

Chapter 12

On-going requirements

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Level of operations

- 12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing.

Introduced 1/7/96. Origin: Listing Rule 3J(13).

Financial condition

- 12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.

Introduced 1/7/96. Origin: Listing Rule 3J(13).

Note: Composition of the balance sheet, relative size of liabilities to assets and access to funds are some of the indicators of an entity's financial condition.

+ See chapter 19 for defined terms

Proportion of assets in cash

12.3 If half or more of an entity's total assets is cash or in a form readily convertible to cash, ASX may suspend +quotation of the entity's +securities until it invests those assets or uses them for the entity's business. The entity must give holders of +ordinary securities in writing details of the investment or use. This rule does not apply to the following.

- A bank or a non-bank financial institution.
- A mining exploration entity, unless ASX decides otherwise.

Introduced 1/7/96. Origin: Listing Rule 3J(14). Amended 24/10/2005.

Note: Listing rule 1.3.2 and this rule prevent the listing, or continued quotation, of "cash box" entities. In the case of an entity meeting the admission test for investment entities, ASX generally will not apply this rule provided that the entity has adequately disclosed the time within which it proposes to invest its funds and updates that disclosure if the proposal is revised or altered.

Advice to holders must be released to the market. See listing rule 3.17.

The entity may also have to comply with listing rule 11.1.

Level of spread

12.4 An entity must maintain a spread of +security holdings in its +main class which, in ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its +securities. If +CDIs are issued over +securities in the +main class, holders of +CDIs will be included.

Introduced 1/7/96. Origin: Listing Rule 3J(9). Amended 1/9/99.

Note: This rule ensures that an entity has enough holders in its main class of securities. If the entity also has another class quoted, and the number of holders in that other class falls below the number needed for quotation of it, ASX may end quotation of that class. See Listing rule 17.10.

12.4.1 If ASX requires the entity to obtain sufficient spread, the entity must do each of the following.

- (a) Obtain the required spread within 3 months after the date ASX requires it to do so.
- (b) Tell all holders of its quoted +securities in writing that if the required spread is not obtained within 3 months after the date when ASX requires the entity to obtain it, ASX may suspend +quotation of the entity's +securities. The entity must tell the holders in writing within 10 +business days after the date ASX requires it to obtain the spread.

Introduced 1/7/96. Origin: Listing Rule 3J(9).

Note: Advice to holders must be released to the market. See listing rule 3.17.

+ See chapter 19 for defined terms

12.4.2 ASX's requirement is not met if the spread is obtained by artificial means.

Introduced 1/7/96.

Examples: The following ways of obtaining spread are examples of artificial means.

- Giving shares away.
- Offering non-recourse loans to prospective shareholders to acquire their shares.
- Using combinations of nominee companies and names.

Appropriate structure and operations

12.5 An entity's structure and operations must be appropriate for a listed entity.

Introduced 1/7/96.

Example: When deciding if an entity's structure and operations are appropriate for that entity to be listed, one matter that ASX may have regard to is the principles on which the listing rules are based.

Person responsible for communications with ASX

12.6 An entity must appoint a person to be responsible for communication with ASX in relation to listing rule matters. The entity must tell ASX of the initial appointment and any change in the person.

Introduced 30/9/2001. Amended 11/3/2002.

Note: For many entities the company secretary will be an appropriate person to be responsible for liaison with ASX, although this may not always be the case, taking into account the structure of the entity. ASX expects that the person will have a high degree of familiarity with an entity's operations or have ready access to senior management who have responsibility for day to day management of the entity.

An entity may nominate more than one person to be responsible for communication with ASX but at any time at least one of the persons nominated must be available to ASX.

The nomination of such a person is for administrative convenience only and does not in any way abrogate the responsibility that lies on the listed entity under the Listing Rules.

Audit committee

12.7 An entity which was included in the +S & P All Ordinaries Index at the beginning of its financial year must have an audit committee during that year. If the entity was included in the +S & P / ASX 300 Index at the beginning of its financial year it must also comply with the best practice recommendations set by the ASX Corporate Governance Council in relation to composition, operation and responsibility of the audit committee for the whole of that financial year, unless it had been included in that index for the first time less than 3 months before the beginning of that financial year. An entity that is included in the +S & P / ASX 300 Index for the first time less than 3 months before the first day of its financial year but did not comply with the best practice recommendations set by the ASX Corporate Governance Council in relation to composition, operation and responsibility of the audit committee at that date must take steps so that it complies with those recommendation within 3 months of the beginning of the financial year.

Introduced 1/1/2003. Origin: Listing rule 4.10.2. Amended 3/5/2004, 11/01/10

Note: If the entity is a trust, its audit committee may also be the responsible entity's audit committee.

⁺ See chapter 19 for defined terms

The S & P / ASX 300 Index is reviewed semi-annually.

If an entity was included in the index on the first day of its financial year but is subsequently not included in the index following a review, it must comply with this rule for the whole of the financial year. If an entity was not included in the index on the first day of its financial year but is subsequently included in the index following a review, it need not comply with this rule for that financial year.

Entities which are included in the S + P/ASX 300 Index for the first time have a transitional period to constitute an audit committee that complies with the recommendations of the ASX Corporate Governance Council.

Examples: (1) An entity has a balance date of 30 June. It is included in the S+P/ASX 300 Index for the first time in September 2010. It will be required to have an audit committee that complies with the best practice recommendations constituted by no later 1 July 2011.

(2) An entity has a balance date of 31 March. It is included in the S+P/ASX 300 for the first time in early March 2010. It will be required to have an audit committee that complies with the best practice recommendations constituted by no later than 1 July 2010.

Cross reference: Listing rule 4.10.3.

⁺ See chapter 19 for defined terms