



MEDIA RELEASE

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Strengthening Australia's Equity Capital Markets

On 2 April ASX released *Strengthening Australia's equity capital markets: ASX proposals and consultation* setting out proposals to facilitate capital raising for mid to small cap companies and updating ASX's admission requirements. The package is the first phase of listing initiatives ASX is rolling out in 2012 to strengthen Australia's equity capital markets.

The key elements of the paper are:

- Increasing the capital raising limit for mid to small caps from 15% to 25%. 'Mid to small caps' means listed entities with a market capitalisation of \$300 million or less. There are more than 1,600 of these companies listed on ASX, and more than half are from the resources sector and based in Western Australia.
- Updated admission requirements:
 - Increasing the net tangible assets test from \$2 million to a minimum of \$4 million; and
 - Changing the spread test so that there are three different levels at which acceptable shareholder spread can be achieved.
- Improving disclosure to investors in the resources sector:
 - A summary of the feedback received in response to ASX's consultation on *Reserves and Resources Disclosure Rules for Mining and Oil & Gas Companies*. The consultation process confirmed broad support for ASX's proposals for greater transparency and consistency in reserves and resources reporting.

ASX intends to release detailed rules on its proposals for an enhanced reporting framework for the disclosure of reserves and resources information by mining and oil & gas companies in the second half of 2012. ASX is continuing to consult with industry stakeholders, including JORC, and with ASIC to develop this improved framework.

ASX is also undertaking a number of other initiatives to ensure Australia remains a leading market in which to list and raise funds. These include a trial of a new *Equity Research Scheme* to fund the production of high-quality, independent research for ASX-listed entities with a market capitalisation below \$1 billion (around 1,800 or 92% of all listed companies); and the *Australian Resources Conference and Trade Show* to be held in Perth in November 2012, which will bring together international and domestic providers of capital and Australian resource entities.

ASX is inviting comment on the rule change proposals by 14 May 2012 and any changes are subject to normal regulatory clearance processes.

Strengthening Australia's equity capital markets: ASX proposals and consultation is available here: http://www.asxgroup.com.au/media/strengthening_australias_equity_capital_markets_2Apr12.PDF

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