



ASX Listings Compliance Activities Report

1 January 2024 - 31 March 2024

Background

As the licensed operator of a listing market, ASX is obliged under the Corporations Act 2001 (Cth)¹ to have adequate arrangements for monitoring and enforcing compliance with its listing rules. Those arrangements are administered by the ASX Listings Compliance team.

The ASX Listings Compliance team also assesses whether applications for admission to the ASX official list conform to the requirements of the listing rules and processes applications for waivers of the ASX listing rules.

ASX's listing rules serve the interests of listed entities and investors, both of whom have a vital interest in maintaining the reputation and integrity of the ASX market and ensuring that it is internationally competitive and facilitates efficient capital raising.

ASX has an absolute discretion concerning the admission of an entity to the official list and the quotation of its securities. ASX also has broad discretions under the listing rules whether to require or waive compliance with the listing rules in a particular case, to remove an entity from the official list and to suspend its securities from quotation.

In exercising these discretions, ASX takes into account the principles on which the listing rules are based (as set out in the introduction to the listing rules) and the imperative of maintaining the reputation, integrity and efficiency of the ASX market.

To enhance transparency and assist stakeholders to understand how ASX interprets and applies the listing rules, ASX publishes on a quarterly basis² high level reasons why it has refused or indicated an intention to refuse certain listing applications³ and why it has rejected certain waiver applications, as well as information about some of its other activities monitoring and enforcing compliance with the listing rules.

Listing applications

During the period of this report, ASX admitted 6 entities to the ASX official list and quoted their securities and reinstated 1 entity to quotation following a backdoor listing. ASX refused or indicated that it would be likely to refuse 1 application for the reasons summarised in the table below.

The table below includes, as applicable:

- A. applications for admission that ASX has refused;
- B. applications for admission that ASX has indicated an intention to refuse;
- C. requests to approve a notice of meeting containing a resolution of security holders seeking approval for a backdoor listing transaction that ASX has declined to approve on the basis that ASX is likely to refuse the entity's application for readmission in due course; and
- D. requests for in-principle advice on the suitability of an entity for listing where ASX has indicated that it is likely to refuse the entity's application for admission if the entity proceeds to make a formal application.

Refusal type	Summary of reasons
D	ASX had concerns about the structure and operations of an entity that proposed to carry out mining activities in South America. The entity held derivative interests in its business operations via potentially risky contractual arrangements with the owners of the mining licences and exploration titles that underpinned its operations, rather than owning them itself or through a child entity.

¹ Referred to in this publication as the 'Corporations Act'. Unless otherwise indicated, references in this publication to a section of an Act are to a section of the Corporations Act.

² This information is published by ASX in performance of its obligations under the Corporations Act and in particular sections 792A(a) and (c). ASX also publishes details of waivers granted by ASX on the ASX website twice monthly in the form of a waivers register.

³ It should be noted that this is a point-in-time publication reflecting applications to be admitted to the official list as an ASX Listing or ASX Foreign Exempt Listing, where ASX has indicated during the period of this report that it intends to decline the application. Some of the entities mentioned in this or in earlier editions of this publication whose listing applications ASX indicated an intention to decline may have since restructured their proposals to address ASX's concerns. It should also be noted that this publication does not include data on ASX Debt Listings.

Waiver applications

During the period of this report, ASX granted 41 waivers and declined 5 waivers of the listing rules. ASX's reasons for declining those waivers are summarised in the table below.

Rule Number	Reason for not granting waiver
7.1	The entity had completed a pro rata issue and sought a waiver of Listing Rule 7.1 to extend the period that it could rely on Exception 3 in Listing Rule 7.2 from 3 months to 6 months. The entity intended to issue securities to make up the shortfall on the pro rata issue to a party who was connected with a potential new transaction that was not contemplated when the pro rata issue was conducted and which would occur more than 3 months after the close of the offer. The waiver was not granted as the new transaction was a material change in the entity's circumstances since the pro rata issue was conducted.
7.3.4 3 separate waivers	<p>In two cases, the waiver was refused because the entity had not put forward any reason for the delay in issuing convertible securities other than the convenience of the entity (where convertible notes were to be issued at the entity's election over a 12 month period if and when the entity drew down funds under a loan facility) or the convenience of the recipient (where an option was to be issued at the election of the counterparty at any time during a period of approximately 8 months).</p> <p>In the third case, the entity proposed to issue securities as part of a farm-in arrangement. The securities would be issued after a period time without any other conditions. The waiver was not granted on the basis that there was no compelling commercial reason to issue the securities later than three months after the date of the meeting.</p>
14.7	After obtaining security holder approval to issue securities to a related party, the entity failed to issue the securities within one month of the meeting due to an administrative oversight. The entity submitted that the oversight was due to staff turnover and the time of year (being November/December). The waiver was refused as ASX was not satisfied that the reasons for delay justified a departure from the rule.

Enforcement letters

During the period of this report, ASX issued the following enforcement letters:

Type	Number of letters
Price query ⁴	62
Aware ⁵	32
Show cause ⁶	0

⁴ ASX will generally issue a 'price query letter' when it detects abnormal trading in an entity's securities and, in its discussion with the entity about the matter, the entity tells ASX that it is not aware of any information which has not been announced to the market and which could explain the abnormal trading. For further information about price query letters, see section 8.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

⁵ ASX will typically issue an 'aware letter' to the entity when it has concerns about whether an entity has disclosed market sensitive information at the time it should have under listing rule 3.1. The letter will ask when the entity became aware of the information in question and test when it should have been disclosed under the listing rule 3.1. For further information about aware letters, see section 8.4 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

⁶ A 'show cause letter' is a letter initiating a process to terminate an entity's admission to the official list under listing rule 17.12. It will outline the reasons why ASX is proposing to terminate the entity's admission to the official list and ask it to 'show cause' why it should not be removed from the official list.

Censures

No censures for the quarter.

Listed@ASX compliance updates

Listed@ASX Compliance Updates are free email alerts sent to subscribers to advise of market developments, including proposed changes to ASX listing rules and guidance notes, and to provide guidance on topical or emerging compliance issues. You can subscribe to and view *Listed@ASX Compliance Updates* [here](#).

During the period of this report, ASX released the following Listed@ASX Compliance Updates:

Update	Summary
01/24	Published on 2 February 2024 covering: <ul style="list-style-type: none">• Changes to admission procedures, including streamlining the process for demonstrating spread, permitting the use of restriction notices for all ASX-imposed escrow arrangements, and reducing the types of material contracts that must be submitted with a listing application.• The introduction of general phone lines that an entity can use during business hours if the entity is unable to contact its Listings Adviser.• A reminder that listing rule 12.6 requires that an entity must appoint and at all times have a person responsible for communications with ASX and that that person must be readily contactable by ASX during normal business hours and at least one hour either side thereof (i.e., from 9am to 5pm Sydney time).
02/24	Published on 22 February 2024 covering the order in which announcements should be released during reporting periods.
03/24	Published on 5 March 2024 covering the consultation process for the proposed fifth edition of the 'Corporate Governance Principles and Recommendations' released by the ASX Corporate Governance Council.
04/24	Published on 26 March 2024 covering the introduction of monthly invoicing for quotation of additional securities starting from May 2024.

⁷ If ASX suspects that an entity has committed a significant contravention of the listings rules, or that a listed entity or any other person (such as a director, secretary or other officer of a listed entity) has committed a significant contravention of the Corporations Act, it is required under section 792B(2)(c) of the Corporations Act to give a notice to ASIC with details of the contravention. The purpose of the notice is so that ASIC can then consider what enforcement action, if any, it may wish to take in relation to the suspected contravention.