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Newsletter Heading

Listed Entities Update 25 July 2012

Update no 07/12

Important information for ASX Listed Entities

New Capital Raising and Admission Listing Rules

ASX advises that amendments to the listing rules relating to capital raisings by mid to small cap listed entities will come into effect on 1 August 2012. In addition, amendments to the admission requirements for all listed entities will come into effect on 1 November 2012 to allow a 3 month transitional period for entities in the process of applying for admission.

A copy of the amendments is available on the [ASX website](#).

Capital raising amendments

Listing rule 7.1A has been introduced to provide eligible mid to small cap listed entities with the ability to seek shareholder approval to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placements over a 12 month period.

Approval must be sought from ordinary security holders by special resolution at the annual general meeting (AGM). The approval will be valid for 12 months from the date of the AGM.

Eligible entities

Entities which are eligible to seek shareholder approval for additional placement capacity must satisfy both of the following criteria at the time that the AGM is held:

- have a market capitalisation of \$300 million or less; and
- not be included in the S&P/ASX 300 Index.

The S&P/ASX 300 Index is rebalanced twice a year in March and September. S&P Dow Jones Indices publishes the names of the listed entities that are to be included in or removed from the S&P/ASX 300 Index on the first Friday of March and September, with the changes coming into effect on the third Friday of March and September. ASX will make available on its website a list of the listed entities constituting the S&P/ASX 300 Index each time that the index is rebalanced.

A listed entity which intends to seek shareholder approval under listing rule 7.1A at its AGM will also need to ensure that it has a market capitalisation of \$300 million or less at the time that the AGM is held. The basis on which a listed entity's market capitalisation is calculated for this purpose is described in the definitions of 'eligible entity' and 'market capitalisation' in listing rule 19.12. ASX recommends that any entity that proposes to seek shareholder approval under listing rule 7.1A at its AGM should provide a draft calculation of its market capitalisation to ASX at the time it lodges its draft notice of AGM for review.

If a listed entity is considering seeking shareholder approval for the additional placement capacity, and it anticipates that by the time of the AGM it may be included in the S&P/ASX 300 Index, and/or that it may have a market capitalisation of greater than \$300 million, it would be prudent for the resolution in the notice of AGM to be expressed as being conditional on the entity not being in the S&P/ASX 300 Index and not having a market capitalisation of greater than \$300 million on the date of the AGM.

Additional disclosure

A notice of AGM that includes a special resolution seeking shareholder approval for the additional placement capacity under listing rule 7.1A must disclose the additional information required by listing rule 7.3A, including information regarding the risk of dilution to existing ordinary security holders, the listed entity's allocation policy for issues under the approval, and the potential purposes for which securities may be issued under the approval.

Listed entities that obtain shareholder approval under listing rule 7.1A must disclose additional information each time they issue securities under the approval. This information must be disclosed in the Appendix 3B and accompanying statements. The additional information required is described in listing rule 3.10.5A and Appendix 3B.

Limitation on discount

Securities issued under listing rule 7.1A must not be issued at a price that is less than 75% of the volume weighted average price (VWAP) of the securities calculated over the 15 trading days on which trades in those securities were recorded immediately before:

- the date on which the issue price of the securities is agreed, or
- the issue date (if the securities are not issued within 5 trading days of the date on which the issue price is agreed).

The VWAP used to perform this calculation may be sourced from ASX Customer Service or from any reputable information service provider.

The listed entity must disclose the 15 day VWAP figure, and the source of the VWAP data, when it announces an issue of securities under listing rule 7.1A.

Further information and guidance for any mid to small cap listed entities considering seeking shareholder approval for an additional 10% placement capacity is available from the entity's Listings Adviser and on the [ASX website](#).

Admissions amendments

The amendments to the "spread test" will apply to all entities applying for admission to the official list as ASX Listings. The net tangible assets (NTA) test applies to all entities applying for admission as ASX Listings other than those that comply with the profit test in listing rule 1.2.

The amendments to the admission requirements will come into effect on 1 November 2012. This allows a 3 month transitional period for entities in the process of applying for admission (or that are in the process of re-complying with the admission and quotation requirements under listing rule 11.1.3). The amended admission requirements will apply to any application for admission (or any proposed re-compliance with the admission and quotation requirements under listing rule 11.1.3) that is lodged with ASX after 1 November 2012.

Security holder spread test

Condition 7 of listing rule 1.1 has been amended to provide 3 alternative "spread tests" under which an applicant entity may apply for admission. An applicant entity only need satisfy one of the following "spread tests":

- 400 holders of securities in the main class, each holding parcels of securities in the main class with a value of at least \$2,000 (excluding restricted securities). There is no minimum percentage of the issued capital that non-related parties must hold.
- 350 holders of securities in the main class, each holding parcels of securities in the main class with a value of at least \$2,000 (excluding restricted securities), and at least 25% of the securities in the main

class are held by non-related security holders (excluding restricted securities held by the non-related security holders).

- 300 holders of securities in the main class, each holding parcels of securities in the main class with a value of at least \$2,000 (excluding restricted securities), and at least 50% of the securities in the main class are held by non-related security holders (excluding restricted securities held by the non-related security holders).

NTA test

Listing rule 1.3.1 has been amended to increase the NTA test from \$2 million to \$3 million for applicant entities seeking admission under the assets test. Applicant entities seeking admission under this test will be required to have net tangible assets of at least \$3 million after deducting the costs of fund raising.

To help keep our Listed Entities informed of information and events ASX will be sending emails to the Company Secretary's Office from time to time. You are receiving this email because you have been identified as a key contact within the Company Secretary's Office at your organisation. If you would like to update your email address please do so via the Directors/Senior Management page on [ASX Online for Companies](#). Feel free to forward this email to any relevant parties within your organisation.

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