

23 December 2020

To Kevin Lewis
ASX Limited
PO Box H224
Australia Square
Sydney NSW 1215
kevin.lewis@asx.com.au

Dear Mr Lewis,

KWM's submissions on ASX's public consultation on Proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables

We refer to ASX Limited's ("ASX") public consultation on proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables dated 30 November 2020.

King & Wood Mallesons ("KWM") welcomes the opportunity to comment on these proposed changes. In our view, ASX's proposed amendments streamline a large number of corporate actions and will assist ASX in achieving its broader objectives of simplifying, clarifying and enhancing the integrity and efficiency of the ASX listing rules.

We have included in the Annexure a table setting out our submissions on a small number of ASX's proposed reforms. We have taken into consideration ASX's reasons for the proposed reforms when preparing our submissions. We did not have comments on any of the other proposed amendments.

We would be happy to discuss if you have any questions in relation to our submissions.

Please contact any one of us in the first instance.

Yours sincerely

[signed]

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Annexure – KWM submissions

#	Issue	Submission
1	LR 3.10.3E / Appendix 3H	<p>While we understand the logic for the inclusion of the new rule Listing Rule 3.10.3E and the accompanying Appendix 3H, in our view it will be counterproductive.</p> <p>Under most employee equity plans, rights / options will lapse immediately when a person ceases employment for a ‘bad’ reason (i.e. ‘bad leaver’) or certain other events occur. Where an entity has a broad based rights / options plan (i.e. one with lots of participants), rights / options may lapse very regularly.</p> <p>As a result, this change is either going to:</p> <ul style="list-style-type: none"> • result in entities needing to lodge a significant number of Appendix 3H’s, which will cause noise on the entity’s ASX market announcements platform which is not in the interests of investors; or • cause entities to revisit their employee equity plans so that rights / options only lapse at designated times in order to reduce the number of Appendix 3Hs that need to be filed. <p>We would suggest that an entity only be required to lodge an Appendix 3H on a periodic basis (e.g. quarterly or half-yearly) in order to address these concerns whilst still providing the relevant information to the market. This would assist with achieving ASX’s objective of enhancing efficiency.</p>
2	Codes for unquoted securities	<p>The Appendices require entities to include the ASX codes for unquoted securities. We have found that the vast majority of our listed clients are not aware of what those codes are or how to access them readily.</p> <p>Given this, it would be helpful if ASX could please provide some guidance or education on them that is easily accessible to listed entities.</p>
3	Classes of rights for employee equity plans	<p>Most entities have different tranches of rights on issue at any time for their employee equity plans, with each tranche having slightly different performance conditions, performance periods etc.</p>

#	Issue	Submission
		<p>In the past, ASX has confirmed to us that it is fine to treat each tranche as part of the same class of rights for the purposes of the Appendices. Noting this, it would be helpful if ASX could please update the rules to include a note to that effect, which will help reduce the number of questions ASX is asked on this topic. This would also assist in achieving ASX's objective of simplifying the rules and enhancing efficiency.</p>
4	Appendix 3B	<p>We have also come across the following issues when entities are completing the Appendix 3B form (some of which will also be relevant to the other online forms):</p> <ul style="list-style-type: none"> • some entities and their legal advisers are not aware that the draft Appendix 3B (and other Appendices) can be filled out online in draft in advance – it would be helpful for there to be further education on this and perhaps a note in the listing rules; • entities and their advisers are filling out the paper forms in advance and then entities are finding out that the paper forms do not exactly reconcile with the online version when they are populating it or have unexpected word / character limits (e.g. item 7F.01 in the Appendix 3B form restricts the number of characters that can be used to described the offer purpose, but this is not clear when looking at the form). It would be helpful if the paper forms and the online ones exactly reconciled and if there are word / character limits, that these are specified in brackets in the forms so that everyone is aware in advance; • in the context of an unlisted convertible debt deal: <ul style="list-style-type: none"> • the issue price field only took inputs up to \$9,999 – for one transaction, the issue price was above this; and • the timetable for the offer will only let you select dates for the “date the application opened” field after the date for lodgement of the Appendix 3B – this did not work in the context of a particular deal that we worked on. <p>Given this, it would be helpful if the forms allowed for greater flexibility; and</p> • it would be helpful to clarify expressly if an Appendix 3G is required to be lodged when unquoted convertible securities are issued (in addition to lodging an Appendix 3B notifying of the proposed issue) as we have seen mixed practice on this.