

# Securities Trading Policy

**Booktopia Group Limited ACN 612 421 388**

**Version Control:**

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# Securities Trading Policy

## Booktopia Group Limited ACN 612 421 388 (the Company) and its subsidiaries

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### 1. Introduction and Purpose

#### 1.1 Background

This Securities Trading Policy (**Policy**) regulates Trading by Directors and employees of the Company and its subsidiaries (the **Group**) in Company Securities or Securities of other companies.

Directors and all employees must comply with the insider trading prohibitions of the Corporations Act 2001 (Cth) (**Corporations Act**). 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 approval 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 law 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.

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**

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### **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 person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in those Securities in any way 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 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 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.

Directors and Employees must assume that information is generally available only 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**

Breaches of this Policy will be regarded by the Company as serious and will be subject to appropriate sanctions. 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 forfeiture of Securities and/or termination of employment with the Group.

Breaches of the insider trading laws also have serious consequences for the Company.

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

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#### **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 or speculative dealing**

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 3 month period and the sale of Securities with a view to repurchase within a 3 month period would be considered to be transactions of a short term nature. Short term Trading also includes entering into other short term dealings (for example, forward contracts).

Selling shares received on vesting of entitlements under an employee, executive or director equity plan within 3 months of the vesting date is not a Short term Trade.

Restricted Employees must not deal in the Company's securities on a speculative basis, including short-selling. Short selling involves borrowing and selling securities in the hope that they can be bought back at a lower price in the future to close out the short position at a profit.

#### **3.3 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.

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

Directors and Restricted Employees must not Trade in Company Securities during the following Prohibited Periods:

- (a) from the close of trading on ASX on the last day of the Company's financial year until the day after the release of the full year results to the ASX;
- (b) from the close of trading on ASX on the last day of the Company's half year until the day after the release of the half yearly results to the ASX; and
- (c) 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 and Restricted Employees must not Trade in Company Securities at that time if they are in possession of inside information.

### **3.5 Prior written approval for Trading**

Directors and Restricted Employees must seek prior written approval 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 3.11 of this Policy. (The procedures for seeking prior written approval to Trade during a Prohibited Period as a consequence of Exceptional Circumstances are set out in section 3.10.)

In order to seek approval to Trade, Directors and Restricted Employees must submit a written request, which may include an email communication, to the Designated Officer. The Designated Officer may request such information as considered appropriate in the circumstances. The Designated Officer's discretion will be exercised with caution having regard to the importance of minimising both the risk, and appearance of, insider trading.

Directors and Restricted Employees should be aware that the Designated Officer may refuse approval to Trade, without giving any reasons, or the Designated Officer, having consulted with members of management as appropriate, may impose conditions on the Trade in their discretion.

Directors and Restricted Employees may only engage in the proposed Trading if prior written approval is given by the Designated Officer. Any approval for the Trading will be valid for 5 days from the date it is given (or such other time specified in the approval), otherwise the approval is no longer effective and fresh approval must be sought.

The Company Secretary will inform the Board of the details of all Trades approved.

Approval to Trade can be withdrawn at any time .

The Designated Officer's decision to refuse approval or withdraw an approval is final and binding on the person seeking the approval and if approval to Trade is refused or withdrawn, the person seeking the approval must keep that information confidential and not disclose it to anyone.

Approval under this Policy is not an endorsement of the Trade. Employees and Directors are responsible for their own compliance with the law.

### **3.6 Subsequent notification of all Trading**

Following any Trade, Directors and Restricted Employees must promptly notify the Company Secretary, ideally by close of business on the day the Trade is entered into, regardless of whether prior written approval has been given for that Trading. This is to assist the Company to comply with its disclosure obligations under the ASX Listing Rules.

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 the ASX whether the Trading by a Director occurred during a Closed Period where prior written approval was required and, if so, whether prior written approval was provided.

The Company Secretary will inform the Board of the details for all Trading notified.

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

No Director or Restricted Employee may enter into a margin loan or similar funding arrangement to acquire any Company Securities, or grant lenders any rights over their Company Securities without first obtaining prior written approval.

In order to obtain approval to enter into a margin loan or similar funding arrangement, Directors and Restricted Employees must submit a written request to the Designated Officer and copied to the Company Secretary. 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 and Restricted Employees should be aware that the Designated Officer may not provide the approval to enter into the relevant arrangement or the Company may, at its discretion, make any approval granted conditional upon such terms and conditions as the Company sees fit (for example, with regard to the circumstances in which the Company's securities may be sold to satisfy a margin call).

The Company Secretary will inform the Board at its next meeting of the details for all margin loan or similar funding arrangements entered into with approval.

The Directors and Restricted Employees must inform the Company Secretary of any material change in their margin loan or similar funding arrangements e.g. movements in the LVR occasioned by drawdowns or price movements, and at least annually, of the amount drawn and securities covered.

Directors and Restricted Employees are reminded they must seek prior written approval in accordance with section 3.5 of this Policy before undertaking any Trading in Company Securities.

Approval to enter into a margin loan or similar funding arrangement can be withdrawn at any time (for example, if new information comes to light or there is a change in circumstances).

The Company's decision to refuse clearance is final and binding on the person seeking the approval and if approval to enter into a margin loan or similar funding arrangement is refused or withdrawn, the person seeking the approval must keep that information confidential and not disclose it to anyone.

### **3.8 Hedging and Derivatives**

Hedging includes entering into any arrangements that operate to limit the economic risk associated with holding the Company's Securities.

Company securities acquired by a Director or Restricted Employee, or their closely related parties, under an employee, executive or director equity plan operated by the Company must never be hedged prior to vesting.

Company securities must never be hedged while they are subject to a holding lock or restriction on dealing under the terms of an employee, executive or director equity plan operated by the Company.

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

A Director or Restricted Employee 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 or Restricted Employee; and
- (b) prior written approval is granted by the Designated Officer in accordance with this Policy to permit the Director or Restricted Employee to Trade in Company Securities during the Prohibited Period.

A Director or Restricted Employee seeking approval 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 and Restricted Employees must apply for approval in accordance with paragraph 3.10 below.

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

### **3.10 Prior written approval for Trading in Exceptional Circumstances**

In order to seek prior written approval to Trade during a Prohibited Period due to Exceptional Circumstances, Directors and Restricted Employees must submit a written request to the Designated Officer.

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 and Restricted Employees should be aware that the Designated Officer may refuse the request to Trade, even if Exceptional Circumstances exist, without giving any reasons. The Designated Officer, having consulted with members of management as appropriate, may impose conditions on the Trade in their discretion.

Directors and Restricted Employees may only engage in the proposed Trading if written approval is given. Any prior written approval given for Exceptional Circumstances trading will be valid for 5 days from the date it is given (or such other time specified in the approval), otherwise the approval is no longer effective and fresh approval must be sought.

Approval to Trade can be withdrawn at any time (for example, if new information comes to light or there is a change in circumstances).

The Company's decision to refuse approval is final and binding on the person seeking the approval and if approval to Trade is refused or withdrawn, the person seeking the approval must keep that information confidential and not disclose it to anyone.

### **3.11 Dealings which may occur during a Prohibited Period.**

Sections 3.2, 3.4 and 3.5 of this Policy do not apply to the following Trades. However, given such Trades **remain subject to the insider trading rules** in the Corporations Act, Employees and Directors should still consider any legal or reputational issues (and discuss any concerns they have with the Company Secretary) before proceeding with the Trade.

- (a) **(Transfers where no change in beneficial owner)** Trading that results in no effective change to the beneficial interest in the Securities, in respect of which prior written clearance has been provided in accordance with section 3.5 of this Policy (for example, transfers of Company Securities already held into a superannuation fund, other saving scheme or trust in which the Director or Restricted Employee is a beneficiary).



- (b) **(Non-discretionary trading plan)** Trading under a pre-approved non-discretionary trading plan, where the Employee did not enter into the plan or amend the plan during a Prohibited Period, the plan does not permit the Employee to exercise any influence or discretion in relation to Trading under the plan and the plan cannot be cancelled during a Prohibited Period, other than in exceptional circumstances.
  - (c) **(Director or Restricted Employee acting as trustee)** Where the Director or Restricted Employee is a trustee or a director of a corporate trustee, Trading in Company Securities by that trust provided the Director or Restricted Employee 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 or Restricted Employee.
  - (d) **(Accepting a takeover offer)** Undertakings to accept, or the acceptance of, a takeover offer, or participation in a scheme of arrangement or equal access buy-back and the disposal of Company Securities through such acceptance.
  - (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 or a dividend or distribution reinvestment plan, 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) **(Participation in employee incentive scheme)** Participation in an employee, executive or director equity plan operated by the Company, including the exercise (but not the sale of Securities following exercise) of an option or a right under an employee incentive scheme. However, where Securities in the Company granted under an employee, executive or director equity plan cease to be held under the terms of that plan, any Dealing in those Securities must only occur in accordance with this Policy.
  - (g) **(Involuntary disposals caused by margin lender)** An involuntary disposal of Securities that results from a margin lender or similar financier exercising its rights under a margin loan or similar funding arrangement.
  - (h) **(Share qualifications)** The acquisition of shares by a Director of shares to obtain a share qualification.
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## **4. Other matters**

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### **4.1 Cautions to consider**

Under insider trading laws, a person who possesses inside information about an entity's securities is generally prohibited from trading in those securities and that 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 approval under the Policy to Trade (whether in exceptional circumstances or otherwise).

Approval to Trade under this Policy is not an endorsement of the proposed Trade. The person doing the trading is individually responsible for their investment decisions and their compliance with insider trading laws.

Before a Director or Restricted Employee 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 not Trade.

If a Director or Restricted Employee comes into possession of inside information after receiving approval to Trade, they must not Trade despite having received the approval.

Employees and Directors should contact the Company Secretary if they are unsure about whether it is acceptable to Trade or communicate with others in relation to the Company's Securities or other securities or if they have any other queries about this Policy.

### **4.2 Changes to Policy**

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

### **4.3 Adoption of Policy and annual Board review**

This Policy was adopted by the Board on October 30, 2020, and is amended from time to time, and takes effect from the date of the Company's admission to the Official List of ASX and replaces any previous policy in this regard.

The Board will review this Policy periodically (and at least every 2 years). The Company Secretary will communicate any amendments to Employees as appropriate.

#### **4.4 Record keeping**

The Board will ensure that records capturing the details of all applications by Directors and Restricted Employees for approval under this Policy and the decisions made in relation to those applications.

## Schedule 1 Definitions

For the purposes of this Policy:

**ASX** means ASX Limited or the financial market it operates (as the context requires);

**ASX Listing Rules** means the listing rules of ASX; **Board** means the board of directors of the Company; **CEO** means the Chief Executive Officer of the Company; **Chair** means the Chair of the Board from time to time;

**Closed Period** means the periods set out in paragraphs 3.4(a) and 3.4(b);

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

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

to **Deal** in Securities means to acquire or dispose of Securities, or enter into an agreement to acquire or dispose of Securities, or exercise options over Securities, or otherwise apply for, acquire or dispose of Securities and **Dealing** has a corresponding meaning;

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

**Employees** means any full or part time employee of any member of 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 not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. 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 purpose of obtaining proper written approval to sell or otherwise dispose of Securities during a Prohibited Period;
- (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
- (d) **(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 3.4(a), 3.4(b) and 3.4(c);

**Restricted Employees** means:

- (a) the CEO;
- (b) the Chief Financial Officer;
- (c) the Company Secretary;
- (d) the General Counsel;
- (e) employees involved with preparing the Group's monthly financial reports;
- (f) direct reports to the above positions; and
- (g) 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), depository interests, interests in a managed investment scheme (including an option over an unissued unit or other interest in the scheme, and a renounceable or unrenounceable right to subscribe for a unit or other interest in the scheme), Derivatives, options over an unissued a share in, or debenture of, the Company, a renounceable or unrenounceable right to subscribe for a share in, or debenture of, the Company, 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.