



Listed@ASX

Compliance Update 19 September 2018 Update no 08/18

1. 'Pause in trading'

ASX introduced two additional functionalities to ASX Online that went live on 6 August 2018. These allow a listed entity to provide an indication as to whether an announcement lodged for release to the market:

- is market sensitive or non-sensitive;
- 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.

More detail about these new functionalities was provided in [ASX Compliance Update 06/18](#).

Coinciding with the above introduction, ASX's Trading Operations made changes to its process for implementing a pause in trading in a listed entity's securities in order to provide greater transparency to investors. This involves ASX publishing to the market an ASX Pause in Trading market release to the following effect:

Trading in the securities of the entity will be temporarily paused pending a further announcement.

As a result, ASX has received a greater level of enquiry about the pause in trading process and, in particular, queries regarding when and how ASX applies a pause in trading.

ASX generally pauses trading when a listed entity:

- tells ASX it is intending to lodge a market sensitive announcement and ASX is concerned the market does not trade on an uninformed basis ahead of that announcement; or
- requests a trading halt and ASX agrees to the request, to prevent trading occurring on an uninformed basis while the trading halt is processed.

ASX itself may also initiate a pause in trading if it is unable to contact a listed entity to discuss a query about its disclosure obligations and has reason to be concerned that trading may be about to occur, or is already occurring, on an uninformed basis.

These processes have not changed as a result of the new functionality introduced to ASX Online. All that has changed is that ASX is now publishing a notice to the market when it imposes a pause in trading to notify the market of that fact and to expect a further announcement in due course explaining the reason for the pause.

As well as pauses in trading initiated by ASX as described above, there are also pauses in trading whenever ASX releases an announcement by a listed entity classified as **market sensitive**. The pause lasts for a period of approximately 10 minutes, unless the announcement relates to a takeover or scheme, in which case the pause lasts for approximately 60 minutes, after the release of the announcement. These types of pauses in trading are automatically applied to allow the market time to absorb the information in the announcement and do not result in an ASX **Pause in Trading** market release.

If you have any queries, please contact your Listings Compliance Adviser.

2. Appendix 4G- Key to Corporate Governance Disclosures

ASX reminds listed entities that under Listing Rule 4.7 they must give to ASX Market Announcements:

- a completed Appendix 4G at the same time as the entity gives its annual report to ASX Market Announcements (an editable Word version of the Appendix 4G may be downloaded from [ASX Compliance downloads webpage](#)); and
- if the entity's corporate governance statement is not included in its annual report, a copy of its corporate governance statement current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

In accordance with Listing Rule 4.10.3, the corporate governance statement must also:

- specify the date at which it is current, which must be the entity's balance date or a later date specified by the entity; and
- state that it has been approved by the board of the entity (in the case of a trust, the board of the responsible entity of the trust).

The Appendix 4G is a key to where a listed entity has made its various governance disclosures. It is not the entity's corporate governance statement, as some entities

appear to have assumed.

The corporate governance statement is the statement required under Listing Rule 4.10.3. disclosing the extent to which the entity has followed the recommendations set out in the [Corporate Governance Principles and Recommendations](#) during the relevant reporting period. Where an entity has not followed a particular recommendation, its corporate governance statement must identify that fact, state the entity's reasons for not following the recommendation and what (if any) alternative governance practices the entity has followed in lieu of that recommendation.

If an entity does not include its corporate governance statement in its annual report, it must:

- provide to ASX Market Announcements *both* an Appendix 4G *and* a copy of its corporate governance statement. The Appendix 4G alone is not sufficient; and
- state in its annual report the URL of the web page where its corporate governance statement can be found on its website in its annual report.

3. Peer comparison information

ASX has experienced a number of issues recently with listed entities releasing potentially misleading peer comparison tables in presentation slides. An example of this type of information includes comparisons of market capitalisation or of resources or reserves. Typically this type of information is unlikely to be market-sensitive, especially where it is disclosing information about the entity and its peers that has already been disclosed to or is known in the market.

Listed entities should take care in preparing this information to ensure it is based on accurate, up to date and objectively verifiable information and must not include or present the information in a way that is designed to mislead. Examples of potentially misleading disclosure include:

- Inappropriate reference points for the comparison, such as different balance dates for comparing market capitalisation;
- Comparing resources or reserves under the JORC Code without disclosing the different categories of resources or reserves (such as comparing inferred resources to measured resources) and grades;
- Choosing data points for comparison which benefit the entity disclosing the peer comparison;
- Failing to disclose differences in the stage of development of peers' projects, such as an entity with a scoping study comparing itself to an entity with a definitive feasibility study, or an explorer comparing itself to a producer; or
- Failing to disclose material assumptions and the source of the information applied by the listed entity in developing the comparison table.

Where a listed entity discloses an objectionable peer comparison ASX may require the

entity to publish an announcement withdrawing or retracting the objectionable material.

If you have any queries in relation to these matters, please contact your Listings Compliance Adviser.

4. Placements and demands

ASX has observed an increasing practice of listed entities describing in their announcement of a placement of new securities that the placement was **over-subscribed** or **heavily over-subscribed**, including in many cases, in the header to the announcement.

[ASX Guidance Note 8](#) (section 4.14) requires the header to an announcement to **briefly and accurately convey its contents** and convey **a fair and balanced impression of what the announcement is about**. Further, section 1041H of the Corporations Act requires an announcement to be accurate and not misleading. Refer also Guidance Note 8 Annexure B.

ASX considers that where an announcement states that a placement has been **over-subscribed**, the literal and natural meaning of that phrase is that applicants applied and paid for more securities than were ultimately allocated to them, with the excess funds ultimately being remitted to them. If that is not what has occurred, the term **over-subscribed** should not be used.

If there has been demand for the placement in excess of the funds the listed entity sought to raise and the listed entity feels it is necessary to make a comment about that in its announcement, it should use those words or something similar that is accurate and not misleading.

5. ASX responds to industry feedback on CHES replacement plans Update

On 4 September 2018, ASX released its response to feedback on the consultation paper, *CHES Replacement: New Scope and Implementation Plan*, involving the replacement of CHES using a distributed ledger technology based system. ASX received 41 written submissions from a wide variety of stakeholders.

ASX's [response](#) includes a summary of the feedback received and details of the specific changes ASX will make to the new scope and implementation plan as a result of this feedback. This includes pushing back the earliest commencement date from Q4 2020 to target March-April 2021.

The focus now turns to providing users with more detailed information necessary to assist with their planning and development in preparation for the transition to the new system. There will continue to be significant collaboration with stakeholders over the entire project.

Any general enquiries can be directed to Keith.Purdie@asx.com.au.

6. ASX Market Announcements closes one hour later during daylight saving

Daylight saving commences in New South Wales, the Australian Capital Territory, Victoria, Tasmania and South Australia at 2:00 a.m. EST on Sunday 7 October 2018, and will end at 2:00 a.m. on Sunday 7 April 2019. Daylight saving is not observed in Queensland, Western Australia or the Northern Territory.

As WA will be 3 hours behind Sydney time during daylight saving, ASX Market Announcements will stay open until 8.30 p.m. EST (5.30 p.m. WST) starting on Monday 8 October 2018. ASX Market Announcements will revert to its usual 7.30 pm EST closing time when daylight saving has ended. A further Listed@ASX Update reminding listed entities of the change will be released closer to that time.

7. Upcoming deadlines for periodic reports

Listed entities are reminded of upcoming deadlines for periodic reports:

- Statutory audited annual accounts (June year-end) ◆ Friday 28 September 2018
- Annual reports (June year-end) ◆ Wednesday 31 October 2018
- Next Quarterly Reports for Mining and Commitments Test Entities ◆ Wednesday 31 October 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 under Listing Rule 17.5.

◆ Copyright 2018 ASX Limited ABN 98 008 624 691. All rights reserved 2018.