



Insider Trading Policy and Procedure

Integrity and Complaints Branch (ICB)

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Executive Director, Integrity and Review	Geoffrey Airo- Farulla		30/04/2020
Chief Human Resource Officer	Alarna Lane- Mullins		06/05/2020
Commissioner	Brett Bassett		06/05/2020

1 Introduction

The Queensland Building and Construction Commission (QBCC) receives confidential and potentially valuable information about private entities in the course of administering and enforcing the *Queensland Building and Construction Commission Act 1991* (QBCC Act) and other legislation. QBCC is committed to ensuring that it and its employees act lawfully and appropriately with this information at all times in their dealings.

In particular, QBCC is committed to ensuring that it and its employees do not misuse, and are not placed under suspicion of misusing, **inside information**, and in particular, do not engage in **insider trading**, in relation to **companies regulated by QBCC**.

In general terms, inside information is information which is not generally known and which, if it were generally known, could reasonably be expected to have a material effect on the value of the particular financial product. Insider trading is trading in securities, or procuring or inducing another person to trade in securities, on the basis of inside information. See further the definitions below.

Insider trading breaches will be treated seriously by the QBCC and may attract disciplinary action, including termination of employment.

2 Who does this Policy and Procedure apply to?

This policy and procedure applies to the Queensland Building and Construction Board (QBC Board), all QBCC employees which includes the Commissioner and senior executive service officers, (whether fulltime, part time, temporary or casual), and contractors).

3 Definitions

Companies regulated by QBCC	<ol style="list-style-type: none">Any company with respect to which QBCC has power, under any legislation QBCC administers, to make administrative or regulatory decisions and/or take regulatory action, including:<ul style="list-style-type: none">administrative decisions directly affecting the company and/or directors, secretary or other influential persons, orcompliance or enforcement action against the company and/or directors, secretary or other influential persons, andmake decisions on the conformity of building products or materials traded in or used by the company.Any company covered by the Building Industry Fairness (Security of Payment) Act 2017.
Connected persons	Members of a QBC Board member or employee's immediate family , and companies and trusts which are controlled by the QBC Board member or employee or members of their immediate family.
Immediate family	A QBC Board member or an employee's spouse or defacto partner, immediate family members (including dependent children), and any person for whom the QBC Board member or employee makes financial decisions (for example a person for whom the Board member or employee exercises a power of attorney).

Inside information	Information held by QBCC that is not generally available and, if it were so, a reasonable person would expect it to have a material effect on the price or value of securities. ¹
Insider trading	Trading in a company's securities, or procuring another person to trade in a company's securities, by a person who has inside information about the company. A causal connection between having the inside information and the act or trading or procuring does not have to be proven.
Material effect	Information has a material effect on the price or value of a particular security if the information would, or would be likely to, influence persons who commonly acquire such securities in deciding whether or not to acquire or dispose of the security. ²
Official duties	Duties required to be undertaken as a QBC Board member of the commission's governing body and the duties of a position required to be undertaken by the employee in the position from time to time.
Procure	To persuade or cause someone to do something.
Security and securities	Any certificate or other financial instrument that has monetary value and can be traded, including both equity securities such as shares and stocks, and debt securities, such as debentures and bonds. Securities has a corresponding meaning.
Trade and trading	Trade means apply for, or acquire, or dispose of, or enter into an agreement to apply for, acquire or dispose of, any securities; and trading has a corresponding meaning.

4 Key Principles

1. Insider trading is unlawful.
2. QBCC will limit as far as possible access to commercially sensitive information to those employees with a need to know in order to perform their official duties.
3. QBC Board members and employees must only use inside information in accordance with their duties, and not use inside information for personal gain, or induce/facilitate others to use information for their personal gain.
4. Transparency through a continuous disclosure reporting framework is the most appropriate approach to handling these issues.
5. QBC Board members and employees must declare any pecuniary interest in a company regulated by QBCC, and implement an approved management plan, which can include divestment and/or redeployment.

5 Managing inside information

QBCC will limit as far as possible access to commercially sensitive information to those employees with a need to know in order to perform their duties by:

- Utilising QBCC's dedicated Electronic Content Management (ECM) system ensuring sensitive information is securely recorded in confidential containers

¹ Corporations Act s 1043A.

² Corporations Act s 1042D.

- Using ECM Workflow to securely share sensitive information
- Ensuring employees' access to systems, and the duties they perform, align with their position's approved delegations
- Managing correct access to systems through tracking and promptly actioning internal employee position movements, eg moving to a new position where access is required short term (higher duties), or access is no longer required
- Conduct annual audits to ensure compliance of access to systems in accordance with the position's delegations
- Continual education promoting the awareness of recognising inside information.

6 Recognising inside information

QBC Board members and employees should be aware that the information they access as part of their duties may be inside or commercially sensitive information. Each board member or employee is responsible for forming judgments as to whether the information they may be privy to or access in the course of their board appointed tenure or QBCC employment could be inside information, and acting accordingly.

Key considerations include:

- Is the information generally available to members of the public, or to persons who commonly invest in securities of the relevant type?
- Was the information obtained provided with a 'commercial-in-confidence' or 'in-confidence' classification?
- Could the information have a material effect on the value of the particular security, either positively or negatively?
- Would knowing the information allow a person to 'get in early' ahead of the investment market more generally?

Inside information is not limited to information provided by the company itself. For example, inside information could include:

- Complaints from homeowners, competitors or members of the public making serious allegations against a regulated company, for example:
 - selling or installing non-conforming building products
 - defective installation of fire protection systems in high-rise buildings, or
 - consequential damage to adjoining properties.
- Information or complaints from creditors suggesting that a company may be in financial distress, for example:
 - monies-owed complaints under the QBCC Act, or
 - an application for an adjudication under the *Building Industry Fairness (Security of Payment) Act 2017*.
- Information relating to the Safer Building program, particularly where a company may be impacted by identification of Cladding Fire Risk
- Information about impending regulatory action to be initiated by QBCC against a company, particularly:
 - suspending or cancelling a licence, or
 - taking action against a company director, secretary or influential person
 - in relation to trading in or using non-conforming building products.

7 Prohibited Conduct

No insider trading or tipping

If a person has inside information in relation to a company regulated by QBCC and knows, or ought reasonably to know, that the information is inside information, that person must not:

- (a) Trade, or attempt to trade, in that company's securities.
- (b) **Procure** another person to trade, or attempt to trade, in that company's securities.
- (c) Communicate the information, directly or indirectly, to another person except where the disclosure is strictly made as part of your regular duties or functions.
- (d) Make any recommendation or express any opinion as to trading in that company's securities, to any other person (tipping).

The prohibitions against insider trading and tipping extends to trading in the securities of a subsidiary of a company about which a person has inside information.

For the purposes of the prohibition on tipping, it is immaterial whether the tip includes any inside information.

No trading in relevant securities without approval

A QBC Board member or an employee and their **connected persons** may not trade in securities in a company regulated by QBCC unless they have complied with the requirements in section 8 below, and the trade is consistent with an approved management plan.

8 Continuous disclosure requirements

QBC Board members and employees at the classification level of SES and S122 contracts are subject to separate disclosure requirements.

In accordance with the *Conflicts of Interest Policy and Procedure*, employees below the SES classification level are required to declare any ownership of securities in a company licensed by the QBCC, including ownership by their connected persons.

Declaration to trade securities

QBCC employees are required, before trading in securities in companies regulated by QBCC, to discuss the matter with their supervisor. This includes trading by the employee's connected persons (to the extent known by the employee).

Employees should note that any such discussion shall not be construed as the provision of investment advice or recommending one course of action over another. The purpose of the discussion is to explore the principles of conflicts of interest and insider trading as they may apply to the proposed trade.

Where an employee declares an existing shareholding in companies regulated by QBCC, and/or an intention to trade in such securities, then an appropriate management plan must be formulated and approved in accordance with the *Conflicts of Interest Policy and Procedure*.

The management plan may include:

- approval to engage in a proposed trade within a specified period of time
- a requirement for the employee to divest themselves of the securities
- a prohibition on the employee trading in particular or a class of securities

- one or more 'black out' periods in which the employee or their immediate family may not trade in the securities, and/or
- a requirement to hold trades for a minimum period of at least 30 days.

Approval to engage in a proposed trade will only be refused where genuine insider trading or conflict of interest issues arise.

Where a management strategy includes an approval to engage in a proposed trade, the approval must be stated to apply for a specific period of time, not longer than 30 days.

Employees and supervisors may seek advice from the Integrity and Complaints Branch on appropriate management strategies.

Declarations and approved management strategies are to be forwarded to Human Resources for inclusion on the QBCC Conflict of Interest Declarations Register. Employees should keep a copy of this documentation for their records.

Obligations regarding connected persons

Employees must take all reasonable steps to ensure that their connected persons comply with this policy, including directly notifying their connected persons of this policy and its requirements.

Where an obligation arises under this policy in relation to a connected person, the employee must take the relevant action on the connected person's behalf. For example, if the connected person requires approval to trade, the employee must make the relevant declaration and obtain the approval.

If an employee becomes aware that a connected person has acted in breach of this policy, the employee must immediately notify their supervisor.

Confidentiality and privacy

QBCC will treat information concerning employees' and their immediate family's shareholdings, and requests for approval to trade, as having been given in confidence, and will only deal with this personal information in accordance with the *Information Privacy Act 2009*.

9 Consequences of Breach

A breach of this policy may constitute a breach of the insider trading provisions of the *Corporations Act 2001*, which is a serious criminal offence, punishable by a substantial fine and/or imprisonment for up to 10 years. A person involved in insider trading may also be exposed to significant civil penalties and/or liability to pay compensation to anyone who suffers loss or damage because of the transaction. Insider trading may also amount to 'corrupt conduct' as defined in the *Crime and Corruption Act 2001*.

The QBCC will refer all allegations giving rise to a reasonable suspicion of insider trading to the relevant law enforcement agencies for assessment.

An alleged breach of this policy may also be regarded as a potential breach of the Code of Conduct and other conditions of employment with the QBCC. The assessment and investigation of relevant information may result in the commencement of disciplinary proceedings in line with the QBCC's *Performance Management Policy*.

10 References

Corporations Act 2001 (Cth)
Crime and Corruption Act 2001
Information Privacy Act 2009
Integrity Act 2009
Public Interest Disclosure Act 2010 (Qld)
Public Records Act 2002
Public Sector Ethics Act 1994
Public Service Act 2008
Right to Information Act 2009
Code of Conduct for the Queensland Public Service
Public Service Commission Directive 03/10 Declaration of Interests - Public Service Employees (Other than chief executives)
Public Service Commission Directive 01/15 Declaration of Interests - Chief Executives
QBCC's Managing Employee Complaints Policy and Procedure
Queensland Building and Construction Commission Act 1991
Declaration of Interests Form (QBC Board and senior executive officers)
Conflict of Interest Declaration Form (employees)