

Article Information

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New ASX guidelines for early stage tech companies considering IPO

ASX has released guidelines that provide early stage technology companies more information on the factors that the ASX considers when determining whether the company's structure and operations are at an appropriate level for listing. The changes took effect on 30 May 2025.

Previous guidance on 'Appropriate structure and operations' listing requirement

All companies seeking to list on the ASX must satisfy requirements for listing. The first condition is whether a company has an appropriate structure and operations. While the previous guidance note on this requirement provided examples of when a company's structure and operations may not be appropriate, early-stage companies did not have clear guidance (until they started talking with ASX) on ASX's expectations.

Concrete pointers for what is considered

The ASX has updated their *Guidance Note 1 - Applying for Admission* for the first time since 2019 with major additions to clarify the factors that ASX considers when assessing the Listing Rule 1.1 requirement of 'Appropriate structure and operations' for early stage technology applicants.

ASX will view these criteria in a positive light:

- The team bringing the company to IPO have been with the company for some time, as opposed to having recently acquired the business (continuity of key personnel)
- The company has been materially investing in developing their business
- The product has commercialisation opportunities in the market and has generated, or is anticipated to generate revenue of \$1 million or more in a 12 month period
- The company owns or is acquiring intellectual property rights in each relevant jurisdiction and target market
- The company has raised capital from independent parties at prices which demonstrate a decreasing level of risk
- The use of funds from raisings are directly contributing to the advancement of technology and the business

ASX notes that these factors were already part of their admissions process. However, although the guidance is now clearer, companies should be aware that these are not exhaustive and that "ticking all the boxes" does not guarantee approval for listing — this decision is made at the discretion of ASX on a case-by-case basis.

Additional factors for pre-revenue biotechnology and medical technology applicants

As well as demonstrating these factors (other than the revenue factor, if the applicant is not yet in the commercial phase), early stage applicants in biotechnology and medical technology must demonstrate a clear path towards commercialisation and how they will use funds from the listing to advance their business.

Factors the ASX will consider for early stage biotechnology and medical technology companies:

- status of any planned or required clinical trials, including (if trials have not been commenced) whether the key groundwork is in place (e.g ethics approvals and contracts with essential service providers)
- if clinical trials are not required, evidence that relevant authorities (e.g. the Therapeutic Goods Administration, the

US Food and Drug Administration, or the European Medicines Agency) do not require clinical trials for the products to be offered commercially.

Similar to early stage technology companies in other sectors, these factors are not an exhaustive list. The Guidance Note has stated that the factors they consider will develop over time, and the presence or absence of factors in an individual case is not determinative of whether they meet the appropriate structure and operations condition.

How does this help early stage companies contemplating the ASX?

Previously, there was no specific published guidance for early stage technology, biotech and medtech companies as to how to demonstrate that they have appropriate structure and operations. The latest updates in ASX's *Guidance Note 1 - Applying for Admission* has provided a non-exhaustive list of specific factors ASX take into consideration when determining whether an early stage company is ready for listing.

Early stage companies looking to seek admission on the ASX can plan for listing with greater clarity as to what factors will evidence the business's readiness to list, to maximise the potential for an approval from ASX.