

## **WADDELL & REED FINANCIAL, INC.**

### **Insider Trading Policy Adopted July 22, 1998**

**Revised January 20, 2010**

It is the policy of Waddell & Reed Financial, Inc. (the "Company") that directors of the Company ("Directors"), those persons designated as "officers" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the "1934 Act") ("Section 16 Officers") and other employees who may come into possession of material non-public information of the Company ("Insiders") shall abide by certain restrictions in trading Company securities and with certain procedures when complying with said restrictions, as follows:

#### **Mandatory Pre-Clearance with the Legal Department**

Insiders, together with their family members,<sup>1</sup> may not engage in any transaction involving Company securities (including a stock plan transaction such as an option exercise, a gift, a loan or pledge or hedge, a contribution to a trust, or any other transfer) without first obtaining pre-clearance of the transaction from the Legal Department. The Legal Department will then determine whether the Insider may proceed with the transaction. This will enable the Company to determine whether any circumstances exist that could subject the Insider to a charge of trading on the basis of material non-public information. It will also enable the Company to assist the Director or Section 16 Officer in complying with the reporting requirements of Section 16 of the 1934 Act, which require certain transaction to be reported to the Securities and Exchange Commission (the "SEC") within two business days, and Rule 144 under the Securities Act of 1933, as amended (the "1933 Act"), as applicable. It will also ensure that the Company's records are updated with respect to the Director's or Section 16 Officer's ownership of Company securities.

#### **Stock Fund Investments and Transfers under the Waddell & Reed Financial, Inc. 401(k) and Thrift Plan**

Investments or deemed investments in the Company stock fund that are made automatically with contributions pursuant to a Section 16 Officer's investment election under the Company's 401(k) and Thrift Plan (the "401(k) Plan") are not reportable line item transactions, but must be reflected as part of the Section 16 Officer's total holdings on the next Form 4 to be filed with the SEC. However, investments or deemed investments with new money in the Company stock fund or transfers into or out of the Company stock fund under the 401(k) Plan must be reported on a Form 4 filing within two business days after the new investment or transfer. The Company has implemented procedures to track these reportable transactions to ensure timely filing; however, the Legal Department should be notified by a Section 16 Officer

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<sup>1</sup> Under the definition of "beneficial ownership," transactions in Company securities by any immediate family living in the same household as the Insider would be attributable to the Insider.

who changes his or her investment elections, including any election to invest in the Company stock fund for the first time or to transfer funds into or out of the Company stock fund.

### **Dividend Reinvestments**

Shares of Company stock acquired through any dividend reinvestment plan (a "DRP") are not a reportable line item transaction, but must be reflected as part of the Director's or Section 16 Officer's total holdings on the next Form 4 to be filed with the SEC. This would include shares acquired through a DRP administered by the Company's transfer agent or any other broker-dealer at which a Director or Section 16 Officer maintains an account. Directors and Section 16 Officers should notify the Legal Department of any DRP they elect to participate in or withdraw from to ensure accurate reporting of their beneficial ownership of Company securities.

### **Trading Windows**

*Quarterly Blackout Periods.* As a matter of general practice, Insiders shall transact purchases or sales of Company securities only during the periods beginning two (2) trading days after the public release of quarterly results for that quarter and ending seven (7) calendar days prior to the last day of that quarter. This "open-window" trading practice has been instituted in order to help avoid exposure to liability due to Rule 10b-5 of the 1934 Act and other securities laws and to prevent public embarrassment to the Company and the Insider involved which invariably attaches whenever insider trading is alleged to have occurred. However, Insiders should not transact purchases or sales of Company securities at any time, including during an "open-window," if in possession of material non-public information to ensure compliance with Rule 10b-5 of the 1934 Act, which prohibits the use of inside information. All transactions should be effected in compliance with Rule 10b-5 and Section 16 of the 1934 Act and Rule 144 of the 1933 Act.

*Pension Fund Blackout Periods.* Generally, (1) Directors and (2) Section 16 Officers and other officers who perform policy making functions (collectively, "Officers") are prohibited from purchasing, selling or otherwise acquiring or transferring the Company's securities during any "Pension Fund Blackout Period" (as defined below). There are limited exceptions to this rule and Directors and Officer should consult the Legal Department prior to purchasing, selling or otherwise acquiring or transferring Company securities, either directly or indirectly, during a Pension Fund Blackout Period. "Pension Fund Blackout Period" means any period of more than three consecutive business days during which at least 50% of the participants or beneficiaries of the Company's 401(k) Plan and any other employee benefit plan in which employees of the Company may invest in Company securities are prohibited from purchasing, selling or otherwise acquiring or transferring Company securities held in such plans.

### **Insider Trading**

Insiders shall not purchase or sell Company securities while in possession of material non-public information regarding the Company or during any period for which the Company has recommended the suspension of trading. Such periods usually relate to the time between the

internal identification of material information and the public disclosure of that information. "Material information" includes, without limitation, information regarding dividends, earnings, estimates of earnings, changes in previously released earnings estimates, merger or acquisition proposals or agreements, major litigation, liquidation problems, sales, costs, revenues, or other profit or loss amounts, new products or discoveries and extraordinary management developments. In addition, Insiders are prohibited from discussing, disclosing, sharing, providing or otherwise disseminating any "material information" or financial information about the Company to outsiders, particularly to the extent that it relates to or affects the quarter to be reported on by the Company.

### **Rule 10b5-1 Trading Plans**

Notwithstanding any trading restrictions set forth in this policy, Insiders may purchase or sell Company securities during the blackout periods set forth above and while in possession of material non-public information if such purchases or sales are made pursuant to a written trading plan adopted in accordance with Rule 10b5-1 of the 1934 Act and approved by the Legal Department prior to implementation.

### **Option Trading**

Insiders shall not transact in put and call options on Company securities. Such options create a significant enticement for abusive trading and in many instances give the unwelcome appearance of the Insider betting against the Company.

### **Cashless Stock Option Exercises**

The Company shall not directly or indirectly, including through any subsidiary, extend or maintain credit or arrange for the extension of credit to or for any Director or Officer via the cashless exercise of stock options. Directors and Officers are solely responsible for the selection of a broker-dealer to conduct the transaction and may arrange for the broker to contact the Legal Department for basic information regarding the stock options to be exercised (*i.e.*, the number of options, strike price, expiration date, etc.).

### **Section 16(a) Filings**

All Director and Section 16 Officer Forms 3, 4 and 5 will be prepared and filed by the Legal Department. With few exceptions, transactions reportable on a Form 4 must be reported to, and filed with, the SEC within two business days following the date of the transaction. Directors and Section 16 Officers should provide the Legal Department with information regarding changes in beneficial ownership on the day of, if not prior to, the transaction in question in order to comply with the filing deadlines. Because the risk of inadvertent Form 4 filing violations is so high and because public scrutiny has been heightened, the Legal Department will provide Directors and Section 16 Officers with periodic reminders and alerts during the year. The Legal Department will retain a copy of each Form 3, 4 and 5 in its files. Directors and Section 16 Officers may want to execute a power of attorney enabling certain

members of the Legal Department to sign Forms 3, 4 and 5 on their behalf. If so, please contact the Legal Department.

### **Sanctions**

In addition to civil and criminal penalties, late or delinquent Form 4 filings are required to be reported in the Company's proxy statement in a separate captioned section setting forth the name of the non-compliant Director or Section 16 Officer.

### **Certifications**

All Directors and Section 16 Officers subject to this policy must certify their understanding of and intent to comply herewith.