

Chapter 8: Restricted Securities

OVERVIEW

In some circumstances, the Exchange will restrict certain persons trading their securities in an entity for a period of time.

In particular, the Exchange will do this where a person has been issued securities in consideration for transferring an asset to an entity. These securities are referred to in the Listing Rules as restricted securities.

This chapter sets out the requirements for restricted securities.

Restriction Agreements

- 8.1 Subject to rule 8.2, an entity that has issued, or intends issuing, restricted securities must enter into a restriction agreement with the holder or proposed holder of the restricted securities and each controller.
- 8.2 A controller is not required to enter into the restriction agreement if:
- (a) the value of the restricted securities is less than 10% of the total assets of:
 - (i) the holder of the restricted securities; or
 - (ii) any intermediate entity through which the controller holds its interest
 - (b) the holder or any intermediate entity through which the controller holds its interest is:
 - (i) listed on the Exchange or another stock exchange;
 - (ii) a pooled development fund; or
 - (iii) a trustee or nominee; and
 - (c) The Exchange decides the controller is not required to enter into the restriction agreement.
- 8.3 Unless otherwise required by the Exchange, a restriction agreement must be in the form of Annexure 8A.

Restriction Agreement Arrangements

- 8.4 An entity must not issue restricted securities to a person until it has provided all completed restriction agreements relating to the restricted securities to the Exchange.
- 8.5 An entity must comply with, and enforce, the terms of any restriction agreements to which it is a party.
- 8.6 An entity that issues restricted securities must issue certificates for the restricted securities. The certificates must clearly indicate that the securities are restricted securities, are not quoted on the Exchange and the date on which they will cease to be restricted securities.
- 8.7 An entity that has issued restricted securities must obtain an undertaking from a bank or recognised trustee to hold the certificates for the restricted securities for the escrow period and not release the certificates without the written consent of the Exchange. The entity must

provide the undertaking to the Exchange within three business days of the entity issuing the restricted securities.

8.8 During a restriction period, an entity must not:

- (a) alter, or agree to alter, the terms of the restriction agreement; or
- (b) request, or agree to, the release by a bank or recognised trustee of certificates for the restricted securities

without the prior written consent of the Exchange.

8.9 An entity must deposit certificates for any additional restricted securities with the bank or recognised trustee that holds the certificates for the initial restricted securities. The entity must give the Exchange a further undertaking from the bank or recognised trustee in relation to the additional restricted securities within three business days of the entity issuing them.

8.10 An entity must clearly identify any securities that are restricted securities in its securities register.