



## Listed@ASX

### Compliance Update 16 February 2018 Update no 01/18

#### 1. Save the date: ASX update- compliance and new initiatives

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ASX will be holding events around Australia and in New Zealand to update listed entities on upcoming compliance requirements and new initiatives impacting listed entities. Each event will be held in a CBD venue and will be followed by networking drinks.

Please indicate your interest by registering using the links below. Further details including the venues and finalised timings/agendas will be provided in due course.

Dates for Sydney, Adelaide and New Zealand will be announced in the near future.

- [Register for Perth](#)  
Thursday 22 March 2018, 3:00-5:00 followed by drinks
- [Register for Brisbane](#)  
Tuesday 27 March 2018, 3:00-5:00 followed by drinks
- [Register for Melbourne](#)  
Wednesday 28 March 2018, 3:00-5:00 followed by drinks

Please contact [Listed@asx.com.au](mailto:Listed@asx.com.au) if you have questions.

#### 2. ASX non-business days and 2018 ASX Settlement Calendar

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The [2018 ASX Settlement Calendar](#) is available now. The calendar is specifically

designed to assist in calculating the date on which securities settlement obligations fall due. It may also assist listed entities in setting record dates and complying with other corporate action timetables in Appendices 6A and 7A of the Listing Rules.

A [full list of dates of public holidays](#) that are regarded as non-business days for settlement and Listing Rule purposes in 2018 is also available.

### 3. Cryptocurrency listings and announcements

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In [Listed@ASX Update no 09/17](#) dated 30 October 2017, ASX noted an increase in the number of enquiries it was receiving about the prospects of listing a business investing in, or making initial coin offerings ('ICOs') of, bitcoins or other cryptocurrencies.

ASX continues to experience heightened interest from parties wishing to list entities involved in, or existing listed entities seeking to expand their operations into, cryptocurrency-related businesses. These include entities wanting to:

- develop their own cryptocurrency tokens to be used as part of their business offering and/or to conduct an ICO;
- advertise ICOs by other parties;
- trade or make markets in cryptocurrencies;
- build and operate cryptocurrency exchanges;
- acquire entities doing the above.

ASX has also had a number of approaches from fund managers and advisers regarding proposals to list new LICs, LITs or ETFs investing in cryptocurrencies or cryptocurrency derivatives.

As noted in [Listed@ASX Update no 09/17](#), cryptocurrency-related businesses raise significant legal, regulatory and public policy issues. Their regulatory status in a number of overseas jurisdictions is subject to considerable uncertainty and rapid change.

ASX again reminds interested parties that an applicant for listing (whether it is an IPO or backdoor listing) must have a structure and operations that are appropriate for a listed entity (Listing Rule 1.1 condition 1) and of the following examples in Guidance Note 1 of where an applicant may not meet this requirement:

- the applicant has a vague or ill-defined business model or its business operations do not appear to ASX to have any substance;
- the applicant's proposed business is little more than a concept or idea; and
- the applicant has not yet secured the key licences, government approvals, intellectual property rights or other property or rights it will need to operate its business.

An applicant seeking to list a cryptocurrency-related business will need to satisfy ASX not only that it has a structure and operations appropriate for a listed entity, but also that its business is bona fide, that it will comply with all applicable legal requirements in Australia and in all jurisdictions where it proposes to carry on business, and that proper disclosure has been made to investors of the risks (including emerging regulatory risks) involved. This will include satisfying ASX that it has considered, where applicable, the legal and regulatory issues outlined in [ASIC Information Sheet 225](#) and that it has taken legal advice on those issues and any applicable overseas legal and regulatory requirements.

Applicants wishing to list a new LIC, LIT or ETF investing in cryptocurrencies or cryptocurrency derivatives will also need to satisfy ASX about:

- their proposed investment strategy, including how and when they will provide a return to investors and, if applicable, how they will hedge the risks in the underlying investments and any related currency risks;
- if they intend to invest in cryptocurrencies directly, their understanding of the market volatility and liquidity risks associated with cryptocurrencies and how will they manage those risks;
- if they intend to invest in, or hedge using, cryptocurrency derivatives, their understanding of the margin risks associated with cryptocurrency derivatives and how will they manage those risks (including in particular what liquidity lines they will have available to meet margin calls);
- the names of the individual fund managers who will be making their investment decisions and otherwise managing their portfolio and:
  - a copy of their CVs;
  - how, and for how long, have their services been secured;
  - their specific knowledge of and experience in cryptocurrencies;
  - if the applicant intends to invest in cryptocurrencies directly, their experience in managing highly volatile asset portfolios;
  - if the applicant intends to invest in, or hedge using, cryptocurrency derivatives, their experience in managing highly volatile derivative portfolios; and
- why they consider their LIC/LIT/ETF is a suitable investment for retail investors.

ASX would also remind listed entities they have an ongoing obligation under Listing Rule 12.5 to have a structure and operations appropriate for a listed entity. The issues above are therefore equally applicable to existing listed entities wanting to expand their operations into a cryptocurrency-related business as they are for entities seeking to list such businesses.

Existing listed entities that want to expand their operations into a cryptocurrency-related business should also note their obligations under Listing Rule 11.1 to notify ASX of any proposed significant change in the nature or scale of their activities and the prospect of ASX requiring the entity to seek security holder approval and to re-comply with ASX's admission and quotation requirements under Listing Rules 11.1.2 and 11.1.3.

Listed entities should therefore approach their Listings Adviser before announcing any proposal to expand their operations into a cryptocurrency-related business for guidance on the issues above and on what should be included in such announcements.

#### 4. Price sensitivity and cross release indication of announcements lodged on ASX Online - Update on the proposed change in ASX process

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In the 30 October 2017 edition of *Listed@ASX- Compliance Update*, ASX advised that it is proposing to include additional functionality to ASX Online so that when a listed entity lodges an announcement for release on the ASX Market Announcements Platform, it will be able to indicate its view as to whether the submitted announcement is 'price sensitive' or 'non-sensitive'.

The price sensitivity indication is intended to assist Market Announcements Officers in

forming a view on the materiality of the announcement which will lead to increased timeliness in the release of announcements and increased accuracy in classifying announcements as either 'price sensitive' or 'non-sensitive'. For reasons of maintaining consistency and integrity, the Market Announcements Office will make the final assessment of sensitivity prior to the release of the announcement.

ASX is also proposing to implement an additional function to ASX Online that will enable a listed entity to indicate whether the announcement lodged also materially relates to or affects another listed entity and therefore should be cross-released against the name of that entity on the Market Announcements Platform. The information provided will again assist the Market Announcements Office in more accurately identifying instances where an announcement may be relevant to multiple listed entities. Again, for reasons of maintaining consistency and integrity, the Market Announcements Office will make the final assessment of whether the submitted announcement should be cross-released.

ASX is on track to implement the 'price sensitivity' and 'cross-release' indications in mid-2018 and further information in relation to the progress and implementation of this initiative will be provided in future Listed@ASX Updates as necessary. In the meantime, should you require any further information on this initiative please refer to [Listed@ASX Update no 09/17](#).

## 5. Minimum issue price of securities under a combination of Listing Rule 7.1 and Listing Rule 7.1A

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A reminder that an 'eligible entity' that has obtained a Listing Rule 7.1A mandate at its most recent AGM can only issue securities under Listing Rule 7.1A for a cash amount which is not less than the prescribed minimum issue price, being 75% of the volume weighted average price for securities in the relevant quoted class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued was agreed by the entity and the recipient of the securities; or
- if the securities are not issued within 10 trading days of that date, the date on which the securities were issued.

ASX is alive to entities purporting to issue securities under a combination of their Listing Rules 7.1 and 7.1A placement capacities and allocating a lower price to the former and a higher price to the latter in an effort to appear compliant with the minimum pricing requirement for issues under Listing Rule 7.1A. If the average price at which the securities are being issued across both capacities is less than the minimum price required under Listing Rule 7.1A, ASX will regard that as contrary to the spirit and intent of the Listing Rules. In such a case, ASX is likely to direct the entity that it cannot rely on its Listing Rule 7.1A placement capacity to make the issue and, if the issue exceeds its Listing Rule 7.1 placement capacity, it must be approved by security holders under Listing Rule 7.1.

## 6. ISIN Standardisation project implementation- freeing up more ASX Codes

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When an entity lists on ASX it is assigned a 3 letter (or in some instances, alphanumeric) ASX Code, also known as a 'ticker symbol', that is used to identify the entity and the

securities it has on issue.

ASX is also responsible for the assignment of International Security Identification Numbers (ISINs) for Australian domiciled entities. An ISIN is a global security identifier comprising a 12 character alphanumeric code that provides further safeguards and unambiguity in identifying a particular security in order to ensure certainty in cross-border trading and settlement.

To date, the ISIN structure, which has the ASX Code embedded in it, has prevented an ASX Code from being reused for a period of 10 years. This has led to a shortage of ASX Codes available to entities seeking to list or seeking an ASX Code change once listed. The result is that an entity may end up with an ASX Code that it didn't request and/or doesn't resemble its name, branding or identity in any other respect.

However, effective 5 February 2018, ASX will implement a system change to the current ISIN Basic Number regime to allow ASX to reuse codes much more frequently whilst complying with ISIN Uniform Guidelines and global standards.

ASX will also assign the following additional standardised global instrument identifiers alongside ASX Codes and ISINs:

- Classification of Financial Instrument (CFI): identifies the type of financial instrument and the main attributes.
- Financial Instrument Short Name (FISN): a unique and standardised naming convention for a financial instrument.
- Legal Entity Identifier (LEI): identifies the issuer of a financial instrument.

The ISIN, CFI and FISN will be automatically assigned by ASX for every financial instrument. Listed entities will be requested to provide their Legal Entity Identifiers (LEI) on a voluntary basis to ASX. This is intended to assist the entity in connection with international reporting regimes where the Issuer LEI is mandated.

Existing product ISINs will not be affected by the new format unless the listed entity undertakes an ASX Code change post the implementation date. The new ISIN format will apply only to new financial products and cash market deferred settlement trading codes associated with certain corporate actions.

The new ISIN format will apply to the following financial products:

- ASX Cash Market Equity and Interest Rate Products (including Exchange Traded Funds and Listed Managed Funds);
- ASX Exchange Traded Options; and
- CHESS Eligible Financial Products listed for Approved Market Operators.

Existing ISIN formats will continue to apply to the following financial products:

- ASX Warrants and Structured Products; and
- mFund Products.

For further information please refer to the [ISIN: Removing the ASX Code Implementation Brief \(13 September 2017\)](#).

If you have any questions please email [steven.ball@asx.com.au](mailto:steven.ball@asx.com.au) or [julie.dang@asx.com.au](mailto:julie.dang@asx.com.au).

## 7. Upcoming deadlines for periodic reports

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Listed entities are reminded of upcoming deadlines for periodic reports:

- Half year accounts for entities other than mining exploration and oil and gas exploration entities (June year-end) - Wednesday 28 February 2018
- Preliminary final reports for entities other than mining exploration and oil and gas exploration entities (December year-end) - Wednesday 28 February 2018
- Half year accounts for mining exploration and oil and gas exploration entities (June year-end) - Friday 16 March 2018
- Full year audited accounts/auditor's report/directors' statement (December year-end) - Thursday 29 March 2018.
- Quarterly Reports for Mining and Commitments Test Entities - Monday 30 April 2018.
- Annual Reports (December year-end) - Monday 30 April 2018.

Listed entities are also reminded that a failure to lodge the relevant documents on time will result in an automatic suspension of the entity's securities (refer to Listing Rule 17.5).

## 8. Dividend and distribution information- 31 March 2018

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Listed entities declaring a dividend or distribution for the period ending 31 March 2018 are again reminded that they must use ASX Online forms to announce the dividend or distribution and that if they wish to set a record date for that period, given both 30 and 31 March 2018 fall on non-business days, they must set Thursday **29 March 2018** as the record date and announce the dividend or distribution by no later than Friday **23 March 2018** (Day 0 in the Appendix 6A paragraph 1 timetable).

Listed entities should include the following information in such announcements (see [Appendix 6A](#) paragraph 1):

- Conduit foreign income - where an entity announces a dividend or distribution that is fully or partially unfranked, the announcement should make clear the conduit foreign income (CFI) component of that dividend or distribution, even if the CFI component is nil.

In the online form, please note that questions 3A.4 Franked amount, 3A.6 Unfranked amount and 3A.7 Conduit Foreign Income amount should all add up to the total amount of the dividend/distribution as advised at question 3A.1b (that is, the Conduit Foreign Income amount is exclusive of the Unfranked amount).

The announcement of franking details is not compulsory when announcing an estimate of a dividend or distribution.

- Dividend/distribution reinvestment plans (DRP) - where an entity has a DRP or other plan in place, ASX requests that the entity make it clear in the announcement whether the DRP will operate or will be suspended for that particular dividend or distribution. If the DRP will operate, the following information should also be given:
  - the last date for electing to participate in the DRP (question 4A.2 in the online form);
  - the discount rate, if applicable (question 4A.3 in the online form);
  - the ranking of the securities to be issued pursuant to the DRP (question

- 4A.8a in the online form); and
- pricing period and the pricing methodology for determining the issue price under the DRP (questions 4A.4 and 4A.5 in the online form).

If at the time when the dividend or distribution is announced it has not been decided by the entity whether the DRP will operate, or the above details are not known, the entity should give an indication of when the entity expects to confirm details of the DRP's operation (using Part 5 'Further information' if advising by online form).

**Listed entities are also reminded to advise any update to dividend information (including actual amounts and DRP prices) by completing and submitting an Updated Online Form.**

If you have any questions please contact your Listings Compliance Adviser or email: [onlineforms@asx.com.au](mailto:onlineforms@asx.com.au).

## 9. Subscribe to Listed@ASX - Compliance Update

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Listed@ASX Compliance Update is a free publication for listed entities and their advisers about ASX rules and requirements. To subscribe, email [Listed@ASX](mailto:Listed@ASX) or download the free Listed@ASX app from the [Apple app](#) store and [Google Play](#).