



Guidance Note 1

Applying for Admission and Quotation

Issued: December 2006

Key topics

1. Applying for admission to the official list
2. Applying for quotation of additional securities
3. Listing fees
4. Providing information to ASX

Listing Rules

1. Listing Rule 15.2.3
2. Chapter 1 Listing Rules
3. Chapter 2 Listing Rules
4. Appendix 1A Listing Rules
5. Appendix 1B Listing Rules
6. Appendix 1C Listing Rules
7. Appendix 3B Listing Rules

Cross-reference

1. Guidance Note 8 – Trusts
2. Guidance Note 15 – Schedule of Fees
3. Guidance Note 20 – ASX Online
4. ASIC Policy Statement 99 – Quotation of Securities Offered by Prospectus

Guidance Note History

Re-issued: 1/7/2000
September 2001
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Introduction

1. This Guidance Note is published to assist entities considering listing in preparing applications for admission to the official list of Australian Stock Exchange Limited (ASX) and listed entities to prepare applications for quotation of additional securities.

Applying for admission to the official list

The Listing Rules

2. To apply for admission, an entity must complete an application and give it to ASX.
 - An entity applying for ASX Listing under listing rule 1.1 must complete Appendix 1A - ASX Listing application and agreement.
 - An entity applying for ASX Debt Listing admission under listing rule 1.8 must complete Appendix 1B - ASX Debt Listing application and agreement.
 - An entity applying for ASX Foreign Exempt Listing admission under listing rule 1.11 must complete Appendix 1C – ASX Foreign Exempt Listing application and agreement.

Appendices 1A, 1B and 1C

3. The applications are in 3 parts, as follows.
 - Part 1 - Application for admission to the official list - the entity applies for admission to the official list and for the quotation of securities.
 - Part 2 - Information to be completed - the entity provides information on its securities, officers, compliance with the applicable admission criteria, capital structure and operations etc.
 - Part 3 - Agreement - the entity agrees certain fundamental matters. For example, that it will comply with the Listing Rules.
4. The application must be properly executed. In the case of a company which has a seal, it must be executed under seal. In the case of a trust, the application should be executed under seal by the responsible entity.

Completing the application - number of securities

5. If a prospectus is issued, the Corporations Act sets out time limits for applying to ASX - reference should be made to ASIC Policy Statement 99 - Quotation of Securities Offered by Prospectus - issued by the Australian Securities and Investments Commission (ASIC) in respect of these limits. As a practical matter, at the time an entity applies to ASX, the entity may not know precisely how many securities will be quoted. For example, some securities may not be quoted because ASX classifies them as restricted securities, or the prospectus may include provision for acceptance of over-subscriptions.
6. An entity should apply for quotation of the maximum number of securities that can be quoted. For example, if the entity's prospectus provides for acceptance of over-subscriptions, the securities for which quotation is sought in the application should include over-subscriptions. Similarly, no adjustment should be made for securities which may not be quoted, whether due to possible escrow restrictions or for any other reason. If this practice is adopted, it will make it less likely that an entity will need to give a corrected application to ASX.

Paying initial listing fees

7. An entity applying for admission to the official list must pay initial listing fees in accordance with Chapter 16 of the Listing Rules and the schedule of fees set out in Guidance Note 15 – Schedule of Fees. That Schedule sets out the fees payable and explains when the fees must be paid. It also explains the administrative arrangements which allow for an adjustment in the fees payable in certain cases where it is likely that the maximum number of securities for which an application has been made will not be quoted. Entities applying for admission should refer to Guidance Note 15 – Schedule of Fees for further information.

Applications are released to the market

8. All applications for admission received by ASX are released to the market through the Company Announcements Platform (CAP) shortly after receipt. Documents released include the application form, the prospectus or information memorandum, the constitution and any financial statements given to ASX with the application. As explained in the application, this does not mean that an entity will be admitted or that its securities will be quoted.

Applying for quotation of additional securities

The Listing Rules

9. Listing rule 2.4 requires an entity to apply for quotation of all securities in a quoted class. Listing rule 2.8 sets out the time periods within which an entity must apply for quotation of additional securities in a quoted class. Generally, application for quotation must be made before securities are allotted or within 10 business days after the date of final allotment. It is essential that additional securities are quoted before they are traded on ASX. Business Rule 2.4.1 prohibits a broker from dealing in unquoted securities, and National Guarantee Fund cover does not extend to transactions in unquoted securities.
10. To apply for quotation of additional securities, listing rule 2.7 requires an entity to complete an application in the form of Appendix 3B - New issue announcement, application for quotation of additional securities and agreement - and give it to ASX. Listing rule 15.2.3 states that to give a document to ASX, an entity must give it:

to the +company announcements office and to the +home branch, if the document is an Appendix 3B. However, if the document is given to ASX electronically and payment is made electronically, the document may be given to the +company announcements office only.

Refer Guidance Note 20 – ASX Online for details of the facility which ASX has developed to allow listed entities to give documents to ASX electronically.

11. Appendix 3B is in three parts.
 - Part 1 - All issues - information about the new issue
 - Part 2 - Bonus issue or pro rata issue
 - Part 3 - Application for quotation of additional securities - the entity applies for quotation of securities. The entity also agrees certain matters in respect of the securities to be quoted, for example, that the issue of the securities complies with law.
12. Appendix 3B must be properly executed. It may be signed by a properly authorised officer of the entity, for example, a director or company secretary. In the case of a trust, the application should be executed by a properly authorised officer of the responsible entity.

Completing Appendix 3B - number of securities

13. As discussed in paragraph 9, listing rule 2.8 imposes requirements about when an entity must apply for quotation. In addition, as in the case of an application for admission, if a prospectus is issued the Corporations Act sets out time limits for applying to ASX - reference should be made to ASIC Policy Statement 99 - Quotation of Securities Offered by Prospectus - in respect of these limits.
14. An entity should follow the same procedure as that set out above in relation to an application for admission and apply for quotation of the maximum number of securities that can be quoted. For example, in the case of a rights issue, the maximum number of securities offered should be included whether or not the issue is underwritten.
15. As soon as the exact number of securities to be issued is known, the entity must tell its home branch in writing of that number.

Paying subsequent listing fees

16. Entities seeking quotation of additional securities must pay listing fees in accordance with Chapter 16 of the Listing Rules and the schedule of fees set out in Guidance Note 15 – Schedule of Fees, which sets out the fees payable and explains when the fees must be paid.

Providing information to ASX

17. So that an entity's application can be processed as quickly as possible, an entity should provide all the information required by the application, so far as possible, at the time it gives the application to ASX.
18. There may be some information which cannot be provided when the application is given to ASX, for example, a list of the top 20 security holders will not usually be available. An entity should provide any additional information or documents immediately they become available and must do so before quotation commences.

Disclosure of information about Bookbuilds

19. ASX requires the disclosure of certain documents and items of information prior to the commencement of trading in an entity's securities so that trading takes place in a fully informed market.
20. Entities that conduct their initial public offering by way of a bookbuild should be aware of the following in relation to disclosure relating to the outcome of the bookbuild.
21. Entities should ensure that the market is informed of any material information arising from a bookbuild which may impact on the price or value of the entity's securities.

22. ASX expects an entity to have regard to the following principle (refer Introduction to the listing manual):

Timely disclosure must be made of information which may affect security values or influence investment decisions, and information in which security holders, investors and ASX have a legitimate interest.

23. In a bookbuild process, the following information may be required to be disclosed:
- information in relation to concessionary fee arrangements and other conduct or arrangements entered into having the effect that the issue price paid by certain allottees differs materially from the bookbuild price announced by the Issuer; and
 - other conduct or arrangements entered into having the effect that the value of the consideration for each security passing from certain allottees differs materially from the bookbuild price announced by the Issuer.
24. ASX expects that an entity will ensure it has a right to obtain appropriate information from the bookrunner in order to meet its disclosure requirements. ASX suggests a listed entity make appropriate enquiries of its bookrunner to determine the materiality of any information and make appropriate disclosures to the market.
25. ASX may exercise its discretion to seek Pre-Quotation disclosure in relation to the types of information referred to in paragraph 5 above.
26. This guidance is not intended to result in disclosure of sub-underwriting and cornerstone arrangements entered into in the normal course of business.
27. Bookrunners could potentially enter into different types of arrangements or engage in various types of conduct which would fall within this guidance. We have provided three examples below to illustrate ASX's expectations. However, these examples are intended as a guide only and are in no way exhaustive.

Example 1

28. Company A intends to list on ASX. The institutional bookbuild that forms part of the IPO is conducted by Broker B. Company A awarded the tender for the bookbuild to Broker B because it undertook to place equal numbers of securities with Australian and off-shore institutions.
29. Company A wants to place a total of 50 million shares at between \$2.30 - \$2.50 each with these institutions. During the course of the bookbuild, it becomes clear to Broker B that off-shore interest is weaker than anticipated. There is insufficient demand to cover the book at \$2.30.
30. In order to ensure that the book is covered, an off-shore subsidiary of Broker B agrees to take 10 million shares. Broker B enters into an arrangement with a second, unrelated off-shore entity, whereby Broker B will pay a "special fee" of \$0.15 per share in return for which the entity will bid for 15 million shares at \$2.30.

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31. ASX would expect Company A to disclose details of the total number of shares allocated to the institutions, and the price at which they were placed. Company A must also disclose details of the actions taken to minimise or avoid a material shortfall i.e. the shares allocated to Broker B's off-shore subsidiary, and the \$0.15 "special fee" paid to the second off-shore entity.

Example 2

32. Company C is listed on ASX. It intends to raise additional capital through a Placement of shares to institutional investors. The Placement will be via a bookbuild, conducted by Bookrunner D. Company C hopes to place a total of 20 million shares at around \$1.00 each.
33. Bookrunner D has difficulty attracting investors to the Placement. Company C is a valued client and regularly uses Bookrunner D to conduct capital raisings. In order to successfully complete the Placement, Bookrunner D enters in a series of agreements with major private clients. The clients agree to purchase a total of 10 million shares at \$0.98 each, and Bookrunner D agrees to buy back the stock in the next 30-60 days for \$1.03.
34. ASX would expect Company C to ask Bookrunner D whether the issue price paid by certain allottees may differ materially from the bookbuild price announced by the Issuer. Company C should obtain and disclose details of the buy-back arrangement between Bookrunner D and its clients.

Example 3

35. Company E intends to list on ASX. It will offer 30% of its securities to retail investors, and 70% of its securities to institutional investors via a bookbuild.
36. Company E's Prospectus indicates a bookbuild price range of between \$3.00 and \$3.50. Company E is concerned that the market for IPOs may be weakening, so it enters into a series of "offer agreements" with large institutional investors, agreeing to place 30% of its securities with those investors at \$3.00 per share.
37. The bookbuild for the remaining 40% of securities is conducted. It is priced at \$3.50. ASX would expect Company E to clearly disclose a breakdown of the number of shares placed, and the price at which they were placed. Company E should also release details of the "offer agreements" between Company E and the institutional investors.