


## [ASX provides Compliance Update that includes changes to temporary emergency capital raising relief measures](#)

**Source:** [Australian Securities Exchange](#)  (ASX) and [Australian Securities Investments Commission](#)  (ASIC)

**Date:** 24 April 2020

**Abstract:**

On 31 March 2020 ASX issued a class waiver implementing temporary emergency capital raising measures to help listed entities affected by the COVID-19 pandemic.

For more information about COVID-19, see the [LexisNexis Information Hub COVID-19](#) .

Following discussions with ASIC and investor groups, the ASX has released a Compliance Update that includes changes to clarify and improve the operation of the capital raising measures.

The main change is a temporary lift in placement capacity from 15% to 25%, conditional on entities either doing a follow-on accelerated pro rata entitlement offer or a placement followed by a share purchase plan (“SPP”) offer at the same or a lower price than the placement.

Entities will also now be allowed to do a placement followed by a standard rights issue. This change is intended to benefit smaller listed entities that do not have a substantial base of institutional security holders.

Other changes involve new requirements for entities taking advantage of the relief, to:

- notify ASX before the capital raising whether the capital raising is proposed to raise urgently needed capital to address issues arising due to the COVID-19 pandemic or for some other purpose;
- announce to the market the results of the placement, and reasonable details of the approach it took in identifying investors to participate in the placement and how it determined their respective allocations;
- supply to ASIC and ASX (on a confidential basis) a detailed allocation spreadsheet showing the full details of the persons to whom securities were allocated in the placement and the number of securities they were allocated; and
- disclose, in circumstances where there is a limit on the amount to be raised under a follow-on SPP offer, why there is such a limit and how the limit was determined in relation to the total proposed fundraising.

ASIC has indicated its support for the enhanced disclosure requirements for placement allocations and SPPs. ASIC confirms it will be reviewing the allocation spreadsheets and monitoring the disclosures made by companies about placements, rights offers and SPPs to ensure they are accurate, sufficiently detailed and provide meaningful, rather than ‘boiler plate’ disclosure. It will also continue its surveillance work in examining the conduct of licensees and directors in capital raising activities beyond those using the temporary emergency capital raising relief.

A copy of the Compliance Update is available [here](#) .

A copy of ASIC’s statement is available [here](#) .