

# Market Surveillance Insights



# NSX Market Surveillance Insights

Update 01/18

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## 1. INTRODUCTION

Welcome to the first issue of NSX Market Surveillance Insights. Each quarter NSX will publish a snapshot of recent market surveillance activities, updates to listing and business rules and guidance, insights into compliance and regulatory expectations, and new initiatives at the NSX. An archive of these communications will be available at this [link](#).

## 2. SURVEILLANCE ACTIVITIES

In the period from January 2017 to December 2017, six Issuers were removed from the Official List of NSX as a result of enforcement action. Factors that contributed to the removals included but were not limited to:

- Poor corporate governance practices;
- Failure to meet initial and/or continuous disclosure requirements; and
- Failure to meet ongoing suitability criteria expected of companies listed on an Australian stock exchange.

Issuers are reminded that the rules of the NSX require an entity to periodically check and satisfy itself that it continues to meet the relevant criteria for ongoing listing.

### Company Queries

Throughout the period 1 January to 31 December 2017, 44 public queries were issued to listed entities as follows:

| Price Query | Awareness Query | Continuous Disclosure Query | Periodic Disclosure Query | General Query | Total |
|-------------|-----------------|-----------------------------|---------------------------|---------------|-------|
| 11          | 4               | 13                          | 7                         | 9             | 44    |

The key themes observed in the company queries made include:

- Unexplained substantial change in price;
- New information found online which was not disclosed to the market;
- Significant change in financial reporting without explanation; and



- Significant changes in business activities.

In the event that an announcement cannot be lodged due to (exceptional) circumstances or time constraints, Issuers are reminded to utilise the trading halt functionality to ensure that market is appropriately informed.

### Market Guidance

To provide market users with guidance regarding its expectations and approach NSX has introduced the following Practice Notes [link](#). Please read and familiarise yourselves with the contents of these notes and get in touch if you have queries about how this guidance applies to your business.

- **PN#20: Suitability for Listing** - Assists entities considering applying for listing in understanding the guiding principles and expectations for what comprises suitability for listing on NSX, including those specific to Emerging Market Issuers.
- **PN#21: Suspended Securities** - Assists listed entities to meet their obligation to comply with NSX listing rules even where trading of the Issuer's securities is suspended.
- **PN#22: Nominated Advisers** - Assists Nominated Advisers and listed entities to meet their obligation to comply with NSX listing and business rules.

## 3. ISSUER UPDATE

### Secondary Quotation on Frankfurt Stock Exchange's XETRA Board

NSX has observed a number of issuers whose securities were quoted on the Frankfurt Stock Exchange's XETRA Board were subject to warnings from the German Regulator- BaFin. Warnings were issued against buy recommendations via unsolicited phone calls (cold calling). An example is below warning for former listed company that was issued by BaFin on 29/09/2017 [link](#).

Although Issuers may be unaware of such market manipulation or cold calling of its securities on the quote board market, such conduct may impact the suitability of listing on the NSX. Issuers should exercise care and perform due diligence prior to signing any market making agreements relating to its quotation on Frankfurt Stock Exchange's XETRA Board.

### JORC Code Compliance

Relevant Issuers are reminded that the reporting of Exploration Results, Mineral Resources and Ore Reserves must adhere to the JORC reporting standard when providing announcements under Listing Rule 6.13. Please also refer to the relevant Practice Note [link](#).

### Cyber Resilience

Issuers are encouraged to recognise and manage the risks associated with cyber security. Cyber resilience forms an



important part of the corporate governance in today's digital world.

ASIC References:

- ASIC'S Cyber resilience good practices [link](#)
- Key questions for an organisation's board of directors [link](#)

### **Financial Reporting**

As part of the ongoing surveillance of the market, NSX reviews for consistency the disclosures made to the market during the reporting period with information contained in the financial report for the relevant period. Issuers are reminded that NSX Listing Rule 6.4 and Chapter 6CA of the Corporations Act 2001 requires issuers to keep the market informed without delay of any information relating to the company that would materially impact its value. Issuers are encouraged to visit below resources from ASIC.

ASIC References:

- ASIC calls on preparers to focus on quality of financial report information [link](#)
- ASIC review of 31 December 2016 financial reports [link](#)
- Directors and financial reporting [link](#)