

## **Annexure C**

### **Securities Dealing Policy**

#### **Scope and Purpose**

The Securities Dealing Policy ("Policy") of Advanced Surgical Design & Manufacture Limited ("ASDM") regulates Dealings by Employees in Securities.

For the purpose of this Policy:

- (a) "Dealing" in Securities includes acquiring or disposing of Securities, entering into an agreement to acquire or dispose of Securities and advising, procuring or encouraging another person (such as a family member, friend, associate, colleague, broker, family company or family trust) to Deal in Securities ; and
- (b) Employees includes ASDM's Directors, the Company Secretary and employees of all companies within the ASDM Group in addition to ASDM's agents, consultants and contractors
- (c) "Securities" means shares, options and other securities including performance rights, derivatives and other financial products issued by ASDM or created over or in respect of those shares, options and other securities.

The rationale for the Policy is to ensure that Employees are aware of the legal restrictions on Dealing in Securities while a person is in possession of unpublished ASDM's price-sensitive information and avoid conduct known as "insider trading".

The purpose of this Policy is also to protect ASDM against potentially damaging adverse inferences being drawn that its Employees may have engaged in unlawful activity, or acted for their personal benefit using information not available to the public.

#### **What is insider trading?**

##### **Prohibition of insider trading**

In broad terms, a person may be guilty of insider trading if:

- (a) that person possesses "inside information" - that is, information which has not been made public and which, if it were made public:
  - (i) would be likely to have a material or significant effect on the price or value of a company's securities; or
  - (ii) would, or would be likely to influence an investment decision by those who commonly invest in securities,that is, it is "price sensitive" information; and
- (b) that person:
  - (i) Deals in securities in the company;
  - (ii) encourages or procures someone else to Deal in securities in the company; or

- (iii) directly or indirectly communicates that information to another person where the communicator knows, or ought to know, that the recipient would be likely to Deal in the securities or procure someone else to Deal in the securities of the company.

There are detailed definitions as to the conditions which need to be satisfied for information to qualify as having been made public. While the detailed definitions are important in determining legal liability, the general underlying principles include that, for information to have been made public, it should have been announced to the ASX, or be readily available or discernible from publicly accessible information.

### Penalties

Insider trading is a criminal offence, attracting potential fines and imprisonment. Civil penalties and compensation may also be ordered against a person for engaging in insider trading

### Examples of price sensitive information

To illustrate the prohibition described above, the following are possible examples of information which, if it were made public, may be regarded as price sensitive:

- ASDM considering a major acquisition or disposal of assets;
- changes in ASDM's actual or anticipated financial condition or business performance;
- a significant new business development;
- the likely granting, or loss, of a major contract;
- the threat of major litigation against ASDM;
- a proposed dividend or change in dividend policy;
- a proposed new share issue; or
- a significant change in senior management.

### Dealing through third parties

A person can still be guilty of insider trading, even though they are not the actual person who Deals in the securities. The prohibition extends to:

- (a) Dealings through nominees, agents or other associates, such as family members, family trusts and family companies; and
- (b) procuring third parties to Deal in securities, which includes inducing or encouraging those third parties to Deal.

### Information however obtained

It does not matter how or where the person obtains the information - it does not have to be obtained from ASDM to constitute inside information.

### **Trading restrictions**

Consistent with the legal prohibitions on insider trading, all Employees are prohibited from Dealing, or causing others to Deal, in Securities while in possession of unpublished ASDM's price-sensitive information.

In addition Employees are only permitted to deal in ASDM's Securities in accordance with the guidelines stated below. No short term trading is permitted.

Directors and direct reports of the Managing Director are prohibited from buying or selling financial products issued or created over Securities by third parties, or buying or selling associated products.

Directors and direct reports of the Managing Director are prohibited from entering into transactions in financial products which operate to limit the economic risk of Securities over unvested entitlements.

### Black Out Periods

Dealing in Securities by Employees and their associates is not permitted during a Black Out Period.

A Black Out Period is:

1. the period after the relevant financial year end to the date after the date of the preliminary announcement of the Company's annual results; and
2. the period after the relevant financial half-year end to the date after the date of the announcement of the Company's half-yearly results.

ASDM reserves the right to prohibit Dealing in Securities for any period if there are developments of potential commercial significance which have yet to be disclosed to the market. ASDM may restrict Dealings in Securities by certain Employees during any period if, in its opinion, material information is available to those Employees.

The associates of Employees include:

- spouses or de facto partners;
- dependent children;
- their nominees, including investment managers managing funds on their behalf;
- trusts of which they, any member of their families, or any family controlled companies, are the trustees or beneficiaries;
- persons in partnership with them or any of their associates; and
- companies which they or their family control.

### Exceptions to general rule

This Policy does not apply in the following circumstances:

- (a) an investment in, or Dealing in units of, a fund or other scheme (other than a scheme only investing in Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (b) Dealing under an offer or invitation made to all or most of ASDM's shareholders, such as a rights issue, a share purchase plan, a dividend reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board (such Dealing includes 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);

(c) where an Employee is a trustee, Dealing in Securities by that trust, provided that:

(i) the Employee is not a beneficiary of the trust; and

(ii) any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the Employee;

(d) if an Employee wishes to make an undertaking to accept, or to accept, a takeover offer; or

(e) the exercise (but not the sale of Securities following exercise) of an option or a right under any ASDM's employee incentive scheme, where the final date for the exercise falls during a prohibited period, ASDM has been in an exceptionally long prohibited period, or has had a number of consecutive prohibited periods, and the Employee could not reasonably have been expected to exercise at a time when free to do so.

### Notification of Dealings and Intended Dealings

Directors must notify the Board before they or their associates Deal in Securities. The Company Secretary is to notify the Chairman and Employees are to notify the Company Secretary.

In addition, Directors and direct reports of the Managing Director are similarly to notify before entering into transactions or arrangements which operate to limit the economic risk of their Securities in the Company.

Directors are required to notify the Company Secretary not later than 3 Business Days after a Dealing in Securities by Directors or their associates. This is to ensure that the notification obligations of Directors under ASX Listing Rule 3.19A or s. 205G of the Corporations Act are satisfied.

All other Employees are required to notify the Company Secretary of any Dealing in Securities within five business days of effecting such a Dealing.

### Waiver at Directors' discretion

The Directors may in their discretion, waive a trading prohibition, if satisfied on reasonable grounds that -

1. any Employee seeking to Deal in Securities would suffer severe financial hardship if prohibited from trading or there are other exceptional circumstances;
2. ASDM will not suffer any undue adverse publicity or effect on shareholder value;
3. the Employee is not in possession of any unpublished price-sensitive information.

An Employee may be in severe financial hardship if the Employee has a pressing financial commitment that cannot be satisfied otherwise than by disposing of Securities. For example, a tax liability of an Employee would not normally constitute severe financial hardship unless the Employee has no other means of satisfying the liability.

Exceptional circumstances would exist if an Employee is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell Securities or there is some other overriding legal or regulatory requirement for the Employee to do so. Any waiver may be provided by email and will specify the period within which the Dealing is to take place.

### **Dealing in Securities of Other Companies**

If Employees have unpublished price-sensitive information relating to a company outside ASDM which is not generally available, the same insider trading rules outlined above apply to buying and selling securities in that company.

Apart from the application of the insider trading rules to securities in other companies, Employees are also bound by their duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

### **Consequences of Breach of Policy**

ASDM takes compliance with this Policy seriously. A breach of this Policy by any Employee will be regarded as a breach of their conditions of employment and may result in termination.

### **Advice**

If Employees have any questions in relation to the operation of this Policy, they should contact the Company Secretary.

**23 December 2010**