

NSX MARKET INSIGHTS UPDATE 2/19 – APRIL 2019

Welcome to the second edition of Market Insights for 2019. In this edition we cover:

- an overview of surveillance **queries issued** and **enforcement action** taken;
- an overview of **listing applications declined** by NSX;
- **participant updates**; and
- **ASIC MIR requirements**

1. SURVEILLANCE ACTIVITIES

Companies de-listed

In the period from January to March 2019, there were 3 companies de-listed from the Official List.

Disclosure queries

Throughout the period January to March 2019, 6 public queries were issued to listed entities as follows:

Price Query	Awareness Query	Continuous Disclosure Query	Periodic Disclosure Query	General Query	Total
1	1	0	3	1	6

Disclosure queries are raised when the Exchange identifies information in the public domain relating to an issuer, where that information has not formally been announced to the market via the Exchange. The key themes observed across all company queries include:

- unexplained substantial change in price;
- new information found online which was not disclosed to the market;
- a significant change in financial reporting without explanation or a supporting announcement; and
- a significant change in business activities.

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

Companies suspended from official quotation

In order to maintain a fair, orderly and transparent market, the Exchange may place the securities of a company in a trading halt or suspend the securities from official quotation.

In the period from January to March 2019, 12 issuers remained in suspension due to an ongoing breach of a Listing Rule and 2 issuers were suspended due to voluntary request or failure to lodge the financial reports in a timely manner.

2. ISSUER UPDATES

Listing applications declined

NSX continues to closely scrutinise applicants for listing against the requirements of the Listing Rules and the framework set out in the Suitability [Practice Note](#).

Throughout the period January– March 2019, three listing suitability submissions were declined for reasons including:

- The absence of an existing and appropriate connection to Australia at the time of listing;
- Inappropriate related party transactions; and
- Business models that are ill-defined or premature.

Issuers are reminded that suitability for listing must be maintained throughout the life of the listing. If an issuer fails to be suitable at any point after admission, that issuer may be suspended or de-listed.

JORC Application

Issuers are reminded that any announcements in relation to a Public Report Concerning a company's Exploration Target, Exploration Results, Mineral Resources or Ore Reserve must comply with the JORC Standard and be signed off by a Competent Person. Practice Note for JORC can be found at [link](#)

Any Exploration Results must be accompanied by a completed Table 1, template can be found at [link](#)

Major Financial Reporting Changes

Issuers are reminded that both full-year and half-year reports at 31 December 2018 must comply with new accounting standards on revenue recognition and financial instrument values. ASIC guidance on new accounting standards can be found at [link](#).

3. PARTICIPANT UPDATES

ASIC Report on Corporate Finance

ASIC's report on Regulation of Corporate Finance provides an overview of ASIC's observation in the period 1 July 2018 to 31 December 2018- [link](#)

Key observations include:

- Fundraising activity, including disclosure inadequacies
- Public M&A activity. Including the use of
- Corporate governance matters

Market Integrity Rules

NSX Participants are reminded that ASIC Market Integrity Rules (Securities Markets) 2017 have been in force since 5 November 2018. - [link](#)

From 6 May 2019, all NSX participants must comply with ASIC Market Integrity Rules (Securities Markets – Capital) 2017- [link](#)

NSX Business Rules are being amended to reflect the new capital requirements determined under the ASIC Market Integrity Rules.

ASIC's Regulatory Guide 265 provides guidance to the ASIC Market Integrity Rules for participants of securities markets.

ASIC has communicated with NSX only participants to assist them with additional information on the requirement for risk-based returns and risk-based return declarations. Participants are encouraged to contact ASIC on market.participants@asic.gov.au should further assistance be required regarding the reporting changes coming into effect from 6 May 2019.