

# Trading policy

## DESTINY MEDIA TECHNOLOGIES, INC. STATEMENT OF COMPANY POLICY REGARDING INSIDER TRADING, STOCK TRADING, BLACKOUT PERIODS AND DISCLOSURE OF MATERIAL NON-PUBLIC INFORMATION

### INTRODUCTION AND BACKGROUND

Federal securities laws prohibit insiders of Destiny Media Technologies, Inc. (together with its subsidiaries, the "Company"), such as its employees, officers and directors (as well as contractors or consultants who have access to material non-public information), from trading in the securities of the Company on the basis of material non-public information. In addition to the direct liability of insiders for insider trading violations, potential liability on the part of the Company and its directors and officers exists for failures to prevent such violations by Company personnel.

United States federal securities laws impose severe sanctions on those who engage in insider trading. Individuals who either trade on material non-public information or provide a "tip" of such information to others may be subject to, among other things:

- \* Criminal fines up to \$5,000,000;
- \* Prison sentence of up to twenty-five (25) years;
- \* Civil penalties of up to three times the profit gained or loss avoided as a result of such sale, purchase or tip.

In addition to sanctions against those who directly violate the prohibition on insider trading, in certain circumstances United States federal securities laws impose large fines on companies and their directors and officers for failure to take measures to prevent such violations (what is referred to as "controlling person" liability).

Rules 10b5-1 and 10b5-2 of the United States Securities Exchange Act of 1934, as amended, address certain aspects of the prohibition against insider trading. Rule 10b5-1 imposes liability for insider trading where a person is "aware" of material non-public information of a company when trading in such company's securities. However, Rule 10b5-1 provides that a person will not be liable for insider trading, even if the trade occurs while that person is aware of material non-public information, if the trade was executed pursuant to a pre-existing plan, contract or instruction adopted while the person was not aware of material non-public information. This exception to insider trading liability is discussed in more detail below.

Rule 10b5-2 addresses situations in which a person has a duty of trust or confidence that prohibits him or her from trading on the basis of material non-public information. The rule provides that a duty of trust or confidence that prohibits a person from trading on the basis of material non-public information arises:

- \* where the person receiving such information agrees to maintain the information in confidence;
- \* where the person receiving and the person disclosing such information have a history, pattern or practice of sharing confidences such that the person receiving information knows or reasonably should know that there is an expectation of confidentiality; or
- \* where the person receives information from a spouse, parent, child or sibling unless he or she can show that, under the facts and circumstances of the relationship, no duty of trust or confidence existed.

In addition, the United States Securities and Exchange Commission (the "SEC") Regulation FD ("Reg. FD") prohibits selective disclosure of material information. More specifically, Reg. FD requires that whenever a "senior official" of the Company intentionally discloses material non-public information about the Company to securities market participants or holders of the Company's securities, the Company must simultaneously disclose that same information to the public. Senior officials include any director (including any non-employee director), executive officer, investor relations or public relations officer, or other person with similar functions. Securities market participants include broker-dealers (including their associated persons, for example, analysts and investment bankers), investment advisers, institutional investment managers and investment companies (such as hedge funds and certain venture capital funds).

Reg. FD also requires that where material non-public information has been inadvertently disclosed on a selective basis, the Company must promptly disclose that same information to the general public. Monetary penalties and other sanctions may be imposed on both the Company and its senior officials if material non-public information is either intentionally disclosed on a selective basis, or is inadvertently disclosed on a selective basis and then not subsequently disclosed publicly, where (a) at the time of disclosure the senior official either knew or was reckless in not knowing that the information was both material and non-public, or (b) after the inadvertent disclosure the senior official learns of the disclosure and knows or was reckless in not knowing that the information was both material and non-public.

In light of the severity of possible sanctions to employees and the Company for insider trading and the Company's obligation to insure that all material non-public information disclosed to securities market participants is disclosed publicly, we have adopted the following policies and procedures.

#### STATEMENT OF COMPANY POLICY RE: INSIDER TRADING

##### Restrictions

General Policy: Any director, officer or employee of the Company who is aware of material non-public information relating to the Company may not:

- 1) buy or sell securities of the Company (including common stock, options for common stock, and any other securities the Company may issue from time to time, such as convertible debentures or warrants, as well as derivative securities relating to the Company's stock, such as exchange-traded options);
- 2) pass such information on to others; or
- 3) engage in any other action to take advantage of such information.

Exceptions under the General Policy: The foregoing restrictions are subject to certain exceptions and do not prohibit:

- 1) purchases pursuant to the Company's employee stock purchase plan or the exercise of stock options granted under the Company's stock plans during any period in which such person is aware of material non-public information. Note, however, that a sale of either (a) securities purchased pursuant to the employee stock purchase plan, (b) securities held on your behalf in a 401(k) or other retirement plan or (c) securities received upon the exercise of an option, including sales pursuant to a so-called "cashless exercise" of a stock option through a broker, are prohibited during this period.
- 2) the purchase or sale of Company securities made under a Rule 10b5-1 trading program meeting the requirements set forth in Exhibit A to this policy statement (a "Trading Program"), subject to compliance with all requirements of this policy.

Selling Short, Puts and Calls: No director, officer or employee may engage in the following transactions with respect to securities of the Company:

- 1) selling short, including short sales "against the box";
- 2) buying or selling put or call options; or
- 3) entering into any type of hedging transaction (e.g., a collar transaction), whether through the use of traded securities, privately negotiated derivative securities or synthetic financial instruments.

Investing in Company securities provides an opportunity to share in the future growth of the Company. Investment in the Company and sharing in the growth of the Company, however, does not mean short-range speculation based on fluctuations in the market. Such activities may put the personal gain of the director, officer or employee in conflict with the best interests of the Company and its security holders.

**Transaction in Securities of Other Companies:** No director, officer or employee who, while acting for the Company, obtains material non-public information about another publicly-traded company, including customers, suppliers, competitors, joint-venture partners or potential acquisition targets may buy or sell securities (or enter into any transaction involving derivative securities or a synthetic financial instrument) of that company or otherwise misuse such information.

**Applicability to Family Members and Other Third Parties:** The restrictions on trading set forth above apply not only to you but also to family members, such as your spouse, domestic partner, children, parents and siblings, as well as other persons where the relationship is such that there is a reasonable expectation of confidentiality. Insiders are responsible for the compliance of such persons and should, if necessary, review with them the Company policy and the general prohibitions on insider trading. The restrictions on purchases or sales of Company securities also apply to any corporation, trust, partnership or other entity that you control, including venture capital partnerships.

**Prohibition on Pledging:** No director, officer or employee may purchase Company securities on margin, borrow against Company securities held in a margin account, or pledge Company securities as collateral for a loan.

## BLACKOUT PERIODS

In addition to the above restrictions, the Company has implemented regular, scheduled blackout periods and may institute from time to time special blackout periods, during which times trading in the Company's securities is prohibited. The existence or non-existence of a blackout period does not alter the general prohibitions against trading based on material non-public information, which are applicable at all times.

**Quarterly Blackout Period:** No director, officer, or management-level employee (defined below) may buy or sell Company securities during the "Quarterly Black-Out Period," beginning at 5:00 pm Pacific Time (the "Close of Business") on the last day before the end of each of the Company's fiscal quarters and ending at the Close of Business on the first full trading day after the public announcement of the Company's quarterly results. An exercise of a stock option, or a purchase in accordance with employee share purchase plans, is not prohibited during a Quarterly Blackout Period (but the sale of the shares acquired on exercise is prohibited). Likewise, purchases pursuant to the Company's employee stock purchase plan are not prohibited (but the subsequent sale of such shares is prohibited, as is the sale of shares held in any retirement, registered retirement or similar account). For the purposes of the Quarterly Blackout Period, a "management-level employee" is any employee who is at a level in the Company of Director, Vice President, or Manager. Thus, the Quarterly Blackout Periods apply not only to officers and members of the board of directors, but they also apply to any employee who is at a level in the Company of Director, Vice President, or Manager.

Although the Quarterly Blackout Period only applies to directors, officers and management-level employees, all other employees in the company are strongly

urged to exercise extreme caution if trading during a Quarterly Blackout Period, and are again reminded of the general prohibition against trading based on material non-public information.

**Special Blackout Period:** The Company may from time to time institute a "Special Black-Out" Period. No director, officer or employee subject to a Special Black-Out Period as specified by the Company may buy or sell Company securities during a Special Black-Out Period. A notice describing any Special Black-Out Period will be provided to each affected person promptly after the decision has been made to subject such person to a Special Black-Out.

**Exemption from Quarterly and Special Blackout Periods:** The purchase or sale of Company securities made under a Trading Program (as defined in Exhibit A to this Policy Statement) is exempt from restrictions on Quarterly and Special Blackout Periods. However, the purchase or sale of Company securities made under a Rule 10b5-1 trading program that does not qualify as a Trading Program must adhere to any Quarterly or Special Black-Out Periods unless the person who established the trading program obtains a written waiver signed by the Chief Executive Officer or Chief Financial Officer which will be granted solely in the Company's discretion, prior to making such purchase or sale.

**Applicability to Family Members and Other Third Parties:** The restrictions on trading during Blackout Periods apply not only to you but also to family members, such as your spouse, domestic partner, children, parents and siblings as well as other persons where the relationship is such that there is a reasonable expectation of confidentiality. Additionally, the restrictions on purchases or sales of Company securities during Blackout Periods apply to any corporation, trust, partnership or other entity that you control, including venture capital partnerships.

## STATEMENT OF COMPANY POLICY RE: DISCLOSURE OF MATERIAL NON-PUBLIC INFORMATION

### RESTRICTIONS

**General Policy:** Due to the risk of inadvertent disclosure of material non-public information, no director, officer or employee may speak about or on behalf of the Company to any broker-dealer (including their associated persons, for example, an analyst or investment banker), investment adviser, institutional investment manager or investment company (including hedge funds and venture capital funds), media outlet or shareholder, except when and if he or she has been designated a Company Spokesperson. Requests for information about the Company should in all cases be promptly directed to a Company Spokesperson.

The Company has authorized the Chief Executive Officer, the Chief Financial Officer, and those persons whom they designate from time to time in writing to be the Company Spokespersons.

**Internet Disclosures:** Due to the risk of inadvertent disclosure of material non-public information, no director, officer or employee shall disclose or discuss any non-public information of the Company via use of an Internet website (whether or not such site is specifically related to the Company) or any medium of communication that is conducted, expressed or implemented through or by means of the Internet, including, without limitation, in any Internet chat room, message board or social media site (e.g., Facebook or LinkedIn). In addition, the Company strongly discourages employees from participating in such forums in any capacity when the subject matter relates to the Company or to competitors of the Company or entities with which the Company has a significant business relationship.

**No-Comment Policy for Rumors and Litigation:** The Company has a general policy that it will not comment on rumors concerning Company developments,

including, without limitation, rumors concerning public offerings of its securities, or acquisitions or dispositions, restructurings or similar matters except as approved by a Company Spokesperson (or a designee of such Company Spokesperson) and in accordance with applicable securities laws and stock exchange requirements. Additionally, the Company has a general policy that it will not comment on any pending or threatened litigation. Any requests for comment on the foregoing matters should be directed to an authorized Company Spokesperson.

**Confidential Information:** Your employment with the Company prohibits you from disclosing any proprietary or confidential information of the Company (or any other company that you obtain information about while acting for the Company) to any third party, regardless of whether or not such information is material, except when necessary for and clearly authorized in connection with the conduct of the Company's business.

**Means For Public Disclosure:** The Company will disclose material information by a means of dissemination designed to provide broad, non-exclusionary distribution of the information to the public.

#### DEFINITIONS, APPLICABILITY OF RESTRICTIONS AND OTHER IMPORTANT INFORMATION

**Material Information:** Information is "material" when it is substantially likely that a reasonable investor would consider the information important in making a decision to buy, hold or sell stock. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered "material". Examples of material information include, but are not limited to:

- > projections of future earnings or losses, including changes in earnings estimates;
- > knowledge regarding a pending or proposed merger, acquisition or tender offer or regarding a significant purchase or sale of assets;
- > changes in dividend policies or the announcement of a stock repurchase program;
- > the declaration of a stock split, or the offering of additional securities;
- > changes in management;
- > breakthroughs in technology;
- > the introduction or status of significant new products;
- > significant litigation developments;
- > the award or loss of a substantial contract or gain or loss of a substantial customer or supplier; and
- > a change in the company's auditor or an auditor notification that the issuer may no longer rely on an auditor's audit report.

Either positive or negative information may be material. If you are unsure at any time as to whether you possess material information about the Company, you should contact the Compliance Administrator for clarification. The prohibition on selective disclosure of material non-public information during conversations with securities market participants applies to all directors (including outside directors), officers, investor relations or public relations officers or other persons with similar functions.

**Transition from "Non-Public" to "Public" Information:** Information that has not been disclosed to the public is generally considered to be non-public information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. The restrictions on purchases or sales of Company securities based on material information applies not only to non-public information but also applies for a limited time after such information has been released to the public. The Company's shareholders and the investing public must be afforded time to receive and digest material information before it can be considered in the public domain. As a general rule, you should consider

material information to be non-public from the time you become aware of material information until the Close of Business on the first full trading day after it has been released by the Company to the public and, accordingly, you should not engage in any stock transactions until after that time. If the information is complex or is not widely disseminated, the Company will advise you in certain circumstances that you must wait an even longer period of time.

**Tipping Information to Others:** The above policy includes a prohibition against passing material non-public information about the Company (or any other company that you obtain information about while acting for the Company) to others. This includes a prohibition against disclosure of any material non-public information to your family, friends, your social acquaintances or anyone else. This prohibition applies whether or not you receive any benefit from the other person's use of that information. If you disclose material non-public information about the Company, or material non-public information about any other company that you obtain information about while acting for the Company, you may be fully responsible legally for the trading of the person receiving the information from you (your "tippee") and even persons who receive the information directly or indirectly from your tippee.

**Post-Employment Obligations:** Following the cessation of your business relationship with the Company, the insider trading laws continue to prohibit any trading by you while in possession of material non-public information. Accordingly, if your employment ceases at a time when you are in possession of material non-public information about the Company, then the prohibitions on trading described above shall continue to apply to you until the time that such information becomes public or is no longer considered to be material. In any event, you should consult with your counsel prior to any sale of Company securities after your business relationship with the Company terminates, particularly during any "Black-Out Period" immediately following the cessation of your business relationship with the Company.

**Internet Forums:** The above policy includes a prohibition against disclosing or discussing non-public information of the Company via the use of an Internet website (whether or not such site is specifically related to the Company) or any medium of communication that is conducted, expressed or implemented through or by means of the Internet (e.g., an Internet chat room, message board or social media site). It is difficult, if not impossible, to participate in such forums without divulging some non-public information concerning the Company (whether material or not), regardless of the participant's intent. These forums are often filled with inaccuracies, and good-intentioned attempts to "correct the record" may result in more harm than good. Readers of this type of information may use such information-- especially inadvertently disclosed "material" information -- in inappropriate ways over which neither the discloser nor the Company has control. All employees need to be vigilant to ensure that no non-public information (especially material information such as earnings related information, key technology developments, or significant customer wins) "leaks" to the public before the Company officially releases it.

Lastly, it is a common misperception that the identity of participants on Internet discussion forums is secret. You should be aware that government agencies, companies and individuals may obtain this information under certain circumstances, and thus there may be no real "anonymity" on the Internet.

## CONCLUSION

This policy statement is intended to present the Company's policies and procedures with respect to the trading of securities by directors, officers and employees and the disclosure of material non-public information to securities market participants. The procedures and policies set forth in this policy statement represent only a general framework within which you may purchase and sell securities of the Company without violating the insider trading laws. You have the ultimate responsibility for complying with the insider trading laws, which obligations may extend beyond those set forth herein, and you

should obtain additional guidance whenever possible. Please note, however, that your failure to comply with the policies and procedures set forth above may result in the Company taking disciplinary action against you up to and including termination, whether or not your failure to comply results in a violation of law. This policy statement is not a binding contract, but a set of guidelines for implementation. The Company explicitly reserves the right to modify any of the provisions of this policy statement at any time and without notice.

If you have any questions about the Company's policies and procedures, please feel free to call either Steve Vestergaard (CEO) or Fred Vandenberg (CFO), the Compliance Administrators, at (604) 609-7736 ext 222 or (604) 609-7736 ext 236, respectively.

## EXHIBIT A

### 10b5-1 TRADING PROGRAMS

Directors, officers and other persons designated by corporate counsel ("Eligible Insiders") may want to consider implementing a trading program under Rule 10b5-1 at a time when they are not in possession of material non-public information. Rule 10b5-1 allows a director, officer or employee to pre-establish a plan or pattern for future trades with respect to Company securities, or to provide instructions to a third party to execute trades on behalf of the seller. Eligible Insiders who set up a trading program under Rule 10b5-1 that meets the additional, Company-imposed requirements set forth below (a "Trading Program"), will be allowed to have their agent execute sales and purchases under the Trading Program even if at the time the trades take effect the Eligible Insiders may be aware of material non-public information or may be subject to a Quarterly or Special Black-Out Period. Eligible Insiders and other employees who set up Rule 10b5-1 trading programs that do not qualify as Trading Programs will remain subject to Quarterly and Special Black-Out Periods for all trades, including sales and purchases under their Rule 10b5-1 programs, unless they obtain approval in writing from the Chief Executive Officer or Chief Financial Officer for an exemption, which will only be granted in the Company's discretion, prior to making such purchase or sale. For more information about establishing a Trading Program, please contact the Chief Executive Officer or Chief Financial Officer. Notwithstanding the foregoing, the parameters for participation in a Trading Program will be established by the Company and the Company may require suspension of any purchase or sale of Company securities under such Trading Program, which includes a "blind trust," as it deems reasonably necessary or prudent.

Specifically, in order to qualify as a Trading Program (and therefore be allowed to proceed with sales and purchases during Quarterly and Special Black-Out Periods), a trading program set up by an Eligible Insider must meet the following requirements:

- 1) the Trading Program must be established in writing at least ninety (90) days prior to the first trade authorized under the Trading Program, and be signed and dated by the person entering into the Trading Program;
- 2) a copy of the Trading Program must be filed with the Chief Executive Officer or Chief Financial Officer within five business days after the Trading Program is established in writing;
- 3) the Trading Program may not be commenced during any Quarterly Black-Out Period or any Special Black-Out Period to which the person who proposes to establish a Trading Program is subject;
- 4) the Trading Program must be in a form that meets the requirements of Rule 10b5-1 and must explicitly provide for the Company's right of suspension pursuant to paragraph (5) below; and
- 5) the Trading Program must by its terms be subject to the right of the Company to suspend trades to the extent the Company deems such suspension to be in the best interests of the Company, as for example, where such suspension is necessary to comply with the requests of underwriters for "lock-

up" agreements in connection with an underwritten public offering of the Company's securities.

Those persons who enter into a Trading Program are also subject to the following restrictions.

1) Any Trading Program filed with the Company must include a certification from the person entering into the Trading Program that (a) he or she was not in possession of any material non-public information about the Company when he or she established the Trading Program, and (b) the Trading Program is entered into in good faith and not as a scheme to evade the prohibitions of Rule 10b5-1.

2) Any person who has filed a Trading Program with the Company and who is subject to Section 16 reporting must indicate by footnote on any Form 4 or Form 5 filed by such person to report transactions effected under the Trading Program, as well as note on any Form 144, that such transaction was effected under a contract, instruction or plan in accordance with Rule 10b5-1. The Form 144 should state in the Remarks section the date of the adoption of the Trading Program and that the representation regarding the seller's lack of any knowledge of non-public material information contained in the form is as of the date of such adoption.

3) The Company is authorized to include a list in its periodic filings under the United States Securities Exchange Act of 1934, as amended, of persons who have filed a Trading Program with the Company that remains in effect. The Company, however, will disclaim any obligation to disclose the number of shares covered under a Trading Program or any details of a Trading Program in such disclosure.

4) A Trading Program established by a person cannot be suspended, expanded or otherwise modified by such person more than once each fiscal quarter.

5) Any suspension, expansion, cancellation or other modification of an existing Trading Program by the person who established the Trading Program must: (a) be in writing and signed and dated by the person who established the Trading Program; (b) be filed with the Company's Chief Executive Officer or Chief Financial Officer within five business days after the suspension, expansion, cancellation or other modification was reduced to writing; (c) not be made during any Quarterly Black-Out Period, any Special Black-Out Period or when the person was aware of material non-public information and (d) in the event of suspension, expansion or other modification only, not become effective until ninety (90) days after the suspension, expansion or other modification to the Trading Program was filed with the Company.

A person establishing a Trading Program is prohibited from entering into or altering a corresponding or hedging transaction that involves the shares covered by the Trading Program.