



A simple guide to listing and issuing debt on ASX

**Benefits and alternatives for
issuers of debt securities**

January 2018



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Contacts

For general enquiries, please contact:

Listings Compliance

Level 6, 20 Bridge Street
Sydney NSW 2000
T. +61 2 9227 0133
E. listingswholesaledebt@asx.com.au

Business Development

Level 5, 20 Bridge Street
Sydney NSW 2000
T. +61 2 9227 0094
E. debt@asx.com.au

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Introduction

The purpose of this guide is to provide a brief overview of the benefits of listing debt securities on ASX, and the requirements that need to be met for quotation of such securities.

The term 'debt securities' in this guide refers to 'vanilla' debt securities (e.g. Medium Term Notes carrying a fixed or floating rate of interest, and no conversion rights to equity).

Wholesale – over the counter (OTC) issuance

- These securities are typically issued on an excluded offer basis (i.e. without a prospectus) to sophisticated/professional investors, pursuant to section 708 of the Corporations Act.
- To satisfy regulatory compliance and investor requirements, wholesale corporate debt issuers are often required to list their securities on an internationally recognised exchange. ASX has
- a streamlined and internationally competitive listing process for wholesale debt issuers. Listing on ASX:
 - satisfies the 'public offer test' for interest withholding tax exemption purposes (see section 128F(3) of the Income Tax Assessment Act 1936 (Cth)) – domestically issued bonds are now marketable overseas, provided certain conditions are met;
 - typically satisfies overseas investors whose mandates require securities to be listed;
 - is a timely and efficient process; and
 - is cost effective when compared to other exchanges. Both listing and legal fees are in \$A.

Note that securities that are 'listed' and traded OTC are **not** quoted for trading on ASX

ASX listed and quoted issuance

ASX provides an efficient, transparent interest rate securities market utilising its existing trading and settlement mechanisms. Organisations choose to raise debt finance through the ASX Interest Rate Securities (IRS) Market to take advantage of:

Diversified sources of funding

In a world where funding diversity is almost as critical as the interest cost of debt raised, issuing debt on the ASX IRS market diversifies an organisation's funding exposure away from bank lending and/or offshore wholesale markets.

Reduced costs – reduced prospectus requirements

With changes to prospectus requirements and technology advances, many of the previous costs associated with a debt raising have been significantly reduced. For issuers of simple bonds, legislative changes in 2014 will significantly reduce onerous prospectus requirements. Contact ASX for more information asx.com.au/debtlisting

Liquidity and term flexibility

- Debt securities quoted for trading on ASX are accessible to all investors, which can greatly increase the potential market for an issuer's securities.
- Having alternatives to more traditional funding sources provides greater flexibility for organisations to match their borrowing requirements with investor demand.

Investors seeking longer term debt

- Many retail investors have a longer investment horizon than that offered by bank term deposits. With an aging population and expanding pool of self-managed super, the demand from investors for attractive long-term interest rate securities is expected to grow.
- These factors, combined with ASX's efficient and cost effective trading and settlement system, provide a viable funding alternative for borrowers looking to raise term debt.

ASX requirements for Debt Issuers

Below is an overview of the listing, quotation and ongoing requirements for Issuers. Existing listed companies need only consult the section below on Quotation requirements.

Listing (entry) requirements

The main threshold requirements for Debt Issuers are as follows:

- The company must be seeking quotation of debt securities that are ‘financial products’ as defined in the Corporations Act.
- The company must be a public company limited by shares, a government borrowing authority, a public authority, or an entity approved by ASX. Overseas companies may be required to give ASX legal opinions on:
 - a) The status of the notes under the Corporations Act, and
 - b) The company’s recognition as a legal entity in its home jurisdiction and Australia.
- The company must satisfy either (a), (b) or (c) below.
 - a) The company has net tangible assets of at least \$10 million.
 - b) The company’s parent entity has net tangible assets of at least \$10 million and will unconditionally and irrevocably guarantee all debt securities to be issued by the company for the period of quotation. The company’s parent entity will also need to provide to ASX copies of its annual accounts for release to the market.
 - c) The debt securities must be rated at least ‘investment grade’ by a rating agency approved by ASX and no credit rating agency has issued a rating less than ‘investment grade’ in relation to those debt securities.
- If conducting a retail offering, a prospectus must be lodged with ASIC and the company’s structure and the terms of the retail securities to be quoted on ASX, must be appropriate for retail securities.
- The company must apply and be granted quotation of all the securities that are in the class for which it seeks quotation. It is important to note that there is one flat listing fee (see Fees section below) in respect of the securities that are initially quoted, and no additional listing fees if a fungible line is being added to.
- If the company is incorporated overseas, ASX must be satisfied that the entity complies with its constitution and the laws that govern it, and the listing rules of its home exchange (if any) and be registered as a foreign company under the Corporations Act.
- If the entity is a trust, the responsible entity of the trust must be the issuer of the debt securities, the trust must be a special purpose trust constituted for the purpose of issuing the debt securities, must be a registered managed investment scheme or have an exemption from ASIC if the debt securities are retail securities and if foreign its responsible entity must be an Australian company or registered as a foreign company.
- The company must execute an [ASX Online Agreement](#).
- In the case of wholesale debt securities, it must be a condition of the securities that they can only be transferred to a person who is not a retail client within the meaning of section 761G of the Corporations Act.

Quotation requirements

The main quotation requirements are as follows.

- The aggregate face value for the securities must be at least \$10 million.
- The company will need to provide to ASX the offering document (prospectus, information memorandum and associated documents) that set out the terms of the debt securities. There may be a trust deed in respect of the securities, in which case it would need to be supplied to ASX. In wholesale issues this would typically take the form of a deed poll.
- Any CHES requirements relating to the company’s securities must be satisfied. In the case of wholesale debt issues, ASX regards settlement via the Austraclear system as an acceptable alternative.
- A timetable relating to interest rate payments applies. This is normally addressed in the drafting process for the constitutive documents. For example books closing dates (Record Dates) are usually at the close of business, eight calendar days prior to the Interest Payment Dates.

- If a Record Date falls on a non-business day as determined by ASX, the Record Date will be taken to be the preceding business day.

Ongoing requirements

The ongoing requirements include the following:

- Listed companies are under a continuous disclosure obligation in respect of quoted securities.
- Each year a company must provide a copy of audited annual accounts. The timeframe depends on whether the company is incorporated locally or overseas.
- Companies will need to provide a fresh copy of the document that sets out the terms of the debt securities if they amend it.

While the main requirements have been summarised above, you can discuss details applicable to a particular issuer by calling ASX Compliance on (+61) 2 9227 0133.

[Guidance Note 29](#) provides further information to assist entities looking to apply for admission to the official list of ASX as an ASX Debt Listing and to prepare information for listing.

Trading and settlement

ASX traded and settled

Trading of ASX quoted debt securities is conducted between broking firms who act on behalf of their clients, in the same way as quoted equity securities. The trading is conducted electronically on ASX Trade.

Settlement occurs in the [Clearing House Electronic Subregister System \(CHES\)](#) where the participants are ASX brokers, specialist third party clearing organisations and approved institutions. CHES provides a central book entry register for transfers and holdings of approved securities. The holding balances maintained by the system are the record of legal title and form part of the issuers register.

Settlement in CHES normally occurs on a 'Trade date plus 2 days' (T+2) basis and the quoted prices for interest rate securities on ASX Trade reflect this. CHES enables investors to settle ASX interest rate securities electronically, the same way as shares, thereby saving time and money.

To facilitate CHES settlement, securities can be held on the register as a 'CHES Sponsored Holding' whereby the registry recognises the broker's client as the registered holder but allows the broker access to that holding for settlement in CHES. Holders have the alternative of having their ownership recorded on the register as 'Issuer Sponsored' which requires the holder to have an arrangement with a broker to settle in CHES. Holdings and transfers on CHES are recognised by the Corporations Act as a valid legal title and transfer of that title

Securities must be 'approved' for settlement in CHES which normally occurs at the time an issuer's securities are quoted on ASX. The information that the issuer provides in its initial application for listing enables ASX to establish a capability to settle the securities in CHES.

* The costs of trading and settlement for interest rate securities are the same as those for equities.

Wholesale – OTC traded and settled

Settlement of wholesale market debt securities normally occurs in the Austraclear System. For more information go to asx.com.au/services/settlement/austraclear.htm

Fees and forms to be completed

Fees

For details of fees please review [Guidance Note 15 of the ASX Listing Rules - ASX Listing Fees and Guidance Note 15A of the ASX Listing Rules – Schedule of ASX Listing Fees](#).

If companies participate in the Austraclear settlement and registry System, they will need to pay [Austraclear fees](#).

Forms to be completed

To apply for listing and initial quotation, companies need to complete the form set out in [Appendix 1B of the Listing Rules](#) along with the accompanying [Information Form and Checklist - ASX Debt Listing](#). To apply for subsequent quotation of securities the form set out in [Appendix 3B of the Listing Rules](#) needs to be completed.

Please refer to the timetable at the back of this guide as an indication of the listing procedure.

Further details about ASX Listing Rules

Please refer to the [Listings Compliance section on the ASX website](#) for a copy of the [ASX Listing Rules](#) for more details of the issues discussed above, particularly [listing rules 1.8 – 1.10](#).

The first step

We recommend that companies talk to ASX at an early stage regarding listing as a Debt Issuer. We are happy to discuss what is involved on a strictly confidential basis and review draft documentation to help facilitate any proposal.

Indicative timetable



ASX traded debt issuer indicative listing timetable

ASX – ASX; ASX Adviser – AA; Issuer – I; Issuer’s Counsel – IC

Task	Business days																				Working Group					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20						
1. Give ASX the following documents*: A. Prospectus (lodged with ASIC) or equivalent B. Executed Appendix 1B + Information Form & Checklist (with appropriate fee) C. Trust Deed or equivalent D. Request for any waivers																										
2. Where entity is not a registered foreign company, it must give ASX finalised legal opinions on: A. Status of the notes under the Corporations Act; and B. Recognition as a legal entity in home jurisdiction																										
3. ASX reviews documents provided, discusses issues with the applicant’s advisers and prepares management paper (including recommendations)**																										
4. Once offer closed (or if offer underwritten), ASX meets to consider the application for listing an entity as a debt issuer (held on Wednesdays and Fridays)																										
5. Finalise ASX decision and send to entity or its advisers																										
6. Applicant issues debt securities																										
7. Admission on the Official List																										
8. ASX releases Offering Documents, Trust Deed/Deed Poll and Appendix IB + Information Form & Checklist on Market Announcements Platform (may be done earlier in some cases)																										
9. Quotation of securities (first quotation date is at least 3 clear business days after despatch of holding statements)																										

* ASX is happy to look at draft documents ahead of a formal application.

** This time period is also influenced by the offer period.

Wholesale debt issuer indicative listing timetable

ASX – ASX; ASX Adviser – AA; Issuer – I; Issuer’s Counsel – IC

Task	Business days														Working Group		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14			
1. Give ASX draft programme documents*: A. Information Memorandum B. Deed Poll C. Appendix 1B + Information Form & Checklist (with appropriate fee)																	1B I, IC
2. Where entity is not a registered company, it must give ASX finalised opinions from lawyers on: A. Status of the notes under the Corporations Act; and B. Recognition as a legal entity in Australia																	I, IC
3. Discuss any issues from draft documents and applications.																	AA, I, IC
4. Prepare management paper for ASX meeting to consider entity application																	AA
5. Give ASX final documents and executed application																	I, IC
6. ASX meeting to consider the application for listing an entity as a debt issuer (held on Wednesdays and Fridays)																	ASX
7. Finalise ASX decision and send to entity or its advisers																	ASX
8. Admission to the Official List																	ASX
9. Release Information Memorandum, Deed Poll and Appendix 1B + Information Form & Checklist on Market Announcements Platform																	ASX
10. Quotation of securities																	ASX

* ASX is happy to look at draft documents ahead of a formal application.

Wholesale Debt Issuer Indicative Quotation Timetable

ASX – ASX; ASX Adviser – AA; Issuer – I; Issuer’s Counsel – IC

Task	Business days							Working Group
	1	2	3	4	5	6	7	
1. Pricing Date								I
2. Request ISIN from ASX. Provide executed Appendix 3B, Pricing Supplement updated opinions (if not done so previously)*								AA, ASX, I, IC
3. Issue date of securities**								I
4. Earliest quotation date								ASX

* ASX publicly releases the main documents associated with the issue.

** Assumes a T+2 settlement period, although this is not always the case. The above Indicative Quotation Timetable assumes that any necessary waivers have already been sought and approved.