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Australian Stock Exchange Limited  
Companies Announcements Office  
4<sup>th</sup> Floor  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

### Trading Policy

In accordance with ASX Listing Rule 12.9, please find attached a copy of the company's trading policy which complies with the requirements of ASX Listing Rule 12.12.

Yours faithfully

Mr Con Liosatos  
CEO  
Traffic Technologies Ltd

## **Traffic Technologies Limited**

### **Share Trading Policy**

Below is the Traffic Technologies Limited Policy on Directors, Officers and staff dealing in securities.

#### **Introduction**

This policy imposes constraints on directors, officers and staff dealing in Traffic Technologies Limited ("Traffic Technologies") securities.

#### **Application**

This policy applies to directors, officers and staff of Traffic Technologies.

#### **Objectives**

The objectives of this policy are to:

- increase transparency with respect to trading in Traffic Technologies securities by directors, officers and staff; and
- minimise the risk of directors, officers and staff of Traffic Technologies contravening the laws against insider trading, which has the potential to reflect badly on the company as well as exposing the director, officer or staff member concerned to criminal liability.

To achieve these objectives directors, officers and staff should consider this policy to be binding on them in the absence of specific exemption by the Board.

#### **Legal and Other Considerations**

1. The *Corporations Act 2001 (Cth)* prohibits persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:
  - dealing in the securities; or
  - communicating the information to others who might deal in the securities.
2. Directors, officers and staff of Traffic Technologies will, from time to time, be in a situation where they are in possession of price sensitive information that is not generally available to the public.

In these situations there is potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect badly on the company as well as on the director, officer or staff member concerned.

3. Another circumstance that must be guarded against is where one or more directors, officers or staff members are aware of an event or circumstance and the remaining directors, officers or staff members are not yet aware. In such a circumstance it is important that no director, officer or staff member deals in securities because:
  - there is a risk that they will be found to have been guilty of insider trading even if they had no intention of committing a contravention; and
  - of the potential for such circumstances to reflect badly on the company.

This is a further reason why the approval of the Chairman should be sought prior to any dealings taking place.

## Policy - Dealing In Securities

4. Directors, officers and staff of Traffic Technologies should not deal in securities of Traffic Technologies or communicate information concerning Traffic Technologies to a person who may deal in securities unless:
  - they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
  - they have followed the notification procedure contained in this policy.
5. Strictly, there is no absolutely safe time in which to deal in Traffic Technologies securities. The sole test is whether, at the particular time, a director, officer or employee is in possession of price sensitive information which is not available to the market.

As a matter of practice, however, the following periods are the most appropriate times for directors, officers and employees to deal in securities of the company:

- Within the period of one month following an annual general meeting of the shareholders of the company;
- Within the period of two weeks after the release of quarterly cash flow statements;
- Within the period of one month after the release of annual or half yearly results; and
- Within the period of one month after the issue of a prospectus.

Directors, officers and staff members should wait at least 2 business days after the relevant release so that the market has had time to absorb the information.

## Notification procedure

6. If a director, officer or employee intends to trade in Traffic Technologies' securities, they must give prior written notice (which includes email) of any proposed trade to the Chairman. The notice must include a statement that the director does not have inside information.
7. Within 1 business day of each trade in Traffic Technologies' securities, the director, officer or employee must advise the Chairman of the number of securities bought or sold and the date of the trade.
8. Directors have also agreed to provide details of transactions involving Traffic Technologies' securities to the Company Secretary within 1 business day for the purpose of enabling Traffic Technologies to comply with its obligations under the ASX Listing Rules to provide information about a change of a director's interest to the market.
9. The notification procedure set out above does not provide for the Chairman to approve the proposed trade. The person intending to trade in the Traffic Technologies' securities is personally responsible for any decision to trade and for compliance with the law.

## Closed periods

10. Directors, officers and employees must not trade in Traffic Technologies' securities during a "closed period". A "closed period" includes:
  - (a) the period from the end of the financial year to the time of release of the annual results; and
  - (b) the period from the end of the half financial year to the time of release of the half year results.

### **Trading during a "closed period" in exceptional circumstances**

11. Traffic Technologies recognizes that directors, officers or employees may need to trade in Traffic Technologies' securities in exceptional circumstances (even during a "closed period").
12. Traffic Technologies' securities may be traded due to exceptional circumstances, if:
  - (a) the circumstances relate to severe financial hardship that cannot be satisfied other than by selling the securities;
  - (b) the person is not in possession of inside information; and
  - (c) the person has complied with the approval process contained in this policy.
13. If a director, officer or employee wishes to trade in securities of Traffic Technologies in exceptional circumstances he/she must give written notice (which includes email) to the chairman seeking consent no less than 5 business days before the proposed trade. Such notice must set out:
  - (a) the number of securities to be traded;
  - (b) the proposed date(s) for the trade(s);
  - (c) the exceptional circumstances involved; and
  - (d) a statement confirming that they are not in possession of any inside information.
14. The director, officer or employee must not trade the Traffic Technologies securities unless and until receiving permission for the proposed trade. A decision to permit or not to permit the proposed trade is at the sole discretion of the Chairman, taking into account the person's circumstances and the ASX Listing Rules. Where permission is given, the notification must set out the period in which the securities can be traded and be advised in writing (which includes email).
15. Where a person has traded in Traffic Technologies' securities in accordance with the approval procedure, he or she must give details of the trade to the Company Secretary within 1 business day of the trade.
16. Permission to trade is an exemption from the operation of this policy and is not an approval to trade. The person intending to deal in Traffic Technologies' securities is personally responsible for any decision to trade or otherwise deal and for compliance with the law.

### **Excluded Trades**

17. The following types of trades are expressly excluded from the operation of this policy:
  - (a) transfer of securities already held into a superannuation fund;
  - (b) trading under an offer or invitation made to all or most of the security holders (eg rights issue);
  - (c) acceptance of a takeover offer;
  - (d) the exercise of a right under an employee incentives scheme.

### **Breach**

18. Any breach of this policy must be immediately advised to the Company Secretary, who, in turn, will report to the Board.
19. A breach of this policy may result in disciplinary action, which may include termination of employment in serious cases.

## **Communication of Information**

20. As mentioned above, the insider trading laws may prohibit the communication of information concerning Traffic Technologies to others.
21. Directors, officers and staff members must not discuss confidential price sensitive information with a person who may be likely to buy or sell Traffic Technologies shares. In addition, it is imperative that a director, officer or staff member does not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of shares in Traffic Technologies.

The reason for this goes beyond the insider trading laws - directors, officers and staff members have a duty of confidentiality to Traffic Technologies. Further, in the long run, the recommending of securities on an informal basis is likely to lead to difficulties for the director concerned.

## **Explanation of Terms**

22. For the purposes of this policy, "deal in securities" means buy or sell shares, options or other securities in Traffic Technologies, or enter into transactions in relation to shares, options or other securities in Traffic Technologies.
23. For the purposes of this policy, directors, officers or staff "dealing" includes associates of directors, officers or staff dealing in securities, and it is incumbent on each director, officer or staff member to ensure that an associate does not deal in circumstances where the dealing could be attributed to the director, officer or staff member concerned.