

Listed@ASX Compliance Update no. 06/20

17 June 2020

1. Extended reporting and lodgment deadlines

On 16 June 2020, ASX issued a class waiver '[Extended Reporting and Lodgment Deadlines](#)' under listing rule 18.1 to give effect under the listing rules to the relief granted by ASIC in [ASIC Corporations \(Extended Reporting and Lodgment Deadlines—Listed Entities\) Instrument 2020/451](#) dated 15 May 2020 ("ASIC Relief"). The ASIC Relief applies to annual reports for a financial year that ends between 21 February 2020 and 7 July 2020 (both inclusive) and to half yearly reports for a half year that ends between 15 March 2020 and 7 July 2020 (both inclusive). Under that relief, the deadline for lodgment of full year financial reports, directors' reports and auditor's reports with ASIC is extended from 3 months to 4 months after year end, while the deadline for lodgment of half-year financial reports, directors' reports and audit/review reports is extended from 75 days to 106 days after half-year end.

ASIC's extended deadlines for lodgment of reports are intended to assist those entities whose reporting processes take additional time due to current remote work arrangements, travel restrictions and other impacts of COVID-19.

A listed entity seeking to rely on the extended lodgment deadline provided for in the [ASIC Relief](#) must disclose to the financial market on which it is listed that it is relying on the [ASIC Relief](#). The listed entity must make this disclosure before the normal lodgment deadline to ensure the market is kept informed.

ASX's class waiver imposes two conditions that listed entities must satisfy to get the benefit of the extension to the lodgment date for their audited or reviewed accounts under listing rules 4.2B and 4.5.1. The first is a requirement that the entity provide to the market unaudited/unreviewed accounts and the information required by Appendix 4D or 4E (as applicable) by the usual lodgment deadline, so that the market has reasonably current financial information on which to base its trading decisions. The second is a requirement that, at the same time that it lodges its unaudited/unreviewed accounts with ASX, it announces to the market not only that it is relying on the [ASIC Relief](#) to extend the lodgment date for its audited/reviewed accounts, but also to state that it will immediately make a further announcement to the market if there is a material difference between its unaudited/unreviewed accounts and its audited/reviewed accounts.

The [ASIC Relief](#) also extends the due date for listed entities established in Australia to dispatch to security holders their annual report and any concise report under section 314 of the Corporations Act from 4 months after year-end to the earlier of 21 days before the next AGM after year-end or 5 months after year-end for public companies, and from 3 months after year-end to 4 months after year-end for registered schemes. Again, a listed entity seeking to rely on the extended lodgment deadline relief must disclose to the financial market on which it is listed that it is relying on the [ASIC Relief](#). The listed entity must make this disclosure before the normal lodgment deadline to ensure the market is kept informed.

Despite ASX's class waiver, wherever possible, listed entities should endeavour to lodge their audited or reviewed accounts with ASX within the normal listing rule deadlines, having regard to the information needs of security holders, creditors and other users of their financial reports, and any applicable borrowing covenants or other obligations.

2. Updates to Appendix 3A.1, 3A.2 and 3B forms on 18 July 2020

Listed entities are advised that updates to the online form and Microsoft Word versions of Appendix 3B *Proposed issue of securities* and Appendix 3A.1 *Notification of dividend/distribution*, and updates to the online form version of Appendix 3A.2 *Notification of interest payment & interest rate change* will be made on Saturday 18 July 2020. ASX Online for Companies will be unavailable due to maintenance on that date and possibly also the following Sunday.

In summary, the changes include:

Appendix 3B – Proposed issue of securities:

- A number of questions and the related information buttons and hints have been updated to assist issuers to better understand the purpose of the questions.
- Part 3 – Proposed entitlement offer:
 - A new warning message will be presented to users on the question about the offer ratio reminding entities that listing rule 7.11.3 requires that non-renounceable offers must not exceed a ratio of 1:1. If a user inputs a ratio

greater than 1:1 they will be presented with a warning message “You have selected a ratio greater than 1:1. Listing rule 7.11.3 requires that non-renounceable offers must not exceed a ratio of 1:1. Please ensure that you comply with listing rule 7.11.3 or have a waiver from that rule.” Users may continue to complete and submit the form with the warning present.

- Validation has been added to the question about the offer price entered so that it complies with listing rule 7.11.2 and therefore cannot be less than 0.1 Australian cents (i.e. AUD0.001) or its equivalent in a foreign currency unless the security is a free attaching security and the offer price is nil.
- Two additional dates have been included in the Accelerated offers timetable in the online form – Q3D.10a “Settlement date of new +securities issued under institutional entitlement offer”, and Q3D.10c “Normal trading of new +securities issued under institutional entitlement offer”.
- Part 4 – Proposed offer under security purchase plan:
 - Offers under a security purchase plan can only be made in an existing classes of securities. The online form has been amended to enforce this rule.
 - The validation of Q4C.1 “Date of announcement of +security purchase plan” has been relaxed to allow past dates. If a past date is input, the user will be presented with a warning message “Are you sure you wish to enter a past date?” Users may continue to complete and submit the form with the warning present.
 - Q4D.1 and the associated hint text have been re-worded to better reflect listing rule 7.2 exception 5.
- Parts 5 and 6 – Non-pro rata offers; Part 7 – Proposed placement or other issue
 - Additional guidance has been provided on how to answer Q5B.2, Q6B.2, Q7B.2 “Number of +securities proposed to be issued or offered”
 - Additional guidance has been provided on how to answer Q5D.1, Q6D.1, and Q7D.1 – “Has the entity obtained, or is it obtaining, + security holder approval for the entire issue under listing rule 7.1?”
 - Additional questions Q5D.2 and Q6D.2 – “Is a party referred to in listing rule 10.11 participating in the proposed issue?” These questions align with the same question in Part 7 – Q7D.2.
- Wholesale debt issues – the form now includes questions relevant to the issue of a new class of wholesale debt securities by wholesale debt issuers.
- Timetables – listed entities will now be allowed to lodge an “update” announcement (via the Manage Online Forms page) to update the issue date previously advised in an Appendix 3B to change it to a future date. Any such update must be made no later than 12 noon Sydney time on the previously advised issue date. If the revised issue date input is more than 5 business days after the previously advised issue date the user will be presented with a warning message “You have selected a date for Proposed +issue date that is more than 5 business days after the previously advised Proposed +issue date. Please review the date input and consult your ASX listings compliance adviser. You may continue to submit this form with the warning present”.

Appendix 3A.1 – Notification of dividend/distribution:

- Q3E.2 has been added to Part 3E of the form (Other – distribution components/tax). Part 3E is presented to the user if the user answers “yes” to Q2A.12 – “Does the entity have tax component information apart from franking?” Q3E.2 requests key information to be provided in reference to the ATO Annual Investment Income Report (AIIR). This information is relevant to investment bodies, including trustee companies and unit trusts, and the form now requests these entities to provide this information and indicate whether the amounts are estimated or actual. If an entity provided estimated amounts, it should provide an “update” announcement once the actual amounts are known.
- It will no longer be possible to edit the response to the following questions by an “update” announcement: Q4A.8 “Will DRP +securities be a new issue?”; Q4B.8 “Will BSP +securities be a new issue?”; Q4C.9 “Will Plan +securities be a new issue?”. This is to ensure appropriate classification of the distribution and that the classification does not change. A hint has been added to these questions on the online form to warn users – “Please consider your response to this question carefully, it cannot be modified once the form is submitted”.

Appendix 3A.2 – Notification of interest payment & interest rate change

- It will no longer be possible to edit the response to the following question by an “update” announcement: Q2A.15 “Is there a principal amount payment component payable?”. This is to ensure appropriate classification of the payment and that the classification does not change. A hint has been added to this question on the online form to warn users – “Please consider your response to this question carefully, it cannot be modified once the form is submitted”.

ASX recommends that listed entities delete any drafts of online forms Appendix 3B, Appendix 3A.1 and Appendix 3A.2 they may have saved on the ASX Online for Companies ‘Manage Online Forms’ page pre-18 July 2020 to ensure they are

using the latest versions of the online forms. The changes outlined above will only be available in “new” forms created post 18 July.

Listed entities are also reminded that they must use online forms if available to notify ASX of certain events. Online forms can be accessed on the ‘Create Online Forms’ page of ASX Online for Companies. ASX will only accept PDF lodgement of these forms in an emergency where the online forms are not able to be used. While there are Microsoft word versions of each Appendix published on the ‘Login’ and ‘Forms’ pages of ASX Online that can be used to create PDF versions of those forms, they are there as a back-up and are only to be used in an emergency where the online forms are not available.

3. Reminder to lodge quarterly activities reports at the same time as quarterly cash flow reports

All quarterly reporters are reminded that they must also lodge a quarterly activities report under listing rule 4.7C, 5.3 or 5.4 (as applicable) at the same time as they lodge their quarterly cash flow report. Failure to do so will result in an automatic suspension of the entity’s securities under listing rule 17.5.

Appendix 4C reporters are also reminded that their activity reports should be clearly identified as such in the title of the document (i.e. ‘Quarterly Activities Report’, as opposed to more general headings such as, ‘Business Update’ or ‘Market Update’). In addition, the activities report must contain all of the following information contained in listing rules 4.7C.1 to 4.7C.3 in order to be compliant:

- 4.7C.1 *Details of its business activities for the quarter, including any material developments or material changes in those activities, and a summary of the expenditure incurred on those activities. If there were no substantive business activities during the quarter, that fact must be stated.*
- 4.7C.2 *If the quarter is included in a period covered by a “use of funds” statement or expenditure program in the +prospectus, +PDS or +information memorandum lodged by the entity with ASX under rule 1.1 condition 3, a comparison of the entity’s actual expenditure on the individual items in the “use of funds” statement or expenditure program since the date of its admission or re-admission to the official list against the estimated expenditure on those items in the “use of funds” statement or expenditure program in the +prospectus, +PDS or +information memorandum and an explanation of any material variances.*
- 4.7C.3 *A description of, and an explanation for, any payments to, or to an +associate of, a related party of the entity included in its Appendix 4C for the quarter.*

Similar requirements apply to the quarterly activities reports for explorers reporting under listing rule 5.3 (mining explorers) or listing rule 5.4 (oil and gas explorers).

Failure to provide such information may result in the entity having to lodge a revised activities report on the ASX Market Announcements Platform together with a cover letter drawing attention to the revised information. In some instances, it may also lead to the entity being suspended until the required information is provided.

4. Reminder to provide all relevant information in items 7 and 8 of quarterly cash flow reports

Entities are reminded that item 7.6 of the quarterly cash flow reports requires a description of each financing facility which was available to the entity at the end of the relevant quarter. This description must include:

- the lender;
- interest rate;
- maturity date; and
- whether the facility is secured or unsecured.

As noted in the quarterly cash flow reports, the term “facility’ includes all forms of financing arrangements available to the entity.

Failure to provide the description specified in item 7.6 for each financing facility may result in the entity having to lodge a revised quarterly cash flow report on the ASX Market Announcements Platform which includes the previously omitted information, together with a covering note drawing attention to the changed information in item 7.6. In some instances, it may also lead to the entity being suspended until the required information is provided.

Entities are also reminded that item 8.5 of the quarterly cash flow reports requires the calculation of the estimated quarters of funding available (based on item 8.4 divided by item 8.1). Item 8.5 must be completed. The only exception is where an entity has reported positive net operating cash flows in item 1.9 of its quarterly cash flow report for the relevant quarter.

Where an entity reports less than 2 quarters of funding available in item 8.5, it must answer the 3 questions in item 8.6. ASX has observed that some entities have provided brief and inadequate responses to these 3 questions (for instance, simply stating ‘yes’ for each).

Failure to calculate the estimated quarters of funding available in item 8.5 or, if required, answer the 3 questions in item 8.6 to ASX's satisfaction may result in the entity having to lodge a revised quarterly cash flow report on the ASX Market Announcements Platform, together with a covering note drawing attention to the changed information in items 8.5 or 8.6. In some instances, it may also lead to the entity being suspended until the required information is provided.

5. Amending an issue date for corporate actions or new classes of securities

Listed entities are reminded that if, for any reason, they wish to change the issue date of securities under a corporate action referred to in Appendix 7A of the Listing Rules or of a new class of quoted securities announced in an Appendix 3B, to a date that is earlier than the date previously announced, the entity must consult with its Listings Compliance Adviser before doing so.

The impact of bringing forward a corporate action or new security issue date may result in adverse settlement consequences, including failed trades. This is particularly the case when the entity seeks to bring forward the issue date when the securities have already commenced trading on a deferred settlement basis.

Similarly, if for any reason an entity becomes aware that it will not be able to meet the dates announced in the corporate action timetable, it must immediately consult with ASX and announce a new timetable acceptable to ASX. ASX may suspend trading in the entity's deferred settlement securities if there is a delay in the timetable that ASX considers unacceptable.

6. The mandatory use of cheques to the exclusion of electronic payment/receipt mechanisms

In May 2020, the Australian Custodial Services Association (ACSA) highlighted that requiring payments to or from investors to be by way of cheque rather than using electronic payment alternatives can have adverse impacts on investors and their custodians and other service providers and that the inherent risks and time delays associated with a requirement to process and physically bank or issue cheques have been amplified by COVID-19 containment measures.

ASX supports ACSA's call for listed entities to work with their advisers and share registries to offer electronic payment and receipt mechanisms for all corporate actions and to avoid the use of cheques wherever reasonably practicable.

For further information, please refer to the ACSA member communique on ACSA's website entitled '[Mandatory Use of Cheques – Corporate Actions](#)'.

7. Dividend and distribution information - 30 June 2020 record date

Listed entities declaring a dividend or distribution for the period ending **30 June 2020** are 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, they must announce the dividend or distribution by no later than Wednesday, **24 June 2020** (Day 0 in the Appendix 6A paragraph 1 timetable).

Listed entities should include the following information in their online form announcements:

- 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 similar 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

- the 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.
