

STAFF SHARE TRADING POLICY BENDIGO COMMUNITY TELCO LIMITED

Background

Bendigo Community Telco directors, officers and employees may have information that could have a material effect on the price or value of shares.

If this information is unpublished, the Corporations Act restricts directors, officers and employees from doing any of the following;

- Trading (applying for, acquiring, or disposing of the securities) or procuring someone else to trade in those securities.
- If the securities are listed, communicating the information to another person if you know or ought reasonably know that the other person would or would be likely to trade the securities.

In addition, the Corporations Act prohibits directors, officers and employees from gaining advantage for themselves or someone else through the improper use of their position or improper use of information obtained because of their position.

Penalties are imposed for a breach of these provisions and a criminal offence may be committed. Compensation may also be payable to third parties who suffer a loss.

The Corporations Act and the Bendigo Stock Exchange Listing Rules require disclosure of trading in a company's securities by its directors.

The ASX Principles of Good Corporate Governance and Best Practice Recommendations suggest that companies should consider supplementing these requirements with a formal policy governing trading practices.

Trading policy

Restriction

Directors, officers and employees may only trade in Bendigo Community Telco securities if they do not have unpublished price sensitive information.

What is price sensitive information?

In the case of Bendigo Community Telco securities, price-sensitive information is information that may have a material effect on the price or value of Bendigo Community Telco securities.

This means information that would, or would be likely to, influence persons who commonly acquire securities in deciding whether or not to acquire or dispose of the securities.

Examples follow of information that may be material.

- the half-yearly or full year results.
- the financial performance of Bendigo Community Telco against its budget.
- the financial performance of Bendigo Community Telco against market expectations.
- a proposed alliance, joint venture or acquisition.
- a significant new proposal or development.
- ending an existing alliance or joint venture.
- a proposed significant funding arrangement.

- a proposed capital raising.
- a proposed dividend or change in dividend policy.
- a change in capital structure, including a buy-back of shares.
- an unexpected potential liability eg material litigation.
- a significant bad debt or credit loss.
- a change in the directors or a significant change in Senior Management.

What is unpublished information?

Under the Corporations Act, unpublished information is information that is not "generally available". Information is generally available if it meets one of the following tests.

- a. It consists of readily observable matter.
This means facts directly observable in the public arena. "Readily" means promptly, quickly or easily.
- b. Both of 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 securities of a kind whose price might be affected by the information.
 - ii. Since it was made known, a reasonable period for it to be disseminated among such persons has elapsed.
Example: Information in an announcement made by Bendigo Community Telco to Bendigo Stock Exchange, after a period of time has elapsed from when the announcement was made eg one business day.
- c. It consists of deductions, conclusions or inferences made or drawn from either of both of the following.
 - Readily observable matter.
 - Information which has been made public (under paragraph (b)(i)).

What is a security?

When the term "securities" is used in this policy, it means "financial products" under the Corporations Act. This term is broadly defined and includes shares, options to acquire shares, derivatives in relation to shares (eg warrants created by third parties) and hybrid securities (eg convertible notes).

Trading Restrictions

Trading in Bendigo Community Telco shares is prohibited 4 weeks before any of the following announcements;

- Date of release of half year announcements
- Date of release of full year announcements

What is meant by "trading"?

When this policy says that trading is permitted or is not permitted, it covers all of the following.

- Applying for, acquiring, or disposing of the securities or entering into an agreement to do so.
Examples: Buying or selling shares or options over shares in Bendigo Community Telco, exercising an option to acquire shares. Entering into a dividend reinvestment plan.

- Procuring someone else to trade in those securities or to enter into an agreement to do so.
Example of procuring: A person procures someone else to trade if they incite, induce or encourage another person to buy or sell securities eg by advising a friend, a family member, a family company or trust to buy or sell the securities.

Communicating (directly or indirectly) the information to another person if you know or ought reasonably know that the other person would or would be likely to trade the securities or to procure someone else to do so.

Who is covered by the trading restriction?

The trading restriction applies to the following.

- All employees of the Bendigo Community Telco Group
- Directors of Bendigo Community Telco.
- The spouses of directors, officers and employees.
- The children under 18 years of directors, officers and employees.
- Trustees of a trust of which the above mentioned parties are beneficiaries.

It applies to trading by any of the above persons.

- On their own behalf.
- As agent for someone else.

Through third parties.

Examples: Trading through nominees, agents or controlled entities (eg a company controlled by you or your family).

Dealing in securities of other companies

What are the restrictions?

The legal prohibitions on trading apply if you have price-sensitive information about other companies, even though you do not work for them. In working for Bendigo Community Telco you may come across price-sensitive information relating to other companies.

The Corporations Act prohibits relevant parties from trading in those securities.