



ASX Listing Rules Consultation

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- Current ASX Listings Compliance focus areas
- Some other matters to note

ASX Listing Rule consultation

- Consultation paper *Simplifying, clarifying and enhancing the integrity and efficiency of the ASX listing rules* released 28/11/18:
 - ❑ improving market disclosures and other integrity measures
 - ❑ making the LR simpler and easier to follow
 - ❑ efficiency measures
 - ❑ updating timetables for corporate actions
 - ❑ enhancing ASX's powers to monitor and enforce compliance
 - ❑ correcting gaps or errors in the LR
 - ❑ new/updated Guidance Notes
- Submissions due 1/3/19; changes due to come into effect on 1/7/19



Improving market disclosures and other integrity measures



- Quarterly activity reports for App 4C reporters
- Enhanced disclosures in quarterly activity reports for App 5B reporters
- Standardised NTA disclosures by LICs and LITs
- Clearer disclosure of closing dates for receipt of director nominations
- Standardised disclosure of voting results at meetings of security holders
- More consistent disclosure of underwriting arrangements
- ‘Good fame and character’ requirement for new listings extended to CEOs

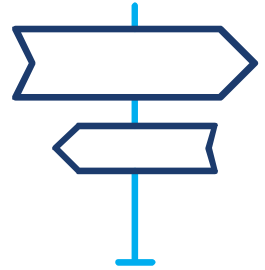
Improving market disclosures and other integrity measures



- Persons responsible for communication with ASX on LR issues to undertake a course and pass an exam on the LR
- Employee incentive scheme securities not to be voted on LR resolutions unless certain conditions met
- Documents for release to market to include, or be sent under a covering letter including, the name, title and contact details of a person who security holders and other interested parties can contact if they have any queries
- More granular data in security holder distribution schedules

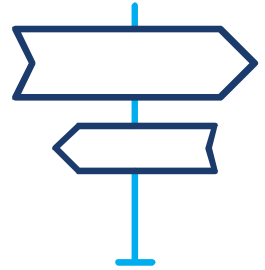
Making the LR simpler and easier to follow

- Clearer regime for announcing issues of securities and seeking their quotation:
 - ❑ New App 2A (application for quotation)
 - ❑ Substantially modified App 3B (notification of new issue)
- Improved reporting of CDIs on issue by foreign issuers (new App 4A)
- Clearer working capital requirements for assets test listings in LR 1.3.3
- Streamlined requirements for entities to access extra 10% placement capacity in LR 7.1A



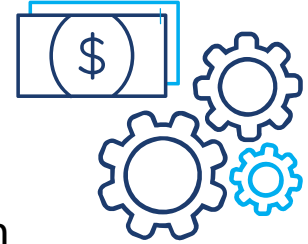
Making the LR simpler and easier to follow

- Lists of equity issues that can be made without security holder approval under LR 7.2, 7.6, 7.9 and 10.12 rationalised
- Requirements for notices of meetings proposing resolutions under LR 7.1, 7.1A, 7.4, 10.1, 10.11 and 10.14 rationalised
- LR 10.15 and 10.15A merged + new requirement for director's total remuneration package to be disclosed
- Voting exclusions in LR 14.11.1 rationalised

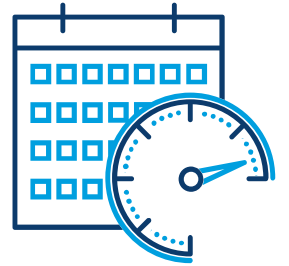


Efficiency measures

- Simplified escrow regime for restricted securities
- Profit test listings can notify ASX of continuing profits under LR 1.2.5A in listing prospectus/PDS/information memorandum
- Simplified agreements for admission and quotation in App 1A, 1B and 1C
- 9 standard waivers built into LR
- Standard forms removed from Appendices and made available on ASX Online



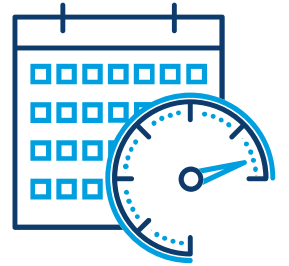
Updating timetables for corporate actions



- Standard period of 5 business days for securities to be issued and application for quotation to be lodged with ASX for:
 - ❑ DRP issues (currently 10 business days after dividend payment date)
 - ❑ Securities issued to satisfy interest payments (currently no time limit)
 - ❑ Converted securities (currently 15 business days after conversion)
 - ❑ Bonus securities (currently 10 business days after record date)
 - ❑ Equal access buy backs (currently no time limit)
 - ❑ SPP issues (currently no time limit)

- Flexibility on interest payments dates for debt securities

Updating timetables for corporate actions



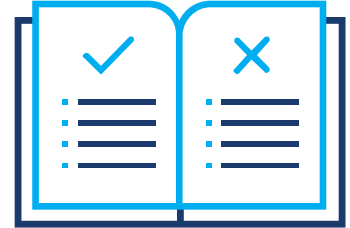
- Option expiry notices no longer required for options substantially out of the money
- New timetables for:
 - ❑ splits/consolidations
 - ❑ cash returns of capital
 - ❑ returns of capital by way of in specie distribution of securities in another entity
- Timetable for court-approved reorganisations of capital replaced by timetable for mergers or takeovers effected via a scheme of arrangement
- Numerous drafting changes to timetables

Enhancing ASX powers to monitor and enforce rules



- Class waivers
- Power to impose conditions on no-action letters
- New LR 18.5A confirming powers and discretions under LR may be exercised in ASX's absolute discretion and subject to conditions
- ASX's power under LR 18.7 to ask for information, documents or explanations to confirm compliance with LR extended
- Examples of requirements ASX may impose to ensure compliance with LR listed in LR 18.8
- New LR 18.8A giving ASX power to censure for egregious rule breaches

Correcting gaps or errors in the LR



- Gaps in time limits to apply for quotation of securities filled
- Flaw in definition of variable “A” in LR 7.1 and 7.1A.2 corrected
- LR 7.4 and 7.5 amended to allow listed entity to have an agreement to issue securities ratified by security holders
- LR 10.1 amended to deal more appropriately with agreements to acquire or dispose of substantial assets
- Corrections to LR 10.3 (transactions exempted from LR 10.1)
- Improved definitions of “associate”, “child entity”, “control” and “related party”

New/updated Guidance Notes



- GN 1 *Applying for Admission – ASX Listings*
 - GN 11 *Restricted Securities and Voluntary Escrow*
 - GN 12 *Significant Changes to Activities*
 - ❑ Changes implementing new escrow regime
 - ❑ Disclosure and escrow measures to deal with financial advisers extracting excessive equity-based fees and perquisites on new and back door listings
 - ❑ New guidance in GN 12 on “pre-emptive loans”

- GN 13 *Spin-outs of Major Assets*
 - ❑ Enhanced guidance on LR 11.4 prohibition on spin-outs of major assets and exceptions to prohibition in LR 11.4.1

New/updated Guidance Notes (cont.)



- GN 21 *The Restrictions on Issuing Equity Securities in Chapter 7 of the Listing Rules*
 - ❑ Work sheets to calculate placement capacity under LR 7.1 and 7.1A.2
 - ❑ New guidance on notices of meeting proposing resolution to approve issue of securities under LR 7.1, 7.1A or 7.4 (inc. requirement to name recipients or to describe basis on which they were identified or selected)

- GN 24 *Acquisitions and Disposals of Substantial Assets Involving Persons in a Position of Influence*
- GN 25 *Issues of Equity Securities to Persons in a Position of Influence*
 - ❑ Lists of common waivers
 - ❑ Firmer stance on granting waivers outside these lists

New/updated Guidance Notes (cont.)

- GN 33 *Removal of Entities from the ASX Official List*
 - ❑ Seeking to avoid disclosure obligations under ss 674 and 675 added to list of unacceptable reasons why an entity might ask to be removed from official list
 - ❑ Disclosure required in market announcement and notice of meeting whether entity will continue to be an unlisted disclosing entity under s 675
 - ❑ Additional guidance on contents of notices of meeting, voting exclusions and notification of meeting results
 - ❑ **New issue** - ASX seeking feedback on whether resolution to approve a voluntary de-listing should be an ordinary or a special resolution



New/updated Guidance Notes (cont.)

- GN 33 *Removal of Entities from the ASX Official List (cont.)*
 - Amended policy on automatic removal of long-term suspended entities - from 1 July 2019, ASX will automatically remove an entity from the official list if it has:
 - been suspended from quotation for a continuous period of 2 years (currently 3 years) or
 - failed to lodge any of the financial statements or other documents referred to LR 17.5 for more than 12 monthswhichever occurs first



Corporate governance and other consultations



- Consultation on 4th edition of ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*:
 - ❑ Closed 27 July 2018
 - ❑ Over 100 submissions received and analysed
 - ❑ Final draft approved by Council
 - ❑ To be reviewed in light of final report from Hayne Royal Commission
 - ❑ Effective date originally 1 July 2019 but will be deferred to 1 January 2020

- ASX likely to consult on changes to LR Chapter 5 in 2H CY 2019 to address:
 - ❑ scoping studies
 - ❑ changes to SPE PRMS framework for petroleum projects

Current ASX Listings Compliance focus areas



- Cryptocurrency/ICOs
- Emerging market issuers
- Advisers facilitating spread through artificial means
- Advisers taking excessive fees and secret commissions
- Related party transactions
- Use of social media to pump share price or publish unacceptable material
- Poor governance/repeated rule breaches
- ASX will use its suspension and removal powers to force remediation/
prevent market contamination:
 - ❑ Since 2017, 14 entities removed for serious/persistent LR breaches

Some other matters to note

- Restructured and expanded ASX Listings Compliance team:
 - ❑ Dedicated admissions teams in Sydney and Perth
 - ❑ Supervision of listed entities by sector rather than alphabet
 - ❑ New Reviews and Investigations team
 - ❑ Dedicated Investment Products Manager
- Admission decisions:
 - ❑ Early-stage listing suitability review introduced March 2016
 - ❑ 78 listings rejected as at 31/1/19 – see Listings Compliance web page <http://www.asx.com.au/regulation/compliance/listings.htm>
 - ❑ Particular focus on emerging market issuers and very early stage start-ups



Questions?

Thank you.