

## ***ASIC gives temporary relief to listed companies for low doc capital raisings as part of COVID-19 response***

Source: [www.asic.gov.au](http://www.asic.gov.au)

Date: 1 April 2020

### **Abstract:**

The [Australian Securities and Investments Commission](http://www.asic.gov.au) (ASIC) has given temporary relief to listed companies to enable them to raise capital quickly and at lower cost using certain “low doc” offers (including rights offers, placements and share purchase plans) to be made to investors. This relief is part of [ASIC’s commitment](#) to refocus its regulatory efforts to respond to COVID-19 challenges. The relief is aimed at helping listed companies who have been suspended for a long period while assessing how COVID-19 is affecting their businesses and preparing for a capital raising.

ASIC’s relief is found in:

- [ASIC Corporations \(Trading Suspensions Relief\) Instrument 2020/289](#); and
- [ASIC Corporations \(Amendment\) Instrument 2020/290](#).

The relief allows listed companies to carry out “low doc” placements, rights and share purchase plans if:

- they have been suspended for up to 10 days (ordinarily five days) in the 12 months before the offer; and
- they were not suspended for more than five days in the period commencing 12 months before the offer and ending 19 March 2020 (being the date the Federal Government changed its travel advice to the most severe Level 4 warning: 'do not travel' overseas).

The Instruments implement the relief by modifying:

- ss 708AA(2) (rights issues that do not need disclosure), 708A(5)(b) (sale offers that do not need disclosure), 1012DAA(2)(c) (rights issues for which a Product Disclosure Statement is not required), and 1012DA(5)(b) (Product Disclosure Statement not required for sale amounting to indirect issue) of the [Corporations Act 2001 \(Cth\)](#); and
- [ASIC Corporations \(Share and Interest Purchase Plans\) Instrument 2019/547](#).

The relief will last until ASIC revokes it with 30 days’ notice. ASIC will assess the market and consult with key stakeholders in deciding to revoke the relief.

Entities suspended for more than five days before 19 March 2020 or for more than 10 days in total will need to apply to ASIC for individual relief to conduct a “low doc” capital raising or prepare and lodge a prospectus or Product Disclosure Statement.

### **Key takeaways:**

- If you are a listed company considering raising capital, consider whether you can qualify for the relief and if it is otherwise legally and commercially appropriate for the company.
- The relief is only given in respect of the provisions listed above. It does not otherwise affect a company’s or directors’ legal obligations, e.g. capital raising provisions, continuous disclosure requirements, and directors’ duties.