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20 December 2010

Company Announcements Office  
ASX  
Level 6  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs,

**Senetas Policy for Dealing in Securities**

Please find attached statement by Directors.

Yours faithfully



**Andrew R Wilson**  
**Company Secretary**



## **Policy for Dealing in Securities**

## *Introduction*

Under the Corporations Act any person who possesses inside information is prohibited from dealing in securities.

“Inside information” is information that a reasonable person would expect to have a material effect (up or down) on either the price or value of Senetas securities and which is not publicly available.

Breaches of the insider trading laws have serious consequences for both the individuals concerned and Senetas. A person who commits a breach of the insider trading provisions could be subject to criminal liability (substantial fines or imprisonment or both may be imposed) or civil liability. In addition, an actual or suspected breach of the insider trading laws may also give rise to reputational damage.

The following Policy is based on Australian law and is in line with the standards adopted by other publicly listed companies in Australia. They have been produced to provide guidance to Directors, Senior Executives and Employees of Senetas, as well as their associates, when dealing in Senetas securities. References to Directors, Senior Executives and Employees include their associates.

## *Policy*

Any Director, Senior Executive or Employee who from time to time possesses inside information, must not deal, either directly or indirectly, in any Senetas security whilst that person is in possession of inside information.

In addition, any Director, Senior Executive or Employee with inside information must not procure another person to deal in the Company’s securities or communicate the information (directly or indirectly) to another person whom the person believes may deal (or procure someone else to deal) in the Company’s securities.

There are also certain additional time periods during which Directors, Senior Executives and Employees must not deal in Senetas securities, as set out below.

## *Blackout periods*

Directors, Senior Executives and Employees are not permitted to deal in Senetas securities during any of the following blackout periods, except in

exceptional circumstances:

- in the six week period prior to the announcement of the Company's half year profit result;
- in the six week period prior to the announcement of the Company's full year profit result; and
- any other period determined by the Board or its delegate to be a blackout period for the purpose of this policy.

Exceptional circumstances are circumstances where the approver is satisfied that the proposed dealing is the most reasonable course of action available.

Exceptional circumstances may include:

- extreme financial hardship;
- compulsion by court order; and
- any other circumstance determined by the Board or its delegate to be exceptional.

Any Director, Senior Executive or Employee who wishes to deal in Senetas securities during a blackout period must apply in writing to the Chairman setting out the circumstances of the proposed dealing and the reason a waiver from the terms of this policy is required. Clearance may be given in any written form and is effective for two business days after it has been given.

### *Trading Windows*

(a) Subject to not being in possession of inside information, Directors may, after first notifying the Chairman or, in the case of Senior Executives, the Chairman or the Chief Executive Officer, deal in Senetas securities if that dealing occurs during:

- the period between 24 hours and 30 days after the announcement of the Company's half year profit result;
- the period between 24 hours and 30 days after the announcement of the Company's full year profit result;
- the period between 24 hours and 30 days after the close of the Company's Annual General Meeting; or

Dealing in Senetas securities by a Director or Senior Executive can only occur outside the above window periods if prior written clearance is obtained from the Chairman. Clearance will be given at the discretion of the approver after consideration of the circumstances, and only where the approver is satisfied there is no inside information which is not generally available to the public.

## *Hedging of company securities*

Hedging of Senetas securities by a Director, Senior Executive or Employee is subject to the following overriding prohibitions:

- the hedge transaction must not be entered into, renewed, altered or closed out when the Director, Senior Executive or Employee is in possession of inside information;
- Senetas securities must never be hedged prior to the vesting of those securities; and
- Senetas securities must never be hedged while they are subject to a holding lock or restriction on dealing under the terms of an employee share plan operated by the Company.

Directors, Senior Executives or Employees are permitted to hedge their Company securities on the condition that the hedge transaction is treated as a dealing in Senetas securities for the purposes of this policy, and the conditions of this Policy are complied with (and relevant approvals and notifications will be made on this basis).

Where a Director, Senior Executive or Employee enters into a hedging arrangement in respect of Senetas securities, the Company may, where appropriate, disclose the fact and nature of the hedge (e.g. in its annual report or to ASX).

## *Margin lending arrangements*

Any dealing in the Company's securities by a Director, Senior Executive or Employee pursuant to a margin lending arrangement must be conducted in accordance with this Policy. Such dealings would include:

- entering into a margin lending arrangement in respect of the Company's securities;
- transferring securities in the Company into an existing margin loan account; and
- selling securities in the Company to satisfy a call pursuant to a margin loan.

Directors and Senior Executives must obtain clearance from the Chairman for any proposed dealing in the Company's securities in connection with a margin lending arrangement, irrespective of any trading window.

## *Process of notification and approvals*

A person must not be involved in a decision regarding their own application for clearance under this Policy.

Should the Chairman wish to deal in Senetas securities (including pursuant to a margin lending arrangement), the Chairman must notify or first obtain consent in writing (as the case may be) of two members of the Audit Committee.

Where Senior Executives are required to either notify or obtain the consent of the Chief Executive Officer, all communications must be directed to the Company Secretary.

Directors, Senior Executives and Employees are not required to seek consent or provide notification in connection with participating in an employee incentive plan operated by the Company. However, such dealings are still subject to the prohibition on insider trading. Where Senetas securities granted under an employee incentive plan cease to be held under the terms of that plan, any dealings in those securities must only occur in accordance with this Policy.

Directors are required to notify the Company within three business days of the acquisition or disposal of any Senetas security. This requirement was introduced in order that the Company complies with ASX Listing Rule 3.19A which requires the Company to notify ASX within five business days of any dealing in its securities by Directors.

## *Exclusions*

Subject to the requirement that the Directors, Senior Executives and Employees may not deal in Senetas securities if any inside information is held, this policy does not apply to:

- passive trades such as the acquisition of Senetas securities through a dividend reinvestment plan, a share purchase plan available to all retail shareholders, or a rights issue, or the sale of Senetas securities arising as a result of acceptance of a takeover offer; and
- dealings where there is no effective change in the beneficial owner (such as a transfer from the Director, Senior Executive or Employee to a family trust or to a self-managed superannuation fund of which the Director is a beneficiary).

## *Definitions*

“Associate” includes nominee companies, spouses, partners, children and superannuation funds and family trusts.

“Director” means a director of Senetas or of a related body corporate/

“Deal” includes but is not limited to, a sale, transfer, assignment, trust, encumbrance, option, swap, and any alienation of all or any part of the rights attaching to the security.

“Employee” includes all employees of Senetas and its related bodies corporate.

“Hedging” includes entering into transactions in financial products that operate to limit the economic risk associated with holding Company securities.

“Inside information” is information that if it was known to the market would have a material effect on the price or value of the applicable security which is not publicly available, and includes:

- Sales figures;
- Profit forecasts;
- Capex;
- Borrowings;
- Liquidity and cashflow information;
- Significant changes in operations;
- Management restructuring;
- Litigation;
- Impending mergers and acquisitions, reconstructions, takeovers;
- Major asset purchases or sales; and
- New products and technology.

“Senior Executive” means all director reports to the Chief executive Officer including the Company Secretary.

“Securities” include shares, debentures, rights, options, convertible notes and

financial products issued or created over or in respect of Senetas securities (whether or not created by Senetas or a third party).

**END**