Shareholder approval of dilutive acquisitions and changes in admission status

Public consultation on shareholder approval requirements under the ASX Listing Rules

20 October 2025

Invitation to comment

ASX is seeking submissions on the issues canvassed in this paper by 15/12/2025. Submissions should be sent to:

E ListingsPolicy@asx.com.au

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Attention: Andrew Campion

ASX prefers to receive submissions in electronic form.

If you would like your submission, or any part of it, to be treated as confidential, please indicate this clearly. All submissions will be provided to regulators on request. They may also be published on the ASX website, unless they are clearly marked as confidential or ASX considers that there are reasons not to do so.

ASX is available to meet with interested parties for bilateral discussions on these matters.

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1. Introduction

In April 2025, ASX announced that it would review the ASX Listing Rules concerning shareholder approval requirements for listed company takeovers and mergers. This announcement followed representations from institutional investors about the dilutive impact of share issues for takeovers and mergers, in the context of the acquisition by James Hardie Industries plc of The Azek Company Inc.

At the same time, ASX also announced that it would review the circumstances in which listed companies are required to disclose waivers of the ASX Listing Rules. ASX has since announced that all listed entities will be required to disclose to the market if they have been granted a waiver, explaining the effect of the waiver and the entity's reasons for seeking it.[1]

ASX is now consulting on a range of options for potential changes to the ASX Listing Rules which would expand shareholder approval requirements in connection with equity dilutive acquisitions[2] by a listed company and changes in a dual listed company's admission status on ASX.

Generally speaking, neither the Corporations Act nor the ASX Listing Rules require bidder shareholder approval for a takeover or merger by scheme of arrangement. By contrast, target shareholders have a vote on whether to approve a scheme, and they can express their approval of a takeover by choosing to accept the bidder's offer.

In light of this, while the ASX Listing Rules generally require shareholder approval for issues of shares over certain limits, exceptions apply if the issue is by a bidder under a regulated takeover or merger.[3] These are exceptions 6 and 7 in Listing Rule 7.2.

Exceptions 6 and 7 have been in place for a considerable period of time, however they have previously been changed to limit their application. In 2017, after an extensive consultation process, ASX applied limits to these exceptions so that they do not apply to reverse takeovers.[4] The reason for this is that a reverse takeover typically results in the target shareholders acquiring majority ownership of the bidder, so that bidder shareholders are effectively in the position of target shareholders – that is, the normal position is reversed. By removing these exceptions for reverse takeovers, bidder shareholders are given approval rights as if they were in fact target shareholders.

Some stakeholders who took part in that reverse takeovers consultation thought that the limit on share issues under exceptions 6 and 7 should be lower. They thought that bidder shareholders should have a say on any significantly dilutive acquisition, and not just on reverse takeovers. There were a range of views on what that lower limit should be, from 20% to 50% of ordinary shares on issue.[5]

Other stakeholders were not supportive of any limit on these exceptions at all, but favoured leaving these matters to the Corporations Act and the duty of the bidder's directors to act in the best interests of the company.

This question has now been raised again. At the same time, there have been representations to ASX that shareholder approval should be required for certain changes to the admission category of a dual listed company and for decisions to delist a dual listed company from ASX, on the basis that these decisions can have a significant impact on the voting and other rights of the dual listed company's shareholders.

[1] See details of this change in Listed@ASX Compliance Update 08/25.
[2] In this consultation paper, ASX refers in several places to the dilutive impact of an issue of securities by a listed company in connection with its acquisition of another company. In the context of this consultation paper, references to the dilutive impact of an issue of securities for this purpose are intended to mean the impact of the issue on a security holder's proportionate equity interest in the listed company making the acquisition.
[3] In this consultation paper, a reference to a regulated takeover or merger means a takeover bid or merger by scheme of arrangement conducted under the Corporations Act 2001 (Cth), or a takeover or merger conducted under a foreign regulatory regime that ASX has accepted as equivalent to the Corporations Act for this purpose.
[4] See ASX's 2015 Consultation Paper and 2017 Response to Consultation and Final Listing Rule Amendments for detail on this consultation process.
[5] See the summary of feedback in ASX's 2017 Response to Consultation.

There are a range of views on these matters, and ASX is generally careful about changing rule settings that in many cases have been in place for decades.[6] The risk of unintended consequences can be high, and regulatory change often comes with a cost to regulated entities. The regulatory burden on listed entities has been the subject of significant focus and comment including in the context of ASIC's recent discussion paper on the shifting dynamics between public and private markets.

However, it is also the case that rules that have been in place for a considerable period of time may need to change to meet changing market expectations.

2. Overview of issues for public consultation

Based on the initial representations that we have received, ASX has identified four potential areas for change. These are being presented for consultation and feedback. However, we also think that it is useful to indicate our initial thoughts on each area. We encourage stakeholders to provide their feedback on the issues being raised, even if they agree with the initial views ASX has provided on each area.

2.1. Shareholder approval for a dual listed company to change to ASX Foreign Exempt Listing status

First, a potential new requirement that a dual listed company should seek shareholder approval if it wishes to change its admission status to be an ASX Foreign Exempt Listing.

ASX's initial view is that this new requirement would be sensible given the significance of the change and would not place an unreasonable regulatory burden on dual listed companies.

2.2. Shareholder approval for a dual listed company to delist from ASX

Second, a potential new requirement that a dual listed company should seek shareholder approval to delist from ASX even if it will continue to maintain its foreign listing.

ASX's initial view is that this new requirement would be reasonable but should be limited to dual listed companies that were first listed on ASX before taking an additional listing on another exchange. A foreign listed company that takes an additional listing on ASX would not require shareholder approval to discontinue that additional listing. This suggested approach seeks to balance the interest of Australian shareholders in having a say on what can be a significant change with the importance of continuing to attract foreign listings to ASX, recognising that if an entity was listed on a foreign exchange before listing on ASX, security holders may reasonably expect the foreign entity's governance arrangements to closely reflect the rules of its overseas home exchange.

2.3. Shareholder approval for issues of shares under a regulated takeover or merger

Third, a potential change to reduce the limit on share issues without approval under exceptions 6 and 7 in Listing Rule 7.2.

ASX has no objection to a lower limit on exceptions 6 and 7, which apply to a relatively small number of acquisitions by ASX-listed bidders, but our initial view is that this change should be limited to larger listed companies, such as those in the S&P/ASX300 index. Subject to that limitation, ASX would have no objection to reducing the limit to 25% of ordinary shares on issue.

[6] The main rules canvassed by this Consultation Paper (exceptions 6 and 7 in Listing Rule 7.2, Listing Rule 11.1, Listing Rule 17.11 and Listing Rule 18.9) have generally been in place in the same form from or before the 1996 Listing Rules Simplification process which resulted in the Listing Rules in their current form (with the exception of the 2017 reverse takeovers amendments to exceptions 6 and 7).

2.4. Shareholder approval for significant changes to the nature or scale of a listed company's activities

This consultation focuses on dilutive acquisitions, in line with the focus of most stakeholders who have raised issues with ASX to date. There has been a smaller group of stakeholders who have put the position that shareholder approval might be required for any significant acquisition regardless of whether it involves an issue of shares, and that this might be achieved through changes to Listing Rule 11.1, which applies to significant changes to the nature or scale of a listed company's activities.

ASX's initial view is that the combination of the other three changes outlined above, taken together with the changes ASX has already made to the disclosure of waivers, would adequately address the issues that have been raised with ASX by most stakeholders. For that reason, we are not putting forward specific changes to Chapter 11 of the ASX Listing Rules for consultation at this time. Nonetheless, we are raising this issue so that stakeholders have the opportunity to put forward their own views. If there is sufficient support for a shareholder approval requirement that applies to a broader group of significant transactions, regardless of whether they involve an issue of shares, ASX will consult further on this.

2.5. ASX's approach to this public consultation

As with the reverse takeovers consultation, ASX expects a range of views on these questions, from those who are not supportive of any change at all to those who think that the changes proposed do not go far enough. As in that earlier consultation, in seeking to strike a balance between those views ASX will take account of:

- Any investor protection benefits from increasing the opportunities for shareholders in listed companies to vote on significant matters.
- Any impact on the ability of listed bidders to compete effectively in the market for corporate control.
- The role of the board as the primary decision maker in relation to corporate activity, including corporate transactions.
- The balance of regulatory complexity and costs of listing against the benefits to shareholders, and the impact on the continued attractiveness of ASX's listing market to companies and their investors at a time when there is significant concern about the competition from private markets.

ASX will consider all responses and publish a response to consultation. If the consultation process results in support for proposals by ASX to change the ASX Listing Rules, we will conduct a further public consultation on those specific proposals, with an exposure draft of the proposed amendments.

For readability, in these introductory sections we have referred to companies, shares and shareholders. The ASX Listing Rules use different expressions, and elsewhere in this consultation paper we generally use the expressions that are used in the specific rules that we are discussing.

3. Shareholder approval for change of admission category to ASX Foreign Exempt Listing

The first issue for consultation is whether a dual listed entity that is admitted on ASX as a standard ASX Listing should need the approval of its security holders to change its admission category to that of ASX Foreign Exempt Listing.

3.1. What is an ASX Foreign Exempt Listing?

ASX Foreign Exempt Listing is an admission category that supports the dual listing on ASX of a foreign entity that already has a primary listing on a foreign exchange. The foreign exchange is referred to in the ASX Listing Rules as the entity's overseas home exchange.

A foreign entity can dual list on ASX either as a standard ASX Listing or as an ASX Foreign Exempt Listing.[7] The benefit of admission as an ASX Foreign Exempt Listing is that the entity will be required to comply with only a small number of ASX's rules.[8] It will principally be governed by the rules of its overseas home exchange.

For a foreign entity to be admitted as an ASX Foreign Exempt Listing, its overseas home exchange must be acceptable to ASX,[9] and unless its overseas home exchange is NZX,[10] it must satisfy significantly higher financial tests than an ASX Listing.[11]

3.2. What are the current requirements for a change to admission category?

Under Listing Rule 18.9, a dual listed entity that is admitted as an ASX Listing can apply to change its admission category to ASX Foreign Exempt Listing. It can only do this with ASX's consent, which may be given on conditions, and it must meet the admission requirements for an ASX Foreign Exempt Listing including the higher financial tests.

This type of change is unusual.[12] As outlined in Table 1 below, ASX has identified three changes of admission category to ASX Foreign Exempt Listing over the past three years. No conditions were imposed by ASX on its consent in any of those cases.

ASX has received representations that a change in a dual listed entity's admission category to ASX Foreign Exempt Listing can have a significant impact on the voting and other rights of the entity's security holders and so should require the approval of those security holders.

[7] There are around 130 entities that are dual listed on ASX, disregarding ASX Debt Listings. 47 of these are admitted in the category of ASX Foreign Exempt Listing, with the remainder admitted as ASX Listings.
[8] The main applicable rules are set out in Listing Rule 1.15.1: Rules 2.2, 2.7, 3.17.3, 3.17.4, 4.11, 8.1, 8.2, 8.3, 8.5, 8.6, 8.7, 8.10, 8.11, 8.17, 8.21, 12.6, 15.2 to 15.6, 15.8, 15.9, Chapters 16, 17, 18 and 19 and any listing rules that ASX specifies, either before or after it is admitted.
[9] See section 2.1 of Guidance Note 4. ASX has said that the main boards of the principal exchanges in developed markets are generally acceptable to ASX for this purpose, and that second boards in developed markets and exchanges in emerging or developing markets will be considered more closely.
[10] An entity with a primary listing on NZX must meet the normal financial tests for an ASX Listing to be admitted as an ASX Foreign Exempt Listing. This reflects the close relationship between Australia and New Zealand.
[11] In general terms, the profit test for an ASX Foreign Exempt Listing is $200m for each of the last 3 financial years compared with $1m in aggregate over the past 3 financial years for an ASX Listing and the assets test is net tangible assets or market capitalisation of $2,000m compared with $4m net tangible assets or $15m market capitalisation for an ASX Listing. There are other differences in detail: see listing rules 1.2, 1.3, 1.12 and 1.13.
[12] Other than when ASX amended the ASX Listing Rules in 2015 to make possible dual listings by NZ entities, which resulted in some dual listed NZ entities changing their admission category from ASX Listing to ASX Foreign Exempt Listing.

Table 1: ASX-listed entities that have changed their admission category from a standard ASX Listing to ASX Foreign Exempt Listing between 1 July 2022 and 30 June 2025

Entity	Date	Market capitalisation	Foreign listing venue
Life360	August 2024	$3.7 billion	Nasdaq
Sky Network Television	July 2024	$340 million	NZX
Janus Henderson	October 2022	$520 million	NYSE

3.3. Current ASX policy on changes to admission category

There is no published guidance explaining ASX's approach to a change in admission category to ASX Foreign Exempt Listing and whether ASX would ever require security holder approval as a condition of its consent. No instances have been identified where ASX has imposed this condition in the past.

ASX's current policy approach to this type of change is similar to its approach to the delisting of dual listed entities from ASX. In the case of delisting, if the entity will continue to have its foreign listing then ASX does not typically require security holder approval, on the basis that security holders will still have the opportunity to sell their securities on that other exchange.[13] The same policy position applies to a change in category to ASX Foreign Exempt Listing. As with a delisting, security holders who were unhappy with the change would be able to sell their securities, although in this case they would continue to have the ability to sell on ASX as well as on the overseas home exchange. Consequently, ASX would not require security holder approval unless there was a change to this policy position.

3.4. Comparison with requirements for changes to admission category on other exchanges

Admission categories on different exchanges are not always easily comparable, and not all exchanges have an admission category which is equivalent to an ASX Foreign Exempt Listing. However, ASX has identified similar categories, where a foreign listed issuer can be admitted as an additional or secondary listing with reduced compliance requirements, on NZX,[14] SGX[15] and TSX.[16]

None of those exchanges has an express requirement for shareholder approval for a foreign issuer to change its admission status from a standard listing to a secondary listing with reduced compliance requirements. NZX and TSX both have a requirement for consent of the exchange, which may be subject to conditions, similar to Listing Rule 18.9. SGX does not have an equivalent rule, but in practice this seems to be the requirement on its market as well. ASX has identified examples of foreign issuers changing from a standard to a reduced compliance listing on SGX with SGX's consent, and in both cases that consent was subject to conditions including shareholder approval for the change.[17]

3.5. What are the options that ASX has considered?

ASX has considered three main options in response to the representations on this issue:

1. Maintain the status quo. This would mean that there is no express requirement for shareholder approval of a change from ASX Listing to ASX Foreign Exempt Listing, and approval would not be required by ASX as a condition of its consent to this change.
2. Maintain the current rule but introduce new guidance that ASX will require security holder approval as a condition of its consent to a change from ASX Listing to ASX Foreign Exempt Listing.

[13] See section 2.6 of Guidance Note 33.
[14] See NZX Listing Rules 1.6 and 1.7.
[15] See SGX Mainboard Rule 217.
[16] See TSX Company Manual section 324 and related sections.
[17] Courage Marine Group Limited in 2016 and China Kangda Food Company Limited in 2017.

3. Amend the rules to require security holder approval for a change from ASX Listing to ASX Foreign Exempt Listing.

Arguments for maintaining the status quo include:

- Reluctance to interfere with the role of the board as the primary decision maker of the entity in relation to its corporate and commercial affairs.
- Security holders who are unhappy with the change in admission category will be able to sell their shares on ASX.

However, on balance ASX thinks that the potential significance to shareholders of this change in admission category,[18] as well as the fact that these changes are relatively infrequent, tend to support arguments for a change in approach.

If the argument for change is supported by this consultation process, then this would either be a change in guidance (the second option) or a change to the rules (the third option).

Of these two options, ASX would propose changing the rules. ASX thinks that the introduction of a new security holder approval requirement would be a substantive change to the regulatory settings for listed entities, and that a rule amendment would provide greater transparency and consistency of approach for the benefit of both listed entities and their security holders.

While ASX would consult on the detail of any such change if it is supported by this consultation process, we think that as for most such requirements under the ASX Listing Rules,[19] if a requirement for security holder approval is introduced for a change in admission status to ASX Foreign Exempt Listing, this should be by ordinary resolution at a general meeting of ordinary security holders.

3.6. What are the potential consequences of this change?

ASX does not think that this change would significantly increase the regulatory burden on listed entities. The requirements to be admitted as an ASX Foreign Exempt Listing are very demanding, so the likelihood of these changes occurring is low, and the proposal and its advantages should be able to be readily explained to shareholders.

Potential impacts include:

- The costs associated with the requirement to pass security holder resolutions at an unscheduled general meeting, although an entity's annual general meeting might be used for this purpose without any additional cost.
- If the change is connected to transactions that would otherwise not require security holder approval, then this might create some risk to those transactions, however that risk could be mitigated by the entity electing to maintain its ASX Listing until it was confident that it had the support to proceed with the change.

[18] Bearing in mind, for example, that ASX's current guidance on what is an acceptable home exchange for an ASX Foreign Exempt Listing does not exclude the possibility that this could be an exchange with rules that are quite different in detail from those of ASX, including a second board of an exchange in a developed market, or an exchange in an emerging or developing market, if the overall regulatory framework is considered broadly equivalent: See section 2.1 of Guidance Note 4.
[19] See Listing Rule 14.9.

Consultation questions

1. Should security holder approval be required for a change in admission category from ASX Listing to ASX Foreign Exempt Listing?
2. Are there any significant unintended consequences or other risks that this change raises that have not been considered in this consultation paper? If so, are there ways that these risks may be satisfactorily addressed while still proceeding with the proposed change?

4. Shareholder approval for voluntary delisting by a dual listed entity

The second issue for consultation is whether a dual listed entity should need the approval of its security holders to delist from ASX.

4.1. What are the current requirements for voluntary delisting from ASX?

A listed entity can delist from ASX's market at its own request under Listing Rule 17.11. ASX's consent is required, and this may be given subject to conditions. There is no general requirement for security holder approval of delisting but this can be required by ASX as a condition of its consent.

ASX has given guidance that it will generally only require security holder approval as a condition of its consent to voluntary delisting if the entity is an ASX Listing with ordinary securities that are not, and will not be, readily able to be traded on another exchange.[20]

That is, ASX will generally not impose a condition requiring security holder approval for a dual listed entity to delist from ASX if it is continuing to maintain its other listing. This is ASX's current position whether the dual listed entity is an ASX Listing or an ASX Foreign Exempt Listing.

ASX has received representations that a delisting from ASX, even where the entity will continue to be listed on another exchange, can have a significant impact on the voting and other rights of the entity's security holders and so should require the approval of those security holders.

4.2. Current ASX policy on security holder approval of delisting

ASX's guidance on voluntary delisting indicates that the conditions it places on its consent to delisting are intended to make sure that the interests of security holders are not unduly prejudiced by the removal and that trading in the entity's securities takes place in an orderly manner up to the date of its removal.[21]

In the case of dual listed entities that intend to delist from ASX but maintain their other listing, ASX has taken the position that the interests of security holders are adequately protected from unfair prejudice by their continued ability to sell their shares on an exchange.[22]

However, ASX's guidance also notes elsewhere that delisting is a significant decision that might be put to security holders as a matter of good governance[23] and one that can have an impact on security holders that in some circumstances warrants approval by special resolution.[24]

4.3. Comparison with requirements for delisting on other exchanges

Approaches on other exchanges to the delisting of dual listed entities are varied. For example:

- SGX requires shareholder approval for any voluntary delisting, including that of a dual listed entity.[25]

[20] See section 2.7 of Guidance Note 33 and also section 2.10 which provides that this security holder approval requirement will not apply in certain circumstances where the entity's delisting from ASX's market follows a successful takeover bid for its ordinary securities. Note also section 2.8 which states that for all admission categories, including ASX Foreign Exempt Listings, if the entity has a class or classes of securities quoted on ASX other than its ordinary securities, and those securities are not readily able to be traded on another exchange, then ASX may also require the approval of those classes of security holders. However, no instances of this have been identified in the past five years.
[21] See section 2.1, Guidance Note 33.
[22] See section 2.6, Guidance Note 33.
[23] See footnote 14, Guidance Note 33 which notes that an entity may voluntarily seek security holder approval for its delisting "because it considers it both appropriate and a matter of good governance that security holders should be consulted on such a significant decision".
[24] See footnote 33, Guidance Note 33 which notes that where ASX does impose a condition requiring shareholder approval, because the entity will no longer be listed at all, this is seen as having "an impact on minority security holders … [that is] sufficiently serious as to warrant a special resolution".
[25] SGX Mainboard Rules 1307 and 1309.

- HKEx requires shareholder approval if the dual listed entity has a primary listing on HKEx but not a secondary listing.[26]
- TSX requires shareholder approval as a condition of its consent unless the dual listed entity has another listing on an acceptable market.[27]
- NZX requires shareholder approval as a condition of its consent unless the dual listed entity is an NZX Foreign Exempt Issuer (equivalent to an ASX Foreign Exempt Listing).[28]
- NYSE and NASDAQ do not require shareholder approval for a voluntary delisting at all.[29]

In all these cases where shareholder approval is required for the delisting of a dual listed entity, this approval is by ordinary resolution.

4.4. What are the options that ASX has considered?

ASX has considered three main options in response to the representations on this issue:

1. Maintain the status quo. This would mean that there is no express requirement for security holder approval of the voluntary delisting of a dual listed entity, and guidance that ASX will require approval as a condition of its consent only if the entity's ordinary securities are not, and will not be, readily able to be traded on another exchange.
2. Maintain the current rule but introduce new guidance that expands the circumstances in which ASX will require security holder approval of a voluntary delisting so that it may apply to a dual listed entity regardless of whether its ordinary securities can be traded on another exchange.
3. Amend the rules to require security holder approval for the voluntary delisting of a listed entity, with potentially some differentiation for dual listed entities depending on where they were first listed.

The arguments for maintaining the status quo include:

- Reluctance to interfere with the role of the board as the primary decision maker of the entity in relation to its corporate and commercial affairs.
- Foreign listed entities may be less likely to venture an additional listing on ASX if they think that it may be difficult to exit if the listing is not a success.

If the argument for change is supported by this consultation process, then this would either be a change in guidance (the second option) or a change to the rules (the third option).

Of these two options, ASX would propose changing the rules. ASX thinks that the introduction of a new security holder approval requirement would be a substantive change to the regulatory settings for listed entities, and that a rule amendment would provide greater transparency and consistency of approach for the benefit of both listed entities and their security holders.

That said, ASX's initial view is that it may not be appropriate for any change to the rules to apply to every dual listed entity. If an entity is a foreign entity that was first listed on a foreign exchange and subsequently listed on ASX, then security holders may reasonably expect the foreign entity's governance arrangements to closely reflect the rules of its overseas home exchange. If an entity in that situation subsequently delisted from ASX, then it may be reasonable to take the position that this should not require security holder approval.

As with a change to the ASX Foreign Exempt Listing category, ASX's view is that any new requirement for security holder approval for delisting by a dual listed entity should be by ordinary resolution at a general meeting of ordinary security holders. However, ASX's initial view is that there should be no change to the current requirement for approval by special resolution for the delisting of an entity with securities that are not, and will not be, readily able to be traded on another exchange.

[26] HKEx Main Board Listing Rules 6.11 and 6.16.
[27] TSX Company Manual section 720.
[28] NZX Listing Rules 9.9.1(c) and 9.9.2.
[29] NYSE Listed Company Manual section 806.02, NASDAQ Rule 5840(j) and SEC Rule 12d2-2(c).

4.5. What are the potential consequences of this change?

The introduction of a requirement for shareholder approval of the delisting of a dual listed entity may make it more challenging to attract foreign entities to venture an additional listing on ASX. This risk would be significantly reduced if the approval requirement does not apply to a dual listed entity that was first listed on its foreign exchange and only subsequently listed on ASX.

Consultation questions

3. Should security holder approval be required for a voluntary delisting by a dual listed entity on ASX?
4. If security holder approval is required, should this apply only to a dual listed entity that was first listed on ASX, but not to an entity that was listed on a foreign exchange before listing on ASX?
5. If security holder approval is required, should this be by ordinary resolution? Should a special resolution rather than an ordinary resolution continue to be required if the entity's ordinary securities are not readily able to be traded on another exchange?
6. Are there any significant unintended consequences or other risks that this change raises that have not been considered in this consultation paper? If so, are there ways that these risks may be satisfactorily addressed while still proceeding with the proposed change?

5. Bidder shareholder approval of share issues for takeovers and mergers – Exceptions from Listing Rule 7.1

The third issue for consultation is whether to reduce the limit on issues of securities without security holder approval under exceptions 6 and 7 in Listing Rule 7.2. These exceptions apply to issues for a regulated takeover or merger. The current limit on these exceptions is that they cannot be used for a reverse takeover. This means that they are limited to issues of less than 100% of ordinary securities on issue at the date of announcement of the transaction. ASX could further limit these exceptions by reducing the size of the issues that can be made without security holder approval, from less than 100% to a lower percentage, or by limiting the regulated takeovers and mergers that they are available for, or by a combination of both.

5.1. Approval of takeovers and schemes under the Corporations Act or the Listing Rules

There is no general requirement under the Corporations Act or the ASX Listing Rules for bidder shareholder approval of a takeover or a merger by scheme of arrangement. The Corporations Act requires that target shareholders, but not bidder shareholders, vote on a scheme of arrangement. For takeovers there is no general requirement for approval by either bidder or target shareholders but target shareholders have the opportunity to express their approval or disapproval of a takeover bid by electing whether or not to accept the offer. The ASX Listing Rules have left the approval of takeovers and mergers to be regulated by the Corporations Act.

5.2. Approval of share issues under the Listing Rules

While the ASX Listing Rules do not regulate takeovers and mergers, they do regulate the circumstances in which issues of securities by listed entities must be approved by security holders. Most importantly, Listing Rules 7.1 and 7.2 limit issues of equity securities without approval to 15% of an entity's share capital over a 12 month period, subject to a series of exceptions. For smaller listed entities there is also the potential to issue a further 10% under Listing Rule 7.1A, although this requires a security holder mandate by special resolution and is subject to other limitations.[30]

The exceptions to the 15% limit include exceptions 6 and 7 in Listing Rule 7.2, which exclude issues of securities by a bidder as consideration under a takeover or scheme or to fund the cash consideration under a takeover or scheme. That is, these issues of securities are not counted towards the 15% limit.

These exceptions have been in place for many years. The main change that has been made to them in that time has been the introduction of the reverse takeovers limit. They apply to a relatively small proportion of acquisitions by listed entities. As highlighted in Figure 1 below, ASX's analysis indicates that of 1,857 acquisitions by ASX-listed bidders over the period from FY21 to FY25 that involved an issue of securities by the bidder for the transaction, 98 (or 5%) of these were regulated takeovers and mergers and were below the reverse takeovers limit. That is, in 95% of acquisitions, exceptions 6 and 7 could not have applied.

[30] The additional 10% placement capacity for smaller entities under Listing Rule 7.1A requires a shareholder mandate by special resolution valid for 12 months, and is subject to restrictions and requirements, including that securities can only be issued for cash and at a minimum price of 75% of market price, and that certain information must be provided to ASX and security holders in connection with the issue – see Listing Rules 7.1A.3, 7.1A.4 and 7.3A.

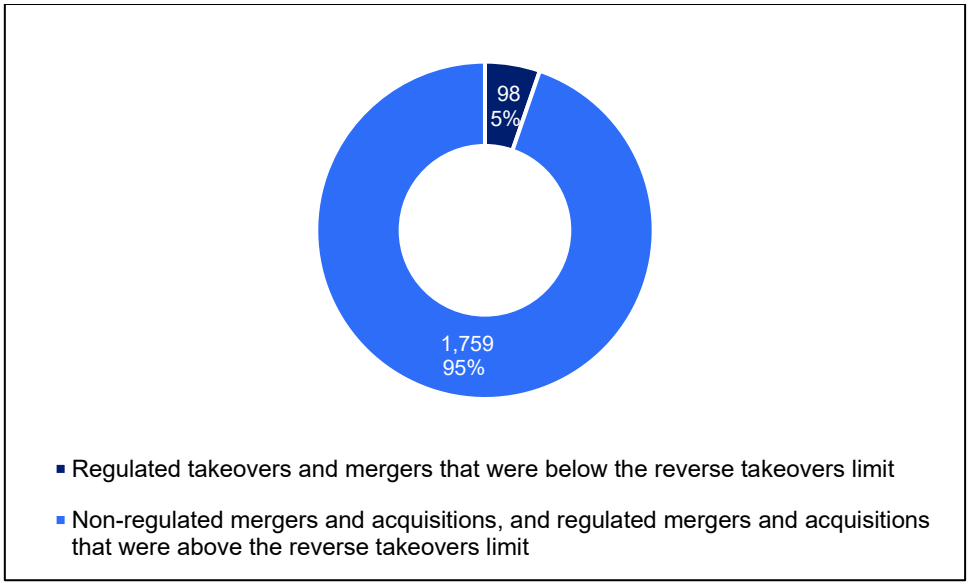


Figure 1: Number of acquisitions by ASX-listed bidders between 1 July 2020 and 30 June 2025 that involved an issue of securities by the bidder for the transaction[31]

Nonetheless, ASX has received representations that where these exceptions apply, they can allow listed entities to make what can be very dilutionary issues of securities for a regulated takeover or merger, without allowing the security holders who are having their holdings diluted to have a say on whether or not this should occur.

Generally, an entity's decisions about corporate transactions, including related issues of securities, are matters for the directors, who are subject to duties to act in good faith in the entity's best interests. The directors are likely to have access to better information about the entity and the proposed transaction and will have access to professional advice. Nonetheless, it is the entity's security holders who will pay for the transaction, and there can be a significant dilutionary impact on security holders from an issue under an offer that may be at a substantial premium to the market price of the target's shares.

5.3. Current ASX policy on share issues in connection with a regulated takeover or merger

ASX's current policy states that exceptions 6 and 7 in Listing Rule 7.2 have been included as a concession to listed entities, in recognition of the fact that a takeover or acquisition by way of a scheme of arrangement could be difficult to complete in circumstances where the entity is required to seek approval from its security holders before it can issue securities under or to fund the takeover or scheme. The policy also states that a requirement for security holder approval could also put the entity at a competitive disadvantage to an unlisted bidder or acquirer in a contested takeover or acquisition.[32]

The reference in these policy statements to a "concession to listed entities" is made in the context of the general policy underlying Listing Rule 7.1, which seeks to strike a balance between the interests of an entity in being able to raise capital flexibly and the interests of its security holders in not being unfairly diluted.[33]

ASX has also stated that exceptions 6 and 7 recognise the robust regulatory framework and the high level of regulatory and curial oversight applied to takeovers and schemes in Australia.[34]

[31] Source: S&P Capital IQ, Bloomberg, Company Announcements, ASX Internal. Includes domestic schemes and takeovers and foreign-regulated transactions that were granted waivers by ASX. Dilution factor is calculated based on the number of shares issued by the bidder entity as a proportion of total shares on issue by the bidder entity immediately before the transaction.
[32] See section 4.7, Guidance Note 21.
[33] See section 1, Guidance Note 21.
[34] See section 4.7, Guidance Note 21.

ASX has also taken a policy position that exceptions 6 and 7 in Listing Rule 7.2 should not only apply to takeovers and mergers by scheme of arrangement under the Corporations Act but may be extended by waiver to similar processes under the laws of foreign jurisdictions. The reason for this is that ASX listed entities operate in a global market and it is thought that the same policy should apply to a takeover or merger that is subject to an acceptable regulatory regime equivalent to the Corporations Act.[35] ASX has specified that acceptable regulatory regimes for this purpose have included the laws of the US, UK, Canada, New Zealand, Papua New Guinea and Singapore.[36] In the case of the acquisition by James Hardie Industries plc of The Azek Company Inc, for example, the company sought and was granted a waiver to extend the operation of exception 6 to a merger conducted under the laws of the State of Delaware, the leading jurisdiction for listed company incorporation and mergers and acquisitions in the US.

The current 100% limit on issues without approval under these exceptions was not included because of concerns about dilutionary impact on shareholders. It was included expressly so that the exceptions cannot be used for a reverse takeover, on the basis that bidder shareholders are substantively in the position of target shareholders in a reverse takeover and so should have a right to express their approval or disapproval of the transaction.

5.4. Comparison with requirements for shareholder approval of share issues on other exchanges

Comparisons of limits applied by different exchanges on equity issues without shareholder approval are complicated by factors such as whether the limit applies to a time period or to a transaction, what exceptions are applied to the limit (and the limits that apply in turn to those exceptions), and any other limits or restrictions that might apply under the laws of the jurisdiction. Another complexity is the different profile of issuers on different exchanges, including their size and maturity, and their access to cash and debt, rather than equity, to fund acquisitions and growth.

Annexure A presents a comparison of the limits between a group of peer exchanges in a way that tries to simplify some of this complexity.[37] But some general comments can also be made.

ASX and NZX have a broadly comparable approach with a 15% base annual limit subject to a range of exceptions covering, for example, pro rata issues, issues under dividend reinvestment plans and share purchase plans, issues for purposes that have otherwise been approved by shareholders, such as employee share schemes, and issues for purposes of regulated takeovers and mergers. NZX does not have the equivalent of ASX's mechanism for smaller entities to seek an annual shareholder mandate by special resolution to issue an additional 10%.

A second grouping is NYSE and NASDAQ, with 20% limits that apply per transaction rather than annually. Related transactions can be aggregated for this purpose but this is a discretionary matter for the exchange. NASDAQ guides that it will not generally aggregate transactions that are conducted six months or more apart (so that, absent any other reasons for aggregation, a company might anticipate that it could issue 20% without approval twice in 12 months). These general limits on NYSE and NASDAQ are subject to exceptions which are quite different to those on ASX and NZX. This includes a general exception that applies to issues under a public offering. Whether or not an offer of securities is a public offering is a matter determined by the exchange in each case. NASDAQ, for example, guides that this will normally include a firm commitment underwritten securities offering registered with the SEC (or an equivalent offering), however, other factors will also be relevant.[38] Other exceptions on NYSE and NASDAQ are less relevant in the context of a takeover or merger.

[35] See section 4.7, Guidance Note 21.
[36] See section 4.7, Guidance Note 21.
[37] The analysis in this consultation paper looks at general limits on share issues without shareholder approval, and not at specific requirements such as shareholder approval for share issues to related parties.
[38] See the NASDAQ Stock Market LLC Rules, IM-5635-3. Definition of a Public Offering. This indicates that other factors that NASDAQ will have regard to include how the offer is marketed, the extent of distribution of the offer, the offer price and the extent of any discount to market price, and the extent to which the offer and its distribution are controlled by the company.

TSX by comparison has no limit on placements at or above market price but a 25% limit on placements below market price without shareholder approval. As with the limits on NYSE and NASDAQ, this limit applies per transaction rather than annually, but with aggregation of transactions conducted in the past three months. TSX also limits issues at any price for purposes of an acquisition to 25% without shareholder approval. TSX-V has no general placement limit but shareholder approval may be required for a reverse takeover.

HKEx and SGX both have rules requiring companies to seek shareholder approval by ordinary resolution for an annual mandate to issue shares. On HKEx (both the main market and the second market), the mandate is up to 20%, although rights issues are allowed without shareholder approval up to 50% per transaction. On SGX the mandate is up to 20% for placements and 50% for rights issues on the main market, and 50% for placements and 100% for rights issues on the second market (with the ability to increase the placement limit to 100% by special resolution).

Shareholders of UK incorporated companies have statutory pre-emption rights that will apply on any issue of shares for cash consideration unless shareholders have approved their disapplication. These statutory pre-emption rights are given broadly equivalent effect in the FCA Listing Rules and apply to LSE entities (regardless of whether they are UK incorporated or not). AIM does not have equivalent rules about pre-emption rights. It is market practice for many entities listed on LSE and AIM to follow the UK Pre-Emption Group guidance about the disapplication of pre-emption rights, which recommends a limit on the percentage amount that should be sought for approval at a shareholder meeting (10% for any purpose, 10% for an acquisition or specified capital investment plus an additional 2% for follow-on offers in each limb). The UK pre-emption rules apply to issues of shares for cash consideration. In circumstances where a company issue shares directly to a target's shareholders as consideration pursuant to a merger or acquisition, the pre-emption rules will not apply. However, UK incorporated companies are required to obtain a shareholder authorisation to allot shares and market practice is for these companies to seek up to ~33% of their existing share capital for such purposes, which provides a de facto limit on the number of shares that could be issued as part of an acquisition absent a specific shareholder approval to issue more.

In Australia, Cboe's listing rules includes a 15% base issuance limit over a 12-month period with an unlimited exception that applies to issues under or to fund the cash consideration for a takeover or merger by scheme of arrangement (that is, no reverse takeover limit or other limit). Similar rules apply to share issuance on NSX.

As outlined above, it is often the case that second markets will have more permissive rule settings for the issue of securities without approval. This is the case for TSX-V, SGX Catalist and AIM, which are the second markets for TSX, SGX and LSE respectively. It is also the case for the alternative listing markets in Australia. While ASX has a single board with a single set of rules, some of those rules apply only to entities of a certain size, normally determined (wholly or partly) by reference to index inclusion. For example:

- Listing Rule 7.1A (security holder mandate for additional 10% placement capacity) which applies only to listed entities that are not included in the S&P/ASX300 index and that have a market capitalisation of no more than $300 million.
- Listing Rule 12.7 (requirement for an audit committee) which applies to entities in the All Ordinaries index.
- Listing Rule 12.7 (composition and operation of the audit committee) which applies to entities in the S&P/ASX300 index.
- Listing Rule 12.8 (requirement for an remuneration committee) which applies to entities in the S&P/ASX300 index.

5.5. What are the options that ASX has considered?

ASX considers that there are the following main options available:

1. Maintain the status quo with exceptions 6 and 7 remaining in place subject to the reverse takeover limit.
2. Keep exceptions 6 and 7 as they currently operate but only for takeovers and schemes under the Corporations Act, or potentially for other specified foreign jurisdictions (such as, for example, New Zealand).
3. Keep exceptions 6 and 7 but reduce the limit on issues under these exceptions, while potentially keeping the current 100% limit for smaller entities.
4. Remove exceptions 6 and 7 entirely or potentially keep them only for smaller entities.

In the case of option 3, ASX's initial position is that it supports keeping the current 100% limit on exceptions 6 and 7 for entities that are eligible for the additional 10% placement capacity in Listing Rule 7.1A. That is, entities that are not in the S&P/ASX 300 and that have a market capitalisation of no more than $300 million. For entities that are in the S&P/ASX 300 or that have a market capitalisation of more than $300 million, ASX's initial position is that it would support a reduction in the limit from 100% to 25% of ordinary securities on issue at the date of announcement of the transaction.

Stakeholders may also wish to consider other options, or additional changes as part of one of the options mentioned above. For example, some stakeholders may see merit in simplifying the approach under the Listing Rules by removing exceptions in Listing Rule 7.2 but increasing the base limit in Listing Rule 7.1. Other stakeholders may see merit in the shareholder mandate approach used by some other exchanges, or the approach that applies a per transaction limit rather than a 12 month limit on issuance without approval. ASX has put forward what seem to be the simplest options without fundamentally changing the way that the ASX Listing Rules currently operate, but stakeholders may wish to make arguments for other approaches.

5.6. What are the potential consequences of this change?

Annexure B presents analysis of the impact of some potential shareholder approval thresholds on regulated takeovers and mergers by ASX listed entities over the period FY21 to FY25. As highlighted in Figure 2 below:

- ASX has identified 98 regulated takeovers and mergers over that period with an ASX-listed bidder issuing securities for the acquisition, that were not reverse takeovers, and that could potentially benefit from exception 6 or exception 7 to issue securities without approval for the transaction. A list of these 98 transactions is provided on page 31.
- Of those 98 transactions, 55 or approximately 55% involved ASX listed bidders that were in the S&P/ASX 300 or had a market capitalisation over $300 million.
- Of those 55 transactions, 29 or 53% involved issues of less than 15% of ordinary securities on issue. Of the remaining 26 transactions, 7 or 13% involved issues of 15% to 25%, 8 or 15% involved issues of 25% to 50%, 11 or 20% involved issues of 50% to 100%.

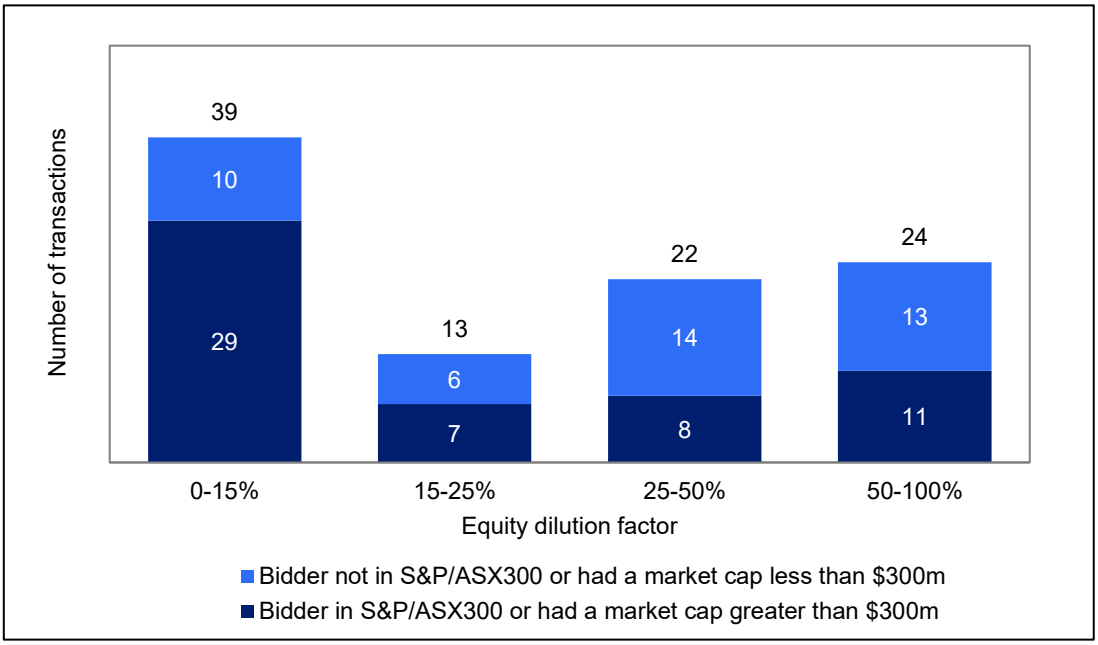


Figure 2: Regulated takeovers and mergers undertaken by ASX-listed entities that involved an issue of securities by the bidder for the transaction between 1 July 2020 to 30 June 2025, excluding reverse takeovers[39]

The arguments for maintaining the status quo include the arguments that form the policy basis for the current rules, namely that decisions about transactions are primarily matters for the directors, that introducing a security holder approval requirement could put listed bidders at a competitive disadvantage to unlisted bidders, such as private equity, and that takeovers and mergers are governed by the Corporations Act and subject to oversight from regulators, the Takeovers Panel and the courts. However, this would not address the concerns that have been expressed about equity dilutive acquisitions.

The different options for further limiting exceptions 6 and 7 introduce broadly similar risks. These include:

- Increased complexity of transactions by listed bidders from the introduction of a new requirement to hold a general meeting and pass security holder resolutions. This may put listed bidders at a tactical disadvantage to unlisted bidders and would impact on all regulated takeovers and mergers involving significant issues of securities, even those that are broadly supported by security holders.
- Increased execution risk as a consequence of a security holder approval condition on a bid. This may impact the commercial terms of a transaction, including any reverse break fee that may be required by the target.
- Financial impact on listed bidders if restrictions are placed on their ability to choose the most cost-effective way to fund a transaction.
- Increased regulatory burden from being listed may discourage more entities from listing or encourage listed entities to delist so that they have, or perceive that they will have, greater flexibility to transact.

That said, based on ASX's analysis, the introduction of a 25% limit on exceptions 6 and 7 would have impacted 19 transactions over the period FY21 to FY25 if it was limited to ASX listed bidders that were in the S&P/ASX 300 or had a market capitalisation over $300 million, or 46 transactions if it was applied to all ASX listed bidders regardless of size.

[39] Source: S&P Capital IQ, Bloomberg, Company Announcements, ASX Internal. Includes domestic schemes and takeovers and foreign-regulated transactions that were granted waivers by ASX. Dilution factor is calculated based on the number of shares issued by the bidder entity as a proportion of total shares on issue by the bidder entity immediately before the transaction.

Consultation questions

7. Should the current limit on issues of securities without approval under exceptions 6 and 7 in Listing Rule 7.2 be reduced?
8. If the limit is reduced, should this be to 75%, 50%, 25% or another amount?
9. Should the current limit (the reverse takeover limit) be kept for entities outside the S&P/ASX 300 and with no more than $300 million market capitalisation (the same group of entities as for Listing Rule 7.1A)?
10. Do you think that reducing the limit on issues of securities without approval under exceptions 6 and 7 in Listing Rule 7.2 would make it more difficult for listed bidders to compete in and execute takeovers and mergers? If so, what problems would it create?
11. What do you think may be the direct and indirect costs of the introduction of a lower limit on issues under exceptions 6 and 7? Would these costs be outweighed by the potential benefits?
12. Do you think that exceptions 6 and 7 should be strictly limited to issues under takeovers and mergers conducted under Australian law, with no waivers provided to extend them to takeovers and mergers conducted under the laws of foreign jurisdictions?
13. Are there any other significant unintended consequences or other risks that this change raises that have not been considered in this consultation paper? If so, are there ways that these risks may be satisfactorily addressed while still proceeding with the proposed change?

ASX acknowledges that any changes to exceptions 6 and 7 in Listing Rule 7.2 would involve complexities, from technical matters such as voting exclusions and information requirements to more substantive matters such as whether any flexibility would be provided to allow for increases in bid consideration without seeking further security holder approval. If this consultation process results in support for change, ASX would conduct further consultation with the market on specific rule amendments and consult on those points of detail at that time.

Taken together with the changes that ASX has already made to the requirements for disclosure of waivers, the changes outlined above would, in ASX's view, respond adequately to the representations made by institutional investors in the context of the James Hardie matter. The purpose of this consultation is both to test that proposition and to seek other perspectives, including, importantly, from stakeholders who may not think that these changes, or all of them, are appropriate or proportionate.

6. Security holder approval for change to nature or scale of activities under listing rule 11.1.2

ASX has also received representations, but from a smaller number of stakeholders, that rather than a requirement for bidder security holder approval for equity dilutive acquisitions there should be a requirement under the ASX Listing Rules for security holder approval of any significant acquisition whether or not it involves an issue of securities, or potentially for any significant transaction whether it is an acquisition or disposal. It has been suggested that this requirement might be introduced through amendments to the rules relating to significant changes in the nature or scale of an entity's activities under Listing Rule 11.1.

At the same time we are aware of concerns, including many expressed in response to ASIC's recent discussion paper on public and private markets, that the regulatory burden associated with listing is seen as a disincentive to listing or to remaining listed. Introducing a requirement for security holder approval of any significant transaction would have a greater impact than requiring security holder approval of equity dilutive acquisitions. This type of requirement is also relatively unusual on peer exchanges, where approval requirements commonly focus on significant issues of securities.[40]

On the basis that the other changes outlined in this consultation paper would adequately address the issues raised with us by most stakeholders, ASX is not proposing specific changes to introduce a requirement for security holder approval of any significant transaction. However, as we noted in the Introduction, we are mindful that there are a range of views on these issues, and we would be interested to receive any feedback from stakeholders who think that this would be a better way to address the issues that have been raised about shareholder approval rights, or those who think otherwise.

We provide some brief background information for that purpose.

6.1. Current approach to significant transactions under the ASX Listing Rules

Currently, there is no general requirement under the ASX Listing Rules for a listed entity to obtain the approval of its security holders for a significant transaction. As outlined above, security holder approval can be required for an issue of securities for a significant transaction, depending on the nature of the transaction and the number of securities to be issued. Also, security holder approval can be required for certain significant disposals, but not acquisitions:

- Listing Rule 11.2 requires security holder approval for a disposal by an entity of its main undertaking.
- In some circumstances, Listing Rule 11.4 may require security holder approval for a disposal by an entity of a major asset. [41]

Security holder approval is also required under Listing Rule 10.1 for acquisitions or disposals of substantial assets to certain persons in a position of influence.[42]

More broadly, if a listed entity is proposing to make a significant change to the nature or scale of its activities, including a change by way of acquisition or disposal, it is required under Listing Rule 11.1 to tell ASX. There is no mandatory requirement to obtain security holder approval in these cases, but ASX has a discretion under Listing Rule 11.1.2 to require approval.

[40] In broad terms, NYSE, NASDAQ, TSX and TSX-V have no restrictions on acquisitions that do not involve issues of securities, LSE and AIM apply a 100% threshold, SGX and SGX Catalist apply a 20% and 75% threshold respectively but increasing to 100% for an ordinary course of business transaction, and HKEX and HKEX Gem apply a 25% threshold. Please refer to the benchmarking analysis on page 27 of this consultation paper for further detail on these thresholds and the metrics that they apply to.

[41] Under Listing Rule 11.4 a spin out of a major asset must be approved by an entity's security holders unless the securities in the spin out vehicle will be distributed to them on a pro rata basis.

[42] A substantial asset in this context is valued at 5% or more of the consolidated equity interests of the entity.

6.2. How ASX exercises its discretion to require security holder approval under Listing Rule 11.1.2

ASX currently applies its discretion to require security holder approval under Listing Rule 11.1.2 primarily to regulate back door listings.[43] That is, where a business in effect becomes listed by being acquired by a listed entity.

To decide whether a transaction may be a backdoor listing requiring approval, ASX generally applies a test of whether there has been at least a doubling of any of a number of specific financial metrics. Broadly, these financial metrics are the entity's assets, equity interests, revenue, profit and issued securities.[44]

The use of Listing Rule 11.1 to primarily regulate back door listings is a very long-standing approach, and while there are some other circumstances where security holder approval may be required by ASX under that rule, these are relatively specific and infrequent.[45]

6.3. Could Listing Rule 11.1 be changed to require security holder approval for significant acquisitions?

ASX's initial view is that changing Listing Rule 11.1 would not be the best way to address the issues that have been raised about security holder approval rights.

The simplest amendment would be to change the current ASX discretion to require security holder approval under Listing Rule 11.1.2 into a mandatory security holder approval rule, or to add a new mandatory security holder approval right to this rule. However, we think that this type of change is likely to detract from the current purpose of Listing Rule 11.1 in regulating back door listings. With a potential back door listing, the question is whether ASX should treat an acquisition as amounting in substance to a new listing. That question involves different considerations and a very different process to the question of whether a transaction should be approved by security holders because of its significance to them. Attempting to achieve both things in one rule is likely to result in a rule that is not fit for either purpose.

A different way to approach the issue would be by introducing new rules into Chapter 11, while leaving Listing Rule 11.1 to regulate back door listings. This would have several consequential impacts. Bearing in mind that the aim of these changes would be to give security holders a vote on any significant transaction, the rules would need to apply both to acquisitions and disposals. This means that it is likely that any new rules would have consequential impacts on current Listing Rule 11.2 (relating to disposals of the main undertaking) and Listing Rule 11.4 (relating to disposals of major assets), as well as on Listing Rule 11.1 (which would most likely need to be changed to avoid confusion between the purpose of the different rules).

If any new rules were applied only to a particular group of listed entities such as larger entities, as ASX has suggested for any changes to Exceptions 6 and 7 in Listing Rule 7.2, this would impact on the consequential amendments required, creating some additional complexity.

It is likely that any new rules requiring security holder approval of significant transactions would impact on a considerably larger number of transactions than would changes to Exceptions 6 and 7 in Listing Rule 7.2. The impact would depend on the thresholds for approval that were applied, but some indication might be given by the number of transactions that listed entities either formally notify to ASX under Listing Rule 11.1, or engage with ASX about whether notification is required.[46] Based on internal records ASX has estimated that number as upwards of 200 each year.

[43] See Guidance Note 12, Significant Changes to Activities, sections 2.2, 2.3
[44] See section 3.2, Guidance Note 12. The measures are: consolidated total assets, consolidated total equity interests, consolidated annual revenue (or, in the case of a mining exploration entity, oil and gas exploration entity or other entity that is not earning material revenue from operations, consolidated annual expenditure), consolidated EBITDA, consolidated annual profit before tax or total securities on issue (on a fully diluted basis).
[45] See section 3.2 of Guidance Note 12.
[46] The threshold for notification of a transaction to ASX under Listing Rule 11.1 is 25%, applied to the same financial measures as set out in footnote 44 above.

ASX emphasises that these issues are simply considerations. However, we think that they are indicative that approaching this issue through changes to Chapter 11 would be relatively complex compared with changes to Chapter 7, which would likely impact the further consultation required and the timing of any changes.

6.4. Invitation for stakeholder feedback

Taking account of the initial considerations that we have outlined above, ASX is not putting forward specific proposals currently about Listing Rule 11.1 or Chapter 11. However, we invite feedback from any stakeholders who see changes to these rules as a better way to address the issues that have been raised about security holder approval rights. We encourage any stakeholders providing this feedback to be specific about their concerns and the rules that they think are required to address those concerns and to comment on why the other proposals outlined in this consultation paper would not adequately address those concerns.

7. Next steps

ASX is seeking submissions on the issues set out in this paper by Monday, 15 December 2025. We encourage stakeholders to provide their feedback on the issues being raised, even if they agree with the initial views ASX has provided on each area. If your organisation would like additional time to respond to the consultation, please reach out to the ASX representatives listed on page 2.

ASX will consider the submissions provided in response to this consultation paper and then prepare and publish a consultation response summarising the feedback that we receive and advising of our proposed way forward. If this consultation results in specific proposals to amend the ASX Listing Rules, we will also publish an exposure draft of the proposed amendments and invite submissions on those.

We expect that the consultation response will be released in the first half of 2026. Any amendments to the ASX Listings Rules are subject to a formal rule amendment process and are not likely to be implemented until the second half of 2026.

As outlined in Section 1, in early 2025, ASIC published a discussion paper on the dynamics between public and private markets. The paper acknowledges the importance of having strong and well-functioning public and private markets and sought actionable ideas on regulation that will enhance their operation. ASX agrees that both public and private markets are important and is supportive of ASIC's efforts to ensure that the regulatory environment is conducive to a thriving public market. In its submission to the discussion paper, ASX outlined a number of opportunities to adjust regulatory settings to enhance the attractiveness of Australia's public markets, which it will further explore and progress in 2026.

Annexure A: Shareholder Approval Thresholds – International Benchmarking (June 2025)

Current ASX shareholder approval thresholds

Rules regarding restrictions on share issuance[47]	Rules regarding 'reverse takeovers'[48]	Rules regarding 'significant/major' transactions[49]
Placement capacity: Shareholder approval required for issuance of shares greater than the entity's 15% annual placement capacity, subject to a number of exceptions (see below). Additional 10% annual placement capacity may be available to eligible entities (entities that are sub-$300m market cap and outside of ASX/S&P 300) under Listing Rule 7.1A provided they obtain shareholder approval for this additional capacity at their last AGM. **Exceptions:** Shareholder approval is not required for: • pro-rata issuances; • issues of securities: – under a takeover bid or merger by way of scheme of arrangement under Part 5.1 of the Corporations Act (exception 6); or – to fund cash consideration for takeover bid/merger (exception 7). (Note exceptions 6 and 7 are not available if it would result in a reverse takeover – see next column). Refer to Listing Rule 7.2 for the full list of exceptions. As set out in Guidance Note 21, ASX may grant a waiver of Listing Rule 7.1 which would have the effect of extending the application of exception 6 or 7 in the context of certain, acceptable foreign regulated takeovers or schemes.	**Reverse Takeover:** Definition of reverse takeover: a takeover bid or a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act where an entity is proposing to acquire securities of another body and the aggregate number of equity securities issued or to be issued by the entity under the takeover bid or scheme, and/or to fund the cash consideration payable under the takeover bid or scheme, is equal to or greater than the number of fully paid ordinary securities on issue in the entity at the date of announcement of the takeover bid or scheme (i.e. 100%+). **Shareholder approval:** Listed entities are required to obtain shareholder approval for a reverse takeover.	**Significant transactions:** If an entity proposes a significant change to the nature or scale of its activities, the entity must provide details to ASX. ASX may require shareholder approval for the transaction(s) and may further require the entity's re-compliance with Chapters 1 and 2 of the Listing Rules ('backdoor listing'). Notification requirements: ASX guidance is that notification to ASX is required when an entity is proposing to: • enter into a transaction(s) that will result in a change to the nature of its main undertaking; or • enter into a transaction(s) that will result in a 25% or more change in the following consolidated measures: – total assets; – equity interests; – annual revenue (or annual expenditure for mining, oil and gas entities); – EBITDA; or – annual profit before tax. **Shareholder Approval:** ASX will generally require shareholder approval for: • back door listings – ASX guidance is that if the transaction does not result in a doubling (or more) of any of the consolidated measures in the 25% notification threshold (noted above) or a doubling of the total securities on issue (on a fully diluted basis), the transaction will not be regarded by ASX as a back door listing.

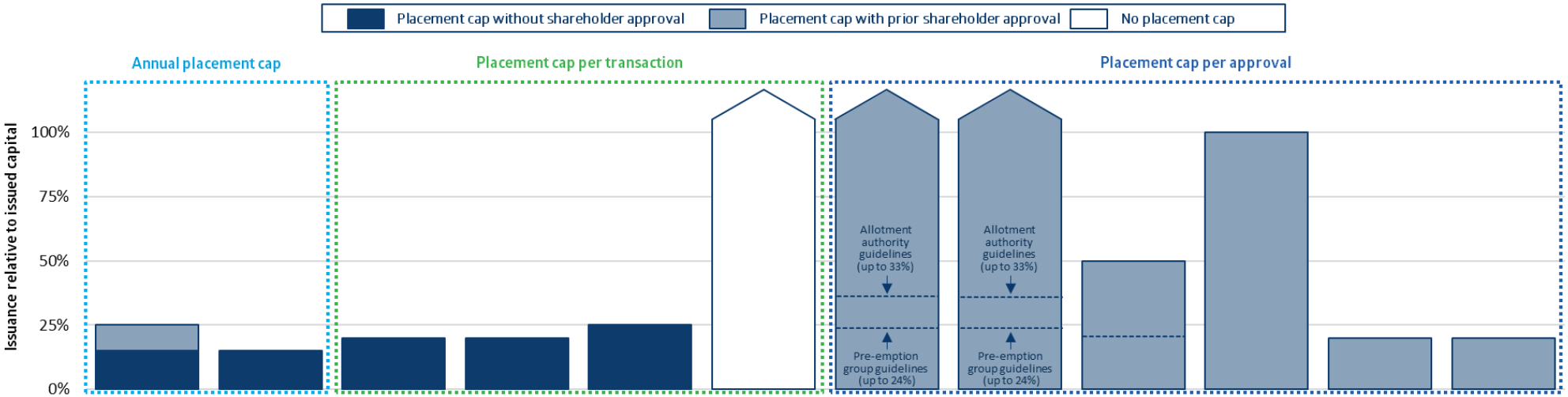
[47] Source: ASX Listing Rules 7.1,7.1A, 7.2 and Guidance Note 21
[48] Source: ASX Listing Rules 7.1, 7.1A, 7.2 and Guidance Note 21
[49] Source: ASX Listing Rules 11.1, 11.2 and Guidance Note 12

- significant transactions soon after admission or re-admission inconsistent with representations made by the entity about the nature and scale of its business in its listing or re-admission prospectus;
- transaction(s) where the entity has disposed of, or abandoned, its main undertaking and is seeking to acquire a new undertaking; or
- transaction(s) where the entity is proposing to acquire a business or businesses that do not involve a back door listing but will result in a major change to the nature of its main undertaking.

If the significant change involves the entity disposing of its main undertaking, the entity must get shareholder approval.

International benchmarking: restrictions on share issuances by placement not in connection with a takeover or scheme

Chart intends to be an illustrative comparison on limits (% or otherwise) on share issuances with & without shareholder approval. It is not intended to be a comprehensive summary of all share issuance restrictions or exceptions that may be applicable (including, but not limited to, public offerings, pro-rata offers to existing shareholders, issuances at a premium, etc.)



ASX
- 15% annual placement capacity
- Additional 10% placement capacity for eligible entities with approval at AGM

NZX
- 15% annual placement capacity

Nasdaq
- 20% issuance cap
- Threshold applied on a per-transaction basis
- Related transactions may be aggregated.
- Shareholder approval required if issuance would result in a change in control of issuer

NYSE
- 20% issuance cap
- Threshold applies on a per-transaction basis
- Related transactions may be aggregated.
- Shareholder approval required if issuance would result in a change in control of issuer

TSX
- 25% cap for issues at a discount to market price.
- No cap if issues are at a premium to market price
- Subject to aggregation of related transactions.
- Shareholder approval required if the placement materially affects control of issuer.

TSX venture EXCHANGE
- No cap, but issuance must not result in a new control person otherwise shareholder approval required.

LONDON STOCK EXCHANGE
- No cap under rules, but statutory pre-emption rules and allotment authority apply to UK companies
- Pre-emption rules under listing rules
- Per Pre-emption Group guidelines (non-binding) - up to 24% limit with approval at AGM
- Per institutional investor guidelines (non-binding) – up to 33% annual allotment limit with approval at AGM

AIM
- Same as LSE except that AIM does not have pre-emption rules.
- Statutory pre-emption rules and allotment authority apply to UK companies
- Some AIM UK companies will also follow the pre-emption and allotment guidelines as noted for LSE.

SGX
- Up to 50% subject to general mandate approved by shareholders, and not more than 20% can be issued on a non pro-rata basis to existing shareholders
- Issuance must not result in a transfer of control unless approved by shareholders

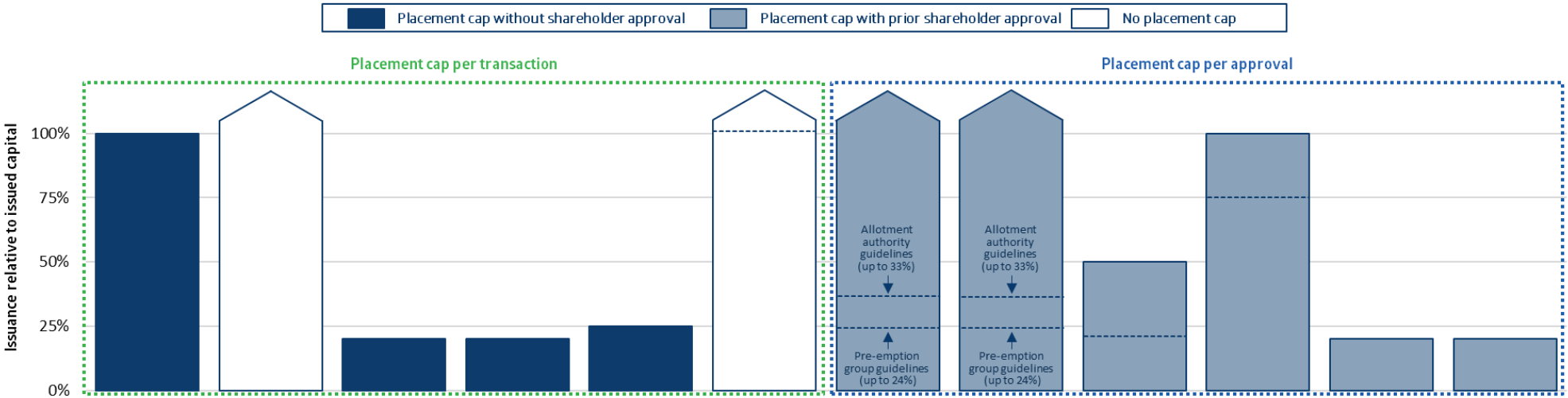
SGX CATALIST
- Up to 100% subject to general mandate approved by shareholders, and not more than 50% can be issued on a non pro-rata basis to existing shareholders (if approved by ord. resolution). 100% limit for non pro-rata issue if approved by special resolution.
- Issuance must not result in a transfer of control unless approved by shareholders

HKEX 香港交易所
- Up to 20% issuance cap per general mandate approved by shareholders.
- Issuance must not alter control of the issuer unless approved by shareholders

HKEX GEM
- Same as HKEX

International benchmarking: restrictions on share issuances by placement in connection with a takeover or scheme

Chart intends to be an illustrative comparison on limits (% or otherwise) on share issuances with & without shareholder approval. It is not intended to be a comprehensive summary of all share issuance restrictions or exceptions that may be applicable (including, but not limited to, public offerings, pro-rata offers to existing shareholders, issuances at a premium, etc.).



ASX
- Takeover/merger exception: shareholder approval not required for issues of securities for purposes of consideration for, or funding of an AU regulated takeover or scheme, unless a reverse takeover (i.e. > 100% shares issued)

NZX
- Takeover/merger exception: shareholder approval not required for issues of securities for purposes of consideration for a NZ (or similar foreign) takeover or scheme

Nasdaq
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)

NYSE
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)

TSX
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)

TSX Venture Exchange
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)
- However, see control transaction requirements on following slide.

London Stock Exchange
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)
- However, see class transactions requirements on following slide.

AIM
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)
- However, see corporate transactions requirements on following slide.

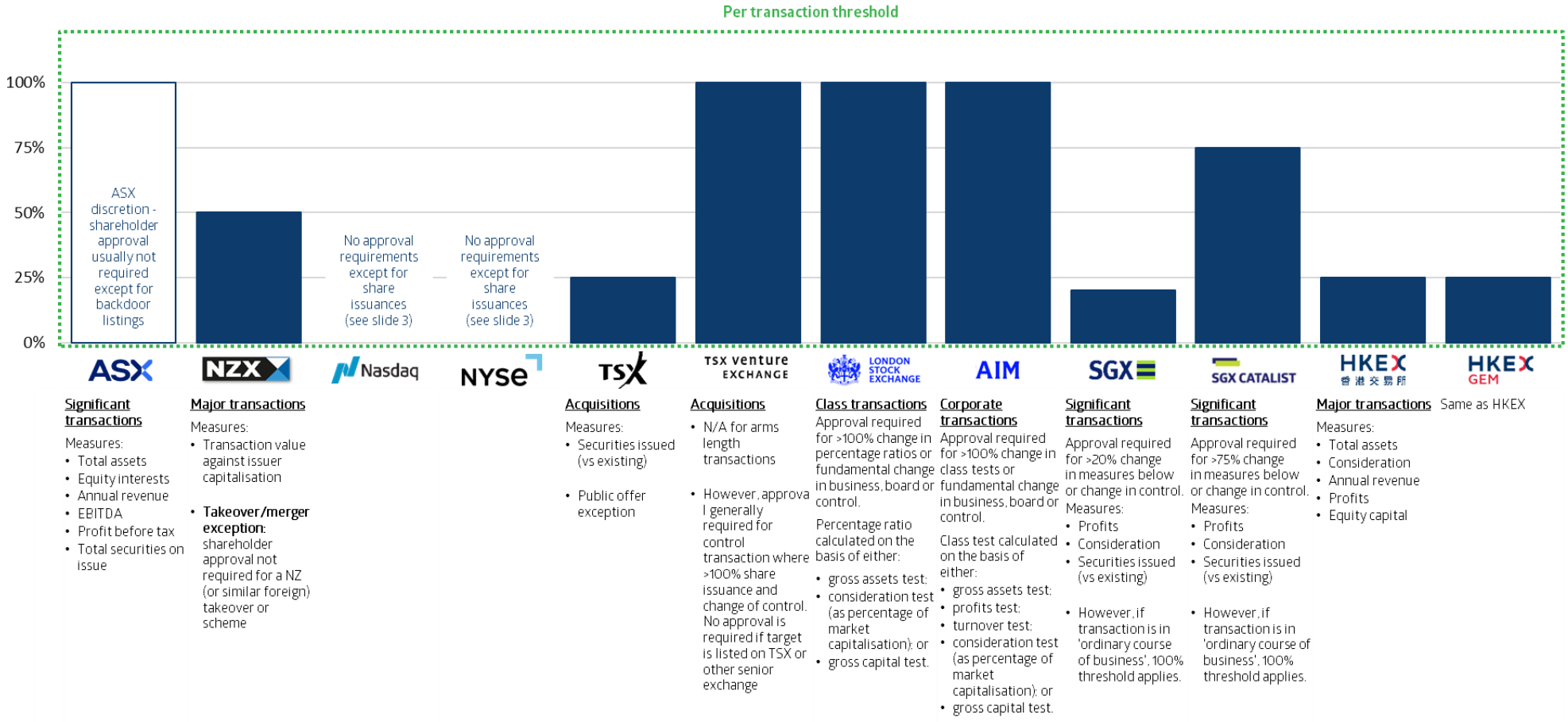
SGX
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)
- However, see significant transactions requirements on following slide.

SGX Catalist
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)
- However, see significant transactions requirements on following slide.

HKEX
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)

HKEX GEM
- Same placement capacity as prior slide (ie. no different treatment for takeovers of schemes)

International benchmarking: approval thresholds for significant/major transactions[50]



[50] Or transactions that are regulated by foreign exchange rules that are nearest in scope to the 'Significant Transactions' rules under Chapter 11 of the ASX Listing Rules

Annexure B: Impact of changing the shareholder approval requirements for regulated mergers and acquisitions

The table below highlights the number of transactions between 1 July 2020 and 30 June 2025 that would have potentially been impacted from a reduction in the limit on issues under exceptions 6 and 7 under various rule setting scenarios.

Summary impact from a reduction in the limit on issues under exceptions 6 and 7

Reduced issuance limit under exceptions 6 and 7	Issuance limit applicable to	Approximate number of transactions impacted[51]
0%	All entities	98
15%	All entities	59
25%	All entities	46
50%	All entities	24
0%	ASX300 entities or entities with market cap greater than $300m	55
15%	ASX300 entities or entities with market cap greater than $300m	26
25%	ASX300 entities or entities with market cap greater than $300m	19
50%	ASX300 entities or entities with market cap greater than $300m	11

ASX's initial view on a reduced limit and who it should apply to

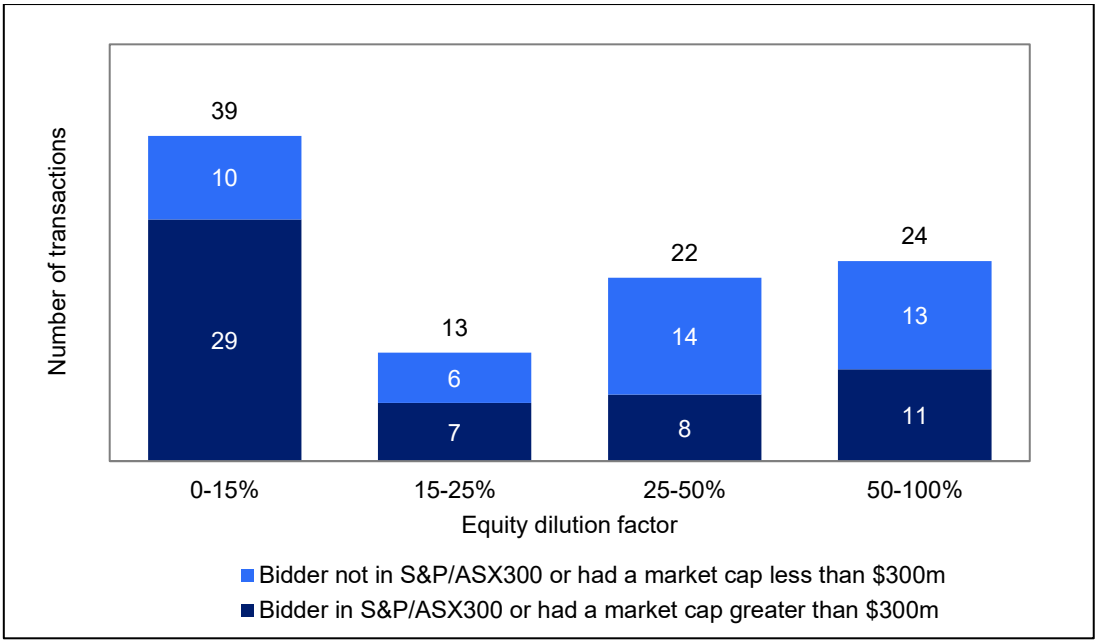
Additional details are outlined below.

- ASX has identified 98 regulated takeovers and mergers in the past five years[52] with an ASX-listed bidder issuing securities for the acquisition, under exception 6 or 7 in Listing Rule 7.2, that were not reverse takeovers. A list of these 98 transactions is provided on page 31.
- This includes of 86 domestic schemes and takeovers and 12 foreign-regulated transactions that were granted waivers by ASX.
- 8 (or 8%) of the 98 transactions were conducted by Listed Investment Companies managed by the same fund manager.
- The 98 regulated takeover and merger transactions represent approximately 5% of all transactions with an ASX-listed bidder issuing securities for the acquisition. That is, in 95% of acquisitions where an ASX-listed bidder has issued securities for the acquisition, exceptions 6 and 7 could not have applied.
- Approximately half of the 98 regulated takeovers and mergers were conducted by entities that were in the S&P/ASX300 index or that had a market capitalisation of more than $300 million and approximately half by entities that were not in the S&P/ASX300 index or that had a market capitalisation of less than $300 million.

[51] Actual impact depends on how many entities had sufficient capacity within their Listing Rule 7.1 and 7.1A annual issuance limit to fund the transaction
[52] 1 July 2020 to 30 June 2025

- The chart below outlines the number of transactions according to the equity dilution impact, split between large and small entities.

Regulated takeovers and mergers undertaken by ASX-listed entities between 1 July 2020 to 30 June 2025 excluding reverse takeovers[53]



- 39 transactions (40% of all schemes and takeovers[54]) had an equity dilution impact of less than 15%. These transactions may not be impacted from a reduction in the limit on issues under exceptions 6 and 7. That is, the ASX-listed bidder entities may have been able to fund the transaction within their annual capacity limit of 15%[55], however only if they had not used their annual capacity for other issuance and they had sufficient headroom.
- 59 transactions (60% of all schemes and takeovers[56]) had an equity dilution factor of between 15% and 100%. Four of these transactions were conducted by entities that obtained shareholder approval for an additional 10% issuance capacity under Listing Rule 7.1A and had an equity dilution factor of below 25%. The remainder benefited from exceptions 6 and 7 and would be impacted from a reduction in the limit on issues under exceptions 6 and 7.

[53] Source: S&P Capital IQ, Bloomberg, Company Announcements, ASX Internal. Includes domestic schemes and takeovers and foreign-regulated transactions that were granted waivers by ASX. Dilution factor is calculated based on the number of shares issued by the bidder entity as a proportion of total shares on issue by the bidder entity immediately before the transaction.
[54] Excluding reverse takeovers
[55] Pursuant to Listing Rule 7.1
[56] Excluding reverse takeovers

List of regulated takeovers and mergers undertaken by ASX-listed bidders between 1 July 2020 and 30 June 2025 that involved an issue of securities by the bidder for the transaction, excluding reverse takeovers[57]

Financial year	Bidder	Target	Equity dilution factor	ASX300 entity or entity with market cap greater than $300m?
FY21	Centuria Capital	Augusta Capital	0-15%	Yes
FY21	Bard1 Life Sciences	Sienna Cancer Diagnostics	75-100%	
FY21	Uniti Wireless	OptiComm	15-25%	Yes
FY21	Perseus Mining	Exore Resources	0-15%	Yes
FY21	Oz Minerals	Cassini Resources	0-15%	Yes
FY21	Adriatic Metals	Tethyan Resources	0-15%	Yes
FY21	Praemium	Powerwrap	15-25%	
FY21	Euroz	Hartleys	15-25%	
FY21	Damstra	Vault Intelligence	25-50%	Yes
FY21	5G Networks	Webcentral Group	0-15%	
FY21	WAM Capital	Concentrated Leaders Fund	0-15%	Yes
FY21	WAM Capital	Contango Income Generator	0-15%	Yes
FY21	Keybridge Capital	RNY Property Trust	0-15%	
FY21	Complii Fintech	Complii	0-15%	
FY21	WAM Capital	Amaysim Australia	0-15%	
FY21	Northern Star	Saracen Mineral Holdings	50-75%	Yes
FY21	NRW Holdings	Primero Group	0-15%	Yes
FY21	HUB24	Xplore Wealth	0-15%	Yes
FY21	Trafalgar	E&P Financial Group	0-15%	
FY21	Dacian Gold	NTM Gold	25-50%	
FY21	AusCann	CannPal Animal Therapeutics	25-50%	
FY21	Centuria Capital	Primewest	25-50%	Yes
FY22	White Rock Minerals	AuStar Gold	50-75%	
FY22	Orocobre	Galaxy Resources	75-100%	Yes
FY22	Charter Hall	ALE Property Group	0-15%	Yes
FY22	Washington H. Soul Pattinson	Milton Corporation	50-75%	Yes
FY22	iCollege	RedHill Education	75-100%	
FY22	WAM Global	Templeton Global Growth Fund	25-50%	Yes
FY22	Complii Fintech	PrimaryMarkets	25-50%	
FY22	Gascoyne Resources	Firefly Resources	25-50%	
FY22	Ramelius Resources	Apollo Consolidated	0-15%	Yes
FY22	WAM Capital	PM Capital Asian Opportunities Fund	0-15%	Yes
FY22	Santos	Oil Search	50-75%	Yes
FY22	Metalicity	Nex Metals Explorations	15-25%	
FY22	DDH1	Swick Mining Services	15-25%	Yes
FY22	HUB24	Class	15-25%	Yes
FY22	Paragon Care	Quantum Health Group	75-100%	

[57] Source: S&P Capital IQ, Bloomberg, Company Announcements, ASX Internal. Includes domestic schemes and takeovers and foreign-regulated transactions that were granted waivers by ASX. Dilution factor is calculated based on the number of shares issued by the bidder entity as a proportion of total shares on issue by the bidder entity immediately before the transaction.

FY22	Home Consortium	Aventus Group	0-15%	Yes
FY22	Adelaide Resources	Minotaur Exploration	15-25%	Yes
FY22	Theta Gold Mines	Focus Minerals	0-15%	
FY22	Newcrest Mining	Pretium Resources	0-15%	Yes
FY22	Aussie Broadband	Over The Wire Holdings	0-15%	Yes
FY22	St Barbara Mines	Bardoc Gold	0-15%	Yes
FY22	Coda Minerals	Torrens Mining	25-50%	
FY22	WAM Capital	Ozgrowth + Westoz Investment Co	15-25%	Yes
FY22	Perseus Mining	Orca Gold	0-15%	Yes
FY22	Tamawood	AstiVita	15-25%	
FY22	Gold Road	DGO Gold	15-25%	Yes
FY23	Deep Yellow	Vimy Resources	75-100%	Yes
FY23	Complii Fintech	Registry Direct	25-50%	
FY23	WAM Leaders	Absolute Equity Performance Fund	0-15%	Yes
FY23	Genesis Minerals	Dacian Gold	25-50%	Yes
FY23	Trek Metals	Edge Minerals	15-25%	
FY23	AIC Mines	Demetallica	25-50%	
FY23	Lithium Power International	Bearing Lithium Corp.	0-15%	
FY23	Strike Energy	Warrego Energy	0-15%	Yes
FY23	Perpetual	Pendal Group	75-100%	Yes
FY23	Mineral Resources	Norwest Energy	0-15%	Yes
FY23	Catalyst Metals	Vango Mining	50-75%	
FY23	PSC Insurance	Ensurance	0-15%	Yes
FY23	Ramelius Resources	Breaker Resources	0-15%	Yes
FY23	Creso Pharma	Health House International	0-15%	
FY23	Brightstar Resources	Kingwest Resources	75-100%	
FY24	Pantoro Gold	Tulla Resources	50-75%	Yes
FY24	Elixinol Welless	The Sustainable Nutrition Group	25-50%	
FY24	Ramelius Resources	Musgrave Minerals	0-15%	Yes
FY24	Perenti	DDH1	25-50%	Yes
FY24	Develop Global	Essential Metals	15-25%	Yes
FY24	Lotus Resources	A-Cap Energy	25-50%	
FY24	Atturra	Cirrus Networks	0-15%	
FY24	Frontier Energy	Waroona Energy Inc.	50-75%	
FY24	Strike Energy	Talon Energy	0-15%	Yes
FY24	Aust Vanadium	Technology Metals Australia	50-75%	
FY24	Aussie Broadband	Symbio Holdings	0-15%	Yes
FY24	Countplus	Diverger	50-75%	
FY24	Seven Group Holdings	Boral	0-15%	Yes
FY24	BWP Trust	Newmark Property REIT	0-15%	Yes
FY24	Aspen Group	Eureka Group	0-15%	Yes
FY24	Aguia Resources	Andean Mining	50-75%	
FY24	Horizon	Greenstone Resources	50-75%	
FY24	Red 5 Limited	Silver Lake Resources	75-100%	Yes
FY25	Diatreme Resources	Metallica Minerals	25-50%	
FY25	WAM Leaders	QV Equities	0-15%	Yes
FY25	Westgold Resources	Karora	75-100%	Yes

FY25	Patronus Resources	PNX Metals	25-50%	
FY25	Brightstar Resources	Alto Metals	25-50%	
FY25	Aurum Resource	Mako Gold	25-50%	
FY25	Integral Diagnostics	Capitol Health	50-75%	Yes
FY25	Paladin Resources	Fission Uranium Corp.	25-50%	Yes
FY25	Anglo Australian	Maximus Resources	15-25%	
FY25	Cygnus Gold	Dore Copper Mining Corp.	50-75%	
FY25	Pilbara Minerals	Latin Resources	0-15%	Yes
FY25	Horizon	Poseidon Nickel	25-50%	
FY25	MyState	Auswide Bank	50-75%	Yes
FY25	Swoop Holdings	Vonex	0-15%	
FY25	Northern Star Resources	De Grey Mining	25-50%	Yes
FY25	Torque Metals	Aston Minerals	75-100%	
FY25	James Hardie	Azek	25-50%	Yes