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|  | Group Directive Title: | Insider Trading Policy |
| | Group Directive Number: | GD-13 |
| | Group Directive Owner: | General Counsel |
| | Approved by: | Board of Directors |
| | Effective Date: | October 11, 2007 |
| | Version: | Version 2.0 |

Insider Trading Policy

1 Introduction

In the course of your day-to-day business you may have access to material non-public information (**Insider Information**) concerning Santhera Pharmaceuticals Holding Inc. and its subsidiaries (collectively, **Santhera** or the **Company**) and other companies you come in contact with.

It may also be that information you have or obtain and which you are not considering to be Insider Information is in fact Insider Information. In a case of doubt, please contact the General Counsel.

The use and disclosure of Insider Information in connection with trading in securities is subject to special regulation and may result in considerable criminal and civil legal penalties. The Company may also be subject to civil and criminal penalties for failing to prevent illegal trading.

It is important that Insider Information be treated confidential (as long as not officially published by Santhera in accordance with the ad hoc publicity rules) and not misused, not only for the reputation of Santhera in the capital markets and the relationship with its shareholders but also for the individual, who may be subject to severe penalties.


It is the purpose of this policy (**Policy**) to bring these legal requirements to your attention.

2 Principles

Trading in the securities of or with reference to a listed company (including Santhera) is not allowed in the event of possession of **material non-public information** regarding such company.

In addition, anyone in possession of material non-public information regarding Santhera or another listed company acquired in the course of an individual's employment (or as a result of his or her position) with Santhera must not

- (i) communicate such information to anyone (including friends, relatives and acquaintances) (a) for other than legitimate corporate purposes and (b) without the recipient

| | | |
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being bound by equivalent confidentiality and non-use obligations and trading restrictions,

- (ii) recommend the purchase or sale of securities of or with reference to Santhera or such other listed company until such information has been publicly disclosed or
- (iii) assist anyone who is engaging in any of these activities.

In addition, employees should generally refrain from engaging in speculative transactions with regard to Santhera securities.


3 Insider

An **Insider** is anyone who is in possession of material information about Santhera or another issuer of securities which has not been publicly disclosed, including

- (i) members of the Board of Directors,
- (ii) members the Executive Management,
- (iii) any other manager and employee of Santhera,
- (iv) family members of the above,
- (v) outsiders, such as advisors and consultants,
- (vi) "tippees", such as family members, relatives or friends of the above, investment analysts and investment advisors contacted by any of the above mentioned persons
- (vii) other persons with whom any of the above person has a relationship which results in such other person's transactions being attributable to it.

Furthermore, in order to minimize the danger of unintentional disclosure of material non-public information, employees and executive bodies of Santhera must not hold discussions concerning such information with unauthorized persons, either at the workplace or outside, particularly not with members of their families, friends or unauthorized employees. Employees and executive bodies are to take care that discussions concerning material non-public information at the workplace, as well as in public places, may not be overheard by unauthorized persons by accident.

In addition, employees and executive bodies of Santhera must not knowingly disclose material non-public information to anyone ("tipping"); even family members, friends, unauthorized employees or third parties, including the financial press, investment analysts or others in the

| | | |
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financial community. Finally, employees and executive bodies must not make recommendations or give opinions on the dealing of Santhera securities, based on material non-public information either.


4 Information

The information must be factual. Rumors, suppositions, hypotheses and expectations are not facts and do as a rule not prohibit from trading in securities. In contrast, for example, negotiations or the preparation of a project, filing or transaction are facts which may qualify as Insider Information.

5 Materiality of Information

Information is considered **material** when a reasonable investor would consider the information relevant to a decision to buy, sell or hold securities. In short, information that could affect the market price of securities should be considered to be material, e.g. information with regard to:

- (i) Results of clinical trials,
- (ii) Filing to obtain marketing approval,
- (iii) Regulatory action, including the issue of a clinical hold, receipt of FDA or EMEA marketing approval,
- (iv) The recall of a product from the market,
- (v) Unpublished financial information,
- (vi) Significant patent or product developments,
- (vii) The execution or termination of significant in- or outlicensing, collaboration and similar agreements,
- (viii) A significant new business order,
- (ix) Any non-routine action or event, such as a pending or proposed merger, acquisition, disposition, tender offer, share issuance, share-buy-back, capital reductions, including the planning, preparation or negotiation of such transactions,

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- (x) Significant litigation developments,
- (xi) Results of the Company's research programs,
- (xii) A proposal to increase or decrease dividends,
- (xiii) A significant change in the Company's financial condition,
- (xiv) A stock split or the public or private offering of additional securities,
- (xv) Unexpected changes in the Board of Directors or Executive Management,


or knowledge of any action or event which had or is likely to have a significant effect on anticipated annual revenues or earnings; or which may result in a specific or extraordinary charge against earnings or surplus

The "**materiality**" of a proposed or possible transaction depends on a number of factors, of which the most important are the magnitude of the transaction and the likelihood it will occur. The more significant a proposed transaction, the less likely it needs to be for information about the transaction still to be material. For instance, a possible merger of Santhera with another equally sized or larger corporation would be material even at the earliest stages of considering the deal and even if there are substantial uncertainties the deal ever will occur. Individuals with knowledge of possible or proposed transactions should not assume this information is immaterial because the transaction is uncertain but must consult with the General Counsel or his designee before trading.

In general, the following situations are not considered material:

- (i) Scheduled termination of contracts in the course of normal business operations,
- (ii) Legal actions or governmental proceedings as long as they have no material impact,
- (iii) Minor acquisitions, disposals and minor restructuring.

Where there are reasonable grounds for doubt as to whether non-public information is material or not, you should refrain from trading in the securities concerned and keep such information confidential in accordance with this Policy, unless the General Counsel or his designee advises in specific cases that trading is permitted.

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6 Non-public information

Information is considered "**non-public**" unless it has been effectively disclosed in a manner sufficient to ensure that the public has had the opportunity to evaluate such information. Thus, a person may not attempt to "beat the market" by trading simultaneously with, or shortly after, the official release of material non-public information. This generally requires that Members of the Board and the Executive Management abstain from trading until the close of business one day after the official disclosure of any material information. In addition, insider trading does not become permissible because information is reflected by rumors or other unofficial statements.

Any question concerning the non-public nature of material information should be resolved in favor of a determination that the information is non-public and, therefore, holders of such information should not trade.

7 Securities


The term "**securities**" includes all types of securities, e.g.

- (i) Shares (including Santhera shares [SANN]),
- (ii) Bonds,
- (iii) Convertible bonds,
- (iv) Options,
- (v) Derivatives,

irrespective of whether such securities have been issued by Santhera or by third parties with respect to securities issued by Santhera.

This Policy applies to trading

- (i) On any domestic or foreign stock exchange, including the
- (ii) SWX Swiss Exchange (**SWX**) and
- (iii) Trading by private purchases and sales.

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Please note that you would not escape legal liability if you traded only small amounts of securities, since the authorities have an official obligation to investigate and prosecute infringements of insider regulations without regard to the amounts traded or profits realized.

8 Preclearance mechanism and special cases

Preclearance

Before trading in any Santhera security, each Santhera Board Member, each Member of the Executive Management and each employee shall ask the General Counsel for permission to trade. Requests shall be submitted by e-mail to compliance@santhera.com, indicating security, intended trade and number of securities. Preclearance shall be granted or denied on the same working day. The General Counsel shall keep a file of all related correspondence. Grant of preclearance shall be effective for five business days. If you become an insider during the period for which you have been cleared or if an Embargo Period starts, then you must refrain from trading. During Embargo Periods, no preclearance requests will be granted at all.

Embargo Periods


An Embargo Period shall begin two calendar weeks before the public release of Santhera's financial statements and shall end at the close of business one day after the said release.

Lock-up

Shares that have been issued before the original listing of Santhera's shares may be subject to a lockup undertaking. When considering a preclearance request, the General Counsel shall take any lock-up undertaking into consideration.

Employee Stock Options

The conduct required in this Policy also applies with respect to Santhera securities acquired under an employee or similar stock ownership program even after release of such shares from an applicable selling restriction. In addition, it applies to the exercise of options with regard to Santhera securities. However, options for Santhera securities which have been issued by Santhera based on an incentive plan prior to the existence of the relevant Insider Information may, as a rule, be exercised on the last day of the exercise period.

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Management Transactions

Trading in securities of Santhera by Members of the Board and the Executive Management is subject to preclearance as indicated above. In addition, so as to comply with SWX rules regarding management transactions, these individuals (**Relevant Individuals**) have to report their transactions in Santhera securities and any transactions in Santhera securities effected by third parties if such transactions directly or indirectly affect the wealth of a Relevant Individual or if the Relevant Individual has influenced the transaction or the decision on the transaction in a significant way to the General Counsel who shall forward this information to the SWX in accordance with the said rules. Details shall be governed by a special regulation to be promulgated by the Board of Directors. In addition, these persons must not enter into speculative transactions with regard to Santhera securities. Members of the Board and of Executive Management must not engage in any “stop loss” or “limit order” transactions with respect to Santhera securities, so as to exclude any potential negative perception by the financial markets. However, if a member of the Board or of the Executive Management wishes to purchase or sell Santhera securities, it may, if it has no knowledge of Insider Information and subject to preclearance as indicated above, give a limited sale or purchase order valid on the trading day of giving the order only. If the member should, in the course of that trading day become aware of Insider Information, it must immediately withdraw its order if not executed yet.


High volume transactions should be executed in a way that the Santhera share price is not significantly affected (eg through a block trade). Before entering into such a transaction, the respective individual shall consult with the CFO.

Treasury Shares Transactions

Trading in Santhera securities by Santhera is subject to a special regulation to be promulgated by the Board of Directors.

9 Sanction of violations

Swiss criminal law: every exploitation and circulation of confidential, share price sensitive information of traded securities carries a penalty of up to three years imprisonment or a fine, in accordance with Art. 161 of the Swiss Penal Code. In addition, such actions may lead to liability for damages.

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SWX Swiss Exchange Listing Rules: any disclosure of confidential Insider Information to a third party or use of such Insider Information or the failure to report Insider Information under ad hoc-publicity rules may trigger sanctions by the stock exchange authorities and liability claims of investors.

Employment law: an infringement of this Policy may constitute a breach of the employment contract or a breach of trust owed by Members of the Board.

Liestal, as of October 11, 2007

Santhera Pharmaceuticals Holding AG