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ASIC speeds up IPO process

On 10 June 2025, ASIC launched a two-year trial to expedite the ASX initial public offering (IPO) process for eligible entities. This trial aims to reduce deal execution risk and create a more streamlined and attractive IPO pathway for issuers and investors, ultimately boosting IPO activity in Australia.

Under the two-year trial, ASIC will now commence its review on pathfinder prospectuses or PDS documents, allowing it to identify and resolve potential issues ***before*** public release on the formal lodgement date. The additional benefit being a reduction in the period of risk exposure for both issuers and investors. Further, by conducting an earlier review, ASIC anticipates a decreased need for supplementary and replacement documents and extensions to the exposure period, thereby mitigating the likelihood and impact of market volatility and consequential pricing changes on an IPO.

Background

ASIC's changes are a direct response to the recent decline in Australian IPOs and responses to its discussion paper "Australia's evolving capital markets". The two-year trial represents a key development in ASIC's broader regulatory reform of public and private markets, which has been documented through a series of media releases, reports and discussion papers.

The fast-track process

ASIC's new fast-track process (**ASIC Process**) complements the existing ASX fast-track listing process of reviewing pathfinder prospectuses and PDS documents (**ASX Process**).

Whilst the ASX Process has been in effect for some time, it was revised on 30 May 2025 to impose stricter eligibility conditions on entities seeking to utilise the ASX Process. To be eligible for the ASX Process an entity must meet two conditions; it must have an expected initial market capitalisation of at least $100 million at quotation, and it must not be expected to have any securities subject to an ASX-imposed escrow on issue when it is admitted to the official list (i.e. entities listing under the profit test, or the assets test where ASX gives relief from the application of the mandatory escrow rules).

To utilise the ASX Process, an entity that meets the above criteria (**Eligible Entity**) must lodge its pathfinder prospectus or PDS, a draft listing application and drafts or final versions of all supporting information and documents that would ordinarily accompany the listing application (including audited financials).

The new ASIC Process adopts a similar approach to the ASX Process, and allows Eligible Entities to lodge a pathfinder prospectus or PDS with ASIC at least 14 days before formal lodgement. Historically, ASIC would extend the standard 7-day exposure period to 14 days if disclosures were deficient or issues arose during review. Getting ASIC involved early means it can identify and resolve disclosure concerns before formal lodgement, potentially shortening the overall IPO timetable by a week. Eligible Entities looking to take advantage of the ASX Process must discuss the matter with ASX Listings Compliance at the earliest opportunity.

No-action position

In conjunction with the new ASIC Process, ASIC has also announced a class 'no-action' position, allowing Eligible Entities to receive and accept applications for securities received during the exposure period. This no-action position will apply only to offers made by an Eligible Entity during the two-year trial period.

However, issuers should note, where applications are accepted during the exposure period and disclosure defects or issues with the disclosure document are identified by ASIC, ASIC considers that section 724 of the Corporations Act applies to such situations, and the issuer will then be required to either return the application money to the applicant, or to give the applicant any supplementary or replacement document with the opportunity to withdraw their application.

We expect ASIC to follow this announcement with a class no-action letter, formalising ASIC's position. Importantly, a no-action letter does not provide unlimited protection – third parties may pursue legal action against an entity covered by the letter for the same conduct, ASIC gives no assurance that it won't take enforcement action in the future, and ASIC's policy on no-action positions provides that the position may be modified or withdrawn at any time.

Offers by foreign issuers to Australian investors

The ASIC Process and class no-action position are directly linked to the ASX Process, meaning these new initiatives do not appear to be available to foreign issuers offering shares in Australia under a prospectus or PDS. However, the ASIC Process is flagged as the first in a series of regulatory changes ASIC is considering to enhance and improve the attractiveness of Australia's public markets, meaning further developments are not out of the question.

Conclusion

ASIC's new two-year trial, starting on 10 June 2025, marks a proactive step to revitalise Australia's IPO market following the difficulties observed in recent years. With the early engagement provided under these changes, ASIC aims to iron out potential issues before formal lodgement, to reduce risk exposure, minimise delays, and foster a more attractive environment for both issuers and investors.

The fast-track initiative streamlines the journey to public listing for Eligible Entities. Whilst the current focus appears to be on domestic issuers, the ASIC Process is clearly positioned as the first of several potential regulatory reforms, signalling a broader commitment to enhancing the competitiveness and appeal of Australia's public markets.