



## MGT Capital Investments, Inc.

### Share Dealing Code

*Restrictions on the trading of MGT Capital Investments Inc securities*

*Adopted by the Board of Directors on December 28, 2007*



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## 1 Introduction

Buying or selling MGT Capital Investments Inc. (MGT) securities while in possession of material non-public information concerning the Company's businesses, operations or prospects, may give rise to a variety of civil claims, as well as to US Securities and Exchange Commission (SEC) administrative or court action, and in some circumstances criminal penalties. Tipping of material undisclosed corporate information by an insider to an outsider may lead to an indirect violation of SEC rules. The SEC has the authority to seek a civil penalty of up to three times the amount of profit gained or loss avoided by a person who trades while in possession of material non-public information. In addition to having serious legal ramifications, the foregoing activities would seriously undermine and damage the Company's reputation for integrity and ethical conduct. For these reasons, the Company has adopted this policy to address these concerns.

Generally speaking, a person is involved in unlawful insider trading if that person trades (i.e. buys or sells) securities while in possession of "material non-public information" concerning the issuer of those securities. "Material" information for these purposes is any information to which an investor would reasonably attach importance in reaching a decision to buy, sell or hold securities of MGT. The test is whether there is a substantial likelihood that a reasonable investor would consider the facts important in making an investment decision. A person is also involved in insider trading if the person discloses material non-public information to another person who uses that information to trade in MGT securities. A person does not have to make a profit in the trade to be guilty of insider trading; using material, non-public information to avoid or minimize a loss is also insider trading (i.e. selling stock while in possession of material non-public information that, when published, will cause the stock price to drop). A useful rule of thumb is if you learn of non-public information, it is probably "material" non-public information.

## 2 Company Policy

Subject to the "trading plan" discussion below, the rules essentially are as follows:

- All officers, employees and directors (and persons under their control, such as spouses, minor children or other family members living in the same household) of the Company or any of its subsidiaries are in "blackout" and thus prohibited from trading MGT securities for the period beginning at the end of each calendar quarter and ending one full business day following each earnings release. This does not apply to the exercise of options, or purchases under an Employee Stock Purchase Plan provided that securities so acquired are not immediately traded.
- No officer, employee or director of the Company or any of its subsidiaries (or persons under their control) is permitted to trade while in possession of material nonpublic information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. Information about the following areas of the Company's business could be material: acquisitions, dispositions, joint ventures, regulatory issues, launch of new business lines, entry into new jurisdictions, significant litigation and government investigations. This is not a complete list.
- From time to time, the Company, or one of its subsidiaries, may itself be in possession of non-public information of a material nature that will preclude officers,

directors and employees from trading in MGT's securities, whether or not they personally have knowledge of such material non-public development. Therefore, even when no blackout period is in effect, officers, directors and employees of the Company or any of its subsidiaries must pre-clear all trades with Jay Kaplowitz, Esq. of Sichenzia Ross Friedman Ference LLP, (hereinafter, "Legal Counsel").

- Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in MGT's securities, officers, employees and directors, are prohibited from holding MGT's securities in a margin account or pledging MGT's securities as collateral for a loan unless approved in advance by the Audit Committee of the Company. An exception to this prohibition may be granted where a person wishes to pledge MGT's securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company securities as collateral for a loan must submit a request for approval to Legal Counsel at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.
- Certain forms of hedging or monetisation transactions, such as zero-cost collars and forward sale contracts, allow an officer, employee or director to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the officer, employee or director to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the officer, employee or employee may no longer have the same objectives as the MGT's other shareholders. Therefore, the Company strongly discourages you from engaging in such transactions. Any person wishing to enter into such an arrangement must first pre-clear the proposed transaction with the Legal Counsel. Any request for pre-clearance of a hedging or similar arrangement must be submitted to the Legal Counsel at least two weeks prior to the proposed execution of documents evidencing the proposed transaction and must set forth a justification for the proposed transaction.
- A transaction in options is, in effect, a bet on the short-term movement of MGT's stock and therefore creates the appearance that the director or employee is trading based on inside information. Transactions in options also may focus the director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited by this policy statement. (Option positions arising from certain types of hedging transactions are governed by the preceding bullet point.)

Short sales of the MGT 's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this policy statement. In addition, Section 16(c) of the Securities Exchange Act of 1934 prohibits officers and directors from engaging in short sales.

### **3 Pre-clearance Procedure**

Requests for pre-clearance should be sent to Legal Counsel by e-mail to [jkaplowitz@srff.com](mailto:jkaplowitz@srff.com) setting forth the following information:

- Name;
- Title;
- Date of proposed trading; and
- A statement that you (1) have read the above explanation regarding material nonpublic information, (2) have given consideration to whether any information in your possession is material nonpublic information and (3) are not currently in possession of material nonpublic information. If you are in possession of material nonpublic information, of course, you should not submit the request as you are not permitted to trade. If you are uncertain whether information is material or nonpublic, please provide a description of the information in question for our consideration.

Clearance will be valid for no more than seven days, so please time your requests accordingly. Of course, if you become aware of material non-public information any time after obtaining clearance, such clearance becomes void.

### **4 Trading Plans**

Pursuant to so-called “trading plans”, officers, directors and employees may be permitted to trade in MGT securities even during a blackout period or while in possession of material nonpublic information. In essence, a “trading plan” consists of irrevocable instructions to a third party to make future trades in accordance with pre-established guidelines. For example, a “trading plan” may irrevocably direct a broker to acquire or sell securities on a specified future date, thus making irrelevant that the trader may have come into possession of material nonpublic information or that a blackout period is in effect when the trade is made. The rules on “trading plans” are complex; if you are interested in additional information about them please contact the Legal Counsel. Trading plans for Company officers, directors and employees need to be sent to the Legal Counsel for review prior to implementation.

### **5 QUESTIONS**

If you have any questions about trading in MGT Capital Investments Inc. securities, please contact:

Sichenzia Ross Friedman Ference LLP  
ATTN: Jay Kaplowitz  
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