

GI DYNAMICS, INC.

RESTRICTIONS ON BUYING AND SELLING STOCK AND SECURITIES
(INSIDER TRADING POLICY)

1. Policy Statement. Employees, consultants, officers, the Board of Directors and entities (such as trusts, limited partnerships and corporations) over which such individuals have or share voting control (individually referred to as a “*person*” and collectively referred to as “*persons*”) of GI Dynamics, Inc., its divisions and majority-owned or controlled subsidiaries (“*Company*”) may not engage in transactions involving securities of a company when they are aware of material nonpublic information about that company. If a person is aware of material information about a company and such information is not generally known by the public, then the person is prohibited from trading in securities of that company until such information becomes public and irrespective of whether this policy indicates that trading could occur in a trading window or outside a prohibited period, or whether it is excluded from the operation of this policy. There is no exception to this policy for transactions that may be necessary or justifiable for independent reasons. In addition, except in the performance of a person’s professional responsibilities on behalf of the Company, that person may not make information public so that he or she can trade in the Company’s securities and may not communicate the information to a third party other than on a need to know basis. Please refer to the Company’s Continuous Disclosure Policy for further information regarding the requirements pertaining to communications by and on behalf of the Company.

2. Questions. To the extent you have any questions related to this policy or the topics addressed hereby, please contact the Company’s Chief Financial Officer.

3. Companies Covered. The restrictions on trading are not limited to trading in the Company’s securities. They also include trading in the securities of other public companies, such as customers or suppliers of the Company and companies with which the Company may be negotiating major transactions, such as an acquisition, joint venture, investment or sale. Information that is not material to the Company may nevertheless be material to the other company. Therefore, a person who is aware of material nonpublic information about another public company, whether or not the person obtained the information in the course of working for the Company, is subject to restrictions on trading in securities of that company or communicating that information to others.

4. Transactions Covered. “*Trading*” includes purchases and sales of securities such as stock, bonds, debentures, options, puts, calls and any other securities. Examples of the types of covered transactions include:

(a) Open Market Transactions. A person is prohibited from trading, while aware of material nonpublic information, in any securities in the open market.

(b) Stock Options. A person is prohibited, while aware of material nonpublic information, from selling in the open market (e.g., in a broker-assisted cashless exercise or any other market sale for the purpose of generating the cash needed to pay the exercise price or taxes or for any other purpose) any of the shares underlying a stock option.

However, while aware of material nonpublic information about the Company, a person may receive a stock option grant and grants of stock options may vest. In addition, a person may exercise a stock option while aware of material nonpublic information, but only if the person pays the exercise price and applicable taxes in cash or with shares already held by such person.

(d) Restricted Stock and Restricted Share Units. A person is prohibited, while aware of material nonpublic information, from selling in the open market any of the underlying shares of restricted stock or restricted share units awarded to that person.

However, while aware of material nonpublic information about the Company, a person may receive an award of restricted stock or restricted share units. In addition, awards of restricted stock or restricted share units may vest while a person is aware of material nonpublic information, and the Company may withhold shares to cover taxes due upon vesting.

5. No Trading by Others on a Person's Behalf. When a person is prohibited from trading in the Company's securities because he or she is aware of material nonpublic information, he or she may not have a third party trade in securities on his or her behalf or disclose such information to any third party, other than on a need-to-know basis. Any trades made by a third party on behalf of a person will be attributed to that person. Thus, trades in the Company's shares held in street name in a person's account or for his or her benefit at a brokerage firm are also prohibited if the person is otherwise prohibited from trading in the Company's securities. If a person invests in a "managed account" or arrangement (other than a Rule 10b5-1 plan discussed below), he or she should instruct the broker or advisor not to trade in the Company's securities on his or her behalf while he or she is aware of material nonpublic information.

6. No Tipping. When a person is prohibited from trading in the Company's securities because he or she is aware of material nonpublic information, he or she may not disclose material nonpublic information about the Company to a third party other than on a need-to-know basis. If that third party trades in the Company's securities, the person who communicated the information (as well as the third party) may be personally liable for violation of securities laws. This practice, known as "*tipping*," violates the securities laws and also can result in the same civil and criminal penalties that apply to insider trading, whether or not the person personally derives any benefit from the third party's actions. This prohibition includes giving trading advice without actually disclosing material nonpublic information, such as a general statement that, "I would sell now if I were you, but I can't tell you why." As with each of the prohibitions on trading while aware of material nonpublic information discussed in this policy, the prohibition on tipping also applies to material nonpublic information regarding securities of other public companies.

Regardless of whether a person covered by this policy is aware of material nonpublic information, they are prohibited from posting messages about the Company or its securities in Internet chat rooms, bulletin boards, blogs or other similar means of electronic distribution, whether under actual or fictitious names.

7. Persons Covered. The same restrictions on insider trading that apply to a person also apply to a person's family members who reside with the person, anyone else who lives in his

or her household, and any family members who do not live in his or her household but whose transactions in the Company or other securities are directed by the person or are subject to his or her influence or control (such as parents or children who consult the person before they trade in the Company or other securities). Every person is responsible to ensure that trading in any securities by any such third party complies with this policy.

8. Definition of Material Nonpublic Information.

(a) Material Information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, i.e., deciding whether to buy, hold or sell a security. Therefore, any information that could reasonably be expected to affect the price of the security is potentially material. Both positive and negative information can be material. Common examples of information that may be material are:

- an issue of equity securities or entry into an agreement to issue equity securities;
- restructurings;
- news of a pending or proposed merger, acquisition, tender offer or divestiture;
- changes in the Board or senior management;
- significant clinical or regulatory developments affecting the Company's products;
- a material change in the Company's financial forecast or expected results;
- declaration of a dividend or changes in dividend policies;
- entry into or termination of material agreements, including financings;
- events triggering material accelerations of, or increases in, financial obligations;
- a material change in accounting policies adopted by the Company;
- a rating applied by a rating agency to the Company or its securities, and any change in such rating;
- a significant change in market or regulatory conditions which is likely to have a material effect on the Company's results;
- projections of future earnings or losses;

- earnings that are inconsistent with external guidance from the Company or with market expectations;
- news of a significant sale of assets or the expansion or curtailment of operations (including a significant new contract or loss of business);
- declaration of a stock split;
- material new products or discoveries;
- material regulatory actions, including receipt or denial of a material regulatory application for clearance or approval of products;
- the gain or loss of, or a material change to the terms of the Company's relationship with, a substantial customer or supplier;
- the commencement of, or material development regarding, any material litigation;
- a decision by the Company to borrow a significant amount of money;
- a decision by the Company to offer securities in a public or private offering or repurchase or redeem any Company securities currently owned by the public;
- a material change in the Company's capital expenditure program; and
- significant shifts in operating or financial circumstances.

The foregoing are merely examples and should not be treated as an all-inclusive list. There may be other developments not listed above that may be material as well.

The materiality of information is determined on a case-by-case basis in light of all the facts and circumstances. All securities transactions will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction, a person should carefully consider how regulators and others might view his or her transaction in hindsight.

(b) Nonpublic Information. ***“Nonpublic” information is information that the Company has not released publicly, either by a press release or a filing with the Australian Securities Exchange (“ASX”) or the U.S. Securities and Exchange Commission, or is not otherwise available publicly.*** As a general rule, information is not considered to be ***“public”*** until the second-trading day after an announcement by the Company is broadly disseminated. Therefore, a person who was aware of the material information prior to its public release should not engage in any open market transactions in the Company's securities until at least the opening of trading on the ASX on the second-trading day after such information is publicly released (i.e., the next trading day after one full trading day has elapsed since the release of such information), whether through a report filed with the ASX, the SEC or through major news wire services, or

recognized news services. For example, if an announcement is made on a Monday before trading on the ASX closes, a person who was aware of the information in the announcement prior to its public release would not be able to trade until the opening of trading on the ASX on Wednesday. If an announcement is made after trading on the ASX closes on a Monday, but before trading on the ASX opens on Tuesday, such person would not be able to trade until the opening of trading on the ASX on Wednesday.

9. Short-Term or Speculative Transactions. All Directors, Key Personnel (as defined below) and officers who qualify as executive officers under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the “*Exchange Act*”) are strictly prohibited from engaging in short-term or speculative transactions involving the Company's securities, such as publicly traded options, short sales, puts and calls, and hedging transactions. This prohibition also applies to holding Company securities in a margin account and “short sales against the box,” which are sales of Company securities where a person does not deliver the shares he or she owns to settle the transaction but instead delivers other shares that his or her broker has borrowed from others. All other employees must obtain the specific prior authorization of the Chief Executive Officer and the Chief Financial Officer before engaging in short-term or speculative transactions involving Company securities.

10. Post-Termination Transactions. If a person is aware of material nonpublic information about the Company when his or her employment terminates, this policy’s restrictions on trading and communicating material nonpublic information will continue to apply. Such a person may not trade in the Company's securities until that information has become public or is no longer material. In addition, since stock options generally expire 90 days after termination of employment with the Company, the person should refer to the stock option section above for guidance regarding exercising stock options that may expire while he or she is aware of material nonpublic information. A person also may contact the Chief Financial Officer or his or her designee to further discuss their alternatives in this circumstance.

11. Blackout Period. Directors, Section 16 officers, and key management personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly (“*Key Personnel*”) and certain other persons designated by the Chief Financial Officer (“*Covered Individuals*”) may not trade in securities in the open market during a no-trade period (“*Blackout Period*”). An exception to this prohibition may apply for transactions effected pursuant to a pre-approved Rule 10b5-1 plan as discussed below. The quarterly Blackout Period begins on the fifteenth calendar-day of the third-month of every fiscal quarter and continues until the second-trading day after the Company’s earnings for that quarter are publicly released. The Chief Financial Officer may impose additional Blackout Periods for all or some Covered Individuals and other employees when the Company may be aware of material nonpublic information as the Chief Financial Officer deems necessary or appropriate. All Covered Individuals also are subject to all other restrictions in this policy.

During a Blackout Period, Directors, Key Personnel and Section 16 officers are also prohibited from trading in financial products that have been issued or created over the Company's securities by third parties and from trading in associated products.

12. Pre-Clearance for Directors, Section 16 Officers, Key Personnel and Covered Individuals. Each Director, Section 16 officer, Key Personnel and Covered Individual must obtain pre-clearance from the Chief Financial Officer or one of his or her designees before engaging in the following transactions (including any transactions by their immediate family members) in Company securities: purchases; sales; transactions in his or her deferred compensation plan, and for Section 16 officers, any other transactions that are required to be reported under Section 16 of the Exchange Act.

13. Responsible Party. The Company's Chief Financial Officer is responsible for administering this policy.

14. Exception for Trading Plans. Notwithstanding the restrictions and prohibitions on trading in Company securities as set forth in this policy, subject to compliance with all applicable laws, persons who are subject to this policy are permitted to effect transactions in Company securities pursuant to approved trading plans established under Rule 10b5-1 under the Exchange Act ("Trading Plans"), including transactions during the prohibited periods discussed above. Rule 10b5-1 requires that these transactions be made pursuant to a plan that was established while the person was not in possession of material non-public information. In order to comply with this policy, the Company must pre-approve any such Trading Plan prior to its effectiveness. Company personnel seeking to establish a Trading Plan should contact the Chief Financial Officer.