



Standard

Trading in Securities

MD-13-323

QUEENSLAND RAIL OFFICIAL

Approved for public release

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1.0	27/05/2013	New	First release

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1 Purpose

This Standard sets out Queensland Rail’s obligations regarding the trading in securities of entities with which Queensland Rail interacts (including customers and business partners) and the legal and employment responsibilities which apply to Directors, Employees, Contractors and Consultants of Queensland Rail.

Under the Corporations Act 2001 (Cth) (**Corporations Act**), it is illegal to deal in any securities or other Financial Products when in possession of information that the person knows, or ought reasonably to know could have a Material Effect on the price or value of those securities or Financial Products. This is known as Insider Trading.

A breach of the law relating to Insider Trading can have serious consequences, including individual criminal and civil liability, and also breaches the conditions of employment at Queensland Rail. Insider Trading by Directors, Employees, Contractors and Consultants of Queensland Rail is prohibited.

1.1 Scope

Information on securities or other Financial Products that:

- a) is not Generally Available to the public; and
- b) a reasonable person would expect to have a Material Effect on the price or value of those securities or Financial Products if it was Generally Available (Inside Information).

1.1.1 What is out of scope

Information that is already publicly available.

2 Requirements of this Standard

2.1 General prohibition against Insider Trading

During the course of their duties, Directors, Employees, Contractors and Consultants of Queensland Rail may become aware of Information that could have an impact on the price of shares of listed companies and/or other Financial Products in the market. This Information is usually confidential and could be deemed Inside Information.

You may come into possession of Inside Information if you become aware of any of the following when it is not Generally Available:

- actual profit results
- internal forecasts of profit results
- changes of strategic direction of the business
- details of a new product or substantial new business contract or project
- the appointment or resignation of a chief executive officer, director, Chair or other person of influence within the organisation
- an actual or proposed major acquisition or disposal of assets
- a float or other share issue, capital raising, takeover, merger, purchase, sale or partial sale of business
- actual or proposed major litigation
- any plans involving securities or securities futures or other Financial Products.

The Inside Information may relate to Queensland Rail, one of its subsidiaries, a corporate customer, a supplier, or any other company or individual that you may deal with in the course of your duties.

Where you are in possession of Inside Information about a company, under the Corporations Act, you cannot engage, enlist or induce another person to apply for, acquire or dispose of, relevant or related Financial Products, or enter into an agreement to do any of those things, either for themselves, you or anyone else. Similarly, you cannot communicate such information directly or indirectly unless for official and legal Queensland Rail purposes (which would at all times be subject to the confidentiality obligations imposed by you under your employment contract).

Common types of Information and situations that would be caught under the Insider Trading rules would be where you come into possession of Inside Information about an entity as a result of working on a particular project or business matter (for example the award of a new major contract; the proposed acquisition or disposal of a major asset; or the commencement of a new business partnership).

If you cease employment or services to Queensland Rail you still continue, indefinitely, to be subject to the Insider Trading rules in the Corporations Act, until such time as the Inside Information becomes Generally Available.

2.2 Insider Trading rules

In addition to matters covered elsewhere in this and related documents, you must follow the rules below:

- with regard to Financial Products of a company which is a customer or another person with whom you do business, you must not apply for, acquire or dispose of, or offer or agree to acquire or dispose of those Financial Products or attempt to influence others (including family, associates, colleagues, private company or trustee) to do so
- if the Financial Products are also listed on a financial market (including but not limited to, the Australian Securities Exchange) you must not, either directly or indirectly, give the Inside Information, or allow it to be given, to another person who you know, or should know, would be likely to do any of the prohibited things described above
- you must not give any Inside Information to any person who is an Employee or contractor of Queensland Rail and/or its subsidiaries who is a trader in, or distributor of, Financial Products or get them to buy or sell for you or another person while you remain an Insider
- if you liaise with industry analysts or business journalists working on the business activities of Queensland Rail, you must not give them any Inside Information about Queensland Rail, or confirm with them any suspicions which they may have, even if these suspicions are based on their own research and analysis.

It is also important to note that Information does not need to be obtained from Queensland Rail to be Inside Information. It does not matter how the Inside Information is obtained, just that you possess it.

Note, financial products such as managed or superannuation funds are excluded from this Standard given you generally only influence these at a high (fund and market/industry) level. However, if this is not the case and direct stocks are at your discretion for example through a Self-Managed Super Fund, then this Standard will apply.

2.3 Conflicts of Interest

In some circumstances, dealing in Financial Products may also amount to an actual or perceived or potential conflict of interest. Refer to Queensland Rail's *Conflicts of Interest Standard MD-13-322* and the *Code of Conduct Standard MD-10-62*.

You are responsible for declaring any real or perceived conflict of interest. Your Conflict of Interest should be included in the Register of Interests. The Register of Interests is maintained by the Ethics and Integrity Unit, with the Company Secretary maintaining a separate register for declared interests by Queensland Rail Directors.

To ensure compliance with the law, you are to consider the application of this Standard prior to dealing, in your authorised or personal capacities, in any of the securities or Financial Products of companies who may have dealings with Queensland Rail. The Queensland Government QTenders website may be of assistance as it lists Queensland Rail opportunities that are upcoming, current or closed where the value of the contract or arrangement is over \$10,000. Details can be found at <https://www.hpw.qld.gov.au/qtenders/>.

Other useful references include the Queensland Rail website and Queensland Rail Annual Report. It is important to note that the above information is provided for guidance only and should not be the sole determinant in assessing whether a breach of this or any other standard has or is likely to occur.

2.4 Breaches of this Standard

Compliance with this Standard is a condition of employment or engagement with Queensland Rail. Breaches of this Standard (whether or not they involve actual Insider Trading) will be treated as a breach of the Code of Conduct and may lead to disciplinary action, including termination and referral to the police.

A breach of this Standard may also have other serious consequences including:

- a referral to the Crime and Corruption Commission which may investigate
- a referral to relevant independent regulators for review (i.e. the Australian Securities and Investments Commission)
- potential penalties and sanctions under the *Corporations Act 2001*.

All suspected and actual Corrupt Conduct must be reported to the Ethics and Integrity Unit who can be contacted on EthicsInvestigations@qr.com.au.

For further information contact;

- EthicsInvestigations@qr.com.au
- Boardoffice@qr.com.au

3 Responsibilities

The following establishes the unique accountabilities and responsibilities of the key internal stakeholders specific to this Standard.

3.1 Who does what?

Who	What
Company Secretary	Responsible for establishment and maintenance of the Register of Interests for Queensland Rail Directors.
Manager Ethics and Investigations	Responsible for establishment and maintenance of the Register of Interests (other than for Queensland Rail Directors).

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4 Terms and definitions

The following key terms and definitions are unique to this Standard. Please refer to the [Business Glossary](#) for other terms not included in this section.

Term	Definition	Source ¹
Conflict of Interest	<p>A conflict of interest involves a conflict between an employee's duties and responsibilities and the employee's private interests.</p> <p>Conflicts can be actual, perceived or potential depending on the circumstances. A conflict of interest can arise from avoiding personal losses as well as gaining personal advantage – whether financial or otherwise.</p>	Code of Conduct MD-10-62
Corrupt Misconduct	Has the meaning given to it for the purposes of the Crime and Corruption Act 2001.	Crime and Corruption Act 2001 (Qld)
Financial Products	<p>Financial Product has a very wide meaning in the Corporations Act. Not all Financial Products are subject to the Insider Trading rules. For the purpose of this Standard, the Insider Trading rules apply to the following Financial Products:</p> <ul style="list-style-type: none"> • securities - including a company's shares, debentures (including convertible notes), managed investment interests made available by it, units of shares or of managed investment interests and exchange traded and over the counter put and call options over any of those securities, • derivatives - including exchange traded options, equity swaps, futures or options, equity futures or other futures which relate to any Financial Products of a company, • managed investment products, • superannuation products, and • any other Financial Product that can be traded on a financial market (that is, tradable on a stock exchange or futures exchange or other type of licensed financial market). 	
Generally Available	<p>Information is generally available if:</p> <ul style="list-style-type: none"> • it consists of readily observable matter, or • it has been made known to people who commonly invest in the type of Financial Product involved and a reasonable period has elapsed for it to be disseminated to those people, or • it consists of deductions, conclusions or inferences made or drawn from readily observable matter or Information that has been disseminated. 	

¹ Where left blank, Source is not applicable.

Term	Definition	Source ¹
Information	<p>Information means any fact, matter or circumstance and includes:</p> <ul style="list-style-type: none"> • supposition (e.g. rumours or innuendo), and • intentions, or likely intentions, of a person or company. <p>The information can be in any form (for example written, verbal or electronic).</p>	
Insider	<ul style="list-style-type: none"> • you have Information that is not generally available but if it were, a reasonable person would expect it to have a material effect on the price or value of Financial Products, and • you know, or ought reasonably to know, that the Information is Inside Information. 	
Inside Information	<p>Inside Information is information that the person knows, or ought reasonably to know is not generally available, and a reasonable person would expect to have a material effect on the price or value of those securities or Financial Products if it was generally available.</p>	
Insider Trading	<p>Insider Trading is the trading of securities or some wider set of Financial Products while in possession of Information that is not generally available and would be likely to have a material effect on their price or value if it were.</p> <p>The prohibition against Insider Trading extends to procuring trading, or communicating that Information where trading in the relevant Financial Products is likely to take place. The Insider Trading rules are set out in the Corporations Act.</p>	
Major contracts or dealings	<p>Includes but not limited to where:</p> <ul style="list-style-type: none"> • Value or accumulated spend is \$10 million or more, or \$100,000 or more where an exemption from tendering requirements was granted under the Procurement Standard (MD-10-926), or • Sensitive e.g. the matter is likely to generate media interest, or be the subject of formal complaint to government, or • Length of dealing has been five or more years since Queensland Rail went to market. 	
Material Effect	<p>Information has a material effect on the price or value of Financial Products if the information would, or would be likely to, influence people who commonly acquire Financial Products in deciding whether or not to acquire or dispose of the particular Financial Products.</p>	

5 Appendices

Appendix 1 - Related documents

Legal, regulatory and other obligation sources

Jurisdiction	Title
Commonwealth	Corporations Act 2001 (Cth)
State Acts	Crime and Corruption Act (Qld) 2001 Right to Information Act (Qld) 2009 Criminal Code Act (Qld) 1899
Other (Voluntarily adopted by Queensland Rail)	Various Australian Standards, Codes of Practice, Memoranda of Understanding / Agreement and Government Policies are also applicable.

Queensland Rail documents

Document type	Document title
Policy	MD-10-67 <u>People</u>
Principle	MD-12-555 <u>Values Principle</u>
Standard	MD-10-62 <u>Code of Conduct Standard</u> MD-13-322 <u>Conflicts of Interest Standard</u> MD-10-926 <u>Procurement Standard</u>
Strategy / Plan	MD-10-917 <u>Fraud and Corruption Plan</u>
Specification / Framework	MD-11-6837 <u>Public Interest Disclosures</u>
Forms	MD-17-212 <u>Declaration of Conflicts of Interest</u>