

Purpose

This document summarises the law relating to insider trading and sets out some guidelines for directors and employees to consider when trading.

The Corporations Law

1. If you have price sensitive information relating to Altium which is not publicly available, it is illegal for you to either:
 - a) buy, sell or otherwise deal in Altium shares;
 - b) advise, procure or encourage another person to deal in Altium shares;
 - c) pass on information to any other person, if you know or ought reasonably know that the person may use the information to deal in Altium shares.

You cannot get around the law by arranging for a member of your family or a friend to deal in Altium's shares nor may you give "tips" of Altium information to others, including customers.

2. Price sensitive information means information relating to Altium which would, if the information were publicly known, be likely to:
 - have a material effect on the price or value of Altium shares; or
 - influence persons who commonly invest in securities in deciding whether or not to deal in Altium shares.

Examples of price sensitive information could be:

- the financial performance of Altium against its budget;
 - entry into or termination of a material contract such as a major OEM agreement;
 - material acquisitions or realisations of assets by Altium;
 - a proposed dividend or other distribution or a change in dividend policy; or
 - a material claim against Altium or other unexpected liability.
3. Information is generally available if:
 - a) it consists of readily observable matter; or
 - b) it has been brought to the attention of investors through an announcement to the Australian Stock Exchange ("ASX"), and a reasonable period has elapsed since the announcement.
 4. Breach of the insider trading laws may subject you and members of your family to:
 - a) criminal liability – penalties include heavy fines and imprisonment;
 - b) civil liability – you can be sued by another party or Altium for any loss suffered as a result of illegal trading activities.
 5. Breach of the law will also be regarded by Altium as serious misconduct which may lead to disciplinary action and/or dismissal.

For more information regarding insider trading, please refer to the Appendix for a summary of the Law or see sections 1042A & S1043A of the Corporations Law 2001

If in doubt don't trade, or else seek professional legal advice.

Altium Requirements

1. Altium requires all directors and employees to complete a staff trading form, whenever they undertake a trade. Completed forms should be given to the Company Secretary or the Corporate Compliance Coordinator. A copy of this form is available on the Intranet.
2. On completion of a trade any amendments to the initial advice should be immediately notified to the Corporate Compliance Coordinator
3. Directors should advise the Chairman and consult with the board prior to undertaking a trade.

Appendix A - CORPORATIONS ACT 2001

S1042A Definition of 'Insider Trading'

- a) If a person (in this section called the "insider") possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities of a body corporate; and
- b) the person knows, or ought reasonably to know, that:
 - i) the information is not generally available; and
 - ii) if it were generally available, it might have a material effect on the price or value of those securities; then the following subsections apply.

S1043A Prohibited conduct by person in possession of inside information

1043A(1) [Insider trading prohibited]

Subject to this Subdivision, if:

- (a) a person (the insider) possesses inside information; and
- (b) the insider knows, or ought reasonably to know, that the matters specified in (a) and (b) of the definition of inside information in s1042A are satisfied in relation to the information;

the insider must not (whether as principal or agent):

- (c) apply for, acquire, or dispose of, relevant securities, or enter into an agreement to apply for, acquire, or dispose of, relevant securities; or
- (d) procure another person to apply for, acquire, or dispose of, relevant securities, or enter into an agreement to apply for, acquire, or dispose of, relevant securities.

1043A(2) [Communicating information to another prohibited]

Subject to this Subdivision, if:

- (a) a person (the insider) possesses inside information; and
- (b) the insider knows, or ought reasonably to know, that the matters specified in (a) and (b) of the definition of inside information in S1042A are satisfied in relation to the information; and
- (c) relevant securities are able to be traded on a financial market operated in this jurisdiction;

the insider must not, directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would or would be likely to:

- (d) apply for, acquire, or dispose of, relevant securities, or enter into an agreement to apply for, acquire, or dispose of, relevant securities; or
- (e) procure another person to apply for, acquire, or dispose of, relevant securities, or enter into an agreement to apply for, acquire, or dispose of, relevant securities.

Consequences of Breach

Criminal offence

2,000 penalty units and/or 5 years' jail for individuals (S1311) and 10,000 penalty units for bodies corporate (S1312). Penalty Unit currently \$110

Financial services civil penalty provision (S1317E)

civil penalty of \$200,000 for individuals and \$1,000,000 for corporations (S1317G(1A)) and compensation orders in favour of anyone suffering loss or damage (S1317HA).

Civil liability

- Injunctions (S1324).
- Order to disclose information (S1324B).
- Compensation orders (S1325).
- Other remedial orders eg orders freezing voting rights and dividends or vesting

Corporations Act Insider Trading Definitions S1042A(1)

Information includes:

- (a) matters of supposition and other matters that are insufficiently definite to warrant being made known to the public; and
- (b) matters relating to the intentions, or the likely intentions, of a person.

Inside information means information:

- (a) which is not generally available;
- (b) if it were generally available, a reasonable person would expect it to have a material effect on the price or value of particular financial products.

S1042C – Information Generally Available

Information is generally available if:

- (a) it consists of readily observable matter;
- (b) both the following apply:
 - (i) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in Div 3 financial products of a kind whose price or value might be affected by the information; and
 - (ii) since it was so made known, a reasonable period for it to be disseminated among such persons has elapsed; or
- (c) it consists of deductions, conclusions or inferences made or drawn from (a) and/or (b)(i).

S1042D – Material Effect on Price or Value

For the purposes of this Division, a reasonable person would be taken to expect information to have a material effect on the price or value of the financial products if (and only if) the information would, or would be likely to, influence persons who commonly acquire those financial products in deciding whether or not to acquire or dispose of the financial products.