


Key changes to the ASX listing rules

effective 19 December 2016

PROFIT TEST  \$500,000
↑
\$400,000

 **MARKETABLE PARCEL** → Remains at \$2,000

Guidance Note 1 

Details of circumstance where ASX can exercise their absolute discretion as to suitability for listing.

\$15million
↑
\$10million  **MARKET CAPITALISATION**

\$4million
↑
\$3million  **NET TANGIBLE ASSETS**

SPREAD (No. of Shareholders)
400 shareholders
↓
300 shareholders 

 20%
↑
FREE FLOAT

WORKING CAPITAL  ↑ \$1.5million for all asset test entities

 2 years now required
↑
AUDITED ACCOUNTS

For more information, please contact:

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ASX published the proposed changes to the listing rules on 2 November 2016 aimed at maintaining market integrity whilst not stifling innovation.

General Requirements

The changes to the general listing requirements for all entities include:

- **20% free float requirement (effective immediately)** - New requirement for 20% of the main class of securities that are not restricted securities or subject to voluntary escrow to be held by non-affiliated security holders;
- **Simplified minimum spread requirements** - simplified single tier requirement of a minimum of 300 non-affiliated security holders, each holding at least \$2,000 in non-restricted securities; and
- **Financial statement disclosure** - New requirement for market disclosure of two full financial years of audited accounts for the entity seeking admission. This will include the disclosure of the audited accounts of any significant entity or business that has been acquired in the 12 months prior to applying for admission or in connection with the listing.

Asset test admission requirements

The changes applicable to entities applying for admission under the assets test include:

- **Net tangible asset test requirements have increase the minimum required net tangible assets from \$3 million to \$4 million;**
- **Market capitalisation test requirements have increased the minimum required market capitalisation from \$10 million to \$15 million; and**
- **Working capital requirements have been standardised for all entities applying under the asset test. All entities listing under the assets test will need to have \$1.5 million in working capital after consideration of the first year's budgeted administrative costs and capital expenditures.**

Profit test admission requirements

The changes applicable to entities applying for admission under the profit test are limited to:

- **An increase of the minimum consolidated profits for the 12 months prior to admission from \$400,000 to \$500,000.**

The following key requirements have remained unchanged:

- **Entity must be a going concern and have conducted the same main business activity during the last three full financial years prior to admission; and**
- **The entity must have aggregated profit of at least \$1 million from continuing operations for the last three full financial years prior to admission.**



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Guidance Note 1



Sets out where ASX has also clarified requirements they expect for an entity seeking admissions including – suitability of advisors, adequate due diligence, well defined structure and business model and relevant experience of directors.