

Listed@ASX Compliance Update no. 05/23

23 May 2023

1. Convertible debt securities and seeking in-principle advice on listing rule 6.1

Listing rule 6.1 provides that the terms that apply to each class of equity securities must, in ASX's opinion, be appropriate and equitable. Guidance on the application of listing rule 6.1 to convertible securities is set out in section 5.9 of [Guidance Note 21 The Restrictions on Issuing Equity Securities in Chapter 7 of the Listing Rules](#) and section 4 of [Listed@ASX Compliance Update- 05/20](#).

Entities that issue convertible debt securities must to be able to demonstrate how the securities comply with the listing rules, particularly if the conversion terms are complex, potentially highly dilutive or have other unusual features. ASX may investigate and take action where it has any concerns about how convertible debt securities (or any other equity-based financing arrangements) comply with the listing rules.

Ordinary securities, preference securities and convertible notes with market-standard terms attached are unlikely to raise issues under listing rule 6.1. If an entity can confirm based on legal advice from a suitably qualified and experienced lawyer that the terms of a proposed convertible note are market-standard and that none of the features noted in section 5.9 of Guidance Note 21 are present, ASX would not expect the entity to seek advice from ASX regarding whether the terms comply with listing rule 6.1.

If the proposed terms of convertible debt securities are not market-standard or if any of the features noted in section 5.9 of Guidance Note 21 are present, the entity should submit a formal application requesting ASX to provide in-principle advice that it has no objection to the terms of the security under listing rule 6.1. The entity should have regard to [Guidance Note 17 Waivers and In-Principle Advice](#) when preparing its request.

An application for in-principle advice must include sufficient detail to enable ASX to form a view on listing rule 6.1, including the following information:

- a plain English summary of all of the material terms of the proposed convertible debt securities (and confirmation that there are no other material terms);
- an explanation of any terms that are not market-standard or that contain one or more of the features noted in section 5.9 of Guidance Note 21;
- worked examples showing how the repayment terms and proposed conversion formula will operate in practice under different assumptions, including 'worst case scenario' assumptions;
- an explanation of how the proposed issue will comply with listing rules 7.1, 7.1A or 7.2;
- detailed submissions regarding why the entity considers the proposed terms comply with listing rule 6.1;
- detailed submissions explaining the circumstances behind the issue (having regard to the factors set out in [Listed@ASX Compliance Update- 05/20](#));
- a draft of the announcement that the entity intends to release to the market about the convertible debt securities; and
- whether the entity has obtained legal advice on the matters set out in the application and from whom.

Consistent with the timeframe for considering non-standard waiver applications, ASX will aim to advise an applicant regarding its decision within 20 business days of accepting an application for in-principle advice that meets these requirements. If the material terms of the proposed convertible debt securities change after an application has been made, the entity should submit a fresh application for in-principle advice.

Listed entities can contact their Listings Adviser if they have any queries about their compliance with the listing rules.

2. ASX Listing fee changes for FY24

Changes to ASX annual and subsequent listing fees for FY24 (Listing Rule Guidance Note 15A - Schedule 1, Tables 1B and 1C) will come into effect on 1 July 2023. FY24 annual listing fees will be calculated on the total value of the entity's quoted securities, based on the closing price of its quoted securities multiplied by the number of securities quoted on ASX at 31 May 2023 and will apply from 1 July 2023. Invoices will be issued in the first week of July 2023.

The new fee schedules will be made available on the [listing fees page of the ASX website](#) from 1 July 2023. Initial listing fees (Schedule 1, Table 1A- Listing Rule Guidance Note 15A) will change from 1 January 2024. The new fee schedules are available [here](#).

Please direct any fee-related queries to listed@asx.com.au rather than to your Listings Adviser.

If you missed any of our historical Compliance Updates, you can download past editions [here](#).