

Submission: Public consultation on shareholder approval requirements under the ASX Listing Rules (20 October 2025)

Date: 15 December 2025

Dear ASX Listings Team

The Australian Shareholders' Association (ASA) welcomes the opportunity to comment on ASX's consultation on shareholder approval of dilutive acquisitions and changes in admission status. ASA is an independent association representing retail investors.

Retail participation in Australia's listed markets is substantial. ASX has reported that around 7.7 million investors hold investments that trade on ASX, based on the 2023 ASX Investor Study. Retail investors therefore rely heavily on a regulatory framework that supports fair treatment, clear disclosure, and meaningful voting rights.

Compared with institutional investors, retail investors typically have less access to management, fewer resources to analyse complex transactions quickly, and limited ability to negotiate protections. For that reason, rule settings that affect dilution, liquidity, trading access, and governance protections can have a disproportionate impact on ordinary investors.

Change in admission category – ASX Listing to ASX Foreign Exempt Listing

1. Should security holder approval be required?

Yes. ASA supports a clear Listing Rule requirement for security holder approval (by ordinary resolution) for a change in admission status from ASX Listing to ASX Foreign Exempt Listing.

A change in admission status is a material change to the regulatory and governance settings applying to the entity on ASX. Where the applicable Listing Rule framework changes, investors should have a direct say. ASX also notes these changes are relatively infrequent, which supports introducing a rule-based approval requirement to promote transparency and consistency.

2. Unintended consequences, risks, and mitigations

Potential risks include deterring some foreign entities from seeking or maintaining an ASX Listing, and additional cost where an extraordinary meeting is required. ASA

considers these risks manageable and outweighed by the benefit of investor confidence.

To mitigate cost and implementation risk, ASX could clarify that:

- approval be sought at an AGM or EGM, and
- notices of meeting should include a clear, plain-English comparison of the practical implications of the change for security holders.

Voluntary delisting by dual-listed entities

3. Should security holder approval be required?

Yes. Delisting from ASX is a significant decision that can affect trading access, liquidity, pricing transparency, and the rights environment in which retail investors hold and transact. ASX's own guidance recognises delisting conditions are intended to prevent undue prejudice to security holders and to support orderly trading.

4. If approval is required, should this apply only where the entity was first listed on ASX?

ASA's preference is that approval should apply to voluntary delisting by any dual-listed entity from ASX, because the practical impact on Australian retail holders is similar regardless of listing chronology. However, if ASX adopts a narrower approach to avoid discouraging foreign listings, ASA recommends that any carve-out be accompanied by enhanced safeguards (see below).

5. Ordinary or special resolution?

ASA supports an ordinary resolution as the default where securities will remain readily tradeable on another major exchange with accessible trading arrangements for Australian retail holders. Where securities are not, and will not be, readily tradeable on another exchange, ASA supports retaining a special resolution requirement, consistent with ASX's existing approach.

6. Unintended consequences, risks, and mitigations

Key risks include: increased friction and cost for retail holders to hold or trade in a foreign market, and reduced practical accessibility (broker access, FX, time zone, registry/custody complexity). If ASX adopts any carve-out for entities first listed overseas, ASA recommends minimum mitigations including:

- prominent disclosure of trading and holding implications for Australian retail holders, and
- clear disclosure of any arrangements available to assist small holders in exiting if they do not wish to remain invested.

Limits on security issues without shareholder approval (Listing Rule 7.2 exceptions 6 and 7)

7. Should the current limit be reduced?

Yes. ASA supports reducing the current 100% limit.

8. If reduced, what should the new limit be?

ASA supports a 50% limit. This would preserve flexibility for transactions while ensuring that highly dilutive outcomes require explicit shareholder approval.

9. Should the current limit be kept for entities outside the S&P/ASX300 and with market cap \leq \$300m?

No. ASA does not support retaining a higher dilution allowance for that cohort. Retail investors often have significant exposure to smaller entities and are least able to respond quickly to unexpected dilution. A consistent threshold better supports fairness and confidence.

10. Would reducing the limit make it more difficult for listed bidders to compete and execute takeovers and mergers?

ASA acknowledges there may be additional structuring and timing considerations, but considers these manageable, particularly where transactions are value-accretive and well supported by investors.

11. Costs and benefits

ASA considers the benefits to market integrity and shareholder confidence outweigh the costs of additional approvals in the limited subset of transactions materially affected.

12. Should exceptions be strictly limited to Australian-law takeovers and mergers, with no waivers for foreign-law processes?

ASA supports limiting the operation of exceptions 6 and 7 to Australian-law transactions. If ASX retains a waiver regime for foreign-law processes, ASA recommends tighter conditions, including plain-English disclosure comparing investor protections and voting mechanics to the Australian regime.

13. Additional risks / anti-avoidance

ASA supports clear anti-avoidance guidance and an approach that considers the substance of transactions, not only legal form, to prevent structuring designed to avoid approval thresholds.

Additional feedback – significant changes to activities (Chapter 11 / Listing Rule 11.1)

ASA notes ASX's discussion of concerns about shareholder approval rights in relation to significant acquisitions and disposals and the complexity of addressing this through Chapter 11 changes. ASA would support greater transparency in how ASX applies its discretion under Listing Rule 11.1.2, including clearer published

guidance on circumstances in which ASX expects shareholder approval for significant changes.

Conclusion

ASA supports ASX's objective of maintaining a fair, efficient, and transparent market. We encourage ASX to adopt rule changes that strengthen shareholder approval rights where the regulatory settings, trading access or dilution outcomes for retail investors are materially affected.

Regards,

A handwritten signature in blue ink, appearing to read 'RW', is placed over a light blue rectangular background.

Rachel Waterhouse

CEO

Australian Shareholders' Association