



Public Consultation

Proposed enhancements to the ASX Listing Rules

Continually improving the reputation and integrity
of the ASX market

5 April 2022

Invitation to comment

ASX is seeking submissions on the proposed enhancements to the ASX Listing Rules set out in this consultation paper.

Submissions are due by **Friday, 27 May 2022** and should be sent by email to:

kevin.lewis@asx.com.au

or by mail to:

ASX Limited
 PO Box H224
 Australia Square NSW 1215
 Attention: Kevin Lewis

ASX would prefer to receive submissions in electronic form.

Submissions not marked as 'confidential' will be made publicly available on the ASX website.

If you would like your submission, or any part of it, to be treated as confidential, please indicate this clearly in your submission.

Contacts

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1. Introduction

ASX Limited (**ASX**) is committed to continually improving its Listing Rules¹ to enhance the reputation and integrity of the ASX market and to ensure that it continues to serve the interests of both investors and issuers.²

ASX is issuing this consultation paper to seek stakeholder feedback on proposed enhancements to the Listing Rules relating to:

- the issuance of securities by listed entities
- the financial reporting framework for listed entities
- the admission of an entity to the official list and the quotation of its securities
- transactions by listed entities with persons in a position of influence
- the lodgment of documents by listed entities with ASX for release to the market, and
- other miscellaneous matters.

2. Proposed Listing Rule enhancements

The key changes³ proposed to the rules in this consultation are summarised in sections 2.1 – 2.6 below.

The text of the proposed changes to the rules is shown in mark-up format in Annexure A to this consultation paper. Annexure A also has detailed drafting notes for each rule proposed to be changed explaining more fully the reasons for the proposed change.

ASX would note that it currently has on issue a separate consultation paper dated 1 February 2022 entitled [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market \(CCIV consultation\)](#). The closing date for submissions on the CCIV consultation paper was 18 March 2022.

Subject to the receipt of the necessary regulatory approvals, the amendments to the Listing Rules foreshadowed in the CCIV consultation paper are proposed to come into effect on 1 July 2022, some five months ahead of the rule amendments proposed in this consultation paper.

There are a small number of rules proposed to be amended in this consultation paper that are also likely to be amended on 1 July 2022 as a result of the CCIV consultation (referred to in this consultation paper for convenience as rules with “overlapping amendments”).

This presents a challenge in ensuring that the proposed amendments presenting in Annexure A reflect the actual amendments that will be made to the rules pursuant to this consultation paper. To address this challenge, the mark-ups in Annexure A are against the updated rules likely to be in effect on 1 July 2022 as a result of the CCIV consultation, rather than against the current rules in force on the date of this consultation paper. The text of the amendments likely to result from the CCIV consultation are identified in the base rules in Annexure A in green font.

¹ Unless otherwise indicated, references to “rules” in this consultation paper are to ASX Listing Rules.

² This latest consultation builds upon the reforms in ASX’s earlier consultation papers: [Proposed changes to the oil and gas reporting requirements in the ASX Listing Rules](#) (16 April 2021), [Proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables](#) (30 November 2020), [Simplifying, clarifying and enhancing the integrity and efficiency of the ASX Listing Rules](#) (28 November 2018) and [Updating ASX’s admission requirements for listed entities](#) (12 May 2016).

³ Minor drafting changes and corrections are not included in the summary.

Where a rule has overlapping amendments, the drafting notes in Annexure A will state that:

- it is assumed in the mark-ups to the rule that the amendments proposed to come into effect on 1 July 2022 as a result of the CCIV consultation are already in effect, and
- differences between the text of the rule at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

2.1 Security issuances

2.1.1 SPPs

In the early stages of the COVID-19 pandemic ASX introduced temporary emergency relief (**COVID-19 relief**) to facilitate capital raisings in a difficult and uncertain environment. For a capital raising that had a security purchase plan (**SPP**) component, ASX imposed a requirement that the entity had to disclose the scale-back arrangements to be applied in the event the SPP offer was over-subscribed. The scale back arrangements could include measures to prevent security holders splitting holdings to obtain a larger offer under the SPP but otherwise had to be applied on a pro rata basis to all participants, based either on the size of their existing security holdings or on the number of securities they had applied for.

This requirement was aimed at pre-empting some inappropriate practices ASX had occasionally observed in relation to SPPs, where directors would apply preferential scale-back arrangements to themselves or to particular security holders they favoured, compared to other security holders.

ASX is proposing to impose a similar requirement on exception 5 in rule 7.2⁴, and also on exception 4 in rule 10.12.⁵

This requirement will not prevent an entity from adopting different scale back arrangements for an SPP to those described above. If it does, however, the SPP offer will no longer satisfy exception 5 in rule 7.2. It will therefore require security holder approval under rule 7.1 or else reduce the entity's capacity under that rule to make placements of up to 15% of its ordinary share capital without security holder approval.

ASX is particularly interested in feedback on whether the two alternative bases proposed for conducting a scale-back on an SPP are appropriate and workable in practice – ie (1) pro rata to the size of a person's security holdings on the record date for the SPP offer (or an earlier date selected by the entity), or (2) pro rata to the number of securities a person has applied for under the SPP. ASX is also interested in any alternative approaches stakeholders may wish to suggest for SPP scale-backs.

Concerns have also been raised with ASX that some investors are “gaming” SPPs, for example, by:

- acquiring a single share in a large number of listed entities, so that they qualify for any SPP offer those entities may make and potentially acquire up to \$30,000 worth of the entity's securities, usually at a discount to the prevailing market price; or
- splitting holdings between multiple related parties to qualify for multiple offers of \$30,000 worth of the entity's securities.

ASX has sought to address this concern by including a general statement in the proposed changes to exception 5 in rule 7.2 that the scale-back arrangements for an SPP may include measures to address security holders who have acquired nominal holdings so as to receive an offer, or split their holdings to

⁴ Rule 7.2 sets out exceptions to Rule 7.1. Broadly speaking, rule 7.1 requires listed entities to obtain security holder approval if they issue securities comprising more than 15% of their ordinary share capital within any 12 month period (commonly referred to as the “15% placement limit”). Exception 5 of rule 7.2 excludes from the 15% placement limit securities issued under an SPP that meets the conditions set out in that exception.

⁵ Exception 4 in rule 10.12 essentially mirrors exception 5 in rule 7.2. See note 8 below for an explanation of rules 10.11 and 10.12.

receive multiple offers, under the SPP. ASX is interested in feedback on whether this is sufficient or whether there are better or more specific mechanisms that could be built into the rules to address this issue.

For example, it has been suggested to ASX that one way to tackle this issue would be to scale back SPPs initially based on the size of a security holder's holding on the record date for the plan offer (or an earlier date selected by the entity) and then, if excess securities remain after this, scale back based on the number of securities the holder has applied for under the SPP. ASX would welcome feedback on this suggestion and whether it would be workable in practice.

2.1.2 Pro rata issues

ASX is proposing to make similar changes to exception 3 in rule 7.2 in relation to pro rata issues⁶ as those it proposes above to rule 7.2 exception 5 for SPPs. Again, this is intended to eliminate some inappropriate practices ASX has occasionally observed in relation to the allocation arrangements for the shortfall from a pro rata offer, where directors give larger allocations to particular shareholders they favour, compared to other shareholders.

The proposed changes will require an entity to set out its shortfall allocation policy in the offer documentation for a pro rata issue. The allocation policy must provide that in the first instance the shortfall will be offered to all holders who participated in the pro rata issue and indicated that they wished to apply for more than their entitlement. The offer of the shortfall must be made to them on a pro rata basis, based either on the size of their existing holdings on the record date for the pro rata issue (or an earlier date selected by the entity) or the number of securities they have applied for in excess of their entitlement under the pro rata issue.

Again, this will not prevent an entity from adopting different allocation arrangements for a pro rata issue. If it does, however, the issue will no longer satisfy exception 3 in rule 7.2. It will therefore require security holder approval under rule 7.1 or else reduce the entity's capacity under that rule to make placements of up to 15% of its ordinary share capital without security holder approval.

ASX is particularly interested in feedback on whether the two alternative bases proposed by ASX for allocating the shortfall on a pro rata issue are appropriate and workable in practice – ie (1) pro rata to the size of a person's security holdings on the record date for the pro rata issue (or an earlier date selected by the entity), or (2) pro rata to the number of securities a security holder has applied for under the pro rata issue. ASX is also interested in any alternative approaches stakeholders may wish to suggest for the allocation of a shortfall from a pro rata issue.

2.1.3 Material placements

In its COVID-19 relief, ASX introduced a requirement for entities relying on that relief to undertake a capital raising involving an initial placement to institutional investors followed by a pro rata or SPP offer to retail investors, to disclose various information about their approach to determining who participated in the placement. This included information about the key objectives and criteria that the entity adopted in the allocation process, whether one of those objectives was a best effort to allocate on a pro rata basis to existing holders, and any significant exceptions or deviations from those objectives and criteria.

The feedback ASX has received from investor groups, regulators and other stakeholders is that these additional disclosure requirements improved their level of confidence that large placements were being allocated fairly and appropriately.

⁶ See note 4 above for an explanation of rules 7.1 and 7.2. Exception 3 of rule 7.2 excludes from the 15% placement limit in rule 7.1 securities issued under a pro rata issue that meets the conditions set out in that exception.

ASX is seeking views from stakeholders on whether ASX should impose these disclosure requirements for all material placements by way of a non-pro rata offer going forward.

ASX would do this by adding a new rule 7.10⁷ requiring an entity conducting a material non-pro rata offer of ordinary securities to:

- disclose in the documentation for the offer whether existing holders of securities will be entitled to participate in the offer and, if so, on what basis.
- within 5 business days of completing the offer, announce to the market:
 - the results of the offer, and
 - details of the approach the entity took in identifying investors to participate in the offer and how it determined their respective allocations in the offer (including the key objectives and criteria that the entity adopted in the allocation process, whether one of those objectives was a best effort to allocate pro rata to existing holders and any significant exceptions or deviations from those objectives and criteria).
- within 5 business days of being requested to do so by ASX, provide to ASX (not for release to the market) a detailed allocation spreadsheet in electronic format showing:
 - details of the persons to whom securities were allocated in the offer (including their name, existing holding as understood by the entity, the number of securities they applied for at or above the final price or were offered in the offer, and the number of securities they were allocated), and
 - details of persons who applied for securities at or above the final price and who did not receive an allocation in the offer (including their existing holding as understood by the entity and the amount of securities applied for at or above the final price).

For the purposes of determining whether this rule applies, separate offers of ordinary securities will be aggregated if, in ASX's opinion, they form part of the same commercial transaction. ASX may, at the request of ASIC or of its own volition, provide to ASIC a copy of any allocation spreadsheet provided to ASX under this rule.

It has been suggested to ASX that a non-pro rata offer of ordinary securities by an entity should be regarded as material, and therefore require the disclosures mentioned above, if it comprises more than 10% of the number of ordinary securities the entity has on issue at the commencement of the offer or for an aggregate issue price of more than \$50 million (whichever is the lesser). ASX would welcome specific feedback from stakeholders on the appropriateness of these materiality thresholds.

2.1.4 Other enhancements

Other enhancements proposed to the rules regulating the issuance of securities by listed entities include:

- amendments to the definition of "C" in the formula in rule 7.1 (the 15% limit on placements in any year) so that:
 - the exclusions to "C" more clearly apply to agreements to issue equity securities, as well as actual issues of equity securities, that are approved by security holders under rule 7.1 or 7.4 or that fall within rule 7.1A.2 or an exception in rule 7.2, and

⁷ Rule 7.10 is currently shown in the rules as having been deleted.

- to extend those exclusions to apply to: (a) securities issued during the “relevant period” that have since been cancelled, lapsed or expired, and (b) agreements to issue securities entered into in the “relevant period” where the agreement has since been cancelled, lapsed or expired without the securities being issued.
- amendments to rule 7.2 exception 9 and rule 10.12⁸ exception 7 (issues of securities made as a result of the conversion of convertible securities) so that the exceptions only apply where the entity has not altered the terms of the convertible securities in any material respect since they were issued unless it did so with the approval of the holders of its ordinary securities. This will effectively require the conversion of convertible securities to take place in accordance with their original terms unless any material changes to those terms have been approved by the holders of its ordinary securities. This is intended to address an argument sometimes made to ASX that an issue falls within these exceptions even though the entity has subsequently agreed to make material changes to the terms of conversion attaching to the convertible securities without security holder approval.
- amendments to:
 - rule 7.2 exception 16 and rule 10.12 exception 10 (issues of securities made in accordance with agreements to issue securities), and
 - rule 7.2 exception 17 and rule 10.12 exception 11 (agreements to issue securities that are conditional on security holder approval),

so that the exceptions only apply where the entity has not altered the terms of the agreement in any material respect since it was entered into unless it did so with the approval of the holders of its ordinary securities. This will effectively require the issue of securities under the agreement to take place in accordance with the original terms of the agreement unless any material changes to those terms have been approved by the holders of its ordinary securities. Again, this is intended to address an argument sometimes made to ASX that an issue falls within these exceptions even though the entity has subsequently agreed to make material changes to the terms of the agreement without security holder approval.

- the addition of a note to rule 7.2 exception 13 (issues under approved employee incentive schemes) clarifying that in determining whether the maximum number of securities that can be issued under an employee incentive scheme has been reached, where an entitlement to equity securities under an employee incentive scheme is cancelled or lapses (eg because a person ceases to be an employee or an attaching performance hurdle has not been met), those securities are to be disregarded from the point at which the entitlement is cancelled or lapses.

2.2 Financial reporting

The proposed enhancements to the rules regulating the financial reporting framework for listed entities include:

- a new rule 19.11 addressing the accounting requirements that apply to quarterly cash flow reports under rules 4.7B and 5.5.

It is proposed that the new rule will provide as follows:

⁸ Rule 10.11 requires security holder approval to an issue of equity securities to a person in a position of influence (being the persons set out in rules 10.11.1 - 10.11.5). Rule 10.12 sets out various exceptions to rule 10.11. A number of those exceptions mirror equivalent exceptions in rule 7.2 (see note 4 above).

“Where an entity is required to give a quarterly cash flow report to ASX under rules 4.7B or 5.5, the following rules apply:

- (a) If the entity controls a child entity or is the holding company of another entity, the report must be a consolidated statement of cash flows.*
- (b) The report must be prepared to Australian accounting standards or, if the entity is a foreign entity and ASX agrees, other accounting standards acceptable to ASX.*
- (c) The report must include a statement by the entity’s board, audit committee, CEO, CFO or another authorised officer that it has been prepared to the standards referred to in this rule and gives a true and fair view of the matters disclosed.”*

- an amendment to rule 19.11A⁹ to add a requirement that, unless ASX agrees otherwise, a listed entity’s accounts must be Tier 1 general purpose financial statements or, if the entity is a foreign entity and ASX has agreed that it can use other accounting standards acceptable to ASX, the equivalent under those other accounting standards.

- a new rule 17.5A providing that:

“If an entity gives ASX accounts under rule 4.2A, 4.3A, 4.4A or 4.5 that are, or a quarterly cash flow report under rule 4.7B or 5.5 that is, not compliant:

- (a) the entity must tell ASX, at the time it gives the accounts or report to ASX, that the accounts are, or the report is, not compliant; and*
- (b) ASX will suspend the entity’s securities from quotation on or as soon as practicable after the date on which ASX is told or ASX otherwise determines that the accounts are, or the report is, not compliant.*

ASX will not waive this rule.”

This addresses an anomalous situation under the current rules where an entity is automatically suspended under rule 17.5 for failing to lodge accounts by the due date but potentially escapes that consequence if it lodges accounts that are subject to a disclaimer of opinion or adverse opinion by the auditor who audited or reviewed them.

- consequential amendments to rule 17.8 to address when ASX will normally reinstate quotation of securities suspended under new rule 17.5A (that is, the business day after ASX receives the required accounts or quarterly cash flow report in a compliant form).
- the insertion of the following new definition of “compliant” in rule 19.12 for the purposes of the provisions above:

“accounts are regarded as “compliant” if they meet the requirements of rule 19.11A and they are not subject to a disclaimer of opinion or adverse opinion by the auditor who audited or reviewed them.

a quarterly cash flow report under rule 4.7B or 5.5 is regarded as “compliant” if it meets the requirements of rule 19.11.”

- an amendment to rule 1.8 conditions 3(a) and (b) (admission conditions for ASX Debt Listings) to require the accounts given to ASX by an entity or its guarantor to be audited if the entity is intending to offer or issue retail debt securities.

⁹ Rule 19.11A sets out the general accounting and auditing requirements that a listed entity must comply with when preparing its accounts.

ASX is particularly interested in feedback on the proposed new rule 17.5A providing for the suspension of an entity that lodges accounts or quarterly cash flow statements that are not compliant and also on the proposed definition of “compliant”.

2.3 Admission and quotation requirements

The proposed enhancements to the rules regulating the admission of an entity to the official list and the quotation of its securities include:

- the addition of a note to rule 1.1 condition 1¹⁰ (admission conditions for ASX Listings) and to its counterpart in rule 12.5¹¹ (ongoing requirements for ASX Listings) confirming that for an entity to have a structure appropriate for a listed entity, among other things, the terms of its securities must comply with chapter 6 of the rules and it must have governance arrangements suitable for a listed entity.
- an amendment to rule 1.1 condition 8¹² (admission conditions for ASX Listings) providing that a security holder is only counted for spread purposes if they are a resident of Australia or of another jurisdiction that is acceptable to ASX.
- amendments to rule 1.1 condition 13 (admission conditions for ASX Listings), rule 1.8 condition 9 (admission conditions for ASX Debt Listings), rule 1.11 condition 9 (admission conditions for ASX Foreign Exempt Listings) and rule 12.6¹³ (ongoing requirements for listed entities) to require the person appointed by an entity to be responsible for communication with ASX in relation to Listing Rule matters to be someone acceptable to ASX.
- an amendment to rule 1.3.2¹⁴ (the commitments test) to provide that the rule does not apply where the entity has a track record of profitability or revenue acceptable to ASX.¹⁵ This is to put entities applying for admission under the assets test in rule 1.3 that have a track record of profitability or revenue acceptable to ASX, on an even footing under the rules as entities applying for admission under the profit test in rule 1.2. The result of this proposed change to rule 1.3.2 will mean that entities that have an acceptable track record of profitability or revenue, like entities that meet the profit test, will no longer have to meet the commitments test in rule 1.3.2 and will not have to produce quarterly activity and cash flow reports under rules 4.7B and 4.7C (unless ASX specifically directs them to do so under rule 4.7B(c)).
- an amendment to rule 1.4.7 extending the date that an entity being listed on the basis of an information memorandum must not undertake a capital raising from 3 months after the date of issue its information memorandum to 3 months after the date of its admission to the official list.

¹⁰ Rule 1.1 condition 1 makes it a condition of admission to the official list that an entity must satisfy ASX that it has a structure and operations that are appropriate for a listed entity.

¹¹ Rule 12.5 imposes an ongoing obligation on a listed entity to have a structure and operations that are appropriate for a listed entity.

¹² Rule 1.1 condition 8 (commonly referred to as the “minimum spread rule”) makes it a condition of admission to the official list that an entity must have at least 300 non-affiliated security holders, each of whom holds a parcel of the entity’s main class of securities that are not “restricted securities” and that are not subject to voluntary escrow, with a value of at least \$2,000.

¹³ Rule 1.1 condition 13, rule 1.8 condition 9 and rule 1.11 condition 9 make it a condition of admission to the official list that an entity must have appointed at least one person to be responsible for communication with ASX in relation to Listing Rule matters. Rule 12.6 imposes an ongoing obligation on a listed entity to appoint and at all times have a person who is responsible for communication with ASX in relation to listing rule matters.

¹⁴ Rule 1.3.2 requires an entity admitted to the official list under the assets test either: (a) to have less than half of its total tangible assets (after raising any funds) in cash or in a form readily convertible to cash, or (b) to have commitments consistent with its stated business objectives to spend at least half of its cash and assets readily convertible to cash. An entity that is admitted under paragraph (b) usually is required to prepare quarterly activity and cash flow reports under rules 4.7B and 4.7C.

¹⁵ For these purposes, ASX proposes to insert into Guidance Note 1 *Applying for Admission – ASX Listings* the same guidance on what is an acceptable “track record of profitability or revenue” as is set out in sections 3.5 and 3.6 of Guidance Note 11 *Restricted Securities and Voluntary Escrow*.

Currently rule 1.4.7 requires a listing information memorandum to include a statement that the entity has not raised any capital for the 3 months before the date of issue of the information memorandum and will not need to raise any capital for 3 months after the date of issue of the information memorandum. The appropriateness of the latter restriction came into focus in a recent listing by information memorandum where the entity's admission to the official list was delayed for a period and it had issued a supplementary information memorandum in the meantime. The specific issue in that case was whether the 3 month period in rule 1.4.7 should run from the date of the initial information memorandum or from the date of the supplementary information memorandum. Having regard to the purpose of rule 1.4.7, ASX considers it best for the 3 month period in rule 1.4.7 to run for 3 months after the date of an entity's admission to the official list, rather than for 3 months after the date of its information memorandum.

- the amendment to rule 1.8 conditions 3(a) and (b) (admission conditions for ASX Debt Listings) mentioned in section 2.2 above to require the accounts given to ASX by the entity or its guarantor to be audited if the entity is intending to offer or issue retail debt securities.
- amendments strengthening rules 1.19¹⁶ and 2.9¹⁷ and making it clear that ASX's decision on whether to admit an entity to the official list and to quote its securities is final and that ASX may refuse admission or quotation without giving any reasons to the entity and without being obliged to afford the entity the opportunity to make further submissions on why it should be admitted to the official list or why its securities should be granted quotation.
- the addition of new rules 1.19A and 2.9A making it clear that the admission of an entity to the official list and the quotation of its securities should not be interpreted in any way as an endorsement by ASX of the merits of investing in, or the prospects of, the entity and investors should make their own enquiries and exercise due diligence before investing in the entity's securities.¹⁸

2.4 Transactions with persons in a position of influence

The proposed enhancements to the rules regulating transactions with persons in a position of influence include:

- the amendments to exceptions 4, 7, 10 and 11 of rule 10.12 mentioned in section 2.1 above.
- an amendment to rule 10.3¹⁹ exception (e) (acquisitions or disposals of substantial assets in accordance with approved agreements) so that the exception only applies where the entity has not altered the terms of the agreement in any material respect since it was entered into unless it did so with the approval of the holders of its ordinary securities. This will effectively require the acquisition or disposal to take place in accordance with the original terms of the agreement unless any material changes to those terms have been approved by the holders of its ordinary securities. Again, this is intended to address an argument sometimes made to ASX that an acquisition or disposal of a

¹⁶ Rule 1.19 currently provides that: "Admission to the official list, and the category of an entity's admission, is in ASX's absolute discretion. ASX may admit an entity on any conditions it thinks appropriate. ASX may grant or refuse admission without giving any reasons."

¹⁷ Rule 2.9 currently provides that: "Quotation of an entity's securities is in ASX's absolute discretion. ASX may grant quotation on any conditions it thinks appropriate. ASX may grant or refuse quotation without giving any reasons."

¹⁸ As observed in paragraph 11 of ASIC Report 480 Assessment of ASX Limited's listing standards for equities:

"Investors should take active steps to fully understand their investment decisions before they make them. The importance of effective listing standards (and other features of a robust regulatory framework) should not be viewed by investors as a substitute for careful consideration of investment choices."

¹⁹ Rule 10.3 sets out various exceptions to rule 10.1. Rule 10.1 requires security holder approval to an agreement by a listed entity to buy/sell a substantial asset from/to a person in a position of influence (being the persons set out in rules 10.1.1 - 10.1.5). The change to rule 10.3 exception (e) is similar in effect to those made to rule 10.12 exceptions 10 and 11 mentioned in section 2.1.4 above.

substantial asset falls within this exceptions even though the entity has subsequently agreed to make material changes to the terms of the agreement without security holder approval.

- amendments to the restrictions on termination benefit in rules 10.18 and 10.19 to make them consistent. Rule 10.18 currently provides:

'An entity must ensure that no officer of the entity or of any of its child entities will be entitled to termination benefits (or any increase in them) if a change occurs in the shareholding or control of the listed entity or child entity.'

Rule 10.19 currently provides:

'Without the approval of holders of ordinary securities, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the listing rules. The notice of meeting must include a voting exclusion statement.'

ASX proposes to amend rule 10.18 to empower security holders to approve an officer of the entity or of any of its child entities being entitled to termination benefits (or an increase in them) if a change occurs in the shareholding or control of the listed entity or child entity, in the same way that security holders can approve a termination benefit that exceeds the 5% limit in rule 10.19.

ASX is particularly interested in stakeholder feedback on any issues or concerns that stakeholders may have with the current versions of rule 10.18 and 10.19, as well as on the amendments that ASX is proposing to rule 10.18.²⁰

2.5 Lodgement of documents for release to the market

The proposed enhancements to the rules regulating the lodgment of documents by listed entities with ASX for release to the market include:

- the addition of a sentence to rule 15.1²¹ stating that the fact that ASX does not object to a draft document provided to ASX for review under that rule is not an acknowledgement or representation by ASX that the document complies with the requirements of the rules and does not prevent ASX from subsequently asserting that the document did not comply with the rules.

This reflects the principle that it is the obligation of a listed entity to comply with the rules. The fact that ASX may not detect that a document breaches the rules until after it has reviewed a draft and given a no-objection letter to the entity does not excuse the breach and should not prevent ASX from enforcing compliance with the rules.

- an amendment to rule 15.2.1 to clarify which Listing Rule Appendices are lodged directly with the Market Announcements Office.
- an amendment to the note to rule 15.3 to remove the historical reference to ASX accepting proxy voting information under section 251AA of the Corporations Act in non-electronic format.

²⁰ The amendments ASX is proposing to rule 10.19 are minor and inconsequential drafting amendments.

²¹ Rule 15.1 sets out a list of documents that have to be provided to ASX in draft for review before they are released to the market.

- an amendment to rule 15.4²² to extend the obligation of an entity to provide documents setting out the terms of issue of debt securities and convertible debt securities required by ASX to cover all securities.
- an amendment to rule 15.5²³ to make it clear that it only applies to documents for release to the market and that it doesn't apply to a document if, and to the extent that, the document is a form prescribed by the Listing Rules or an Australian law and the form does not require the inclusion of the information set out in that rule.

2.6 Miscellaneous enhancements

Other miscellaneous enhancements ASX is proposing to make to the rules include:

- amendments to improve the operation of the rules in relation to stapled securities, including:
 - to rule 1.1 condition 8²⁴ to make it clear that where a stapled group is being considered for admission, the requirement to hold a parcel of securities worth \$2,000 applies to the entity's stapled securities rather than to each of the individual securities that make up the stapled security
 - to rule 2.1 condition 2 to make it clear that where stapled securities are being considered for quotation, the requirement that their issue price or sale price exceeds 20 cents applies to the stapled securities rather than to each of the individual securities that make up the stapled security, and
 - to rule 8.10²⁵ to allow a stapled group to prevent a security holder attempting to transfer some, but not all, of the individual securities that together make up a stapled security, in breach of the applicable stapling arrangements. This will eliminate the need for stapled groups to apply for, and ASX to grant, the standard waivers it currently grants to stapled groups in this regard.
- amendments to the notes to rule 2.10 (how and when quotation occurs) to clarify the intended operation of that rule, particularly in relation to conditional markets.
- the addition of a note to rule 3.1B explaining the meaning of "false market".
- a new rule 3.10.10 requiring the immediate disclosure of any agreement by an entity to a material change to the escrow arrangements for securities subject to voluntary escrow.
- the addition of a note to rule 3.16.4 (disclosure of material terms of CEO and director employment, service and consultancy agreements) stating that if an entity appoints an executive to its board as an executive director and it does not enter into a new employment, service or consultancy agreement with the executive in connection with that appointment, the entity should disclose under that rule the

²² Rule 15.4 currently requires a listed entity to provide to ASX a copy of its constitution, or documents setting out the terms of debt securities or convertible debt securities. It also requires a listed entity to provide to ASX a copy of its consolidated, amended constitution or documents setting out the terms of debt securities or convertible debt securities after each amendment has been made.

²³ Rule 15.5 states that a document given by an entity to ASX for release to the market must: (a) include, or be sent with a covering letter that includes, the entity's name, address and corporate logo, unless a form prescribed by the Listing Rules or an Australian law is used; (b) be dated; (c) identify the title of the body, or the name and title of the officer, of the entity who authorised the document to be given to ASX for release to the market; and (d) if the document is an announcement under rule 3.1, include the name, title and contact details of a person who security holders or other interested parties can contact if they have any queries.

²⁴ See note 12 above.

²⁵ Rule 8.10 prohibits a listed entity from interfering with the registration of a transfer of quoted securities except in the limited circumstances permitted under rule 8.10.1.

material terms of the current employment, service or consultancy agreement it or a child entity has with that executive.

- a new rule 8.10.1(d)²⁶ to remove any doubt that a listed entity has the power to impose a holding lock on securities whenever it is required or permitted to do so under the Listing Rules. This is to address an argument that the application of a holding lock on securities outside of the specific circumstances set out in rules 8.10.1(a)-(c) and (e)-(h) of the Listing Rules requires the agreement of the registered holder of the securities under rule 8.10.3(i).

ASX also proposes to add a new ASX Settlement Operating Rule 8.15.2A, and to amend ASX Settlement Operating Rule 8.15.6, to give effect to the new listing rule 8.10.1(d).

- the addition of appropriate voting exclusions to the table in rule 14.11.1²⁷ for resolutions approving:
 - changes to the terms of issue of convertible securities under rule 7.2 exception 9 and rule 10.12 exception 7
 - changes to the terms of an agreement to issue securities under rule 7.2 exceptions 16 and 17, and rule 10.12 exceptions 10 and 11
 - changes to the terms of an agreement to acquire/dispose of a substantial asset from/to a person in a position of influence under rule 10.3 exception (e), and
 - termination benefits under rule 10.18.
- amendments to rules 15.14 (which currently limits a trust from having enforceable provisions in its constitution relating to takeovers and substantial holdings) and 15.15 (which currently limits a foreign company from having enforceable provisions in its constitution relating to takeovers and substantial holdings) to extend those rules to all listed entities.

Under the proposed amended rules, a listed entity will only be able to have provisions in its constitution limiting the number of securities in the entity a person may own or control where: (a) the provisions are required to be included in the entity's constitution by law; (b) the provisions are required so that the entity does not suffer a material adverse consequence under any law; or (c) the entity is established in a jurisdiction that does not have any laws equivalent to Chapter 6 of the Corporations Act that regulate attempts to take control of the entity and the provisions are directed to protecting the interests of security holders. This reflects ASX's long-standing policy on these matters.

Similarly a listed entity will only be able to have provisions in its constitution requiring a person to disclose to the entity the number of securities in the entity they own or control where: (a) the provisions are required to be included in the entity's constitution by law; (b) the provisions are required so that the entity does not suffer a material adverse consequence under any law; or (c) the entity is established in a jurisdiction that does not have any laws equivalent to Chapter 6C of the Corporations Act that regulate disclosure of substantial interests in the entity and the provisions are directed to protecting the interests of security holders. Again this reflects ASX's long-standing policy on these matters.

In each case, the provisions must be, in ASX's opinion, appropriate and equitable.

²⁶ See note 25 above.

²⁷ The table in rule 14.11.1 sets out various persons whose votes must be disregarded when security holders vote to approve something under the Listing Rules.

- amendments to rule 18.1²⁸ to make it clear that:
 - ASX has an absolute discretion in deciding whether to grant or refuse a waiver and its decision in that regard is final, and
 - ASX may refuse a waiver without giving any reasons to the entity and without being obliged to afford the entity the opportunity to make further submissions on why it should be granted a waiver.

These proposed changes reflect the principle that “the rules are the rules” and a listed entity should have no right or expectation to be granted a waiver.

- an amendment to the definition of “controller” in rule 19.12 to clarify the drafting and to address the situation where a trustee holds restricted securities in its capacity as the trustee of a discretionary trust. In that case, the trustee and any other person who can appoint or remove the trustee will be taken to be “controllers” of the restricted securities.

For completeness, ASX is also proposing to amend rule 1.1 condition 13 and rule 12.6 to push back the date for the introduction of the requirement for a person responsible for communication with ASX in relation to listing rule matters to have completed an approved listing rule compliance course and to have attained a satisfactory pass mark in the examination for that course, to 1 July 2022. This reflects delays ASX has encountered finding and installing an acceptable replacement for its learning management system.

3. Issues for consultation

The primary purpose of this consultation is to seek feedback from interested stakeholders on ASX’s proposed enhancements to the rules.

ASX welcomes feedback generally on whether stakeholders agree with the proposed rule changes and, if not, why not?

It would also welcome specific feedback on:

- whether stakeholders support the proposed rule changes for SPPs outlined in section 2.1.1 above and in particular:
 - whether the two alternative bases proposed for conducting a scale-back on an SPP are appropriate and workable in practice – ie (1) pro rata to the size of a person’s security holdings on the record date for the SPP offer (or an earlier date selected by the entity), or (2) pro rata to the number of securities a security holder has applied for under the SPP
 - any alternative approaches stakeholders may wish to suggest to SPP scale-backs
 - whether the general statement that the scale-back arrangements for an SPP may include measures to address security holders who have acquired nominal holdings so as to receive an offer, or split their holdings to receive multiple offers, under the SPP is sufficient or whether there are better or more specific mechanisms that could be built into the rules to address this issue, and
 - whether the suggestion that has been made to ASX that one way to tackle the issue of security holders “gaming” SPPs would be to scale back SPPs initially based on the size of a security holder’s holding on the record date for the plan offer (or an earlier date selected by the entity)

²⁸ Rule 18.1 confers on ASX the power to waive compliance with its rules.

and then, if excess securities remain after this, then scale back based on the number of securities the holder has applied for under the SPP, would be workable in practice.

- whether stakeholders support the proposed rule changes for pro rata issues outlined in section 2.1.2 above and in particular:
 - whether the two alternative bases proposed for allocating the shortfall on a pro rata issue are appropriate and workable in practice – ie (1) pro rata to the size of a person’s security holdings on the record date for the pro rata issue (or an earlier date selected by the entity), or (2) pro rata to the number of securities a security holder has applied for under the pro rata issue, and
 - any alternative approaches stakeholders may wish to suggest to the allocation of a shortfall from a pro rata issue.
- whether stakeholders support the new disclosure requirements proposed in rule 7.10 for material placements by way of a non-pro rata offer mentioned in section 2.1.3 above, including the appropriateness of the thresholds for the application of that rule that the offer: (a) comprise more than 10% of the number of ordinary securities the entity has on issue at the commencement of the offer, or (b) is for an aggregate issue price of more than \$50 million (whichever is the lesser).²⁹
- whether stakeholders support the proposed new rule 17.5A mentioned in section 2.2 above providing for the suspension of an entity that lodges accounts or quarterly cash flow statements that are not “compliant” and any feedback that stakeholders may have on the proposed definition of “compliant” for these purposes.
- whether stakeholders have any issues or concerns with the current versions of rule 10.18 and 10.19 and also on whether they support the amendments that ASX is proposing to rule 10.18.
- whether stakeholders support the proposed changes to rules 15.14 and 15.15 mentioned in section 2.6 above restricting the circumstances in which a listed entity may include in its constitution provisions purporting to regulate takeovers and substantial holdings.
- whether compliance with any of the amended rules might have any unforeseen consequences or give rise to undue compliance burdens for listed entities.

4. Due date for consultation responses

Stakeholders interested in making a submission on the consultation package are asked to do so in writing by the **close of business on Friday 27 May 2021**.

Submissions should be sent to by email to:

kevin.lewis@asx.com.au

or by mail to:

ASX Limited
PO Box H224
Australia Square NSW 1215
Attention: Kevin Lewis

ASX would prefer to receive submissions in electronic form.

²⁹ See the discussion of rule 7.10 in section 2.1.3 above.



Please note that ASX is proposing to make the submissions it receives in response to this consultation paper publicly available on its website unless a respondent clearly indicates that they wish their submission to remain confidential.

5. Timetable for implementation of rule changes

ASX will consider all submissions it receives in response to this consultation before finalising the proposed rule amendments.

Subject to the receipt of the necessary regulatory approvals, it is envisaged that the final rule amendments will be released in the third quarter of 2022 and take effect on 1 December 2022.

Annexure A

Proposed amendments to Chapter 1 of the ASX Listing Rules

...

ASX Listing

Requirements for ASX Listing

- 1.1 For an entity to be admitted to the *official list as an ASX Listing, the following conditions must be met to ASX's satisfaction.

Introduced 01/07/96 Amended 30/09/01, 19/12/16

Condition 1 The entity's structure and [business](#) operations must be appropriate for a listed entity.

Introduced 01/07/96 [Amended XX/XX/22](#)

[Note: For an entity to have a structure appropriate for a listed entity, among other things, the terms of its securities must comply with chapter 6, it must have governance arrangements suitable for a listed entity and it must be subject to a system of corporate law and regulation suitable for a listed entity.](#)

Guidance Note 1 *Applying for Admission – ASX Listings* has [further](#) guidance on when an entity's structure and [business](#) operations are appropriate for a listed entity.

Drafting note: ASX is proposing to make some minor drafting changes to rule 1.1 condition 1 to refer to "business operations" rather than "operations" and to add a note that for an entity to have a structure appropriate for a listed entity, among other things, the terms of its securities must comply with chapter 6 and it must have governance arrangements suitable for a listed entity.

Condition 3 A *prospectus or *PDS must be issued and lodged with *ASIC and given to ASX or, if ASX agrees, an *information memorandum that complies with the requirements of rule 1.4 must be lodged with ASX. The *prospectus, *PDS or *information memorandum must include a prominent statement that ASX takes no responsibility for the contents of the document.

Introduced 01/07/96 Origin: Listing Rule 1A(1)(f) Amended 01/09/99, 13/03/00, 11/03/02, 01/05/13, 19/12/16, 01/12/19, [01/07/22, XX/XX/22](#)

[Note: In the case of an NZ company or an NZ registered scheme making a recognised offer of securities, the prospectus or PDS lodged with ASIC will be the prospectus or PDS the entity has prepared under the Financial Markets Conduct Act 2013 and associated regulations of New Zealand.](#)

An offer information statement [under the Corporations Act](#) is not a prospectus, [PDS or information memorandum for the purposes of this rule](#).

[ASX will only agree to the use of an information memorandum in lieu of a prospectus or PDS if the entity meets the criteria to use an information memorandum set out in \[Guidance Note 1 Applying for Admission – ASX Listings\]\(#\) and the entity establishes to ASX's satisfaction that it has not raised capital in the past 3 months and does not expect it will need to raise capital \[for at least 3 months after it has been admitted to the official list \\(see rule 1.4.7\\)\]\(#\).](#)

Deleted: 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.¶

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Drafting note: ASX is proposing to amend the notes to rule 1.1 condition 3 to include a statement that ASX will only agree to the use of an information memorandum if the entity meets the criteria to use an information memorandum set out in Guidance Note 1 *Applying for Admission – ASX Listings*. It is also proposing some minor amendments to those notes to align with its proposed changes to rule 1.4.7 below and to improve their drafting.

It should be noted that the mark-ups to rule 1.1 condition 3 above assume that amendments to that condition proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of condition 3 at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

Condition 8

There must be at least 300 *non-affiliated security holders, each of whom [is a resident of Australia or of another jurisdiction that is acceptable to ASX and holds a parcel of *securities in the *main class \(or, in the case of a *stapled group, a parcel of *stapled securities\)](#), that are not *restricted securities or subject to *voluntary escrow with a value of at least \$2,000.

If *CDIs are issued over *securities in the *main class, holders of *CDIs [are to be included as if they held the *underlying securities](#).

This condition is not met if spread is obtained by artificial means.

Introduced 01/07/96 Origin: Listing Rule 1A(3)(b)(ii) Amended 01/09/99, 11/03/02, 01/11/12, 19/12/16, [XX/XX/22](#)

Note: [Where an entity is conducting a capital raising in connection with its listing, it will be the prospectus or PDS for that capital raising that is lodged with ASX for the purposes of Listing Rule 1.1 condition 3.](#)

Where an entity is undertaking a material capital raising in [connection](#) with its listing, ASX will normally use the offer price under the prospectus or PDS for that capital raising to calculate the value of the entity's free float and the value of a parcel of securities. ASX may, however, use a different price to determine these values if the entity is not undertaking a material capital raising in [connection](#) with its listing or if ASX is concerned that the offer price under the prospectus or PDS [has been artificially set and is not representative of the fair value of its main class of securities](#).

[Guidance Note 1 Applying for Admission – ASX Listings](#) has guidance on [what an entity must do to satisfy ASX that spread has been achieved and that it has not been obtained by artificial means](#).

Drafting note: To meet the minimum spread requirement in rule 1.1 condition 8, an entity seeking admission to the official list as an ASX Listing currently must have at least 300 non-affiliated security holders, each of whom holds a parcel of the entity's main class of securities that are not "restricted securities" and that are not subject to voluntary escrow, with a value of at least \$2,000 (a "qualifying holding"). This condition is not met if spread is obtained by artificial means.

Currently, rule 1.1 condition 8 allows security holders from foreign jurisdictions with a qualifying holding to be counted towards spread even though, in some cases, it can be exceedingly difficult for ASX to validate their authenticity and to test whether they have been obtained using artificial means, especially if they have subscribed using documents in a foreign language. Hence, as a matter of policy, in cases where this has been of particular concern, ASX has recently exercised its discretion under Listing Rule 1.19 to impose a condition that a security holder is only counted for spread purposes if they are a resident of Australia or of another jurisdiction that is acceptable to ASX.

ASX is proposing to amend rule 1.1 condition 8 to embed this policy into the rules.

ASX is also proposing to amend rule 1.1 condition 8 to make it clear that where a stapled group is being considered for admission, the requirement to hold a parcel of securities worth \$2,000 applies to the entity's stapled securities rather than to each of the individual securities that make up the stapled security.

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Condition 13

The entity must appoint a person [acceptable to ASX](#) to be responsible for communication with ASX in relation to listing rule matters who has completed an *approved listing rule compliance course and attained a satisfactory pass mark in the examination for that course.

Introduced 30/09/01 Amended 19/12/16, 01/12/19, [XX/XX/22](#)

Note: The changes to condition 13 made on 01/12/19 [to require a person responsible for communication with ASX on listing rule matters to have completed an approved listing rule compliance course and attained a satisfactory pass mark in the examination for that course](#) come into effect on 1 July 2024 and apply to entities that lodge an application to be admitted [or re-admitted](#) to the official list on or after that date.

[Guidance Note 1 Applying for Admission – ASX Listings](#) has guidance on when a person might or might not be acceptable to ASX to be appointed as the person to be responsible for communication with ASX on listing rule matters.

An entity may [appoint](#) more than one person to be responsible for communication with ASX on listing rule matters. If it does so, each person must [be acceptable to ASX and, where applicable, have completed an approved listing rule compliance course and attained a satisfactory pass mark in that examination.](#)

The [appointment](#) of such a person is for administrative [purposes](#) only and does not in any way abrogate the responsibility of the listed entity to comply with the [listing rules](#).

Cross reference: Listing Rule 12.6.

Drafting note: ASX is proposing to amend rule 1.1 condition 13 to require the person appointed to be responsible for communication with ASX in relation to listing rule matters to be someone acceptable to ASX. [Guidance Note 1 Applying for Admission – ASX Listings](#) will have guidance on when a person might or might not be acceptable to ASX for these purposes.

ASX is also proposing to make minor changes to the note to rule 1.1 condition 13 to improve the drafting and to push back the date for the introduction of the requirement for a person responsible for communication with ASX in relation to listing rule matters to have completed an approved listing rule compliance course and to have attained a satisfactory pass mark in the examination for that course to 1 July 2022.

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Deleted: For many entities, the company secretary will be an appropriate person to be responsible for communication with ASX. ASX expects that the person appointed will have a high degree of familiarity with an entity's operations and have ready access to senior management who have responsibility for day to day management of the entity.¶

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The assets test

1.3 To meet the assets test, an entity that is not an *investment entity must satisfy rules 1.3.1, 1.3.2, 1.3.3 and 1.3.5. An *investment entity must satisfy rules 1.3.4 and 1.3.5.

1.3.1 At the time of admission, an entity that is not an *investment entity must have:

- (a) net tangible assets of at least \$4 million after deducting the costs of fund raising; or
- (b) a *market capitalisation of at least \$15 million.

Amended 01/11/12, 19/12/16, [XX/XX/22](#)

Note: [Guidance Note 1 Applying for Admission – ASX Listings](#) has guidance on what is included within "net tangible assets" for these purposes.

1.3.2 In the case of an entity that is not an *investment entity, [unless the entity has a track record of profitability or revenue acceptable to ASX](#), either:

- (a) less than half of the entity's total tangible assets (after raising any funds) must be cash or in a form readily convertible to cash; or

Introduced 01/07/96 Origin: Listing Rule 1A(3)(b)(iv)b

- (b) the entity has commitments consistent with its stated objectives [under rule 1.3.3\(a\)](#) to spend at least half of its cash and assets in a form readily convertible to cash. The entity's *prospectus, *PDS or *information memorandum must include an expenditure program setting out these commitments.

Introduced 01/07/96 Origin: Listing Rule 1A(3)(b)(iv)b Amended 01/09/99, 11/03/02, 19/12/16, 01/12/19, XX/XX/22

Note: [Guidance Note 1 Applying for Admission – ASX Listings](#) has guidance on what is included within "total tangible assets" and what is an acceptable "track record of profitability or revenue" for these purposes.

Example: If a start-up company raises \$2.3 million, and the cost of its capital raising is \$300,000, ASX would normally require it to have commitments for an additional \$850,000 (which, with the \$300,000, is half of the \$2.3 million cash raised).

Cross reference: rule 4.10.19, which requires reporting on the use of funds in the first two annual reports.

Drafting note: ASX is proposing to amend the notes to rules 1.3.1 and 1.3.2 to cross-refer to guidance set out in [Guidance Note 1 Applying for Admission – ASX Listings](#) on what is included within "total tangible assets" and "net tangible assets" for the purposes of those rules.

ASX is also proposing to amend rule 1.3.2 to provide that the rule does not apply where the entity has a track record of profitability or revenue acceptable to ASX. This is to put entities applying for admission under the assets test in rule 1.3 that have a track record of profitability or revenue acceptable to ASX, on an even footing under the Listing Rules as entities applying for admission under the profit test in rule 1.2. For these purposes, ASX proposes to insert into [Guidance Note 1 Applying for Admission – ASX Listings](#) the same guidance on what is an acceptable "track record of profitability or revenue" as is set out in sections 3.5 and 3.6 of [Guidance Note 11 Restricted Securities and Voluntary Escrow](#).

Currently, entities that have a track record of profitability or revenue acceptable to ASX are excluded from the escrow regime under rule 9.2, in the same way as entities that meet the profit test. The result of the proposed change to rule 1.3.2 will mean that entities that have an acceptable track record of profitability or revenue, like entities that meet the profit test, will also no longer have to meet the commitments test in rule 1.3.2 and will not have to produce quarterly activity and cash flow reports under rules 4.7B and 4.7C (unless ASX specifically directs them to do so under rule 4.7B(c)).

1.3.4 At the time of admission, an *investment entity must have net tangible assets of at least \$15 million after deducting the costs of fund raising.

Introduced as Rule 1.3.1A 01/07/96 Origin: Listing Rule 1A(3)(b)(iv)a Amended 01/09/99, 19/12/16, XX/XX/22

Note: [Guidance Note 1 Applying for Admission – ASX Listings](#) has guidance on what is included within "net tangible assets" for these purposes.

Drafting note: ASX is proposing to amend rule 1.3.4 to remove paragraph (b), which currently allows a Pooled Development Fund ("PDF") to list on ASX if it has net tangible assets of at least \$2 million (after deducting the costs of fund raising). The Australian government's PDF program was closed for new registrations in 2007. ASX is also proposing to add a note to rule 1.3.4 to cross-refer to guidance set out in [Guidance Note 1 Applying for Admission – ASX Listings](#) on what is included within "net tangible assets" for the purposes of that rule.

1.4.7 It must include statements that:

- (a) ASX does not take any responsibility for the contents of the *information memorandum;
- (b) the fact that ASX may admit the entity to its *official list is not to be taken in any way as an indication of the merits of the entity;
- (c) if the *information memorandum includes a statement claiming to be made by an expert or based on a statement made by an expert, a statement that the expert has given, and has not withdrawn, consent to the issue of the *information memorandum with the particular statement included in its form and context; and

Deleted: In deciding if an entity's total tangible assets are in a form readily convertible to cash, ASX would normally not treat inventories and receivables as readily convertible to cash.

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(a) It must

Deleted: (b) . It must be a *pooled development fund and have net tangible assets of at least \$2 million after deducting the costs of fund raising.¶

Deleted: ASX would normally not treat a limited recourse loan as a tangible asset.

- (d) the entity has not raised any capital for the 3 months before the date of issue of the *information memorandum and will not need to raise any capital for 3 months after the date of ~~its admission to the *official list~~; and

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1.4.8 It must include a statement that the entity will issue a supplementary information memorandum if the entity becomes *aware of any of the following between the issue of the *information memorandum and the date the entity's *securities are *quoted or reinstated:

- (a) a material statement in the *information memorandum is misleading or deceptive;
- (b) there is a material omission from the *information memorandum;
- (c) there has been a significant change affecting a matter included in the *information memorandum; or
- (d) a significant new circumstance has arisen and it would have been required to be included in the *information memorandum.

Introduced 01/05/13 Amended 19/12/16, 01/07/22, XX/XX/22

Drafting note: ASX is proposing to amend rule 1.4.7 to extend the date that an entity being listed on the basis of an information memorandum must not undertake a capital raising from (a) 3 months after the date of issue its information memorandum, to (b) 3 months after the date of its admission to the official list.

Currently rule 1.4.7 requires a listing information memorandum to include a statement that the entity has not raised any capital for the 3 months before the date of issue of the information memorandum and will not need to raise any capital for 3 months after the date of issue of the information memorandum. The appropriateness of the latter restriction came into focus in a recent listing by information memorandum where the entity's admission to the official list was delayed for a period and it had issued a supplementary information memorandum in the meantime. The specific issue in that case was whether the 3 month period in rule 1.4.7 should run from the date of the initial information memorandum or from the date of the supplementary information memorandum. Having regard to the purpose of rule 1.4.7, ASX considers it best for the 3 month period in rule 1.4.7 to run for 3 months after the date of an entity's admission to the official list, rather than for 3 months after the date of its information memorandum.

It should be noted that the mark-ups to rule 1.4.7 above assume that amendments to that rule proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of rule 1.4.7 at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

...

ASX Debt Listing

Requirements for admission as an ASX Debt Listing

1.8 For an entity to be admitted to the *official list as an ASX Debt Listing, the following conditions must be met to ASX's satisfaction.

Introduced 01/07/96 Amended 30/09/01

...

Condition 3 The entity must satisfy one of (a), (b) or (c):

- (a) the entity must:
 - (i) have net tangible assets at the time of admission of at least \$10 million; and

- (ii) give ASX its *accounts for the last 2 full financial years (or a shorter period if ASX agrees).

If the entity is proposing to offer or issue *retail debt securities, the accounts must be audited and the entity must provide the audit report or review to ASX and the audit report or review must not contain a modified opinion, emphasis of matter or other matter paragraph that ASX considers unacceptable.

- (b) all *debt securities to be issued by the entity for which the entity will seek quotation will be unconditionally and irrevocably guaranteed for the period of quotation of the securities **by an entity of the type referred to in condition 2 above** and the guarantor must:
- (i) at the time of admission of the entity to **the *official list have** net tangible assets of at least \$10 million;
 - (ii) give ASX its *accounts, together with any audit report or review for the last 2 full financial years (or a shorter period if ASX agrees); and
 - (iii) provide an undertaking to provide to ASX for release to the market the documents required to enable the entity to comply with rule 4.7A.1.

If the entity is proposing to offer or issue *retail debt securities, the accounts must be audited and the guarantor must provide the audit report or review to ASX and the audit report or review must not contain a modified opinion, emphasis of matter or other matter paragraph that ASX considers unacceptable.

- (c) the *debt securities for which the entity seeks quotation are rated at least "investment grade" by any of Moody's Investor Services Inc., Standard & Poors, Inc., and Fitch, Inc. or any other credit rating agency advised to the market by ASX from time to time or any of their subsidiaries and none of those credit rating agencies has issued a rating less than "investment grade" in relation to those *debt securities.

Note: If the issue of debt securities is a retail issue, ASX will expect the issuer to provide investors with details of not only the rating, but also some explanation of the rating and its significance in the context of other ratings. For example, this could be done by including a comparative table, with brief descriptions of each category of rating.

ASX recognises that there may need to be changes to the credit rating agencies on whose ratings it believes it can reasonably rely. Those changes may consist of either additions to or deletions from the list of credit ratings agencies advised by ASX to the market.

Introduced 01/07/96 Amended 30/09/01, 24/10/05, 19/12/16, 01/07/22, XX/XX/22

Deleted: . If the *accounts have not been audited or reviewed, the entity must tell ASX

Deleted: If its *accounts have not been audited or reviewed, the guarantor must tell ASX

Drafting note: ASX is proposing to amend rule 1.8 conditions 3(a) and (b) to require the accounts given to ASX by an entity or its guarantor to be audited if the entity is proposing to offer or issue retail debt securities.

It should be noted that the mark-ups to rule 1.8 conditions 3(a) and (b) above assume that amendments to those conditions proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of those conditions at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

Condition 6 If the entity is a *foreign entity, ASX must be satisfied that the entity has the capacity to issue the *debt securities under its constitution and the laws that govern it and, if the entity is listed on an *overseas home exchange, the issue of the *debt securities complies with the listing rules (or their equivalent) of its *overseas home exchange.

Introduced 01/07/96 Origin: Listing Rule 1A(8)(i) Amended 01/07/00, 24/10/05, 04/03/13, 19/12/16, XX/XX/22

Drafting note: ASX is proposing to amend rule 1.8 condition 6 to clarify its intended operation.

Condition 9 The entity must appoint a person acceptable to ASX to be responsible for communication with ASX in relation to listing rule matters.

Introduced 11/3/02 Amended 19/12/16, XX/XX/22

Note: Guidance Note 29 Applying for Admission – ASX Debt Listings has guidance on when a person might or might not be acceptable to ASX to be appointed as the person to be responsible for communication with ASX on listing rule matters.

An entity may appoint more than one person to be responsible for communication with ASX on listing rule matters. If it does so, each person must be acceptable to ASX.

The appointment of such a person is for administrative purposes only and does not in any way abrogate the responsibility of the listed entity to comply with the Listing Rules.

Drafting note: ASX is proposing to amend rule 1.8 condition 9 to require the person appointed to be responsible for communication with ASX in relation to listing rule matters to be someone acceptable to ASX. Guidance Note 29 *Applying for Admission – ASX Debt Listings* will have guidance on when a person might or might not be acceptable to ASX for these purposes.

ASX is also proposing to make minor changes to the note to rule 1.8 condition 9 to improve the drafting.

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ASX Foreign Exempt Listing

Requirements for admission as an ASX Foreign Exempt Listing

1.11 For an entity to be admitted to the *official list as an ASX Foreign Exempt Listing, the following conditions must be met to ASX's satisfaction.

Introduced 01/07/96 Listing Rule 1B(1) Amended 30/09/01

Condition 5 The entity must apply for and be granted permission for *quotation of:

- (a) if it is a *qualifying NZ entity, all of the *securities that are in that *class; or
- (b) if it is not a *qualifying NZ entity, *securities that are in the *class for which it seeks *quotation.

Introduced 01/07/96 Amended 01/06/02, 08/09/15, 19/12/16, XX/XX/22

Note: Condition 5 is satisfied if permission for quotation (ie, not actual quotation) is granted on conditions. If a condition is not satisfied, the entity may be removed from the official list.

Cross reference: Chapter 2

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Drafting note: ASX is proposing to correct a numbering error in the notes to rule 1.11 condition 5.

Condition 9 The entity must appoint a person acceptable to ASX to be responsible for communication with ASX in relation to listing rule matters.

Introduced 11/03/02 Amended 19/12/16 XX/XX/22

Note: Guidance Note 4 Foreign Entities Listing on ASX has guidance on when a person might or might not be acceptable to ASX to be appointed as the person to be responsible for communication with ASX on listing rule matters.

An entity may appoint more than one person to be responsible for communication with ASX on listing rule matters. If it does so, each person must be acceptable to ASX.

The appointment of such a person is for administrative purposes only and does not in any way abrogate the responsibility of the listed entity to comply with the Listing Rules.

Drafting note: ASX is proposing to amend rule 1.11 condition 9 to require the person appointed to be responsible for communication with ASX in relation to listing rule matters to be someone acceptable to ASX. Guidance Note 4 *Foreign Entities Listing on ASX* will have guidance on when a person might or might not be acceptable to ASX for these purposes.

ASX is also proposing to make minor changes to the note to rule 1.11 condition 9 to improve the drafting.

Deleted: 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

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ASX's discretion concerning admission

1.19 ASX has an absolute discretion in deciding whether to admit an entity to the *official list and the category of its admission, and its decision in that regard is final. ASX may admit an entity on any conditions it thinks appropriate and, if it does so, the entity must comply with the conditions. ASX may refuse to admit an entity without giving any reasons to the entity and without being obliged to afford the entity the opportunity to make further submissions on why it should be admitted to the *official list.

Introduced 01/07/96 Origin: Foreword, Listing Rules 1A(2)(c), 1B(1)(i) and 1B(2) Amended XX/XX/22

Note: Guidance Notes 1 Applying for Admission – ASX Listings, 4 Foreign Entities Listing on ASX and 29 Applying for Admission – ASX Debt Listings have guidance on when ASX may exercise its discretion not to admit an entity to the official list.

Cross reference: Listing Rule 18.9.

Drafting note: ASX is proposing to strengthen rule 1.19 to make it clear that ASX's decision on whether to admit an entity to the official list is final and that ASX may refuse an entity admission without giving any reasons to the entity and without being obliged to afford the entity the opportunity to make further submissions on why it should be admitted to the official list.

ASX's absolute discretion in rule 1.19 to reject a listing application exists to safeguard the reputation and integrity of the ASX market. It allows ASX to exclude from its market any entity where ASX has concerns, for any reason, about the suitability of the entity for admission as a listed entity.

To achieve that aim, ASX's decision to reject a listing application must be absolute and final.

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1.19A The admission of an entity to the *official list should not be interpreted in any way as an endorsement by ASX of the merits of investing in, or the prospects of, the entity. Investors should make their own enquiries and exercise due diligence before investing in the entity.

Introduced XX/XX/22

Drafting note: ASX is proposing to add a new rule 1.19A making it clear that the admission of an entity to the official list should not be interpreted in any way as an endorsement by ASX of the merits of investing in, or the prospects of, the entity and investors should make their own enquiries and exercise due diligence before investing in the entity.

Proposed amendments to Chapter 2 of the ASX Listing Rules

...

Quotation of securities on admission

Main class of securities (ASX Listing) and debt securities (ASX Debt Listing)

- 2.1 For *quotation of the *main class of *securities of an entity seeking admission to the *official list as an ASX Listing, or of *debt securities of an entity seeking admission to the *official list as an ASX Debt Listing, the following conditions must be met to ASX's satisfaction.

Introduced 01/07/96 Origin: Listing Rule 2A(2) Amended 30/09/01

...

Condition 2 The issue price or sale price of all the *securities [\(or, in the case of a *stapled group, of the *stapled securities\)](#) for which the entity seeks *quotation must be at least 20 cents in cash. [This rule does not apply to options.](#) *restricted securities ~~or~~ *securities issued under an *employee incentive scheme, [which](#) may be quoted even though they are issued or sold at less than 20 cents.

Introduced 01/07/96 Origin: Listing Rule 1A(3)(b)(i), 2A(1)(a) Amended 01/09/99, [XX/XX/22](#)

[Note: Restricted securities are not quoted until after the expiry of the escrow period.](#)

Cross reference: Listing Rules 2.12, 6.14.

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ASX is proposed to amend rule 2.1 condition 2 to improve the drafting and to make it clear that where stapled securities are being considered for quotation, the requirement that their issue price or sale price exceeds 20 cents applies to the stapled securities rather than to each of the individual securities that make up the stapled security.

...

Rules that apply to all securities

ASX's discretion concerning quotation

- 2.9 [ASX has an absolute discretion in deciding whether to grant](#) *quotation of an entity's *securities [and its decision in that regard is final](#). ASX may grant *quotation on any conditions it thinks appropriate [and, if it does so, the entity must comply with the conditions](#). ASX may refuse *quotation without giving any reasons [to the entity and without being obliged to afford the entity the opportunity to make further submissions on why its *securities should be granted *quotation](#).

Introduced 01/07/96 Origin: Foreword [Amended XX/XX/22](#)

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Drafting note: ASX is proposing to strengthen rule 2.9 to make it clear that ASX's decision on whether to grant quotation of an entity's securities is final and that ASX may refuse quotation of an entity's securities without giving any reasons to the entity and without being obliged to afford the entity the opportunity to make further submissions on why its securities should be granted quotation.

ASX's absolute discretion in rule 2.9 to reject an application for quotation of an entity's securities exists to safeguard the reputation and integrity of the ASX market. It allows ASX to exclude from its market any securities where ASX has concerns about their suitability for quotation on a public securities market.

To achieve that aim, ASX's decision to reject an application for quotation of an entity's securities must be absolute and final.

2.9A The granting of *quotation of an entity's *securities should not be interpreted in any way as an endorsement by ASX of the merits of investing in the *securities. Investors should make their own enquiries and exercise due diligence before investing in the *securities.

Introduced XX/XX/22

Drafting note: ASX is proposing to add a new rule 2.9A making it clear that the quotation of an entity's securities should not be interpreted in any way as an endorsement by ASX of the merits of investing in the securities and investors should make their own enquiries and exercise due diligence before investing in the securities.

How and when quotation occurs

2.10 ASX will quote *securities on the date it decides. ASX may quote the *securities on any conditions it thinks appropriate.

Introduced 01/07/96 Origin: Procedures 1(d), 1(e) Amended 01/12/19, 01/07/22, XX/XX/22

Note: ASX will generally publish a market ~~announcement~~ advising of ~~an entity's admission to the official list and the time at which, and date on which, quotation of its securities will commence.~~ In the case of an entity seeking ~~initial~~ quotation of securities ~~in connection with its admission to the official list.~~

- (a) If ASX agrees to a conditional market in accordance with ASX Operating Rule 3330, quotation will ~~initially commence on a~~ conditional and deferred settlement basis. ~~All trades entered into on ASX while a conditional market is in place will be subject to the applicable condition or conditions having been met and investors having been issued or transferred the securities to which they are entitled under the entity's listing prospectus, PDS or information memorandum. If the applicable condition or conditions are met, the trades become unconditional and are usually settled three business days after the market has been notified that the applicable condition or conditions have been met and securities have been issued or transferred to investors. If the applicable condition or conditions are not met, all trades entered into during the conditional market are cancelled.~~
- (b) ~~Where paragraph (a) above does not apply,~~ quotation will usually be granted on a normal (T+2 ~~settlement~~) basis ~~3 business days~~ after ASX is satisfied that the entity has met all of the conditions for its admission to the official list, ~~subject to the entity complying with paragraph (c) or (d) below (as applicable).~~
- (c) ~~If the entity's capital raising includes a general public offer component, ASX must receive confirmation from the entity by no later than 3 business days before the intended date for the commencement of quotation of the entity's securities on ASX that the entity has dispatched holding statements for securities issued or transferred to holders under the entity's listing prospectus, PDS or information memorandum.~~
- (d) ~~If the entity's capital raising did not include a general public offer component (eg it was limited to institutional offers, broker-firm offers and/or invitation-only offers), it is sufficient for the entity to provide confirmation it has dispatched holding statements for securities issued or transferred to holders under the entity's listing prospectus, PDS or information memorandum by no later than 9.00am (Sydney time) on the morning of the intended date for the commencement of quotation of the entity's securities on ASX.~~

~~If ASX does not receive the confirmations referred to in paragraph (c) or (d) above (as applicable) within the timeframe referred to in that paragraph, this is likely to delay the commencement of quotation of the entity's securities or result in their immediate suspension from quotation.~~

~~To cater for investors who may not receive their holding statements before the commencement of quotation of the entity's securities, ASX expects an entity to make appropriate arrangements (such as having a security information centre with toll free telephone lines) to provide information to investors about their allocations and to address any other queries they may have about their holdings, starting the day before the intended date for the commencement of quotation of the entity's securities on ASX and continuing for at least 5 trading days after that date.~~

In the case of an ~~Australian registered scheme, CCIV sub-fund or foreign passport entity~~ seeking quotation of newly issued securities, if the cooling off period under section 1019B of the Corporations Act applies, ~~ASX will generally not grant quotation until the 19th day after the securities have been issued.~~

Drafting note: ASX is proposing to expand the notes to rule 2.10 to clarify their intended operation, particularly in relation to conditional markets.

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It should be noted that the mark-ups to rule 2.10 above assume that amendments to that rule proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of rule 2.10 at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

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Proposed amendments to Chapter 3 of the ASX Listing Rules

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False market

- 3.1B If ASX considers that there is or is likely to be a false market in an entity's *securities and asks the entity to give it *information to correct or prevent a false market, the entity must immediately give ASX that information.

Introduced 01/01/03 Amended 01/05/13, [XX/XX/22](#)

Note: ~~The term "false market" refers to a situation where there is material misinformation or materially incomplete information in the market which is compromising proper price discovery. This may arise, for example, where: (a) an entity has made a false or misleading announcement; (b) there is other false or misleading information, including a false rumour, circulating in the market; or (c) a segment of the market is trading on the basis of market sensitive information that is not available to the market as a whole.~~ The obligation to give information under this rule arises even if ~~an~~ exception under Listing Rule 3.1A applies.

Cross-reference: Listing Rules 3.1, 3.1A, 18.7A; Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1-3.1B*.

Drafting note: ASX is proposing to introduce a note to rule 3.1B explaining the term "false market".

...

3.10.3E Details of the cessation of:

- (a) any securities issued under an *employee incentive scheme:
 - (i) to *key management personnel or an *associate, within 5 *business days of their cessation;
 - (ii) to someone who is not *key management personnel or an *associate, within 10 *business days of the end of the quarter in which the cessation occurred;
- (b) any other *equity securities not otherwise notifiable to ASX under rule 3.8A, within 5 *business days of their cessation; or
- (c) any quoted *debt securities, within 5 *business days of their cessation.

The notification must be in the form of, or accompanied by, an Appendix 3H.

[This notification requirement does not apply to the expiry of a quoted option without it being exercised or of a quoted *convertible security without it being converted.](#)

Introduced 05/06/21 Amended 01/07/22, [XX/XX/22](#)

Note: For the purposes of this rule, the "cessation" of a security includes:

- the expiry of an [unquoted option without it being exercised](#) or [of an unquoted convertible security without it being converted](#);
- the lapse of a conditional right to equity securities because the conditions have not been, or have become incapable of being, satisfied;
- the cancellation of a security pursuant to a minimum holding buy-back, employee share scheme buy-back, on-market buy back, equal access scheme buy-back, selective buy-back or other form of buy-back
- the cancellation of a security pursuant to a reduction of capital, scheme of arrangement or other reconstruction;
- the cancellation of a security by agreement between the entity and the holder;
- the repayment or redemption of a debt security or convertible debt security;
- the redemption of redeemable preference securities or [redeemable CCIV sub-fund securities](#);
- the redemption of [interests in a managed investment scheme or foreign passport entity](#); and
- the cancellation of partly paid securities upon a call or instalment not being paid.

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The conversion of a convertible security (which is notifiable to ASX under rule 3.10.3B) is not regarded as the "cessation" of the convertible security for the purposes of this rule. Likewise, the payment up of a partly paid security resulting in it becoming a fully paid security (which is notifiable to ASX under rule 3.10.3D) is not regarded as the "cessation" of the partly paid security for the purposes of this rule.

This rule does not apply to the cancellation of securities pursuant to a buy-back. Such cancellations are required to be notified to ASX via the lodgement of an Appendix 3H within the time frame specified in rule 3.8A and are therefore excluded from rule 3.10.3E(b).

This rule also does not apply to the expiry of a quoted option without it being exercised or the expiry of a quoted convertible security without it being converted. The expiry dates for these securities are captured within ASX's systems and they are automatically removed from the entity's list of outstanding securities on the expiry date.

Guidance Note 30 *Notifying Changes in Issued Securities and Applying for Quotation of New or Additional Securities* has further guidance on the operation of rule 3.10.3E.

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Drafting note: ASX is proposing to exclude from the notification obligations in rule 3.10.3E the expiry of a quoted option or other quoted convertible security without it being exercised or converted. The cessation of quoted options or other quoted convertible securities is required to be notified to ASX under the timetable in section 5 of Appendix 6A (which is proposed to be amended to clarify how such notifications are given to ASX in the manner as set out below).

It should be noted that the mark-ups to rule 3.10.3E above assume that amendments to that rule proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of rule 3.10.3E at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

3.10.10 If it agrees to a material change to the escrow arrangements for any *securities subject to voluntary escrow.

Introduced XX/XX/22

Note: A change to the date on which, or to the conditions on which, voluntary escrow restrictions are due to be lifted would be considered a material change for the purposes of this rule.

Securities issued under an employee incentive scheme that have restrictions on their transfer under the terms of the scheme are not regarded as being subject to voluntary escrow.

Cross reference: Listing Rules 4.10.14.

Drafting note: ASX is proposing to add a new rule 3.10.10 requiring the immediate disclosure of any agreement by an entity to a material change to the escrow arrangements for securities subject to voluntary escrow.

ASX currently imposes this requirement as a standard admission condition for any entity that has voluntary escrow arrangements in place at the time of its admission to the ASX official list. ASX is proposing to build this requirement into the Listing Rules so that it no longer has to impose this as a condition of admission.

3.16.4 If the entity is not *externally-managed, the material terms of any employment, service or consultancy agreement it or a *child entity has entered into with:

- (a) its *CEO;
- (b) any of its directors; or
- (c) any other *person or entity who is a *related party of its *CEO or any of its directors,

and of any material variation to such an agreement.

Note: The entity may satisfy this obligation by giving a copy of the agreement or variation to ASX or an announcement summarising its material terms.

[If an entity appoints an executive to its board as an executive director and it does not enter into a new employment, service or consultancy agreement with the executive in connection with that appointment, the entity should disclose under this rule the material terms of the current employment, service or consultancy agreement it or a child entity has with that executive \(see also rule 19.2\).](#)

An entity, however, is not required to disclose under this rule:

- (i) non-executive director fees paid out of a pool of remuneration approved by security holders;
- (ii) superannuation contributions in relation to such fees;
- (iii) an increase in director fees approved by security holders;
- (iv) periodic remuneration reviews in accordance with the terms of an employment, service or consultancy agreement;
- (v) provisions entitling a *CEO or director to reimbursement of reasonable out of pocket expenses;
- (vi) provisions requiring the entity to indemnify officers or exempt them from liability that conform with section 199A of the Corporations Act (or, if the entity is a *foreign entity, the laws applicable in the jurisdiction where it is established);
- (vii) provisions requiring the entity to maintain directors and officers liability insurance that conform with section 199B of the Corporations Act (or, if the entity is a *foreign entity, the laws applicable in the jurisdiction where it is established);
- (viii) provisions (commonly referred to as "access arrangements") allowing a *CEO or director access to entity records for a period of time after they cease to be a *CEO or director; or
- (ix) a bona fide employment, service or consultancy agreement, or any bona fide variation to such an agreement, that it or a *child entity has entered into with a relative of its *CEO or of any of its directors that is on arms' length and ordinary commercial terms.

Introduced 01/05/13 Amended 01/07/14, 19/12/16, 01/12/19, 01/07/22, XX/XX/22

Drafting note: ASX is proposing to add a note to rule 3.16.4 stating that if an entity appoints an executive to its board as an executive director and it does not enter into a new employment, service or consultancy agreement with the executive in connection with that appointment, the entity should disclose under that rule the material terms of the current employment, service or consultancy agreement it or a child entity has with that executive. Some listed entities have apparently been taking the view that in this scenario there is no need to disclose the material terms of the executive's current employment, service or consultancy agreement.

It should be noted that the mark-ups to rule 3.16.4 above assume that amendments to that rule proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of rule 3.16.4 at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

Laws affecting the rights or obligations of security holders in foreign entities

3.17C If a *foreign entity becomes aware of a change to the laws in the jurisdiction where it is established that materially affects the rights or obligations of its *security holders, it must immediately give ASX details of that change.

Introduced 01/05/13 Amended 19/12/16

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ASX Guidance Note 4 *Foreign Entities Listing on ASX* has guidance on the types of changes to law that may need to be disclosed under this rule.

Drafting note: ASX is proposing to make some minor drafting changes to rule 3.17C.

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Proposed amendments to Chapter 4 of the ASX Listing Rules

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Quarterly cash flow reports

4.7B An entity must complete an Appendix 4C and give it to ASX if:

- (a) the entity is not an *investment entity, *mining producing entity, *mining exploration entity, *oil and gas producing entity or an *oil and gas exploration entity) and it was admitted under [Listing Rule 1.3.2\(b\)](#);
- (b) the entity is not an *investment entity, *mining producing entity, *mining exploration entity, *oil and gas producing entity or an *oil and gas exploration entity) and it was required to comply with [Listing Rule 1.3.2\(b\)](#) because of the application of [Listing Rule 11.1.3](#); or
- (c) ASX has asked it to do so.

The entity must give ASX the completed Appendix 4C immediately the information is available for release to the market, and in any event within 1 month after the end of each quarter of its financial year. In all cases, the entity must continue providing an Appendix 4C for each quarter until it is advised by ASX that it is no longer required to do so.

Introduced 31/03/00 Amended 30/09/01, 01/12/13, 01/12/19, [XX/XX/22](#)

Note: Information about an entity's quarterly cash flows is "available for release to the market" when it has been properly compiled, verified and approved.

Cross reference: Listing Rule 4.10.19, Guidance Note 23 *Quarterly Reports*.

Drafting note: ASX is proposing to amend rule 4.7B to provide that an entity must continue providing quarterly cash flow reports until it is advised by ASX that it no longer needs to do so. In practice, this is how ASX has been administering the rule for some time.

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Deleted: The changes to rule 4.7B made on 01/12/19 come into effect for the quarter ended 31/03/20.¶

Proposed amendments to Chapter 7 of the ASX Listing Rules

Changes in capital and new issues

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Buy-backs not under the Corporations Act	7.36
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Compliance with timetables	7.40

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New issues

Issues exceeding 15% of capital

7.1 Subject to rules 7.1A and 7.1B, an *entity must not, [without the approval of the holders of its *ordinary securities](#), issue or agree to issue more *equity securities than the number calculated according to the following formula.

$$(A \times B) - C$$

where:

- A = the number of fully paid *ordinary securities on issue at the commencement of the relevant period,
- plus the number of fully paid *ordinary securities issued in the relevant period under an exception in rule 7.2 other than exception 9, 16 or 17,
 - plus the number of fully paid *ordinary securities issued in the relevant period on the *conversion of *convertible securities within rule 7.2 exception 9 where:
 - the *convertible securities were issued or agreed to be issued before the commencement of the relevant period; or

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- the issue of, or agreement to issue, the *convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
 - plus the number of fully paid *ordinary securities issued in the relevant period under an agreement to issue *securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
 - plus the number of any other fully paid *ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4,
- Note: This may include fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 17 where the issue is subsequently approved under rule 7.1.
- plus the number of partly paid *ordinary securities that became fully paid in the relevant period,
 - less the number of fully paid *ordinary securities cancelled in the relevant period;

B = 15%;

C = the number of *equity securities issued or agreed to be issued in the relevant period, excluding *securities issued or agreed to be issued in the relevant period:

- with the approval of the holders of its *ordinary securities under rule 7.1 or rule 7.4;
- under rule 7.1A.2;
- under an exception in rule 7.2; or
- where:

- the *securities have since been cancelled, lapsed or expired, or
- the agreement to issue the *securities has since been cancelled, lapsed or expired without the *securities being issued; and

“relevant period” means:

- if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or
- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

Introduced 01/07/96 Origin: Listing Rules 3E(6)(a)(i), 3E(6)(b), 3E(6)(c)(i) Amended 01/07/97, 01/07/98, 01/08/12, 04/03/13, 01/12/19, XX/XX/22

Note: Where security holders approve an issue of or agreement to issue securities under rule 7.1, the securities must be issued within the applicable 3 or 6 month period referred to in rule 7.3.4 or else the approval will lapse. If the approval lapses, the securities can no longer be counted in variable A above as securities issued with an approval under rule 7.1 and must instead be counted in variable C above.

Securities issued without security holder approval with the benefit of a waiver from rule 7.1 are usually treated as being issued with security holder approval under rule 7.1 unless the terms of the waiver provide otherwise.

Where an eligible entity obtains security holder approval to increase its issuance capacity under rule 7.1A, any ordinary securities issued under that additional issuance capacity will not be counted in variable “A” in the formula in rule 7.1 until their issue has been approved subsequently under rule 7.4, or 12 months has passed since their issue.

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Drafting note: ASX is proposing to modify the definition of “C” in the formula in rule 7.1 so that the exclusions to “C” more clearly apply to agreements to issue equity securities, as well as issues of equity securities, that are approved by security holders under rule 7.1 or 7.4 or that fall within rule 7.1A.2 or an exception in rule 7.2. It also proposes to extend those exclusions to apply to: (a) securities issued during the “relevant period” that have since been cancelled, lapsed or expired, and (b) agreements to issue securities entered into in the “relevant period” where the agreement has since been cancelled, lapsed or expired without the securities being issued.

...

Exceptions to rule 7.1 and rule 7.1A

7.2 Rule 7.1 and rule 7.1A do not apply in any of the following cases.

Amended 01/08/12

...

Exception 3 An issue of *securities to make up the shortfall on:

- a *pro rata issue to holders of *ordinary securities; or
- a *pro rata issue to holders of *ordinary securities and to holders of other *equity securities to the extent that the terms of issue of the *equity securities permit participation in the *pro rata issue.

The offer documentation for the *pro rata issue must state that:

- if the entity is a *company, the directors of the entity reserve; or
- if the entity is not a *company, its *governing body reserves,

the right to issue the shortfall and what their allocation policy will be in relation to the shortfall.

The allocation policy must provide that in the first instance the shortfall will be offered to all holders who participated in the *pro rata issue and indicated that they wished to apply for more than their entitlement. The offer of the shortfall must be made to them on a pro rata basis, based either on:

- the size of their existing holdings on the *record date for the *pro rata issue or an earlier date selected by the entity; or
- the number of *securities they have applied for in excess of their entitlement under the *pro rata issue.

The entity must make the issue to make up the shortfall not later than 3 months after the close of the offer and the issue price must not be less than the price at which the *securities were offered under the *pro rata issue.

Introduced 01/07/96 Origin: Listing rule 3E(6)(c)(vi) Amended 01/07/98, 24/10/05, 14/04/14, 01/12/19, 01/07/22, XX/XX/22

Note: The specific references in this rule to the entity’s governing body override the general rules in rules 19.11B – 19.11D on how to interpret references to the directors of an entity in the listing rules where the entity is a managed investment scheme, CCIV sub-fund, foreign passport entity or foreign passport entity sub-fund.

Drafting note: ASX is proposing to amend exception 3 in rule 7.2 to eliminate some inappropriate practices ASX has occasionally observed in relation to the allocation arrangements for the shortfall from a pro rata offer, where directors give larger allocations to particular shareholders they favour, compared to other shareholders.

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The proposed changes are similar in nature to those proposed for SPPs mentioned below. They will require an entity to set out its shortfall allocation policy in the offer documentation for a pro rata issue. The allocation policy must provide that in the first instance the shortfall will be offered to all holders who participated in the pro rata issue and indicated that they wished to apply for more than their entitlement. The offer of the shortfall must be made to them on a pro rata basis, based either on the size of their existing holdings on the record date for the pro rata issue (or an earlier date selected by the entity) or the number of securities they have applied for in excess of their entitlement under the pro rata issue.

This will not prevent an entity from adopting different allocation arrangements for a pro rata issue. If it does, however, the issue will no longer satisfy exception 3 in rule 7.2. It will therefore require security holder approval under rule 7.1 or otherwise reduce the entity's capacity under that rule to make placements of up to 15% of its ordinary share capital without security holder approval.

ASX is particularly interested in feedback on whether the two alternative bases for allocating the shortfall on a pro rata issue are appropriate and workable in practice – ie (1) pro rata to the size of a person's security holdings on the record date for the pro rata issue (or an earlier date selected by the entity), or (2) pro rata to the number of securities a person has applied for under the pro rata issue. ASX is also interested in any alternative approaches stakeholders may wish to suggest for the allocation of a shortfall from a pro rata issue.

It should be noted that the mark-ups to rule 7.2 exception 3 above assume that amendments to that exception proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of exception 3 at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

...

Exception 5

An issue of *securities under a *security purchase plan that satisfies the conditions in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 or that would otherwise satisfy those conditions but for the fact that the entity's securities have been suspended from trading on ASX for more than a total of 5 days during the 12 months before the day on which the offer is made under the plan or, if the securities have been quoted on ASX for less than 12 months, during the period of quotation.

[The offer documentation for the *security purchase plan must disclose any scale-back arrangements to be applied in the event the offer is oversubscribed. The scale-back arrangements may include measures to address *security holders who have acquired nominal holdings so as to receive an offer, or split their holdings to receive multiple offers, under the *security purchase plan but otherwise the scale-back must be applied on a pro rata basis to all holders who participate in the *security purchase plan, based either on:](#)

- [the size of their security holdings on the *record date for the plan offer or an earlier date selected by the entity; or](#)
- [the number of securities they have applied for under the *security purchase plan.](#)

Exception 5 is only available once in any 12 month period and if:

- the number of *securities to be issued is not greater than 30% of the number of fully paid *ordinary securities already on issue; and
- the issue price of the *securities is at least 80% of the *volume weighted average market price for *securities in that *class, calculated over the last 5 days on which sales in the *securities

were recorded, either before the day on which the issue was announced or before the day on which the issue was made.

Exception 5 does not apply to an issue of *securities under an agreement to *underwrite the shortfall on a *security purchase plan.

Introduced 31/03/04 Amended 01/06/10, 01/07/14, 01/12/19, [XX/XX/22](#)

Note: ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 provides relief from the prospectus and PDS provisions of the Corporations Act for qualifying share and interest purchase plans. Where the conditions in that class order are not satisfied, the entity will generally need to prepare a disclosure document or PDS for an offer of securities under a security purchase plan.

Drafting note: In the early stages of the COVID-19 pandemic ASX introduced temporary emergency relief (**COVID-19 relief**) to facilitate capital raisings in a difficult and uncertain environment. For a capital raising that had a security purchase plan (**SPP**) component, ASX imposed a requirement that the entity had to disclose the scale-back arrangements to be applied in the event the SPP offer was over-subscribed. The scale back arrangements could include measures to prevent security holders splitting holdings to obtain a larger offer under the SPP but otherwise had to be applied on a pro rata basis to all participants, based either on the size of their existing security holdings or on the number of securities they had applied for.

This requirement was aimed at pre-empting some inappropriate practices ASX had occasionally observed in relation to SPPs, where directors would apply preferential scale-back arrangements to themselves or to particular security holders they favoured, compared to other security holders.

ASX is proposing to impose a similar requirement on exception 5 in rule 7.2. This will not prevent an entity from adopting different scale back arrangements for an SPP to those described above. If it does, however, the SPP offer will no longer satisfy exception 5 in rule 7.2. It will therefore require security holder approval under rule 7.1 or otherwise reduce the entity's capacity under that rule to make placements of up to 15% of its ordinary share capital without security holder approval.

ASX is particularly interested in feedback on whether the two alternative bases proposed for conducting a scale-back on an SPP are appropriate and workable in practice – ie (1) pro rata to the size of a person's security holdings on the record date for the SPP offer (or an earlier date selected by the entity), or (2) pro rata to the number of securities a person has applied for under the SPP. ASX is also interested in any alternative approaches stakeholders may wish to suggest for SPP scale-backs.

Concerns have also been raised with ASX that some investors are "gaming" SPPs, for example, by: (a) acquiring a single share in a large number of listed entities, so that they can then qualify for any SPP offer those entities may make and potentially acquire up to \$30,000 worth of the entity's securities, usually at a discount to the prevailing market price; or (b) splitting holdings between multiple related parties to qualify for multiple offers of \$30,000 worth of the entity's securities.

ASX has sought to address this concern by including a general statement that the scale-back arrangements for an SPP may include measures to address security holders who have acquired nominal holdings so as to receive an offer, or split their holdings to receive multiple offers, under the SPP. ASX is interested in feedback on whether this is sufficient or whether there are better or more specific mechanisms that could be built into the rules to address this issue.

For example, it has been suggested to ASX that one way to tackle this issue would be to scale back SPPs initially based on the size of a security holder's holding on the record date for the plan offer (or an earlier date selected by the entity) and then, if excess securities remain after this, then scale back based on the number of securities the holder has applied for under the SPP. ASX would welcome feedback on this suggestion and whether it would be workable in practice.

Exception 9

An issue of *securities ~~resulting from~~ the *conversion of *convertible securities in accordance with their terms. The entity must have issued the *convertible securities:

- (a) before it was listed and disclosed the existence and material terms of the *convertible securities in the *prospectus, *PDS or *information memorandum lodged with ASX under rule 1.1 condition 3; or
- (b) after it was listed and complied with the Listing Rules when it did so.

and not altered the terms of the convertible securities in any material respect since then unless it did so with the approval of the holders of its *ordinary securities. The notice of meeting seeking such an approval must include a *voting exclusion statement.

In the case of (a) above, the issue is taken to have been approved under rule 7.1.

Introduced 01/07/96 Origin: Listing Rule 3E(6)(c)(iii) Amended 01/07/98, 01/12/19, XX/XX/22

Note: An option is a convertible security for the purposes of the Listing Rules.

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Drafting note: ASX is proposing to amend rule 7.2 exception 9 (issues of securities made as a result of the conversion of convertible securities) so that the exception only applies where the entity has not altered the terms of the convertible securities in any material respect since they were issued unless it did so with the approval of the holders of its ordinary securities. This will effectively require the conversion of convertible securities to take place in accordance with their original terms unless any material changes to those terms have been approved by the holders of its ordinary securities. This is intended to address an argument sometimes made to ASX that an issue falls within this exception even though the entity has subsequently agreed to make material changes to the terms of conversion attaching to the convertible securities without security holder approval.

Exception 13

An issue of *securities under an *employee incentive scheme if within 3 years before the *issue date:

- (a) in the case of a scheme established before the entity was listed — a summary of the *terms of the scheme and the maximum number of *equity securities proposed to be issued under the scheme were set out in the *prospectus, *PDS or *information memorandum lodged with ASX under rule 1.1 condition 3; or
- (b) the holders of the entity's *ordinary securities have approved the issue of * equity securities under the scheme as an exception to this rule. The notice of meeting must have included:
 - a summary of the *terms of the scheme.
 - the number of *securities issued under the scheme since the entity was listed or the date of the last approval under this rule;
 - the maximum number of *equity securities proposed to be issued under the scheme following the approval; and
 - a *voting exclusion statement.

Exception 13 is only available if and to the extent that the number of *equity securities issued under the scheme does not exceed the maximum number set out in the entity's *prospectus, *PDS or *information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

Exception 13 ceases to be available if there is a material change to the terms of the scheme from those set out in the entity's *prospectus, *PDS or *information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

Introduced 01/07/96 Origin: Listing Rule 7.2 Exception 8(a) & (b); Listing Rule 3E(6)(c)(viii)b Amended 01/07/00, 11/03/02, 31/04/04, 04/03/13, 19/12/16, 01/12/19

Note: In determining whether the maximum number of securities that can be issued under an employee incentive scheme has been reached, where an entitlement to equity securities under an employee incentive scheme is cancelled or lapses (eg because a person ceases to be an employee or an attaching performance hurdle is not met), those securities are to be disregarded from the point at which the entitlement is cancelled or lapses.

Drafting note: ASX is proposing to add a note to rule 7.2 exception 13 (issues under approved employee incentive schemes) clarifying that in determining whether the maximum number of securities that can be issued under an employee incentive scheme has been reached, where an entitlement to equity securities under an employee incentive scheme is cancelled or lapses (eg because a person ceases to be an employee or an attaching performance hurdle has not been met), those securities are to be disregarded from the point at which the entitlement is cancelled or lapses.

...
Exception 16

An issue of *securities under and in accordance with an agreement to issue *securities. The entity must have entered into the agreement:

- (a) before it was listed and disclosed the existence and material terms of the agreement in the *prospectus, *PDS or *information memorandum lodged with ASX under rule 1.1 condition 3; or
- (b) after it was listed and complied with the Listing Rules when it did so,

and not altered the terms of the agreement in any material respect since then unless it did so with the approval of the holders of its *ordinary securities. The notice of meeting seeking such an approval must include a *voting exclusion statement.

In the case of (a) above, the issue is taken to have been approved under rule 7.1.

Introduced 01/09/99 Amended 01/12/19, XX/XX/22

Drafting note: ASX is proposing to amend rule 7.2 exception 16 (issues of securities made in accordance with agreements to issue securities) so that the exception only applies where the entity has not altered the terms of the agreement in any material respect since it was entered into unless it did so with the approval of the holders of its ordinary securities. This will effectively require the issue of securities under the agreement to take place in accordance with the original terms of the agreement unless any material changes to those terms have been approved by the holders of its ordinary securities. Again, this is intended to address an argument sometimes made to ASX that an issue falls within this exception even though the entity has subsequently agreed to make material changes to the terms of the agreement without security holder approval.

Exception 17

An agreement to issue *equity securities that is conditional on the holders of the entity's *ordinary securities approving the issue under rule 7.1 before the issue is made. If an entity relies on this exception it must not issue the *equity securities without such approval and, once that approval has been obtained, must not alter the terms of the agreement in a material respect without the further approval of the holders of its *ordinary securities. The notice of meeting seeking such an approval or further approval must include a *voting exclusion statement.

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Drafting note: ASX is proposing to amend rule 7.2 exception 17 (agreements to issue securities that are conditional on security holder approval) in a similar manner to the amendments it proposes above to rule 7.2 exception 16.

Rules that apply to certain non-pro rata issues

7.10 An entity that conducts a non-pro rata offer of ordinary *securities comprising more than 10% of the number of ordinary securities it has on issue at the commencement of the offer or for an aggregate issue price of more than \$50 million (whichever is the lesser) must:

(a) disclose in the documentation for the offer whether existing holders of *securities will be entitled to participate in the offer and, if so, on what basis;

(b) within 5 business days of completing the offer, announce to the market:

(i) the results of the offer; and

(ii) details of the approach the entity took in identifying investors to participate in the offer and how it determined their respective allocations in the offer (including the key objectives and criteria that the entity adopted in the allocation process, whether one of those objectives was a best effort to allocate pro rata to existing holders and any significant exceptions or deviations from those objectives and criteria); and

(c) within 5 business days of being requested to do so by ASX, provide to ASX (not for release to the market) a detailed allocation spreadsheet in electronic format showing:

(i) details of the persons to whom securities were allocated in the offer (including their name, existing holding as understood by the entity, the number of securities they applied for at or above the final price or were offered in the offer, and the number of securities they were allocated); and

(ii) details of persons who applied for securities at or above the final price and who did not receive an allocation in the offer (including their existing holding as understood by the entity and the amount of securities applied for at or above the final price).

For the purposes of determining whether this rule applies, separate offers of ordinary *securities will be aggregated if, in ASX's opinion, they form part of the same commercial transaction. ASX may, at the request of ASIC or of its own volition, provide to ASIC a copy of any allocation spreadsheet provided to ASX under this rule.

Introduced [XX/XX/20](#)

Note: "Offer" as the same meaning as in section 700(2) of the Corporations Act (see rule 19.3(a)). Under rule 3.10.4, any information memorandum for a non-pro rata offer of ordinary securities will generally need to be lodged with ASX before it is issued to prospective investors.

Drafting note: In its temporary emergency COVID-19 capital raising relief, ASX introduced requirements for entities relying on that relief to undertake a capital raising involving an initial placement to institutional investors followed by a pro rata or SPP offer to retail investors, to disclose various information about their approach to determining who participated in the placement. This included information about the key objectives and criteria that the entity adopted in the allocation process, whether one of those objectives was a best effort to allocate pro rata to existing holders and any significant exceptions or deviations from those objectives and criteria.

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The feedback ASX has received from investor groups, regulators and other stakeholders is that these additional disclosure requirements improved their level of confidence that large placements were being allocated fairly and appropriately.

ASX is seeking views from stakeholders on whether ASX should impose these disclosure requirements for all material placements by way of a non-pro rata offer going forward.

ASX would do this by adding a new rule 7.10 requiring an entity conducting a material non-pro rata offer of ordinary securities to make corresponding disclosures to those required under the temporary emergency COVID-19 capital raising relief, as set out above.

It has been suggested to ASX that a non-pro rata offer of ordinary securities by an entity should be regarded as material, and therefore require the disclosures mentioned above, if it comprises more than 10% of the number of ordinary securities the entity has on issue at the commencement of the offer or for an aggregate issue price of more than \$50 million (whichever is the lesser). ASX would welcome specific feedback from stakeholders on the appropriateness of these materiality thresholds.

...

Proposed amendments to Chapter 8 of the ASX Listing Rules

...

Transfers of securities

No interference etc with transfer of securities

8.10 An entity must not in any way prevent, delay or interfere with the registration of a transfer document relating to quoted *securities. This rule does not apply to a paper-based transfer document which is not a proper instrument of transfer nor, in the case of in a *stapled group, to an attempted transfer of some, but not all, of the individual *securities that together make up a *stapled security, in breach of the constitutional or contractual arrangements that prevent those *securities from being traded separately.

Introduced 01/07/96 Origin Listing Rules 3D(3A)(a), 3D(3B)(a)(i), 3D(3B)(b)(i) Amended 01/09/99, 30/09/01, 11/03/02, 17/12/10

Cross reference: ASX Settlement Operating Rule 5.8.

8.10.1 However, the entity may apply, or ask the *approved CS facility to apply, a *holding lock to prevent a transfer, or refuse to register a paper-based transfer document, in any of the following circumstances.

Introduced 01/07/96 Origin: Listing Rule 3D(3A) Amended 01/09/99, 11/03/01, 11/03/04, 03/05/04

...

(d) The entity is required or permitted to apply a holding lock on the *securities under the Listing Rules.

Introduced 01/07/96 ~~Amended XX/XX/20.~~

Cross reference: Rules 9.1(e)(iii) and 18.8(h), ASX Settlement Operating Rule 8.15.2A.

Drafting note: ASX is proposing to amend rule 8.10 to allow a stapled group to prevent a security holder attempting to transfer some, but not all, of the individual securities that together make up a stapled security, in breach of the applicable stapling arrangements. This will eliminate the need for ASX to grant the standard waivers it currently grants to stapled groups in this regard.

ASX is also proposing to amend rule 8.10.1(d) (currently shown as deleted) to remove any doubt that a listed entity has the power to impose a holding lock whenever it is required or permitted to do so under the Listing Rules. This is to address an argument that the application of a holding lock on securities outside of the specific circumstances set out in rules 8.10.1(a)-(c) and (e)-(h) requires the agreement of the registered holder of the securities under rule 8.10.3(i).

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Proposed amendments to Chapter 10 of the ASX Listing Rules

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Exceptions to rule 10.1

10.3 Rule 10.1 does not apply to any of the following.

...

- (e) An acquisition or disposal under [and in accordance with](#) an agreement to acquire or dispose of a substantial asset. The entity must have entered into the agreement,
 - (i) [before it was listed and disclosed the existence and material terms of the agreement in the *prospectus, *PDS or *information memorandum lodged with ASX under rule 1.1 condition 3, or](#)
 - (ii) [after it was listed and complied with the Listing Rules when it did so, and not altered the terms of the agreement in any material respect since then unless it did so with the approval of the holders of its *ordinary securities. The notice of meeting seeking such an approval must include a *voting exclusion statement.](#)
- (f) An agreement to acquire or dispose of a substantial asset that is conditional on the holders of the entity's *ordinary securities approving the transaction under rule 10.1 before the agreement is given effect to. If an entity relies on this exception it must not give effect to the agreement without such approval.
- (g) An agreement or transaction between the entity and a person who would not otherwise be a *related party but for the fact that they believe, or have reasonable grounds to believe, that they are likely to become a *related party in the future because of the agreement or transaction.

Introduced 01/07/97 Origin: Listing Rules 3J(3)(h) Amended 13/03/00, 01/12/19, [XX/XX/22](#)

Drafting note: In line with the changes ASX is proposing to exceptions 7, 10 and 11 of rule 10.12 below, ASX is proposing to amend rule 10.3 exception (e) (acquisitions or disposals of substantial assets in accordance with approved agreements) so that the exception only applies where the entity has not altered the terms of the agreement in any material respect since it was entered into unless it did so with the approval of the holders of its ordinary securities. This will effectively require the acquisition or disposal to take place in accordance with the original terms of the agreement unless any material changes to those terms have been approved by the holders of its ordinary securities. Again, this is intended to address an argument sometimes made to ASX that an acquisition or disposal of a substantial asset falls within this exceptions even though the entity has subsequently agreed to make material changes to the terms of the agreement without security holder approval.

...

Exceptions to rule 10.11

10.12 The exceptions referred to in rule 10.11 are as follows.

...

- Exception 4* An issue of *securities under a *security purchase plan that satisfies the conditions in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 or that would otherwise satisfy those conditions but for the fact that the entity's securities have been suspended from trading on ASX for more than a total of 5 days during the 12 months before the day on which the offer is made under the plan or, if the securities have been quoted on ASX for less than 12 months, during the period of quotation.

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The offer documentation for the *security purchase plan must disclose any scale-back arrangements to be applied in the event the offer is oversubscribed. The scale-back arrangements may include measures to address *security holders who have acquired nominal holdings so as to receive an offer, or split their holdings to receive multiple offers, under the *security purchase plan but otherwise the scale-back must be applied on a pro rata basis to all holders who participate in the *security purchase plan, based either on:

- the size of their security holdings on the *record date for the plan offer or an earlier date selected by the entity; or
- the number of securities they have applied for under the *security purchase plan.

Exception 4 is only available once in any 12 month period and both of the following must apply:

- The number of *securities to be issued is not greater than 30% of the number of fully paid *ordinary securities already on issue.
- The issue price of the *securities is at least 80% of the *volume weighted average market price for *securities in that *class, calculated over the last 5 days on which sales in the *securities were recorded before the day on which the issue was announced, or the day on which the issue was made.

Exception 4 does not apply to an issue of *securities under an agreement to *underwrite the shortfall on a *security purchase plan.

Introduced 01/07/00 Amended 31/03/04, 01/06/10, 01/07/14, 01/12/19, XX/XX/22

Note: ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 provides relief from the prospectus and PDS provisions of the Corporations Act for qualifying share and interest purchase plans. Where the conditions in that class order are not satisfied, the entity will generally need to prepare a prospectus or PDS for an offer of securities under a security purchase plan.

Drafting note: ASX is proposing to amend rule 10.12 exception 4 in a similar manner to the amendments it proposes above to rule 7.2 exception 5.

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Exception 7

An issue of *securities resulting from the *conversion of *convertible securities, in accordance with their terms. The entity must have issued the *convertible securities:

- (a) before it was listed and disclosed the existence and material terms of the *convertible securities in the *prospectus, *PDS or *information memorandum lodged with ASX under rule 1.1 condition 3, or
- (b) after it was listed and complied with the Listing Rules when it did so,

and not altered the terms of the convertible securities in any material respect since then unless it did so with the approval of the holders of its *ordinary securities. The notice of meeting seeking such an approval must include a *voting exclusion statement.

Introduced 01/07/98 Amended 01/12/19, XX/XX/22

Note: An option is a convertible security for the purposes of the Listing Rules.

Drafting note: ASX is proposing to amend rule 10.12 exception 7 in a similar manner to the amendments it proposes above to rule 7.2 exception 9.

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Exception 10 An issue under [and in accordance with](#) an agreement to issue *securities. The entity must have entered into the agreement:

- (a) before it was listed and disclosed the existence and material terms of the agreement in the *prospectus, *PDS or *information memorandum lodged with ASX under rule 1.1 condition 3, or
- (b) after it was listed and complied with the [Listing Rules](#) when it did so,

[and not altered the terms of the agreement in any material respect since then unless it did so with the approval of the holders of its *ordinary securities. The notice of meeting seeking such an approval must include a *voting exclusion statement.](#)

Introduced 30/09/01 Amended 01/12/19, [XX/XX/22](#)

Drafting note: ASX is proposing to amend rule 10.12 exception 10 in a similar manner to the amendments it proposes above to rule 7.2 exception 16.

Exception 11 An agreement to issue *securities that is conditional on the holders of the entity's *ordinary securities approving the issue under rule 10.11 before the issue is made. If an entity relies on this exception it must not issue the *securities without such approval [and, once that approval has been obtained, must not alter the terms of the agreement in a material respect without the further approval of the holders of its *ordinary securities. The notice of meeting seeking such an approval or further approval must include a *voting exclusion statement.](#)

Introduced 30/09/01 Amended 01/12/19, [XX/XX/22](#)

Drafting note: ASX is proposing to amend rule 10.12 exception 11 in a similar manner to the amendments it proposes above to rule 7.2 exception 17.

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Termination benefits

[Termination benefits on change of control](#)

10.18 [Without the approval of holders of *ordinary securities,](#) an entity must ensure that no officer of the entity or of any of its *child entities will be entitled to *termination benefits (or any increase in them) if a change occurs in the [holding of securities](#) or control of the listed entity or *child entity. [The notice of meeting seeking such an approval must include a *voting exclusion statement.](#)

Introduced 01/07/96 Origin: Listing Rule 3J(16)(a) [Amended XX/XX/22](#)

[Termination benefits in excess of 5% of equity interests](#)

10.19 Without the approval of holders of *ordinary securities, an entity must ensure that no officer of the entity or any of its *child entities will be, or may be, entitled to *termination benefits if the value of those benefits and the *termination benefits that are or may become payable to all officers together exceed 5% of the *equity interests of the entity as set out in the latest *accounts given to ASX under the [Listing Rules](#). The notice of meeting [seeking such an approval](#) must include a *voting exclusion statement.

Introduced 01/07/96 Origin: Listing Rule 3J(16)(b) Amended 01/07/00, [XX/XX/22](#)

Cross reference: rule 19.11A.

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Drafting note: ASX is proposing to amend rule 10.18 to consistent with rule 10.19 and to empower security holders to approve an officer of the entity or of any of its child entities being entitled to termination benefits (or an increase in them) if a change occurs in the shareholding or control of the listed entity or child entity. It is also proposing a small drafting change to rule 10.19 to be consistent with the drafting of the changes to rule 10.18.

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Proposed amendments to Chapter 12 of the ASX Listing Rules

Chapter 12

On-going requirements

Table of Contents

The main headings in this chapter	Rules
Level of operations	12.1
Financial condition	12.2
Proportion of assets in cash	12.3
Level of spread	12.4
Appropriate structure and business operations	12.5
Person responsible for communications with ASX	12.6
Registration as a foreign company	12.6A – 12.6B
Audit committee	12.7
Remuneration committee	12.8
Trading Policy	12.9 – 12.12
Change in dividends, distributions or interest payments	12.13

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Appropriate structure and [business](#) operations

12.5 An entity's structure and [business](#) operations must, [in ASX's opinion](#), be appropriate for a listed entity.

Introduced 01/07/96 [Amended XX/XX/22](#)

~~For an entity to have a structure appropriate for a listed entity, among other things, the terms of its securities must comply with chapter 6 and it must have governance arrangements suitable for a listed entity.~~

[Guidance Note 1 Applying for Admission – ASX Listings has further guidance on when an entity's structure and business operations are appropriate for a listed entity.](#)

Deleted: 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.¶

Drafting note: ASX is proposing to amend rule 12.5 to be consistent with its proposed changes to rule 1.1 condition 1 above, by replacing the reference to "operations" with "business operations" and to add a reference to the entity's structure and business being "in ASX's opinion" appropriate for a listed entity. This will also make the drafting of rule 12.5 consistent with rules 12.1, 12.2 and 12.4.

Person responsible for communications with ASX

12.6 An entity must appoint and at all times have a person [acceptable to ASX who is](#) responsible for communication with ASX in relation to listing rule matters. If the entity is admitted as an ASX Listing and the person is appointed on or after 1 July 2022, the person must have completed an approved listing rule compliance course and attained a satisfactory pass mark in the examination for that course. The entity must tell ASX of the initial appointment and any change in the person.

Introduced 30/09/01 Amended 11/03/02, 01/12/19, XX/XX/22

Note: [Guidance Note 1 Applying for Admission – ASX Listings](#) has guidance on when a person might or might not be acceptable to ASX to be appointed as the person to be responsible for communication with ASX on listing rule matters.

An entity may appoint more than one person to be responsible for communication with ASX under this rule. If it does so, each person must be acceptable to ASX and, where applicable, have completed an approved listing rule compliance course and attained a satisfactory pass mark in that examination.

The appointment of such a person is for administrative purposes only and does not in any way abrogate the responsibility of the listed entity to comply with the Listing Rules.

For the avoidance of doubt, the obligation for a person appointed by an entity on or after 1 July 2022 to be responsible for communication with ASX to have completed an approved listing rule compliance course and attained a satisfactory pass mark in the examination for that course does not apply to ASX Debt Listings or ASX Foreign Exempt Listings.

Drafting note: ASX is proposing to amend rule 12.6 to require the person appointed to be responsible for communication with ASX in relation to listing rule matters to be acceptable to ASX.

In addition, ASX is proposing to amend rule 12.6 and the accompanying note to push back the date for the introduction of the requirement for a person responsible for communication with ASX in relation to listing rule matters to have completed an approved listing rule compliance course and to have attained a satisfactory pass mark in the examination for that course to 1 July 2022.

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Proposed amendments to Chapter 14 of the ASX Listing Rules

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Explanatory note

The following table gives an overview of rules which require meetings. It also indicates if there are special notice requirements under the rules for those meetings.

Rule	Heading of rule	Particular notice requirements under the listing rules to be in the notice of meeting (other than a voting exclusion statement)?
6.20.3	Participation in new issues of underlying securities	Yes
6.22.2A	Change of option's exercise price or the number of underlying securities	Yes
6.23.2 and 6.23.4	Other changes in terms of options	No
7.1	Issues exceeding 15% of capital	Yes (rule 7.3)
7.1A	Additional issuance capacity for eligible entities	Yes (rule 7.3A)
7.2 Exception 9	Exceptions to rule 7.1 (convertible securities)	No
7.2 Exception 13	Exceptions to rule 7.1 (employee incentive schemes)	Yes
7.2 Exception 16	Exceptions to rule 7.1 (agreements to issue securities)	No
7.2 Exception 17	Exceptions to rule 7.1 (agreements conditional on security holder approval)	No
7.4	Subsequent approval of an issue of securities	Yes (rule 7.5)
7.6	No issue without approval before a meeting to appoint or remove directors or governing body	No
7.9	Issues during a takeover	No
7.21	Reorganisation of convertible securities (except options)	No
7.22.6	Reorganisation of options	No
7.26.1 and 7.26.3	Cancelling forfeited shares by a limited liability company	Yes

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Rule	Heading of rule	Particular notice requirements under the listing rules to be in the notice of meeting (other than a *voting exclusion statement)?
10.1	Approval required for certain acquisitions or disposals	Yes (rule 10.5)
10.3(e)	Exceptions to rule 10.1 (agreements to acquire or dispose of substantial assets)	No
10.11	Approval required for certain issues of securities	Yes (rule 10.13)
10.12 Exception 7	Exceptions to rule 10.11 (convertible securities)	No
10.12 Exception 10	Exceptions to rule 10.11 (agreements to issue securities)	No
10.12 Exception 11	Exceptions to rule 10.11 (agreements conditional on security holder approval)	No
10.14	Approval required for certain issues of securities under an employee incentive scheme	Yes (rule 10.15)
10.17	Payments to directors	Yes
10.18	Termination benefits on change of control	No
10.19	Termination benefits in excess of 5% of equity interests	No
11.1.2	Change to activities	If ASX specifies
11.2	Change involving main undertaking	No
11.4.1(b)	No disposal of major asset without offer, or approval for no offer	No

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Drafting note: ASX is proposing to amend the table in the explanatory note at the beginning of chapter 14 listing the rules requiring security holder resolutions to correct a number of omissions and to clarify the entries in the third column.

It should be noted that the mark-ups to the table above assume that amendments to that table proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of that table at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

...

Voting exclusion statement

14.11 If a rule requires a notice of meeting to include a *voting exclusion statement, the notice of meeting must contain a statement to the following effect.

The entity will disregard any votes cast in favour of the resolution by or on behalf of:

- the named person or class of persons excluded from voting; or
- an *associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the *chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, pursuant to an express authorisation to exercise the proxy, as the *chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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Introduced 01/07/96 Amended 01/07/14, 01/12/17, 01/12/19, XX/XX/22

Note: Where a proposed resolution relates directly or indirectly to the remuneration of key management personnel and the entity is a company that is subject to section 250BD of the Corporations Act, the entity must remember to also include the voting exclusions required under that section. ASX has no objection to the voting exclusion required in relation to a resolution under the Listing Rules being combined with the voting exclusion required under section 250BD of the Corporations Act for proxy voting by key management personnel or their closely related parties on resolutions connected directly or indirectly with the remuneration of a member of key management personnel provided it excludes all votes required to be excluded under the Listing Rules. Entities will also need to ensure that the combined voting exclusion complies with section 250BD.

Cross reference: Listing Rule 14.2.3.

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Drafting note: ASX is proposing to make a minor drafting improvement to rule 14.11 to clarify its intended operation.

14.11.1 The *person excluded from voting in favour of the resolution must be named or described in the notice of meeting. The *persons who must be named or described are the following.

Rule	Disregard votes cast by:
6.20.3	a *person who is expected to participate in the proposed issue Introduced 01/07/96, 01/12/19
6.22.2A	a *person who is expected to participate in the proposed issue Introduced 01/07/97, 01/12/19
6.23.2 and 6.23.4	a *person who holds an option that is the subject of the approval Introduced 01/07/96 <u>Amended XX/XX/22</u>
7.1	in the case of a proposed issue under a *reverse takeover, the *reverse takeover target and any *person who will obtain a material benefit as a result of the *reverse takeover or the proposed issue (except a benefit solely by reason of being a holder of *ordinary securities in the entity or the *reverse takeover target) in the case of a proposed issue to fund a *reverse takeover, the *reverse takeover target, any *person who is expected to participate in the proposed issue, and any *person who will obtain a material benefit

Rule	Disregard votes cast by:
	<p>as a result of the *reverse takeover or the proposed issue (except a benefit solely by reason of being a holder of *ordinary securities in the entity or the *reverse takeover target)</p> <p>otherwise, a *person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of *ordinary securities in the entity)</p> <p>Introduced 01/07/96 Origin: Listing Rule 3E(6)(c)(viii) Amended 01/07/97, 30/09/01, 01/07/14, 01/12/17, 01/12/19</p> <p>Note: Guidance Note 21 <i>The Restrictions on Issuing Equity Securities in Chapter 7 of the Listing Rules</i> has guidance on what constitutes a material benefit for the purposes of this voting exclusion.</p>
7.1A	<p>if at the time the approval is sought the entity is proposing to make an issue of equity securities under rule 7.1A.2, any *person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of *ordinary securities in the entity)</p> <p>Introduced 01/12/19</p> <p>Note: Guidance Note 21 <i>The Restrictions on Issuing Equity Securities in Chapter 7 of the Listing Rules</i> has guidance on what constitutes a material benefit for the purposes of this voting exclusion.</p>
7.2 Exception 9	<p>a *person who is holds any of the *convertible securities whose terms are being amended</p> <p>Introduced XX/XX/22</p>
7.2 Exception 13	<p>a person who is eligible to participate in the *employee incentive scheme</p> <p>Introduced 01/07/96 Origin: Listing Rule 3E(6)(c)(viii)b.iii Amended 01/10/96, 01/07/98, 24/10/05, 01/12/19</p>
7.2 Exception 16	<p>a *person who is a counterparty to the agreement being amended</p> <p>Introduced XX/XX/22</p>
7.2 Exception 17	<p>a *person who is a counterparty to the agreement being amended</p> <p>Introduced XX/XX/22</p>
7.4	<p>a *person who participated in the issue or is a counterparty to the agreement being approved</p> <p>Introduced 01/07/96 Origin: Listing Rule 3E(6)(d)(vi) Amended 01/12/19</p>
7.6 Exception 6	<p>a *person who is expected to participate in the proposed issue</p> <p>Introduced 01/12/19</p>
7.9 Exception 6	<p>a *person who is expected to participate in the proposed issue</p> <p>Introduced 01/12/19</p>
7.26.1 and 7.26.3	<p>a *person whose shares are to be cancelled or liability released or waived</p> <p>Introduced 01/07/96 Origin: Listing Rule 3J(32)(a)(i)c, 3J(32)(a)(iii)c. Amended XX/XX/22</p>

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Rule	Disregard votes cast by:
10.1	<p>the person disposing of the substantial asset to, or acquiring the substantial asset from, the entity and any other *person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of *ordinary securities in the entity)</p> <p>Introduced 01/07/96 Origin: Listing Rule 3J(3)(d) Amended 01/12/19</p> <p>Note: Guidance Note 24 <i>Acquisitions and Disposals of Assets Involving Persons in a Position of Influence</i> has guidance on what constitutes a material benefit for the purposes of this voting exclusion.</p>
10.3(e)	<p>a *person who is a counterparty to the agreement being amended</p> <p>Introduced XX/XX/22</p>
10.11	<p>the *person who is to receive the *securities in question and any other *person who will obtain a material benefit as a result of the issue of the *securities (except a benefit solely by reason of being a holder of *ordinary securities in the entity)</p> <p>Introduced 01/07/96 Origin: Listing Rule 3E(8)(a)c.iii Amended 01/12/19, XX/XX/22</p> <p>Note: Guidance Note 25 <i>Issues of Securities to Persons in a Position of Influence</i> has guidance on what constitutes a material benefit for the purposes of this voting exclusion.</p> <p>ASX has no objection to the voting exclusion required in relation to a resolution under rule 10.11 being combined with the voting exclusion required under section 250BD of the Corporations Act for proxy voting by key management personnel or their closely related parties on resolutions connected directly or indirectly with the remuneration of a member of key management personnel provided it excludes all votes required to be excluded under rule 10.11. Entities will also need to ensure that the combined voting exclusion complies with section 250BD.</p>
10.12 Exception 7	<p>a *person who is holds any of the *convertible securities whose terms are being amended</p> <p>Introduced XX/XX/22</p>
10.12 Exception 10	<p>a *person who is a counterparty to the agreement being amended</p> <p>Introduced XX/XX/22</p>
10.12 Exception 11	<p>a *person who is a counterparty to the agreement being amended</p> <p>Introduced XX/XX/22</p>
10.14	<p>a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the *employee incentive scheme in question.</p> <p>Introduced 01/07/96 Origin: Listing Rules 3E(8)(a)d.(v), 3W(10)(vi) Amended 01/10/96, 01/07/98, 24/10/05, 01/07/14, 01/12/19, XX/XX/22</p> <p>Note: ASX has no objection to the voting exclusion required in relation to a resolution under rule 10.14 being combined with the voting exclusion required under section 250BD of the Corporations Act for proxy voting by key management personnel or their closely related parties on resolutions connected directly or indirectly with the remuneration of a member of key management personnel provided it excludes all votes required to be excluded under rule 10.14. Entities will also need to ensure that the combined voting exclusion complies with section 250BD.</p>

Rule	Disregard votes cast by:
10.17	<p>if the entity is a *company, a director of the entity.</p> <p>if the entity is not a *company and is *internally-managed, a director of the entity's *governing body.</p> <p>Introduced 01/07/96 Amended 01/07/98, 24/10/05, 01/12/19, 01/07/22</p> <p>Note: ASX has no objection to the voting exclusion required in relation to a resolution under rule 10.17 being combined with the voting exclusion required under section 250BD of the Corporations Act for proxy voting by key management personnel or their closely related parties on resolutions connected directly or indirectly with the remuneration of a member of key management personnel provided it excludes all votes required to be excluded under rule 10.17. Entities will also need to ensure that the combined voting exclusion complies with section 250BD.</p>
10.18	<p>an officer of the entity or any of its *child entities who is entitled to participate in the *termination benefit being approved.</p> <p>Introduced XX/XX/22</p> <p>Note: ASX has no objection to the voting exclusion required in relation to a resolution under rule 10.18 being combined with the voting exclusion required under section 250BD of the Corporations Act for proxy voting by key management personnel or their closely related parties on resolutions connected directly or indirectly with the remuneration of a member of key management personnel provided it excludes all votes required to be excluded under rule 10.18. Entities will also need to ensure that the combined voting exclusion complies with section 250BD.</p>
10.19	<p>an officer of the entity or any of its *child entities who is entitled to participate in the *termination benefit being approved.</p> <p>Introduced 01/07/96 Origin: Listing Rule 3J(16)(b) Amended XX/XX/22</p> <p>Note: ASX has no objection to the voting exclusion required in relation to a resolution under rule 10.19 being combined with the voting exclusion required under section 250BD of the Corporations Act for proxy voting by key management personnel or their closely related parties on resolutions connected directly or indirectly with the remuneration of a member of key management personnel provided it excludes all votes required to be excluded under rule 10.19. Entities will also need to ensure that the combined voting exclusion complies with section 250BD.</p>
11.1.2	<p>a counterparty to the transaction that, of itself or together with one or more other transactions, will result in a significant change to the nature or scale of the entity's activities and any other *person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of *ordinary securities in the entity)</p> <p>Introduced 01/07/96 Amended 30/09/01, 01/07/14, 01/12/19</p> <p>Note: Guidance Note 12 <i>Significant Changes to Activities</i> has guidance on what constitutes a material benefit for the purposes of this voting exclusion.</p>
11.2	<p>the acquirer of the entity's main undertaking and any other *person who will obtain a material benefit as a result of the disposal of the entity's main undertaking (except a benefit solely by reason of being a holder of *ordinary securities in the entity)</p> <p>Introduced 01/07/96 Origin: Listing Rule 3S(2)(a) Amended 30/09/01, 01/07/14, 01/12/19</p> <p>Note: Guidance Note 12 <i>Significant Changes to Activities</i> has guidance on what constitutes a material benefit for the purposes of this voting exclusion.</p>
11.4. 1(b)	<p>the acquirer of the asset and any other *person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of *ordinary securities in the entity)</p> <p>Introduced 01/07/96 Amended 01/12/19, XX/XX/22</p> <p>Note: Guidance Note 13 <i>Spin-outs of Major Assets</i> has guidance on what constitutes a material benefit for the purposes of this voting exclusion.</p>

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Rule	Disregard votes cast by:
in all cases	<p>a *person whose votes, in ASX's opinion, should be disregarded.</p> <p>Introduced 01/07/96 Amended 01/07/14, 01/12/19</p> <p>Note: If ASX exercises this discretion before the notice of meeting is sent out, that person must be named or described in the notice.</p>

Drafting note: ASX is proposing to add appropriate voting exclusions to the table in rule 14.11.1 for resolutions approving changes to the terms of issue of convertible securities under rule 7.2 exception 9 and rule 10.12 exception 7; changes to the terms of an agreement under rule 7.2 exception 16, rule 10.3 exception (e) and rule 10.12 exception 10; and approvals under rule 10.18.

ASX is further proposing to add notes to the voting exclusions for rules 10.11, 10.14, 10.17, 10.18 and 10.19 stating that ASX has no objection to the voting exclusion required in relation to resolutions under those rules being combined with the voting exclusion required under section 250BD of the Corporations Act for proxy voting by key management personnel or their closely related parties on resolutions connected directly or indirectly with the remuneration of a member of key management personnel provided it excludes all votes required to be excluded under the Listing Rules.

It should be noted that the mark-ups to the table in rule 14.11.1 above assume that amendments to that table proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of that table at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

Proposed amendments to Chapter 15 of the ASX Listing Rules

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Giving draft documents to ASX

- 15.1 An entity must give ASX a draft of each of the following documents for [review](#). The entity must not finalise the document until ASX tells it that ASX does not object to the document. ASX will use all reasonable endeavours to tell the entity within 5 *business days whether it objects, or that it needs more time to [review](#) the document.

[The fact that ASX does not object to a draft document \(with or without amendments\) is not an acknowledgement or representation by ASX that the document complies with the requirements of the Listing Rules and does not prevent ASX from subsequently asserting that the document did not comply with the Listing Rules.](#)

Introduced 01/07/96 Origin: Listing Rule 3J(33) Amended 01/07/00, 01/12/19, [XX/XX/22](#)

Cross reference: rule 15.2.2. A draft document is given to the home branch.

Drafting note: ASX is proposing to add a sentence to rule 15.1 stating that the fact that ASX does not object to a draft document is not an acknowledgement or representation by ASX that the document complies with the requirements of the Listing Rules and does not prevent ASX from subsequently asserting that the document did not comply with the Listing Rules.

It is the obligation of a listed entity to comply with the Listing Rules. The fact that ASX may not detect that a document breaches the rules until after it has reviewed a draft and given a no-objection letter to the entity does not excuse the breach and should not prevent ASX from enforcing compliance with the Listing Rules.

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Giving final documents to ASX

Place for lodging documents

- 15.2 To give a document to ASX, an entity must give it:

15.2.1 to the *market announcements office, if any of the following apply.

- The document is for release to the market.
Note: Drafts are given to the home branch.
Financial statements and annual reports are released to the market.
Cross reference: Guidance Note 14 ASX Market Announcements Platform.
- ASX has specified the *market announcements office as the place for giving ASX the document.
- The document is in response to correspondence from the *market announcements office.
- The document was sent to holders of the entity's *securities.
- The document is a *disclosure document, *PDS, *information memorandum, *takeover document, document setting out the terms of *debt securities or *convertible debt securities, or copy of the entity's constitution.
- The document is an Appendix 2A, [3A.1, 3A.2, 3A.3, 3A.4, 3A.5, 3A.6, 3B, 3C, 3G, 3H, 3X, 3Y, 3Z, 4A, 4B, 4C, 4D, 4E, 4F or 4G.](#)

Introduced 01/07/96 Origin: Listing Rule 3J(1)(a) Amended 01/07/97, 13/03/00, 01/07/00, 11/03/02, 01/01/03, 01/05/13, 19/12/16, 01/12/19, [XX/XX/22](#)

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Cross reference: Listing rule 15.3; Guidance Note 14 *ASX Market Announcements Platform*.

15.2.2 to the *home branch, if any of the following apply.

- The document is not for release to the market.
- ASX has specified the *home branch as the place for giving ASX the document.
- The document is in response to correspondence from the *home branch and ASX has not specified that the response is to be sent to the *market announcements office.
- The document is a draft document given to ASX for review under rule 15.1.

Introduced 01/07/96 Origin: Listing Rule 3J(1)(a) Amended 01/05/13

Drafting note: ASX is proposing to include in the final bullet point to rule 15.2.1 a reference to the other Listing Rule Appendices that are lodged with the Market Announcements Office. It is also proposing to move the example in the first bullet point in rule 15.2.2 into the body of the rule.

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Language of documents

15.2A A document given to ASX, whether for release to the market or otherwise, must be in English or accompanied by an English translation.

Introduced 01/01/12 Amended XX/XX/22

Drafting note: for consistency with other rules, ASX is proposing to amend rule 15.2A to refer to a document being released to "the market" rather than to "the public".

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Method of lodgement of documents

15.3 The following rules apply to documents given to ASX unless ASX agrees otherwise.

- A document for release to the market must be given to ASX electronically.
- Where ASX makes available on ASX Online a form relating to a matter, a document for release to the market in relation to that matter must be generated by completing the relevant form and:
 - if the form includes a facility for submitting the form to ASX, by using that facility to lodge the form with ASX; or
 - if the form does not include a facility for submitting the form to ASX, by lodging the form on ASX Online in the same manner as any other release to the market.
- Where an entity has lodged a form for release to the market in respect of a matter using a facility referred to in rule 15.3(b)(i), any change to the information in the form must be made by lodging an update to or cancellation of the original form using the same facility.

Introduced 01/07/96 Origin: Listing Rule 3J(1)(b) Amended 01/09/99, 01/07/00, 30/09/01, 01/01/03, 22/09/14, 01/12/19, XX/XX/22

Note: ASX Market Announcements does not accept hand delivered documents.

Cross reference: Listing Rules 3.20.4, 4.7, 15.4; Guidance Note 14 *ASX Market Announcements Platform*; Guidance Note 20 *ASX Online*.

Drafting note: ASX is proposing to amend the note to rule 15.3 to remove the reference to ASX accepting proxy voting information under section 251AA of the Corporations Act in non-electronic format.

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That reference is there for historical reasons that are no longer applicable. It was included in the rules to address a gap in ASIC Class Order CO 00/2449. That Class Order was originally issued by ASIC to remove any doubt about the legality under the Corporations Act of giving documents to ASX electronically via ASX Online. The Class Order allowed ASX listed entities and their wholly owned subsidiaries to lodge most of the documents the Corporations Act requires them to lodge with ASX electronically rather than in paper form. However, ASIC did not have the power to modify section 251AA by Class Order and therefore was not able to extend the relief in Class Order CO 00/2449 to cover proxy notifications under section 251AA. Hence the exception in the note to LR 15.3 to the general rule that documents have to be given by a listed entity to ASX electronically.

ASIC has since withdrawn the relief in Class Order CO 00/2449 on the basis that ASIC "no longer consider that there is any doubt that the electronic provision of a document is legally effective under the Act, in the absence of a clear intention to the contrary" (see ASIC Corporations (Repeal) Instrument 2016/909).

With the repeal of Class Order CO 00/2449, the reason for the note to rule 15.3 has disappeared.

15.3.1 A document is taken to be given to ASX electronically if each of the following requirements are met.

- ASX and the person giving the document to ASX have agreed, in writing, that documents of that kind may be given to ASX and authenticated electronically.
- ASX receives the document electronically.
- The entity meets the requirements set and published by ASX for giving a document to ASX electronically.

Introduced 01/07/00 Amended 01/01/03, 11/01/10, ~~XX/XX/22~~

Note: If the document is not given to ASX because the entity does not comply with the agreement or the requirements, the entity will be in breach of the [Listing Rule](#) that requires the entity to give the document to ASX.

Cross reference: Guidance Note 20, [ASX Online](#).

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Drafting note: ASX is proposing to amend the note to rule 15.3.1 to italicise the name of Guidance Note 20.

15.4 An entity must give ASX copies of documents as follows.

15.4.1 [A copy of any amendment to \(including a replacement of\) its constitution or any other document setting out the terms of issue of its *securities, immediately after the amendment is made.](#)

15.4.2 [If required by ASX, a consolidated copy of its constitution or any other document setting out the terms of issue of its *securities, incorporating all previous amendments.](#)

Introduced 01/07/96 Origin: Listing Rule 3J(25)(b) ~~Amended XX/XX/22~~

Note: An entity will be required to provide to ASX a copy of its constitution and any other document setting out the terms of issue of its securities before it is admitted to the official list.

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Deleted: One copy of its constitution, or documents setting out the terms of *debt securities or *convertible debt securities. The entity must also give ASX a copy of the consolidated, amended constitution or documents setting out the terms of debt securities or convertible debt securities after each amendment has been made

Drafting note: ASX is proposing to amend rule 15.4 to clarify its intended operation and to extend the obligation of an entity to provide documents setting out the terms of issue of debt securities and convertible debt securities to cover all securities.

15.5 A document given by an entity to ASX [for release to the market](#) must:

- include, or be sent with a covering letter that includes, the entity's name, address and corporate logo;
- be dated;

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Introduced: 01/01/03 Deleted 01/05/13

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- (c) identify the title of the body, or the name and title of the officer, of the entity who authorised the document to be given to ASX [for release to the market](#); and
- (d) if the document is an announcement under rule 3.1, include the name, title and contact details of a person who *security holders or other interested parties can contact if they have any queries.

[This rule does not apply if, and to the extent that, the document is a form prescribed by the Listing Rules or an Australian law and the form does not require the inclusion of any of the information set out above.](#)

Introduced 01/07/96 Origin: Listing Rule 3J(1)(c) Amended 01/12/19 [XX/XX/22](#)

Note: The reference in rule 15.5(c) to a body who authorised the document to be given to ASX includes the board, a committee or sub-committee of the board, or a disclosure committee of the entity.

Drafting note: ASX is proposing to amend rule 15.5 to exclude a document is a form prescribed by the Listing Rules or an Australian law from the entire rule rather than just paragraph (a) of the rule.

Documents not for release to the market

- 15.6 If a document is not for [release to the market](#), the entity must prominently mark the document to make that clear. [A document that is not marked in that way may be released to the market. A document, or information in a document, that is marked in that way may nonetheless be released to the market if ASX determines that it ought to be released to the market.](#)

Introduced 01/07/96 Origin: Listing Rule 3J(1)(d), 3J(10)

Note: ASX will normally only release information in a document that is given to the home branch marked not for [release to the market](#) after ASX has told the entity that it will do so.

Example: A document marked on the front page "not for [release to the market](#)" meets this requirement.

Cross reference: Listing rule 15.8.

Drafting note: for consistency with other rules, ASX is proposing to amend rule 15.6 to refer to a document given to ASX for release to "the market" rather than to "the public" and to clarify its drafting.

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No embargo

- 15.8 ASX does not recognise an embargo on a document given to it for [release to the market](#).

Introduced 01/07/96 Origin: Listing Rule 3J(10) [Amended XX/XX/22](#)

Drafting note: for consistency with other rules, ASX is proposing to amend rule 15.8 to refer to a document given to ASX for release to "the market" rather than to "the public".

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Documents the property of ASX

- 15.9 A document given to ASX by an entity, or on its behalf, becomes and remains the property of ASX to deal with as it wishes, including copying [it](#), storing [it](#) in a retrieval system, [releasing it to the market](#), and publishing [it](#) or any part of [it](#), and permitting others to do so. The documents referred to in this rule include a document given to ASX in support of an [application for admission to the *official list](#), or in compliance with the [Listing Rules](#).

Note: [To avoid doubt, a document responding to a request for information or a document or explanation under rule 18.7 is a document given to ASX in compliance with the Listing Rules.](#)

Introduced 01/07/96 Origin: Listing Rule 3J(10) [Amended XX/XX/22](#)

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Drafting note: ASX is proposing some minor changes to improve the drafting of rule 15.9, including (for consistency with earlier rules) referring to a document being given to ASX for release to “the market” rather than to “the public.”

Sending documents to overseas security holders

General rule

15.10 A document that is to be sent to an overseas *security holder must be sent by air, email or fax, or in another way that ensures it will be received quickly.

Introduced 01/07/96 Origin: Listing Rule 3J(18) Amended XX/XX/22

Note: This rule is satisfied either by air mail, email or fax to each holder, or by transport by air of all the documents and surface post to each holder in the country of destination.

Example: A document may be printed and posted in the country of destination at the same time it is printed and posted in Australia.

Cross reference: Listing Rule 7.7.

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Drafting note: ASX is proposing to add a reference to email in rule 15.10.

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Ownership restrictions

15.14 The constitution of an entity must not include any provisions limiting the number of *securities in the entity a *person may own or control (however expressed) unless:

(a) the provisions are required to be included in the entity’s constitution by law;

(b) the provisions are required so that the entity does not suffer a material adverse consequence under any law; or

(b) the entity is established in a jurisdiction that does not have any laws equivalent to Chapter 6 of the Corporations Act that regulate attempts to take control of the entity and the provisions are directed to protecting the interests of *security holders,

and, in each case, the provisions are, in ASX’s opinion, appropriate and equitable.

Introduced 01/07/96 Origin: Listing rule 3J(31)(a) Amended 01/07/97, 01/07/98, 13/03/00, 30/09/01, 01/07/22, XX/XX/22

Note: The requirement that the provisions are, in ASX’s opinion, appropriate and equitable extends to any sanctions or penalties for breaching the provisions.

Example: A managed investment scheme constituted as a unit trust has provisions in its constitution prohibiting anyone acquiring more than 15% of the units on issue without making an offer to all unitholders. The constitution must not have provisions allowing enforcement of this prohibition.

A managed investment scheme constituted as a unit trust has provisions in its constitution saying that a person who acquires more than 80% of the units on issue may compulsorily acquire the outstanding units. The constitution must not have provisions allowing enforcement of this right.

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Ownership disclosure requirements

15.15 The constitution of an entity must not include any provisions requiring a person to disclose the number of securities in the entity they own or control (however expressed) unless:

(a) the provisions are required to be included in the entity’s constitution by law;

(b) the provisions are required so that the entity does not suffer a material adverse consequence under any law; or

(b) the entity is established in a jurisdiction that does not have any laws equivalent to Chapter 6C of the Corporations Act that regulate disclosure of substantial interests in the entity and the provisions are directed to protecting the interests of *security holders.

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Deleted: provisions relating to *takeovers or *substantial shareholdings.

and, in each case, the provisions are, in ASX's opinion, appropriate and equitable.

Introduced 01/07/96 Origin: Listing rule 3J(31)(b) Amended 01/07/97, 13/03/00, 19/12/16, XX/XX/22

Note: The requirement that the provisions are appropriate and equitable extends to any sanctions or penalties for breaching the provisions.

Drafting note: Rule 15.14 currently limits a trust from having enforceable provisions in its constitution relating to takeovers and substantial holdings, while listing rule 15.15 does likewise for foreign companies. ASX is proposing to substantially re-write these rules and apply them to all listed entities.

Under the proposed new rules, a listed entity will only be able to have provisions in its constitution limiting the number of securities in the entity a person may own or control where:

(a) the provisions are required to be included in the entity's constitution by law; (b) the provisions are required so that the entity does not suffer a material adverse consequence under any law; or (c) the entity is established in a jurisdiction that does not have any laws equivalent to Chapter 6 of the Corporations Act that regulate attempts to take control of the entity and the provisions are directed to protecting the interests of security holders,

Similarly a listed entity will only be able to have provisions in its constitution requiring a person to disclose to the entity the number of securities in the entity they own or control where: (a) the provisions are required to be included in the entity's constitution by law; (b) the provisions are required so that the entity does not suffer a material adverse consequence under any law; or (c) the entity is established in a jurisdiction that does not have any laws equivalent to Chapter 6C of the Corporations Act that regulate disclosure of substantial interests in the entity and the provisions are directed to protecting the interests of the security holders.

In each case, the provisions must, in ASX's opinion, be appropriate and equitable.

It should be noted that the mark-ups to rule 15.14 above assume that amendments to that rule proposed to come into effect on 1 July 2022 as a result of ASX's public consultation [Proposed ASX rule amendments to facilitate the listing of CCIVs and certain other collective investment vehicles on the ASX market and the quotation of their products on the ASX AQUA market](#) dated 1 February 2022 are already in effect. Differences between the text of rule 15.14 at the date of this consultation paper and the text likely to be in effect on 1 July 2022 are identified in green.

Deleted: 15.15.1 A *foreign company listed before 1 July 1996 which has provisions relating to *takeovers or *substantial holdings in its constitution, must not have any sanctions or penalties in the constitution which entitle it or any other party to enforce any provisions relating to *takeovers or *substantial holdings. If there are sanctions or penalties in the constitution, they must not be enforced.¶
15.15.2 . This rule does not prohibit provisions relating to *takeovers or *substantial holdings required under the NZX Main Board Listing Rules.¶

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Management agreements for investment entities

15.16 A management agreement for an *investment entity, must provide for each of the following.

- (a) The manager may only end the management agreement if it has given at least 3 months' notice.
- (b) If the term of the agreement is fixed, it must not be for more than 5 years.
- (c) If the agreement is extended past 5 years, it will be ended on three months' notice after an ordinary resolution is passed to end it.

Introduced 01/09/99 Origin: Guidance note on investment entities.

Drafting note: ASX is proposing to amend rule 15.16 to remove the reference to a "pooled development fund". ASX has not admitted a pooled development fund to the official list for a considerable period. This is consistent with the change proposed above to rule 1.3.4.

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Proposed amendments to Chapter 17 of the ASX Listing Rules

Failure to lodge documents

17.5 If an entity fails to give ASX the documents required under rules 4.2A, 4.3A, 4.4A, 4.5, 4.7B, 4.7C, 4.12, 5.1, 5.2, 5.3, 5.4 or 5.5 or the *annual report required under rule 4.7, ASX will suspend its *securities from *quotation on the *trading day after the date on which the documents were due. ASX will not waive this rule.

Introduced 01/07/96 Origin: Procedures 8(a)(i), 8(b) Amended 01/09/99, 31/03/00, 01/07/00, 01/01/03, 11/01/10, 01/07/14, 01/12/19, XX/XX/22

Note: The entity's securities will generally be suspended before trading commences on the day in question.

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Drafting note: ASX is proposing to make some minor amendments to the note to rule 17.5 to give ASX some flexibility as to when it imposes a suspension under that rule.

Lodgement of non-compliant documents

17.5A If an entity gives ASX *accounts under rule 4.2A, 4.3A, 4.4A or 4.5 that are, or a quarterly cash flow report under rule 4.7B or 5.5 that is, not *compliant:

(a) the entity must tell ASX, at the time it gives the *accounts or report to ASX, that the *accounts are, or the report is, not *compliant; and

(b) ASX will suspend the entity's *securities from *quotation on or as soon as practicable after the date on which ASX is told or ASX otherwise determines that the *accounts are, or the report is, not *compliant.

ASX will not waive this rule.

Introduced XX/XX/22

Drafting note: ASX is proposing to add a new rule 17.5A providing for the automatic suspension of a listed entity that lodges non-compliant accounts or quarterly cash flow reports. ASX is also proposing to add a new definition of "compliant" to rule 19.12 for these purposes (see below).

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Reinstatement after lodging documents

17.8 Subject to rule 17.7, if an entity's *securities are suspended from quotation under rule 17.5 for failure to lodge a document, or under rule 17.5A for lodging a document that is not *compliant, ASX will normally reinstate *quotation of the *securities before the commencement of trading on the *business day after ASX receives the required document, in a *compliant form and any outstanding fees payable by the entity to ASX at that time.

Introduced 01/07/96 Origin: Procedure 8(a)(ii) Amended 01/12/19, XX/XX/22

Note: ASX may decide not to reinstate quotation if the securities should be suspended for another reason. See rule 17.3.

Cross reference: rule 16.7.

Drafting note: ASX is proposing to amend rule 17.8 to make it clear that it operates subject to the general rule set out in rule 17.7 and to make some other minor drafting improvements.

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Reinstatement after payment of annual listing fees

17.9 Subject to rule 17.7, if an entity's *securities are suspended from quotation under rule 17.6 for failure to pay its listing fees, ASX will normally reinstate *quotation of the *securities before the commencement of trading on the *business day after ASX receives the listing fees and any other outstanding fees payable by the entity to ASX at that time.

Introduced 01/07/96 Origin: Procedure 8(c)(ii) Amended 01/07/97, 01/12/19, XX/XX/22

Note: ASX may decide not to reinstate quotation if the securities should be suspended for another reason. See rule 17.3.

Cross reference: rule 17.15.

Drafting note: ASX is proposing to amend rule 17.9 to make it clear that it operates subject to the general rule set out in rule 17.7 and to make some other minor drafting improvements.

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Proposed amendments to Chapter 18 of the ASX Listing Rules

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Waivers

Granting waivers

18.1 ASX may at any time waive a Listing Rule, or part of a Listing Rule, unless the rule specifies that ASX will not waive it. It may do so:

- on the application of an entity or of its own accord;
- in relation to a specific entity or class of entities or in relation to all entities generally; and
- on any conditions and, if it does so, the conditions must be complied with for the waiver to be effective.

ASX has an absolute discretion in deciding whether to grant or refuse a waiver and its decision in that regard is final. ASX may refuse a waiver without giving any reasons to the entity and without being obliged to afford the entity the opportunity to make further submissions on why it should be granted a waiver.

ASX will publish waivers periodically.

Introduced 01/07/96 Origin: Foreword Amended 01/12/19, XX/XX/22

Example: ASX may waive a rule of its own accord if an entity applies for waivers of a number of Listing Rules which ASX is prepared to grant and it becomes apparent that an additional rule should also be waived.

Drafting note: ASX is proposing to amend rule 18.1 to make it clear that ASX has an absolute discretion in deciding whether to grant or refuse a waiver and its decision in that regard is final. ASX is also adding a statement that it may refuse a waiver without giving any reasons to the entity and without being obliged to afford the entity the opportunity to make further submissions on why it should be granted a waiver.

These proposed changes reflect the principle that "the rules are the rules" and a listed entity should have no right or expectation to be granted a waiver.

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Proposed amendments to Chapter 19 of the ASX Listing Rules

Cash flow reports

19.11 Where an entity is required to give a quarterly cash flow report to ASX under rules 4.7B or 5.5, the following rules apply:

- (a) If the entity *controls a *child entity or is the holding company of another entity, the report must be a consolidated statement of cash flows.
- (b) The report must be prepared to Australian accounting standards or, if the entity is a *foreign entity and ASX agrees, other accounting standards acceptable to ASX.
Note: ASX will agree, for example, to the use of International Financial Reporting Standards by a foreign entity.
- (c) The report must include a statement by the entity's board, *audit committee, *CEO, *CFO or another authorised officer that it has been prepared to the standards referred to in this rule and gives a true and fair view of the matters disclosed.

Introduced XX/XX/20.

Drafting note: ASX is proposing to add a new rule 19.11 addressing the accounting requirements that apply to quarterly cash flow reports under rules 4.7B and 5.5. These cash flow reports arguably fall outside the definition of "accounts" for the purposes of the Listing Rules and therefore are not covered by rule 19.11A.

Accounts

19.11A If a Listing Rule requires an entity to give ASX *accounts, the following rules apply.

- (a) If the entity *controls a *child entity or is the holding company of an other entity, the *accounts must be consolidated *accounts.
- (b) The *accounts must be prepared to Australian accounting standards or, if the entity is a *foreign entity and ASX agrees, other accounting standards acceptable to ASX.
Note: ASX will agree, for example, to the use of International Financial Reporting Standards by a foreign entity.
- (c) Unless ASX agrees otherwise, the *accounts must be Tier 1 general purpose financial statements or, if the entity is a *foreign entity and ASX has agreed that it can use other accounting standards acceptable to ASX, the equivalent under those other accounting standards.
Note: This applies even where the applicable accounting standards permit the entity to prepare special purpose financial statements.
- (d) If the Listing Rule requires audited *accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor or, if the entity is a *foreign entity and ASX agrees, other auditing standards acceptable to ASX, by an overseas equivalent of a registered company auditor.
- (e) If the Listing Rule requires *accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards by a registered company auditor or, if the entity is a *foreign entity and ASX agrees, other auditing standards acceptable to ASX, by an overseas equivalent of a registered company auditor.
- (f) If there is a *directors' declaration that relates to the *accounts, the *directors' declaration must be given to ASX with the *accounts.
- (g) If there is a *directors' report that relates to the period covered by the *accounts, the *directors' report must be given to ASX with the *accounts.

Introduced 01/07/97 Amended 13/03/00, 01/07/00, 30/09/01, 19/12/16, XX/XX/22

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Drafting note: ASX is proposing to amend rule 19.11A to simplify its drafting and make it easier to follow. ASX is also adding a requirement that unless ASX agrees otherwise, the accounts must be Tier 1 general purpose financial statements or, if the entity is a foreign entity and ASX has agreed that it can use other accounting standards acceptable to ASX, the equivalent under those other accounting standards.

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Definitions

19.12 The following expressions have the meanings set out below.

Introduced 01/07/96 Origin: Definitions

Expressions	Meanings
...	...
accounts	<p>(a) statement of financial position;</p> <p>Note: statement of financial position may be referred to as balance sheet in certain jurisdictions.</p> <p>(b) statement of comprehensive income;</p> <p>Note: statement of comprehensive income may be referred to as profit and loss statement in certain jurisdictions.</p> <p>(c) statement of cash flows;</p> <p>(d) statement of changes in equity;</p> <p>Note: statement of changes in equity may be referred to as statement of retained earnings in certain jurisdictions.</p> <p>(e) notes to the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity required by any law, regulation, rule or accounting standard;</p> <p>(f) disclosures in relation to the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity required by any law, regulation, rule or accounting standard;</p> <p>(g) any other information necessary to give a true and fair view of the financial position and performance of the entity required by any law, regulation, rule or accounting standard.</p> <p>Introduced 01/07/00 Amended 17/12/10, XX/XX/22</p> <p>Note: In the case of an entity which is required to comply with sections 295 and 303 of the Corporations Act, accounts include the documents referred to in sections 295(1) and 303(1) of the Law, except the directors' declaration about the statements and notes.</p> <p>Cross reference: rule 19.11A.</p>

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Drafting note: ASX is proposing to correct a capitalisation error in the definition of "accounts" and to update the note in the definition regarding sections 295 and 303.

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compliant

*accounts are regarded as "compliant" if they meet the requirements of rule 19.11A and they are not subject to a disclaimer of opinion or adverse opinion by the auditor who audited or reviewed them.

a quarterly cash flow report under rule 4.7B or 5.5 is regarded as "compliant" if it meets the requirements of rule 19.11.

Introduced XX/XX/22

Drafting note: ASX is proposing to add a new definition of "compliant" for the purposes of new rule 17.5A above. That rule provides for the automatic suspension of an entity that lodges accounts that are, or a quarterly cash flow report that is, not "compliant".

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controller

in relation to *restricted securities:

- (a) if the holder of the *restricted securities holds them on its own account, the holder;
- (b) if the holder of the *restricted securities holds them in a nominee, trustee, custodial or other fiduciary capacity on behalf of a particular beneficiary or beneficiaries, that beneficiary or those beneficiaries; or
- (c) if the holder of the *restricted securities holds them as a trustee of a discretionary trust, the trustee and any person who can appoint or remove the trustee or who controls the trustee; and
- (d) in all cases, any other person who, or who in ASX's opinion, *controls, or has a substantial economic interest in, the *restricted securities.

Amended 01/12/19, XX/XX/22

Note: Paragraph (d) captures each intermediate entity in a chain of entities through which a person ultimately controls, or has a substantial economic interest in, restricted securities.

Drafting note: ASX is proposing to amend the definition of "controller" in rule 19.12 to clarify the drafting and to address the situation where a trustee holds restricted securities in its capacity as the trustee of a discretionary trust. In that case, the trustee and any other person who can appoint or remove the trustee will be taken to be "controllers" of the restricted securities.

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[secretary](#)

[the company secretary of an entity \(or equivalent office holder\).](#)

[Introduced XX/XX/22](#)

[Note: a deputy or assistant secretary is not a secretary for the purposes of the Listing Rules.](#)

Drafting note: ASX is proposing to add a new definition of “secretary” for the purposes of the Listing Rules. This will tie in with the proposed changes to rule 1.1 condition 20 and also be reflected in the notational changes to rules 3.16.1, 3.16.2 and 19.11B.

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[stapled group](#)

[a group of entities whose securities are subject to constitutional or contractual arrangements acceptable to ASX that prevent those securities from being traded separately.](#)

[Introduced 01/12/19 Amended XX/XX/22](#)

[stapled securities](#)

[the securities issued by the various entities comprised in a stapled group that are subject to constitutional or contractual arrangements acceptable to ASX that prevent them from being traded separately.](#)

[Introduced XX/XX/22](#)

Drafting note: ASX is proposing to correct the definition of “stapled group” to acknowledge that the term “securities” is a defined term and to add a new definition of “stapled securities” for the purposes of the Listing Rules.

Proposed amendments to Chapter 8 of the ASX Settlement Operating Rules

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8.15 HOLDING LOCKS AND HOLDER RECORD LOCKS

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8.15.2A Listing Rule requirements

If an Issuer is required or permitted under the Listing Rules to apply a Holding Lock to Financial Products in a CHESS Holding, the Issuer may give Notice in the form specified by ASX Settlement requesting ASX Settlement to apply a Holding Lock to that Holding.

Introduced XX/XX/22

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8.15.6 Holding Lock applying to only some Financial Products in a Holding

If ~~under these Rules~~ ASX Settlement ~~is required to~~ apply a Holding Lock to some, but not all, of the Financial Products in an existing Holding, ASX Settlement must promptly apply a Holding Lock to the Holding, and give Notice to the Controlling Participant for that Holding requesting that the Controlling Participant:

- (a) establish a new Holder Record with the same Registration Details as the existing Holding; and
- (b) give Notice to ASX Settlement, in the form specified by ASX Settlement, requesting that ASX Settlement:
 - (i) remove the Holding Lock from the existing Holding;
 - (ii) deduct from the ~~existing~~ Holding the number of Financial Products which are affected by the ~~requirement to apply a Holding Lock~~; and
 - (iii) enter that number of Financial Products into the new CHESS Holding using the Holder Record established under Rule 8.15.6(a), and

ASX Settlement must apply a Holding Lock to the new CHESS Holding in accordance with ~~these Rules~~.

Introduced 11/03/04 Origin SCH 11.3.5

Drafting note: ASX is proposing to add a new rule 8.15.2A and to amend rule 8.15.6 of the ASX Settlement Operating Rules to give effect to proposed new Listing Rule 8.10.1(d) referred to above, which is intended to remove any doubt that a listed entity has the power to impose a holding lock whenever it is required or permitted to do so under the Listing Rules.

...

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