



**AusBiotech response to:
'Updating ASX's admission requirements
for listed entities'**

To: The Australian Securities Exchange
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Introduction

AusBiotech provides this submission in response to the ASX consultation paper – ‘Updating ASX’s admission requirements for listed entities’, which proposes changes to admission requirements and includes a list of key questions for comment.

AusBiotech notes that the ASX has reviewed its requirements for admission to the ASX official list and is proposing changes to ensure that the ASX market continues to be a market of quality and integrity, and remains internationally competitive.

AusBiotech is a network of over 3,000 members in the life sciences, including therapeutics, medical technology (devices and diagnostics), food technology and agricultural, environmental and industrial biotechnology sectors; working on behalf of members for more than 30 years to provide representation to promote the sustainability and growth of Australian biotechnology.

Biotechnology already represents around 100 of the ASX-listed companies, and it is estimated there are more than 900 private biotechnology and medical technology companies in the next wave.

Australian biotechnology is an industry of the future, still relatively young but maturing with the sector emphasis shifting from early research to clinical development, and pre-market activities to marketing activities. Crucial to the success of the shift is the ability of Australian biotech companies to identify and attract international partners and funding and new sources of funding to support their product development and global marketing efforts.

Capital raising is a constant and ongoing challenge for the sector, which is dominated by small to mid-cap companies. AusBiotech provides local and international investor meetings as a global platform for life sciences companies seeking partnership and investment. AusBiotech has now established a regular series of showcase international investment events, and this year will feature events in Australia, Asia, North America and Europe.

Please find following AusBiotech’s comments, based on feedback from its membership, which includes biotechnology and medical technology companies, ranging from start-ups to mature multinationals, research institutes and universities, and specialist professionals, including investors.

Key comments re entities seeking to list in the “ASX listing” category

AusBiotech agrees with the majority of the proposed changes to admission requirements, with one exception - the ‘spread test’.

The intention to change the 'spread test' to "better demonstrate a sufficient level of investor interest in the entity and its securities to justify listing" is of concern to AusBiotech. AusBiotech is keen for specialist and sophisticated life sciences investors to continue being able to participate in IPOs, and this may not be possible if the minimum numbers of investors is reduced. However, the value of a securities parcel must currently be \$2,000 and the proposal to raise the amount to be \$5,000 is agreeable. AusBiotech is concerned only by the minimum investors, rather than the size of the stake required, as it will unduly limit options.

Currently, under listing rule 1.1 condition 7, ASX's spread test can be satisfied in one of three ways:

- by having 400 security holders who hold a parcel of securities with a value of at least \$2,000; or
- by having 350 security holders who hold a parcel of securities with a value of at least \$2,000, where there is a free float of at least 25%; or
- by having 300 security holders who hold a parcel of securities with a value of at least \$2,000, where there is a free float of at least 50%.

The ASX proposal is to change the minimum spread requirement for ASX listings to require:

- 200 security holders if the entity has a free float of less than A\$50 million, or 100 security holders if the entity has a free float of A\$50 million or more; and
- each security holder counted towards spread must hold a parcel of securities with a value of at least A\$5,000.

In regard to the remaining key areas of the proposal, AusBiotech agrees to:

- Increasing the financial thresholds for listing – both for the profit test and the assets tests;
- Introducing a minimum free float requirement;
- Making the minimum working capital requirements consistent across all entities admitted under the assets test; and
- Introducing a requirement for entities admitted under the assets test to provide audited accounts for the last three full financial years.

In conclusion, AusBiotech agrees that the proposed changes would be constructive, with the exception of the 'spread test' proposal to reduce the minimum number of an investors for an IPO.