

### TRADING HALTS AND VOLUNTARY SUSPENSIONS

<p><b>The purpose of this Guidance Note</b></p>	<ul style="list-style-type: none"> <li>To assist listed entities to understand when and how to apply to ASX for a trading halt or voluntary suspension</li> </ul>
<p><b>The main points it covers</b></p>	<ul style="list-style-type: none"> <li>How to apply to ASX for a trading halt under Listing Rule 17.1</li> <li>The effect of a trading halt</li> <li>When to apply for a trading halt</li> <li>Ending a trading halt</li> <li>How to apply to ASX for a voluntary suspension under Listing Rule 17.2</li> <li>The effect of a voluntary suspension</li> <li>When to apply for a voluntary suspension</li> <li>Ending a voluntary suspension</li> <li>The actions dual listed entities should be taking on overseas exchanges if they are granted a trading halt or voluntary suspension by ASX</li> <li>The difference between a trading halt requested by a listed entity under Listing Rule 17.1 and a halt to trading imposed by ASX on receipt of a market sensitive announcement</li> <li>The difference between a trading halt requested by a listed entity under Listing Rule 17.1 and a regulatory halt imposed by ASX</li> </ul>
<p><b>Related materials you should read</b></p>	<ul style="list-style-type: none"> <li>Guidance Note 8 <i>Continuous Disclosure: Listing Rules 3.1 – 3.1B</i></li> <li>Guidance Note 14 <i>ASX Market Announcements Platform</i></li> </ul>

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**Important notice:** ASX has published this Guidance Note to assist listed entities to understand and comply with their obligations under the Listing Rules. Nothing in this Guidance Note necessarily binds ASX in the application of the Listing Rules in a particular case. In issuing this Guidance Note, ASX is not providing legal advice and listed entities should obtain their own advice from a qualified professional person in respect of their obligations. ASX may withdraw or replace this Guidance Note at any time without further notice to any person.

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## 1. Introduction

This Guidance Note is published to assist entities and their advisers to understand when and how to apply to ASX for:

- a trading halt under Listing Rule 17.1; or
- a suspension of the entity's securities from quotation under Listing Rule 17.2 (a "voluntary suspension").<sup>1</sup>

A trading halt is a temporary break in trading which does not involve a formal suspension from quotation. It is a different process under the ASX Operating Rules, and has a different treatment in the ASX trading platform, to a suspension (whether voluntary or otherwise).

This Guidance Note explains how trading halts and voluntary suspensions operate in practice and the difference between them. It also explains the difference between a trading halt under Listing Rule 17.1 and the temporary interruption to trading that is implemented by ASX when it receives a market sensitive announcement or there is extreme trading in an entity's securities.

<sup>1</sup> This is to be distinguished from a suspension of an entity's securities imposed by ASX under Listing Rule 17.3 – an involuntary or ASX-imposed suspension.

Trading halts and voluntary suspensions are important mechanisms that listed entities can use to manage their continuous disclosure obligations under Listing Rules 3.1-3.1B. How and why this is so is explained in further detail in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

## 2. The general principles ASX applies to requests for halts or suspensions

### 2.1 Trading interruptions should be kept to a minimum

Requests for trading halts and voluntary suspensions are not automatically granted. They have to be agreed to and operational steps implemented by ASX before they can take effect.

The general principle ASX applies when it receives a request for a trading halt or a voluntary suspension is that interruptions to trading should be kept to a minimum and therefore ASX should only agree to a trading halt or a voluntary suspension where:

- trading in the affected security might occur while the market as a whole is not reasonably informed;
- there could be a false or disorderly market in the affected security; or
- it is otherwise reasonably required by a listed entity to manage its continuous disclosure obligations.

The application of a trading halt or voluntary suspension in these circumstances can often be beneficial for both the market and the entity. It will ensure that the entity's securities are not trading on ASX and other licensed securities markets in Australia<sup>2</sup> on an uninformed basis. It will also signal to investors that market sensitive information may be about to be released and that they should be wary of trading in, or entering into derivative transactions over, the entity's securities off-market or on other trading venues. Both of these things may help to reduce the exposure of the entity and its officers to the legal and financial consequences that could follow if the entity is ultimately found to have breached its disclosure obligations, for example, under Listing Rule 3.1.<sup>3</sup>

### 2.2 The factors ASX considers before agreeing to a trading halt or voluntary suspension

Having regard to the general principle outlined in section 2.1 above, before agreeing to a trading halt or voluntary suspension, ASX needs to be satisfied that the circumstances justify an interruption to trading. A statement to the effect that an announcement is imminent will not suffice for this purpose. The entity seeking the halt or suspension must disclose to ASX the general nature of the announcement so that ASX can assess whether a halt or suspension is warranted.<sup>4</sup>

Before agreeing to a request for a trading halt or voluntary suspension, ASX may ask the entity for further information including (but not limited to) its reasons for the halt or suspension, why it is not able to make an immediate announcement to the market that would avoid the need for a halt or suspension, the event it expects to happen that will end the halt or suspension and the likely timing and certainty of that event. In an appropriate case, ASX may also explore with the entity whether an announcement about the prospect and likelihood of an event occurring ought to be made immediately rather than deferring the announcement until there is certainty as to whether that event does or does not occur. In such a case, a trading halt or voluntary suspension may not be required or ASX may agree to a short trading halt to allow time for an appropriate announcement to be prepared.<sup>5</sup>

ASX will consider a request for a trading halt or voluntary suspension in light of all the information available to it, from whatever source.

<sup>2</sup> See '3.2 The effect of a trading halt' and '4.2 The effect of a voluntary suspension' on pages 6 and 11 respectively.

<sup>3</sup> See Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

<sup>4</sup> By way of example, an acceptable reason for requesting a trading halt may be a pending material announcement about a proposed capital raising, acquisition/disposal, merger/takeover or change in earnings guidance.

<sup>5</sup> In these circumstances, if the entity indicates that it does not intend to request a trading halt and/or to make an announcement of the type suggested by ASX, ASX may suspend trading in its securities until it issues the suggested announcement.

If ASX does not agree to the trading halt or voluntary suspension, it will advise the entity immediately. It will also discuss alternatives with the entity, which may include an immediate market announcement (coupled with a short trading halt if that is needed for the entity to make such an announcement) or a suspension (voluntary or otherwise).

Having regard to the general principle outlined in section 2.1 above, ASX will not agree to a trading halt or voluntary suspension where the request is made solely for the administrative or marketing convenience of an entity.

### 2.3 No consecutive trading halts except in connection with accelerated capital raisings

A trading halt can only be granted for a maximum period of two trading days.<sup>6</sup>

ASX may agree to a request by an entity to grant two consecutive, or 'back-to-back', trading halts where it is proposing to undertake an accelerated capital raising (such as a 'jumbo' offer) involving a significant issue of securities that is essentially pro rata to all holders and that requires a halt in trading of more than two, but not more than four, trading days to be completed. If granted, this will have the effect of extending a trading halt from a maximum of two trading days to a maximum of four trading days.

This is a concession ASX makes to facilitate these types of capital raisings by entities and is the one and only circumstance where ASX will agree to a request for consecutive, or 'back-to-back', trading halts.

In all other situations, if an entity needs trading in its securities to be halted for a period longer than two trading days to manage its continuous disclosure obligations, it should request a voluntary suspension rather than a trading halt. This reflects the fact that a trading halt is intended to be a short-term interruption to trading only and the different treatment accorded to securities in the ASX trading platform in a trading halt compared to those in a suspension.<sup>7</sup>

### 2.4 No trading halts or voluntary suspensions to facilitate sales of major stakes

ASX has in the past acceded to requests by an entity for a trading halt to help facilitate a bookbuild process for a sale by an existing security holder of a major stake in the entity. Typically the halt lasted for the period needed by the seller to complete the sale and for the entity to announce the final sale price to the market.<sup>8</sup> ASX no longer agrees to requests for a trading halt or voluntary suspension for these purposes. This reflects the general principle outlined in section 2.1 above that interruptions to trading should be kept to a minimum.

ASX recognises that if an entity becomes aware of a security holder's intention to sell a major stake in the entity and a reasonable person would expect information about the sale to have a material effect on the price or value of the entity's securities,<sup>9</sup> the entity may have an obligation under Listing Rule 3.1 to announce that information to the market. That obligation will generally arise if and when the entity becomes aware that the seller is committed to the sale<sup>10</sup> or information about the seller's intention has ceased to be confidential,<sup>11</sup> whichever is the earlier.

<sup>6</sup> See '3.1 What is a trading halt?' on page 5.

<sup>7</sup> See '3.2 The effect of a trading halt' and '4.2 The effect of a voluntary suspension' on pages 6 and 11 respectively.

<sup>8</sup> Up to the maximum period for a trading halt of two trading days.

<sup>9</sup> That is, the information is "market-sensitive", as discussed in '4.2 When is information market sensitive?' in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

<sup>10</sup> That is, the information no longer concerns an incomplete proposal within the second bullet point, and is no longer a matter insufficiently definite to warrant disclosure under the third bullet point, in Listing Rule 3.1A.1 (see '5.4 Incomplete proposals or negotiations' and '5.5 Matters of supposition or that are insufficiently definite to warrant disclosure' in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*).

<sup>11</sup> That is, it no longer meets the confidentiality requirement in Listing Rule 3.1A.2 (see '5.8 Listing Rule 3.1A.2 – the requirement for information to be confidential' in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*). This may arise, for example, because some in the market have become aware that the seller, or a broker acting on its behalf, is intending to, or has started to, solicit bids into a bookbuild for the sale. A broker acting on such a sale therefore has to be particularly careful in any "soft soundings" it may conduct with investors about their willingness to participate in the sale to ensure they remain confidential.

Where an entity is given forewarning of a security holder's intention to sell a major stake in the entity before a disclosure obligation arises,<sup>12</sup> ASX would expect the entity to take advantage of that forewarning and prepare a draft announcement about the sale so that it is ready to be released promptly and without delay when and if a disclosure obligation arises.<sup>13</sup>

Where an entity is not given forewarning of a security holder's intention to sell a major stake in the entity before a disclosure obligation arises, ASX may agree to a request by the entity for a trading halt to allow it sufficient time to meet its disclosure obligations and to make an announcement about the sale. However, the period of the halt will only be as long as is necessary for the entity to make the announcement.

It should be noted that the seller of a major stake in a listed entity will have a legal obligation to ensure that the sale takes place in accordance with insider trading laws.<sup>14</sup> The broker acting for the seller will also have a legal obligation not to do anything in connection with the sale that might cause the market to become disorderly.<sup>15</sup> In some situations, compliance with these obligations may require the bookbuild for the sale to be conducted during a period where any non-public market sensitive information concerning the entity has been disclosed<sup>16</sup> and outside of normal ASX operating hours.

### 3. Trading halts

#### 3.1 What is a trading halt?

A 'trading halt' is defined in Listing Rule 19.12 as:

*an interruption to trading at the request of an entity that is not a suspension from quotation.*

Listing Rule 17.1 states:

*ASX may grant a trading halt at the request of an entity. ASX may require the request to be in writing. ASX is not required to act on the entity's request. The entity must tell ASX each of the following.*

- *Its reasons for the trading halt.*
- *How long it wants the trading halt to last.*
- *The event it expects to happen that will end the trading halt.*
- *That it is not aware of any reason why the trading halt should not be granted.*
- *Any other information necessary to inform the market about the trading halt, or that ASX asks for.*

*17.1.1 The length of the trading halt cannot exceed the period permitted under ASX's Operating Rules.*

*17.1.2 ASX may suspend quotation of an entity's securities, even if the securities are subject to a trading halt. However, if the entity requested the trading halt (without ASX's intervention)*

<sup>12</sup> As may be the case, for example, where there are commercial arrangements between the seller and the entity that need to be unwound as a precursor to the sale process.

<sup>13</sup> See generally '4.9 What other steps can an entity take to facilitate compliance with Listing Rule 3.1?' in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

<sup>14</sup> These laws will generally have the effect that the seller is not able to sell its securities if it is in possession of market sensitive information, apart from its own intention to sell the stake, which is not generally available and which has not otherwise been disclosed to the buyer (see sections 1043A, 1043H-1043J and 1043M(2)(b) of the Corporations Act). If the seller has a representative on the board of the entity or otherwise has access to non-public market sensitive information about the entity, these laws will need to be carefully navigated.

<sup>15</sup> See ASIC Market Integrity Rules (ASX Market) 2010 rule 5.9.1 and ASX Operating Rule 3101(a).

<sup>16</sup> For example, in the window after the entity has published its half yearly or annual financial statements or its annual report or has issued a prospectus, PDS or cleansing notice.

*to prevent trading in its securities taking place in an uninformed market, ASX will not suspend quotation of the securities before the expiry of the trading halt.*

ASX Operating Rule 3301(b) empowers ASX to impose a trading halt in relation to a listed entity's securities where the entity has requested it and ASX has agreed to the request under the Listing Rules.

ASX Operating Rule Procedure 3301 provides:

*A trading halt will end at the earlier of:*

- (a) the time announced by ASX that the trading halt will end (and ASX will provide at least ten minutes notice before the end of the trading halt); or*
- (b) subject to paragraph (c) below (if applicable), the commencement of Open Session State<sup>17</sup> on the second Trading Day after the day the trading halt is imposed; or*
- (c) if the trading halt is imposed after the end of that day's CSPA Session State,<sup>18</sup> the commencement of Open Session State on the third Trading Day after the trading halt is imposed.*

*When a trading halt ends, the Cash Market Products will be placed in the Session State applying to the relevant sector of the market unless ASX decides otherwise.*

Under Operating Rule Procedure 3301, therefore, the longest a trading halt can last is effectively two full trading days. It may in fact be less than two full trading days if the trading halt is put in place part-way through a trading day. For example, if the trading halt is put in place at any time before the close of trading on ASX on a Monday, the maximum period it can operate will be up to the commencement of trading on the following Wednesday (assuming the Monday, Tuesday and Wednesday are all trading days), regardless of whether it was put in place before trading started, or while trading was under way, on the Monday. Conversely, if the trading halt is put in place after the close of trading on ASX on the Monday, the maximum period it can operate will be up to the commencement of trading on the following Thursday (assuming the Tuesday, Wednesday and Thursday are all trading days).

### 3.2 The effect of a trading halt

When ASX agrees to a trading halt in an entity's securities under Listing Rule 17.1, those securities are placed into the "trading halt session state" on the ASX trading platform. In that state, ASX market participants are able to place, amend or cancel orders for, but are not able to trade in, the securities. Existing orders for the securities in the ASX trading platform are not automatically purged, as they are in the case of a voluntary suspension, but instead remain in the trading platform with the same price/time priority and are available for execution when trading resumes after the halt has been lifted.<sup>19</sup> This treatment reflects the short-term nature of a trading halt compared to a voluntary suspension.

Under Part 6.1 of the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011, whenever ASX places a security into, or takes it out of, a "trading suspension", it is required to notify that action to all other licensed market operators in Australia who quote the security and they in turn are required to immediately take corresponding action

<sup>17</sup> The "open session state" mentioned in paragraphs (b) and (c) of ASX Operating Rule Procedure 3301 refers to the state that the ASX trading platform operates in during normal trading, where overlapping buy orders and sell orders are matched in accordance with price/time priority.

<sup>18</sup> The "CSPA session state" mentioned in paragraph (c) of ASX Operating Rule Procedure 3301 refers to the state that the ASX trading platform operates in during the closing auction on a trading day.

<sup>19</sup> Note that while ASX does not automatically purge orders in securities that are placed into a trading halt from the ASX trading platform, some market participants do purge such orders from their order systems as a precautionary measure, in case the information released during the trading halt affects the price or value of the securities in question. Also, if the announcement that is made by an entity to lift a trading halt in its securities results in a change in the basis of quotation of those securities, orders will be purged from the ASX trading platform before trading resumes to reflect that change.

to place the security into, or take it out of, a trading suspension. A “trading suspension” for these purposes includes a trading halt under Listing Rule 17.1.<sup>20</sup>

As a matter of practice, whenever ASX imposes a trading halt in a security under Listing Rule 17.1, it generally also imposes a trading halt in any ASX exchange-traded options relating to that security.<sup>21</sup>

It is this feature of a trading halt – the fact that it prevents trading in ASX-quoted securities and related derivatives on the main licensed markets in Australia where they trade – that makes it such an important and effective tool for managing the risks associated with a listed entity’s continuous disclosure obligations under Listing Rule 3.1.

### 3.3 When to request a trading halt

An entity should consider requesting a trading halt whenever it is necessary to manage its continuous disclosure obligations under Listing Rules 3.1-3.1B. This can arise, for example, where a listed entity has become aware of information that a reasonable person would expect to have a material effect on the price or value of its securities but it is not in a position to make an announcement about the information to the market promptly and without delay.

Having regard to the general principle outlined in section 2.1 above, ASX will only agree to a trading halt for the period ASX considers reasonably necessary for an entity to manage its continuous disclosure obligations. A trading halt can therefore be quite short, including for a single trading day or part of a trading day.

Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* has quite detailed guidance on when and how to use a trading halt for these purposes. The following are some specific examples of situations when an entity could consider requesting a trading halt and how ASX would be likely to respond to such a request:

*Example 1: entity A, whose principal asset is a mine in a remote region, has just learnt that its mine has been hit by a major earthquake. Early reports indicate that the damage is significant. A intends to fly a team of experts to the mine to assess the damage but it is likely to take 48 hours for them to reach the mine and report back to A and then for A to prepare an appropriate announcement to the market about the extent of the damage and its likely impact on A’s operations.*

*It would be appropriate for A at that point to request a trading halt pending that announcement. The request for the trading halt, which would be released to the market, should mention that A’s mine has been significantly damaged by the earthquake, that A is sending a team to assess the damage and that a further announcement about the damage is anticipated within 48 hours.*

*In this case, ASX would likely grant a trading halt that covers the 48 hour period A says it needs to assess the damage and make an announcement to the market.*

*Example 2: entity B is in the final stages of confidential negotiations with C regarding the purchase of a material mining tenement. Speculation emerges in the media about the transaction that is reasonably specific and detailed, and the price of B’s securities starts to rise. ASX contacts B to ascertain if the speculation is correct or if B is aware of any other reason for the increase in the price of its securities. Upon being told of the purchase negotiations, ASX suggests that B needs to make an announcement to the market about the transaction, as it no longer appears to be confidential and therefore is no longer excluded from disclosure under Listing Rule 3.1A. B anticipates being able to conclude the negotiations with C and make an announcement about the transaction to the market within the next two trading days.*

<sup>20</sup> The ASIC Market Integrity Rules (Competition in Exchange Markets) 2011 define a trading suspension as “a halt or suspension in trading on a Market pursuant to the exercise of a power by a Market Operator under its Operating Rules during which Orders may not be matched or executed on the relevant Market, but does not include a halt or suspension caused by a technical problem (including a power outage) affecting a Market Operator’s Trading System.” It therefore includes a trading halt imposed under Listing Rule 17.1 and ASX Operating Rule 3301(b), a voluntary suspension imposed under Listing Rule 17.2 and ASX Operating Rule 3300, a halt to trading imposed by ASX on receipt of a market sensitive announcement under Operating Rule 3301(a), and a regulatory halt imposed by ASX under ASX Operating Rule Procedure 3200.

<sup>21</sup> If a security is in a trading halt on the expiry date for an exchange-traded option over that security, ASX may open trading in the option for a short period to allow option holders to close out or roll their option positions.

*B considers that it would be appropriate to request a trading halt to allow it to complete the negotiations with C and to make a more definitive and informative announcement to the market about the concluded transaction than to give an immediate announcement about the current state of the negotiations. B's request for the trading halt, which would be released to the market, should mention that B is in negotiations with C regarding a material acquisition of the tenement in question and that B expects to make an announcement about the conclusion of the negotiations within the next two trading days.*

*In this case, ASX would likely grant a trading halt for two trading days.*

**Example 3:** *entity D is conducting a bookbuild process as part of a significant issue of securities, where a reasonable person would expect information about the issue, including in particular the price at which the bookbuild is completed, to have a material effect on the price or value of D's securities and where trading in D's securities pending an announcement of that information would be happening on a basis that is not reasonably informed. The bookbuild process is scheduled to take place over the course of one trading day and overnight, with an announcement about the results scheduled to be made before the beginning of trading on the following trading day.*

*It would be appropriate for D to request a trading halt to allow it to conclude the bookbuild process and make an announcement to the market about the results. The request for the trading halt, which would be released to the market, should mention details of the proposed issue and the timetable for the conclusion of the bookbuild and the announcement to the market.*

*In this case, ASX would likely grant a trading halt for the one trading day needed to conclude the bookbuild process.*

### 3.4 The procedure to request a trading halt

An entity should contact its home branch to request a trading halt.

Generally, the request should be made by the person (or if the entity has two or more such persons, one of the persons) appointed by the entity under Listing Rule 12.6 to be responsible for communications with ASX in relation to Listing Rule matters. Where that person is not available, ASX will accept a request for a trading halt from any director or other responsible officer of the entity.

Listing Rule 17.1 provides that ASX may require a request for a trading halt to be in writing. In practice, ASX will consider a verbal request from an entity for a trading halt but will require the request to be confirmed in writing as soon as practicable thereafter. The entity's written request for a trading halt<sup>22</sup> will be released on the ASX Market Announcements Platform. It should therefore take the form of a letter to ASX on the entity's letterhead that includes the information required by Listing Rule 17.1 mentioned in section 3.5 below and is otherwise in a form suitable for release to the market.

It greatly assists ASX if an entity can give ASX the earliest possible notification that it may or will be requesting a trading halt, especially if it has advance warning of the possible need for the trading halt or if it wants the trading halt to be in place by a particular time (eg before the start of trading on ASX to coincide with an announcement of a material capital raising).

If the request for a trading halt is made during normal office hours for the entity's home branch, the entity should telephone its home branch first to alert ASX to the request for the trading halt and to discuss the reasons for the halt, before emailing a letter requesting the halt to ASX. By doing this, any queries or concerns by ASX as to the appropriateness of the trading halt or about the information to be included in the request for the trading halt can be ironed out before the letter with the request is sent.

If the request for a trading halt is made outside normal office hours for the entity's home branch and the entity therefore does not have the opportunity to discuss the matter first with its home branch, the entity should email a

<sup>22</sup> References in this Guidance Note to a written request for a trading halt include a written confirmation of a verbal request for a trading halt.

letter requesting the halt to ASX but follow up that email by telephone at the earliest opportunity to confirm that the email has been received and to discuss any queries or concerns that ASX may have in relation to the request.

### 3.5 What needs to be included in the letter requesting a trading halt

A letter requesting a trading halt must include the information required by Listing Rule 17.1, that is:

- the entity's reasons for the trading halt;
- how long it wants the trading halt to last;
- the event it expects to happen that will end the trading halt;
- that it is not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that ASX asks for.

In relation to the first bullet point above, it is not sufficient to simply say that an announcement is pending. The request must at least include a description of the general nature of the announcement.<sup>23</sup>

### 3.6 Where to send a letter requesting a trading halt

The letter requesting a trading halt should be sent by email to the entity's designated Listings Compliance Adviser and also to the following general trading halt email address at the entity's home branch:<sup>24</sup>

Sydney home branch: [tradinghaltssydney@asx.com.au](mailto:tradinghaltssydney@asx.com.au)

Melbourne home branch: [tradinghaltsmelbourne@asx.com.au](mailto:tradinghaltsmelbourne@asx.com.au)

Perth home branch: [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au)

Entities must understand that email is not a guaranteed delivery protocol. Emails may not be delivered if there is an error in the user name or domain name of the recipient. They can be diverted to trash folders. They can be blocked by spam filters instituted by the sender or recipient or their respective internet service providers. They can also be delayed or deleted if a server in the delivery path has a problem.

If ASX does not receive an email requesting a trading halt and has no other communications with the entity about the request, ASX will not be able to agree to it, nor institute the necessary operational steps to process it.

If ASX Listings Compliance receives a trading halt request by email and it has not had a prior conversation with the entity about the request, as a matter of practice, it will normally contact the entity by phone or by email to confirm that the request has been received and is being considered. However, it is the entity's obligation to ensure that its request is communicated to ASX. If the entity does not receive such a confirmation within a reasonable period of sending an email requesting a trading halt, it must follow up its email request to ASX by telephone as a matter of priority in case the email with the request has not been received by ASX.

### 3.7 The action ASX takes if it agrees to a trading halt

If ASX agrees to a trading halt before it receives the entity's formal written request for the halt under Listing Rule 17.1, it will place the entity's securities into the "pre-notice received session state". This is the practical equivalent of a trading halt. When a security is in that state, ASX market participants are able to place, amend or cancel orders for, but are not able to trade in, the security.

When the entity's formal written request for the trading halt is received, ASX will append to it an ASX market announcement stating that the entity's securities have been placed into a trading halt at its request pending the release of an announcement by the entity. ASX will then release the entity's request and ASX's announcement as

<sup>23</sup> See note 4 above.

<sup>24</sup> Using the trading halt email address ensures that if an entity's Listings Compliance adviser for any reason is not available, another adviser at Listings Compliance can pick up the email and process the trading halt request.

a combined package on the ASX Market Announcements Platform. At that stage, the entity's securities will be formally placed into the "trading halt session state".

### 3.8 Ending a trading halt

ASX may end a trading halt at any time.<sup>25</sup> It will usually do so once the entity makes the announcement about the event it said would result in the lifting of the trading halt, without any further action on the part of the entity.

In this regard, once the situation that led the entity to request a trading halt has been resolved or clarified sufficiently for the entity to be able to make an announcement that informs the market about the relevant matters, the entity is expected to make such an announcement immediately. This applies even if the period for the trading halt granted by ASX has not fully expired.

If for any reason the entity is not in a position to make such an announcement before the expiry of the trading halt, the entity should contact ASX to discuss how the situation should be handled. Sometimes this may involve the entity making an announcement updating the market on the current state of affairs before the trading halt has expired and trading in its securities then recommencing after the announcement has been made. Other times, it may be appropriate for the entity to ask for a voluntary suspension under Listing Rule 17.2 (see below) to allow more time for the situation to unfold.

If the situation is not resolved to ASX's satisfaction before the expiry of the trading halt, ASX may have to suspend quotation of the entity's securities under Listing Rule 17.3.

## 4. Voluntary suspensions

### 4.1 What is a voluntary suspension?

The expression "voluntary suspension" refers to a suspension of a listed entity's securities from quotation requested by the entity under Listing Rule 17.2.

Listing Rule 17.2 states:

*ASX may at any time suspend an entity's securities, or a class of them, from quotation at the request of the entity. ASX may require the request to be in writing. ASX is not required to act on the entity's request. The entity must tell ASX each of the following.*

- *Its reasons for the suspension.*
- *How long it expects the suspension to last.*
- *The event it expects to happen that will end the suspension.*
- *That it is not aware of any reason why its securities should not be suspended.*
- *Any other information necessary to inform the market about the suspension, or that ASX asks for.*

ASX Operating Rule 3300 states:

*If Cash Market Products are suspended from quotation or trading the market for those products will be suspended and the products may only be traded with the written permission of ASX. At the termination of the period of suspension trading will proceed as specified in the Procedures.*

ASX Operating Rule Procedure 3300 states:

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<sup>25</sup> Listing Rule 17.7.

*At the termination of the period of suspension, trading in the Cash Market Products which are the subject of the suspension proceeds to Open Session State<sup>26</sup> after a period of Pre-Notice Received Session State.<sup>27</sup>*

### 4.2 The effect of a voluntary suspension

When ASX agrees to a voluntary suspension in an entity's securities under Listing Rule 17.2, those securities are placed into the "suspend state" on the ASX trading platform. In that state, ASX market participants are not able to place or amend orders for, or trade in, the securities. They can, however, cancel existing orders. At some point after the suspension, ASX will purge all of the existing orders for the securities from the ASX trading platform.<sup>28</sup> This treatment reflects the longer-term nature of a suspension compared to a trading halt.

Again, under Part 6.1 of the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011, whenever ASX places a security into, or takes it out of, a trading suspension, it is required to notify that action to all other licensed market operators in Australia who quote the security and they in turn are required to immediately take corresponding action to place the security into, or take it out of, a trading suspension.<sup>29</sup>

As a matter of practice, whenever ASX suspends trading in a security, it generally also suspends trading in any ASX exchange-traded options relating to that security.<sup>30</sup>

Again, it is this feature of a voluntary suspension – the fact that it prevents trading in ASX-quoted securities and related derivatives on the main licensed markets in Australia where they trade – that makes it such an important and effective tool for managing the risks associated with a listed entity's continuous disclosure obligations under Listing Rule 3.1.

### 4.3 When to request a voluntary suspension

An entity should consider requesting a voluntary suspension:

- whenever it is necessary to manage its continuous disclosure obligations under Listing Rules 3.1-3.1B; and
- where it anticipates not being able to make an announcement to satisfy those obligations for a longer period than the maximum permitted duration of a trading halt (generally two trading days or, in those exceptional circumstances where ASX agrees to grant back-to-back trading halts, four trading days).

An entity should also consider requesting a voluntary suspension if it has been in a trading halt pending an announcement and it becomes clear that it will not be in a position to make the anticipated announcement before the end of the trading halt.

Entities should be aware that one of the conditions of their eligibility:

- to offer securities without a disclosure document or product disclosure statement under a 'low-doc' rights issue (sections 708AA or 1012DAA of the Corporations Act) or under a share or interest purchase plan (ASIC Class Order 09/425); or

<sup>26</sup> Again, the "open session state" refers to the state that the ASX trading platform operates in during normal trading, where overlapping buy orders and sell orders are matched in accordance with price/time priority.

<sup>27</sup> The "pre-notice received session state" refers to the state that the ASX trading platform operates in after ASX has received a market sensitive announcement (discussed in section 6 below). When a security is in that state, ASX market participants are able to place, amend or cancel orders for, but are not able to trade in, the security. This allows the order book to fill and supply and demand to emerge.

<sup>28</sup> ASX Operating Rule Procedure 4070. The purging usually takes place at the end of the trading day on which the suspension is implemented. However, if the entity is reinstated to trading on the same day as it is suspended, the purging will occur before the security is placed into the "pre-notice received session state" as a precursor to the resumption of trading.

<sup>29</sup> See note 20 above.

<sup>30</sup> If the quotation of a security is suspended on the expiry date for an exchange traded option over that security, ASX may open trading in the option for a short period to allow option holders to close out or roll their option positions.

- to rely on the 'cleansing notice' provisions in relation to a secondary sale of securities issued without a disclosure document or product disclosure statement under a placement (sections 708A(5) or 1012DA(5) of the Corporations Act),

is that their securities have not been suspended for more than a total of five days during the shorter of the period during which the class of securities was quoted, and the 12 month period before the relevant offer or issue.<sup>31</sup> A voluntary suspension will therefore eat into this five day period.

Aside from this one issue,<sup>32</sup> a voluntary suspension should not be perceived as a less attractive option for managing continuous disclosure obligations than a trading halt. The statement to the market advising of a voluntary suspension will clearly indicate that it has been put in place at the entity's request and set out the reason for the request.

A voluntary suspension will generally only be granted for the period ASX considers reasonably necessary for an entity to manage its continuous disclosure obligations.

ASX may agree to suspend quotation of an entity's securities (or continue an existing suspension) where ASX is satisfied that the entity is in genuine financial difficulties and continued trading in its securities is likely to be materially prejudicial to its ability to complete a transaction critical to its continued financial viability.

In such a case, the entity must make a written request for the suspension that includes the information required under Listing Rule 17.2, including the reasons for the suspension (or continued suspension) and a proposed timetable for trading in its securities to resume, for release to the market. The stated reasons for the suspension must include a forthright account of the entity's current financial situation, details of the transaction that the entity says is critical to its continued financial viability, and an affirmation that, in the entity's opinion, continued trading of its securities is likely to be materially prejudicial to its ability to complete that transaction

#### 4.4 The procedure to request a voluntary suspension

The procedure for requesting a voluntary suspension is essentially the same as that outlined in sections 3.4 and 3.6 above in relation to trading halts.

Listing Rule 17.2 provides that ASX may require a request for a voluntary suspension to be in writing. Again, in practice, ASX will consider a verbal request from an entity for a voluntary suspension but will require the request to be confirmed in writing as soon as practicable thereafter. The entity's written request for a suspension<sup>33</sup> will be released on the ASX Market Announcements Platform. It should therefore take the form of a letter to ASX on the entity's letterhead that includes the information required by Listing Rule 17.2 mentioned below and is otherwise in a form suitable for release to the market.

Listing Rule 17.2 requires the written request for a voluntary suspension to include:

- the entity's reasons for the suspension;
- how long it expects the suspension to last;
- the event it expects to happen that will end the suspension;
- that it is not aware of any reason why its securities should not be suspended; and
- any other information necessary to inform the market about the suspension, or that ASX asks for.

<sup>31</sup> See ASIC Regulatory Guide 173 *Disclosure for on sale of securities and other financial products* for guidance on when ASIC will consider granting case-by-case relief in relation to secondary sales when an entity's securities have been suspended for more than five days.

<sup>32</sup> The concerns that once applied to voluntary suspensions that they might result in a loss of the ability to issue a transaction specific prospectus no longer apply (see ASIC Regulatory Guide 66 *Transaction Specific Disclosure*).

<sup>33</sup> References in this Guidance Note to a written request for a voluntary suspension include a written confirmation of a verbal request for a voluntary suspension.

Again, in relation to the first bullet point above, it is not sufficient to simply say that an announcement is pending. The request must at least include a description of the general nature of the announcement.<sup>34</sup>

ASX would reiterate the guidance in section 3.4 above that it greatly assists ASX if an entity can give ASX the earliest possible notification that it may or will be requesting a voluntary suspension, especially if it has advance warning of the possible need for the suspension or if it wants the suspension to be in place by a particular time.

ASX would also reiterate the caution in section 3.6 above that email is not a guaranteed delivery protocol. If ASX Listings Compliance receives a request for a voluntary suspension by email and it has not had a prior conversation with the entity about the request, as a matter of practice, it will normally contact the entity by phone or by email to confirm that the request has been received and is being considered. However, it is the entity's obligation to ensure that its request is communicated to ASX. If the entity does not receive such a confirmation within a reasonable period of sending an email requesting a voluntary suspension, it must follow up its email request to ASX by telephone as a matter of priority in case the email with the request has not been received by ASX.

#### 4.5 The action ASX takes if it agrees to a voluntary suspension

If ASX agrees to a voluntary suspension before it receives the entity's formal written request for the suspension under Listing Rule 17.2, it will place the entity's securities into the "pre-notice received session state". As mentioned previously, when a security is in that state, ASX market participants are able to place, amend or cancel orders for, but are not able to trade in, the security.

When the entity's formal written request for the suspension is received, ASX will append to it an ASX market announcement stating that the entity's securities have been placed into suspension at its request pending the release of an announcement by the entity. ASX will then release the entity's request and ASX's announcement as a combined package on the ASX Market Announcements Platform. At that stage, the entity's securities will be formally placed into the "suspend session state".

#### 4.6 Ending a voluntary suspension

ASX may end a voluntary suspension at any time.<sup>35</sup> It will usually do so once the entity makes the announcement about the event it said would result in the lifting of the suspension, without the need for the entity to take any further action on its part.

Again, once the situation that led the entity to request a suspension has been resolved or clarified sufficiently for the entity to be able to make an announcement that informs the market about the relevant matters, the entity is expected to make such an announcement immediately.

If for any reason an entity is not in a position to make the announcement about the event it said would result in the lifting of the suspension within the time that it originally anticipated, the entity is expected to make an announcement to inform the market of the reasons for the delay, and the new date by which it expects the suspension to be able to be lifted.

### 5. Dual listed entities

#### 5.1 Co-ordination of trading halts and voluntary suspensions across multiple exchanges

A dual listed entity (ie an entity listed on ASX and on another exchange or exchanges) which requests and is given a trading halt or voluntary suspension by ASX to manage its disclosure obligations will need to consider carefully whether it should be taking similar action in relation to the other exchange or exchanges on which it is listed to prevent its securities trading there on an uninformed basis.

If another exchange on which it is listed permits a disclosure-related trading halt or voluntary suspension and there is a possibility of its securities trading on that exchange while ASX is in a trading halt or voluntary suspension, it will generally be appropriate for the entity to request that exchange to grant an equivalent halt or suspension to

<sup>34</sup> See note 4 above.

<sup>35</sup> Listing Rule 17.7.

ASX. It is the responsibility of the entity to co-ordinate the application and lifting of that halt or suspension with its halt or suspension on ASX.

### 5.2 Entities dual-listed on ASX and NZX

The exchange with which ASX shares the highest number of dual listings, as well as the exchange with which it has the greatest overlap in trading hours, is NZX. NZX has a not dissimilar framework to ASX when it comes to disclosure-related trading halts and voluntary suspensions.

ASX has a protocol with NZX for dealing with requests for trading halts and voluntary suspensions by entities that are dual-listed on ASX and NZX. Such entities still have to request both ASX and NZX to apply a trading halt or voluntary suspension. Once that request is received, however, ASX and NZX will generally try to ensure that the halt or suspension is applied by both exchanges in a coordinated manner.

ASX and NZX have agreed a joint template that dual-listed entities can use to request a trading halt from both ASX and NZX at the same time. That template can be downloaded from the ASX website at:

<http://www.asx.com.au/regulation/compliance/compliance-downloads.htm>.

### 5.3 Entities dual-listed on ASX and another exchange or exchanges apart from NZX

Not all exchanges are as accommodating as ASX and NZX when it comes to granting disclosure-related trading halts and voluntary suspensions. If an entity's securities will be trading on another exchange while they are in a trading halt or voluntary suspension on ASX and the entity is not able to obtain an equivalent halt or suspension on that exchange, it may be appropriate for it to publish a notice to that exchange indicating that an announcement is pending and investors should be wary of buying or selling securities ahead of that announcement.

Likewise, a dual listed entity which requests and is given a trading halt or voluntary suspension on another exchange to manage its disclosure obligations for a period during which ASX is also trading will need to contact ASX to request an equivalent trading halt or voluntary suspension to prevent its securities trading on ASX on an uninformed basis. Again, it is the responsibility of the entity to co-ordinate the application and lifting of the halt or suspension on ASX with its halt or suspension on the other exchange.

## 6. Halts imposed by ASX on receipt of market sensitive announcements

Under ASX Operating Rule 3301(a), ASX may (and typically will) implement a halt to trading in an entity's securities if it receives an announcement from or about the entity that it considers to be market sensitive. The purpose of the halt is to allow the market to absorb and react to the information in the announcement. This happens without any involvement of the entity.<sup>36</sup>

Where ASX implements a halt to trading in securities under ASX Operating Rule 3301(a), the securities are placed into a "pre-notice received session state" on the ASX trading platform. As mentioned previously, in that state, ASX market participants are able to place, amend or cancel orders for, but are not able to trade in, the securities. Existing orders for the securities in the ASX trading platform are not automatically purged, as they are in the case of a voluntary suspension, but instead remain in the trading platform with the same price/time priority and are available for execution when trading resumes after the halt has been lifted.<sup>37</sup> The securities will stay in that session state for approximately 10 minutes.

Provided the notice lodged by the entity does not relate to a takeover offer by or for, or a scheme of arrangement involving, the entity, at the end of that 10 minute period, the entity's securities will be put into the appropriate market session state at the time.

<sup>36</sup> This process followed by ASX when it receives an announcement for release to the market is described more fully in Guidance Note 14 *ASX Market Announcements Platform*.

<sup>37</sup> Note again that while ASX does not automatically purge orders in securities that are subject to a halt in trading halt under ASX Operating Rule 3301(a) from the ASX trading platform, some market participants do purge such orders from their order systems as a precautionary measure, in case the information released during the halt affects the price or value of the securities in question.

If the notice lodged by the entity relates to a takeover offer by or for, or a scheme of arrangement involving, the entity, ASX will continue the halt by placing the securities into the “pre-notice received session state” for a minimum of 60 minutes. In this way, the market has a full hour to absorb and react to the information in the announcement.

Again, under Part 6.1 of the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011, whenever ASX places a security into, or takes it out of, a halt to trading under ASX Operating Rule 3301(a), it is required to notify that action to all other licensed market operators in Australia who quote the security and they in turn are required to immediately take corresponding action to place the security into, or take it out of, a trading halt.<sup>38</sup>

As a matter of practice, whenever ASX imposes a trading halt in a security under ASX Operating Rule 3301(a), it generally also imposes a trading halt in any ASX exchange-traded options relating to that security.

## 7. Regulatory halts imposed by ASX in cases of extreme trading

ASX Operating Rule Procedure 3200 imposes volatility controls to regulate extreme movements in the price of securities trading on the ASX market. Under that procedure, trades occurring in the “extreme cancellation range” are subject to cancellation. This range is calculated based on a reference price, which will typically be the first traded price for that day or the price resulting from any subsequent intra-day auction.

ASX is required to impose a “regulatory halt” to trading in securities for at least one minute if any trades take place (or, but for the application of certain anomalous order entry controls would otherwise take place) in the extreme cancellation range.<sup>39</sup> If ASX does impose a regulatory halt, those securities are placed into a “regulatory halt session state” on the ASX trading platform. This has the same practical effect as the “pre-notice received session state” mentioned above. Thereafter, an intra-day auction is held, similar to the opening and closing auction. This process allows the market to draw pause after an extreme price movement and for supply and demand to return to the market. It also allows a new equilibrium price for the securities to be set in the auction, which in turn will re-set the reference price for the extreme cancellation range.

Again, under Part 6.1 of the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011, whenever ASX places a security into, or takes it out of, a regulatory halt under ASX Operating Rule Procedure 3200, it is required to notify that action to all other licensed market operators in Australia who quote the security and they in turn are required to immediately take corresponding action to place the security into, or take it out of, a trading halt.<sup>40</sup>

As a matter of practice, whenever ASX imposes a regulatory halt in a security under ASX Operating Rule Procedure 3200, it generally also imposes a trading halt in any ASX exchange-traded options relating to that security for the period of the regulatory halt and the following intra-day auction.

## 8. Continuing obligations

It should be noted that even though an entity's securities may be in a trading halt or suspended, the entity is still required to comply with all of its obligations under the Listing Rules.<sup>41</sup> This includes its disclosure obligations under Listing Rules 3.1-3.1B.

Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* has further guidance on how ASX approaches this issue.

<sup>38</sup> See note 20 above.

<sup>39</sup> ASX will not apply a regulatory halt session state where any part of the regulatory halt session state would otherwise be applied during the pre-closing share price auction or closing share price auction session states.

<sup>40</sup> See note 20 above.

<sup>41</sup> Listing Rule 18.6.