



MEDIA RELEASE

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Helping Australian companies raise capital

As part of a range of initiatives to improve the competitiveness of Australia's financial markets, ASX has finalised new listing rules to help make it easier for small to medium size companies to raise capital for investment.

The new listing rules follow extensive industry consultation and incorporate several changes from the feedback to the original proposals released in April. They have now received regulatory clearance.

ASX believes the new rules strike a balance between protecting the interests of shareholders and facilitating timely capital raisings by listed companies.

Over the last year, ASX has been developing plans to upgrade Australia's equity market and capital raising competitiveness through a series of initiatives, including these new listing rules, a faster rights issue timetable and trialling an equity research scheme. ASX will continue to promote new and better ways of raising capital for companies, which will help keep Australia a leading market to list, raise funds and invest.

The capital raising rules will come into effect from 1 August 2012. A three-month transition period has been provided for new admission requirements (see below), which will be effective from 1 November 2012.

The key elements of the new capital raising rules are:

- Companies that are outside the S&P/ASX 300 and that also have a market capitalisation of \$300 million or less can issue a further 10% of share capital in 12 months on a non-pro rata basis (i.e. by placement).
- The additional 10% requires a special resolution (at least 75% in favour) to be passed by shareholders at an annual general meeting.
- There is a maximum discount of 25% to market price at which the additional 10% can be issued.
- Additional disclosure obligations are imposed - when the special resolution is proposed, when securities are issued and when any further approval is sought - to explain matters including the purpose of the issue, impact on current shareholders, allocation policy, why the issue is via a placement and not as or in addition to a rights issue, and the fees and costs involved.

Main changes from the original proposals following consultation feedback:

- Companies must be outside the S&P/ASX 300 in addition to having a market capitalisation of \$300 million or less.
- Shareholder approval is required by special resolution (at least 75% in favour) and passed at an annual general meeting rather than by ordinary resolution (more than 50% in favour) at any general meeting.
- The allocation policy must be disclosed upfront when shareholder approval is sought.
- Volume weighted average price (VWAP) over 15 trading days used to calculate the discount to market price.
- The new rules will be reviewed after two years.

ASX has also updated admission requirements, by increasing the net tangible assets test for admission from \$2 million to \$3 million (rather than the proposed \$4 million) and the 'spread tests' (number of shareholders and value invested) have been amended and liberalised.

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