the other entity.

8. Additional restrictions on Dealing by Designated Officers

- 8.1 Subject to clauses 8.5 and 10, a Designated Officer must not Deal in Company Securities during any period that is outside an available trading window.
- 8.2 A Designated Officer may Deal in Company Securities during an available trading window if, and only if, he or she does **not** have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities.

- 8.3 The trading windows are:
- (a) the six week period beginning at the close of trading on the ASX Trading Day after the date on which the Company announces its half-yearly results to ASX;
 - (b) the six week period beginning at the close of trading on the ASX Trading Day after the date on which the Company announces its full year results to ASX; and
 - (c) the period beginning at the close of trading on the ASX Trading Day after the date on which the Company holds its annual general meeting and ending on the earlier of six weeks later or 31 December in the relevant year.
- 8.4 The availability of any trading window may be varied, suspended or terminated by the Board at any time.
- 8.5 Clause 8.1 does not apply to Dealing by a Designated Officer or their Close Associate that constitutes or involves, or results directly from, any of the following:
- (a) Dealing in Company Securities under an offer or invitation made by the Company to all or most of the ordinary shareholders of the Company - such as an offer or invitation under a rights issue, bonus issue, share purchase plan, dividend reinvestment plan, an equal access buy-back or in lieu of a cash dividend (and including, without limitation, decisions relating to whether or not to take up entitlements, and the sale of entitlements required to provide for the take up of the balance of entitlements, under a renounceable rights issue) - or under an equal reduction of capital undertaken by the Company;
 - (b) undertaking to accept, or accepting, an offer for Company Securities made under a takeover bid or disposing of Company Securities under a court-approved compromise or arrangement under Part 5.1 of the Corporations Act;
 - (c) investing in, or dealing in units of or interests in, a fund or other scheme (other than a scheme investing primarily in Company Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
 - (d) where the Designated Officer or their Close Associate is the trustee of a trust, Dealing in Company Securities by that trust provided that neither the Designated Officer nor any Close Associate is a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by an investment manager independently of the Designated Officer or their Close Associate;
 - (e) the disposal of Company Securities occurring merely because of a change of the trustee of a trust;
 - (f) accepting an offer or invitation to acquire Company Securities, or acquiring Company Securities, under any employee share plan that the Board from time to time determines is a plan to which this clause applies;
 - (g) the exercise (but not the sale of securities following exercise) of an option or right under an employee share plan, 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 has had a number of consecutive prohibited periods and the Designated Officer could not reasonably have been expected to exercise it at a time when free to do so;

- (h) the forfeiture, lapse, cancellation or surrender of any Company Securities (including options or shares) under any employee share plan;
- (i) disposal of Company Securities as a result of a secured lender exercising their rights, for example, under a margin lending arrangement;
- (j) an off-market transaction involving the transfer or other disposal of any Company Securities from a Designated Officer (or their Close Associate) to, or to a Designated Officer (or their Close Associate) from, any of the following:
 - a Close Associate of the relevant Designated Officer (or, in the case of a Close Associate, the Designated Officer);
 - a company, trust or other entity over which the relevant Designated Officer or a Close Associate of that Designated Officer has control or significant influence (whether alone or jointly with any of their Close Associates); or
 - a superannuation fund or other pension or saving scheme in which the relevant Designated Officer or a Close Associate of that Designated Officer is a beneficiary;
- (k) an off-market transaction in any Company Securities where no or only nominal consideration is given or received by the Designated Officer or any Close Associate of that Designated Officer in respect of the relevant transaction (including, without limitation, a transfer of Company Securities by the legal personal representative of any person to a beneficiary of that person's estate); and
- (l) Dealing in any Company Securities during any additional trading window determined by the Company's Board at any given time (for example, during a period of enhanced disclosure in respect of Company Securities).

All such Dealing is subject to the overriding prohibition on Dealing while in the possession of inside information – that is, a Designated Officer must not engage in any Dealing outlined above if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities.

- 8.6 If a Designated Officer or their Close Associate proposes to enter into any margin lending arrangement in relation to Company Securities, the Designated Officer must first inform the Disclosure Officer (or, in the case of the Disclosure Officer, the Chief Executive Officer) of the details of the proposed arrangement. If a margin call is made under the margin lending arrangement, the Designated Officer must immediately advise the Disclosure Officer (or, in the case of the Disclosure Officer, the Chief Executive Officer) of the margin call and of the terms of that margin call. The Company may be

required to disclose to ASX details of any such margin lending arrangement or margin call.

- 8.7 Designated Officers are prohibited from entering into any hedging or other arrangement that operates, or is intended to operate, to limit their exposure to risk in relation to any unvested or vested entitlements held under the Mortgage Choice Performance Share Plan or under any other employee incentive plan operated by the Company.

9. Notice and confirmation of Dealings by Designated Officers

- 9.1 Before Dealing in Company Securities, a Designated Officer or Close Associate of a Designated Officer must first inform the Disclosure Officer (or, in the case of the Disclosure Officer, the Chief Executive Officer) by giving that person at least one business days' written notice of the proposed Dealing. The notice may be given by email, and must include a statement to the effect that the relevant Designated Officer or Close Associate does not believe they have any inside information in relation to Company Securities. Prior notification under this clause is not required for any Dealings that are covered by clause 8.5.

- 9.2 Directors of the Company must give the Company notice of all changes in their notifiable interests (as defined by the ASX Listing Rules) in Company Securities in accordance with the individual agreements in place between the Company and those Directors. Under those agreements, Directors must give the Company notice of all such changes as soon as reasonably possible and, in any event, within three business days of the change.

- 9.3 All other Designated Persons and their Close Associates must give the Disclosure Officer (or, in the case of the Disclosure Officer, the Chief Executive Officer) confirmation of any Dealing in Company Securities within five business days after the Dealing is executed.

- 9.4 The Disclosure Officer must keep a written record of:

- (a) all information received from a Designated Officer in connection with this policy; and
- (b) any clearance given under clause 10.

- 9.5 Receipt and any acknowledgement of a notification of intention to Deal under this clause is intended as a compliance monitoring function only, and is not an endorsement or approval of the proposed Dealing. Designated Officers and their Close Associates remain responsible for their own investment decisions and compliance with the insider trading provisions of the Corporations Act and this policy.

10. Exceptional circumstances

- 10.1 The Disclosure Officer (or, in the case of the Disclosure Officer, the Chief Executive Officer) (**Relevant Clearance Officer**), or their delegate, may give prior written clearance for a Designated Officer or a Close Associate of a Designated Officer to sell or otherwise dispose of (but not buy) Company Securities in exceptional circumstances where the person would otherwise not be able to do so under this policy. For this purpose, a person's circumstances may be considered exceptional if the person:

- (a) is in severe financial hardship (see paragraph 10.2 below); or
- (b) is required by a court order or a court enforceable undertaking (such as an undertaking given in a bona fide family settlement) to transfer or otherwise dispose of the relevant Company Securities or there is some other overriding legal (other than contractual) or regulatory requirement for him or her to do so.

10.2 A person may be considered to be in severe financial hardship if he or she has a pressing financial commitment and the proposed sale or disposal of their Company Securities is the only reasonable course of action to overcome these circumstances. The Company considers that a tax liability would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability, and a tax liability relating to securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purposes of this policy.

10.3 As it is not possible to specify, in advance, all circumstances that may constitute exceptional circumstances for the purposes of this Policy, the Relevant Clearance Officer has the discretion to determine that circumstances that do not fall within the exceptional circumstances outlined in paragraph 10.1 are nevertheless of an exceptional nature warranting the giving of prior written clearance under this clause 10.

10.4 A request for prior written clearance under this clause 10 must :

- (a) be in writing and given by hand or email to the Relevant Clearance Officer at least five business days (or any shorter period agreed to by the Relevant Clearance Officer) prior to the proposed disposal of Company Securities;
- (b) set out the number of Company Securities proposed to be disposed of, and the manner in which the transaction is intended to occur (for example, whether on-market or through an off-market transaction); and
- (c) include or be accompanied by:
 - (i) sufficient information to demonstrate that the person is experiencing severe financial hardship or that their circumstances are otherwise exceptional and that the proposed sale or disposal of the relevant Company Securities is the only reasonable course of action available to them in those circumstances; and
 - (ii) a declaration to the effect that the person does not believe they are in possession of any inside information relating to Company Securities.

10.5 The Relevant Clearance Officer (or their delegate) may ask the applicant to provide any further information they consider necessary or desirable for consideration of the request.

10.6 Within five business days of receipt of a request for clearance under this clause 10 and of any additional information requested by the Relevant Clearance Officer (or their delegate), the Relevant Clearance Officer (or their delegate) must consider and determine the request. If the Relevant Clearance Officer (or delegate):

- (a) is satisfied that the applicant's circumstances constitute exceptional circumstances for the purposes of this policy and that the proposed sale or disposal of the relevant Company Securities is the only reasonable course of action available to them in those circumstances; and
- (b) has no reason to believe that the applicant is in possession of inside information,

the Relevant Clearance Officer (or their delegate) may (in their absolute discretion) decide to grant the requested clearance (with or without conditions).

- 10.7 Any clearance granted under this clause must be in writing, and may be given hand or email. Any such clearance will be effective only for five business days from the date on which it is given to the applicant (or any other period specified in it), with the effect that the relevant sale or disposal must be commenced within that period.
- 10.8 The grant of clearance under this clause 10 is not an endorsement or approval of the proposed sale or disposal and merely operates to exempt a Designated Officer or Close Associate from the additional restrictions that would otherwise be applicable under clause 8. Designated Officers and their Close Associates remain responsible for their own investment decisions and compliance with the insider trading provisions of the Corporations Act and this Policy.

11. Dealings by Close Associates and investment managers

- 11.1 If a Designated Officer may not Deal in Company Securities under this policy at any time, he or she must use reasonable steps to prevent any Dealing in Company Securities at that time by:

- (a) any Close Associate; or
- (b) any investment manager on their behalf or on behalf of any Close Associate.

- 11.2 For the purposes of **paragraph** 11.1, a Designated Officer must:

- (a) inform any investment manager or Close Associate of the periods during which the Designated Officer may and may not deal in Company Securities; and
- (b) request any investment manager or Close Associate to inform the Designated Officer immediately after they have dealt in Company Securities.

- 11.3 A Designated Officer does not have to comply with **paragraphs** 11.1 and 11.2 to the extent that to do so would breach their obligations of confidence to the Company or clause 12 of this policy.

12. Communicating inside information

- 12.1 If an employee (including a Designated Officer) has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the Securities of another entity, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) Deal in Company Securities or those securities of the other entity; or
- (b) procure (including arrange or encourage) another person to Deal in Company Securities or the Securities of the other entity.

12.2 An employee must not inform colleagues (except the Disclosure Officer) about inside information or its details except on a 'need-to-know' basis.

12.3 An employee's obligations under this clause 12 do not limit, and are additional to, any other duty of confidentiality owed to the Company outside of this policy.

13. Speculative dealing

A Designated Officer may not Deal in Company Securities on considerations of a short term nature.

14. Breach of policy

A breach of this policy by an employee is serious and may lead to disciplinary action, including dismissal in serious cases. It may also be a breach of the law.

15. Distribution of policy

This policy must be distributed to all Designated Officers.

16. Assistance and additional information

Employees who are unsure about whether any information they have in their possession is inside information, or whether they are permitted to Deal in Securities under this policy, should contact the Disclosure Officer.

17. Approved and adopted

This policy was approved and adopted by the Board on 22 March 2004 and amended by the Board on 19 April 2005 and on 7 December 2010.

Date _____

Signed _____

Chairperson of the Board