



# ASX Investment Products

## ETP Update - March 2018

### 1. Cryptocurrency listings and announcements

In [Listed@ASX Update no 09/17](#) dated 30 October 2017, ASX noted an increase in the number of enquiries it was receiving about the prospects of listing a business investing in, or making initial coin offerings ("ICOs") of, bitcoins or other cryptocurrencies. ASX provided the following guidance in [Listed@ASX Update no 01/18](#) dated 16 February 2018.

*ASX continues to experience heightened interest from parties wishing to list entities involved in, or existing listed entities seeking to expand their operations into, cryptocurrency-related businesses. These include entities wanting to:*

- *develop their own cryptocurrency tokens to be used as part of their business offering and/or to conduct an ICO;*
- *advertise ICOs by other parties;*
- *trade or make markets in cryptocurrencies;*
- *build and operate cryptocurrency exchanges;*
- *acquire entities doing the above.*

*ASX has also had a number of approaches from fund managers and advisers regarding proposals to list new LICs, LITs or ETFs investing in cryptocurrencies or cryptocurrency derivatives.*

*As noted in [Listed@ASX Update no 09/17](#), cryptocurrency-related businesses raise significant legal, regulatory and public policy issues. Their regulatory status in a number of overseas jurisdictions is subject to considerable uncertainty and rapid change.*

*ASX again reminds interested parties that an applicant for listing (whether it is an IPO or backdoor listing) must have a structure and operations that are appropriate for a listed entity (Listing Rule 1.1 condition 1) and of the following examples in Guidance Note 1 of where an applicant may not meet this requirement:*

- *the applicant has a vague or ill-defined business model or its business operations do not appear to ASX to have any substance;*

- *the applicant's proposed business is little more than a concept or idea; and*
- *the applicant has not yet secured the key licences, government approvals, intellectual property rights or other property or rights it will need to operate its business.*

*An applicant seeking to list a cryptocurrency-related business will need to satisfy ASX not only that it has a structure and operations appropriate for a listed entity, but also that its business is bona fide, that it will comply with all applicable legal requirements in Australia and in all jurisdictions where it proposes to carry on business, and that proper disclosure has been made to investors of the risks (including emerging regulatory risks) involved. This will include satisfying ASX that it has considered, where applicable, the legal and regulatory issues outlined in [ASIC Information Sheet 225](#) and that it has taken legal advice on those issues and any applicable overseas legal and regulatory requirements.*

*Applicants wishing to list a new LIC, LIT or ETF investing in cryptocurrencies or cryptocurrency derivatives will also need to satisfy ASX about:*

- *their proposed investment strategy, including how and when they will provide a return to investors and, if applicable, how they will hedge the risks in the underlying investments and any related currency risks;*
- *if they intend to invest in cryptocurrencies directly, their understanding of the market volatility and liquidity risks associated with cryptocurrencies and how will they manage those risks;*
- *if they intend to invest in, or hedge using, cryptocurrency derivatives, their understanding of the margin risks associated with cryptocurrency derivatives and how will they manage those risks (including in particular what liquidity lines they will have available to meet margin calls);*
- *the names of the individual fund managers who will be making their investment decisions and otherwise managing their portfolio and:*
  - *a copy of their CVs;*
  - *how, and for how long, have their services been secured;*
  - *their specific knowledge of and experience in cryptocurrencies;*
  - *if the applicant intends to invest in cryptocurrencies directly, their experience in managing highly volatile asset portfolios;*
  - *if the applicant intends to invest in, or hedge using, cryptocurrency derivatives, their experience in managing highly volatile derivative portfolios;*
  - *and*
- *why they consider their LIC/LIT/ETF is a suitable investment for retail investors.*

*ASX would also remind listed entities they have an ongoing obligation under Listing Rule 12.5 to have a structure and operations appropriate for a listed entity. The issues above are therefore equally applicable to existing listed entities wanting to expand their operations into a cryptocurrency-related business as they are for entities seeking to list such businesses.*

*Existing listed entities that want to expand their operations into a cryptocurrency-related business should also note their obligations under Listing Rule 11.1 to notify ASX of any proposed significant change in the nature or scale of their activities and the prospect of ASX requiring the entity to seek security holder approval and to re-comply with ASX's admission and quotation requirements under Listing Rules 11.1.2 and 11.1.3.*

*Listed entities should therefore approach their Listings Adviser before announcing any proposal to expand their operations into a cryptocurrency-related business for guidance on the issues above and on what should be included in such announcements.*

ETP Issuers should speak to the Investment Products team at [aquaandwarrantsunit@asx.com.au](mailto:aquaandwarrantsunit@asx.com.au) to discuss any prospective ETP with exposures to cryptocurrencies, blockchain or distributed ledger technology.

## 2. Price sensitivity and cross release indication of announcements lodged on ASX Online– Update on the proposed change in ASX process

The Market Announcements Office (“MAO”) seeks to release announcements as promptly as it reasonably can in order to promote the objectives of the continuous disclosure regime.

ASX is introducing the ability for an entity to indicate its view as to whether the submitted announcement is ‘market sensitive’ or ‘non-sensitive’. This indication is mandatory for an entity to complete. For reasons of maintaining consistency and integrity, MAO will make the final assessment of sensitivity prior to the release of the announcement.

ASX is also proposing to implement an additional non-mandatory function to ASX Online that will enable an entity to indicate whether the announcement lodged also materially relates to or affects another listed entity and therefore should be cross-released against the name of that entity on the Market Announcements Platform. Again, for reasons of maintaining consistency and integrity, MAO will make the final assessment of whether the submitted announcement should be cross-released. ASX understands this functionality may be relevant to ETP Issuers announcing units on issue or distributions for multiple ETPs in the same PDF announcement. In this instance, ETP Issuers are advised to complete the template for up to 5 ETPs (although your announcement may refer to more than 5 ETPs). Once submitted, MAO will review the announcement and the cross-release indication and cross-release as appropriate to all affected ETPs.

ASX is on track to implement the market sensitivity and cross-release indications in mid-2018 and further information in relation to the progress and implementation of this initiative will be provided in future ETP Updates as necessary.

## 3. ISIN Standardisation project implementation- freeing up more ASX Codes

Further to the [ETP Update January 2018](#), ASX has now implemented the new ISIN structure whereby the ISIN no longer has the ASX code embedded in it. This has allowed ASX to reuse codes much more frequently while complying with the ISIN guidelines.

When an entity is admitted to ASX, it is assigned an ASX code in accordance with the [coding convention](#). For exchange traded products including exchange traded funds and managed funds, the ASX code will generally have a four character code that reflects the name of the fund. For structured products (and single asset funds), the ASX code will have a six character code with the first three characters reflecting the name of the issuer or fund.

A code may remain reserved for up to 12 months pending commencement of quotation. Where quotation has not commenced within 12 months of reservation, the reservation will lapse unless the issuer notifies ASX by email that it wishes ASX to maintain the reservation, in which case the code may remain reserved for one further period of up to 12 months and at the expiration of which the reservation will lapse. ASX may agree to a short extension of the deadline for expiration of the reservation if the issuer can demonstrate to ASX's satisfaction that quotation is imminent. Where the reservation of a code has lapsed, a request to reserve that code again cannot be made by the same

issuer for a period of 1 month from the lapse of the original reservation unless accepted by ASX in its absolute discretion.

#### 4. Subscribe to the ASX Investment Products - ETP Update

The ETP Update is for all Issuer and their providers about ASX rules, compliance, operational and general matters for exchange traded products. To subscribe, email [InvestmentProducts@asx.com.au](mailto:InvestmentProducts@asx.com.au). Past updates can be accessed [here](#).

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