

## Article Information

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Service: Corporate & Commercial

Sector: Energy & Resources, Health & Life Sciences, Mining

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## Time to brush up on continuous disclosure obligations - ASX to introduce a “close review procedure”

**ASX has introduced a new “close review period” for listed companies that repeatedly fall short of ASX disclosure obligations, which will come into effect on 26 June 2025.**

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### The requirement for continuous disclosure

All entities listed on the ASX have continuous disclosure obligations under Chapter 3 of the ASX Listing Rules. The general rule is that once an entity is, or becomes aware of, any information that could materially affect the price of their securities, the entity should immediately disclose that information to ASX. *Guidance Note 8 – Continuous Disclosure: Listing Rules 3.1 – 3.1B* outlines that the purpose of continuous disclosure is to enhance the integrity and accountability of entities, and improve confidence of investors in the Australian market. This Guidance Note also provides examples of what may be considered “market sensitive” information.

The normal processes for releasing market announcements are detailed in ASX’s *Guidance Note 14 – ASX Market Announcements Platform*. The ASX Market Announcements Office typically undertakes a high level review, but not a “deep dive”, given the need for prompt release of market sensitive information.

### ASX introduces a new close review procedure

The June 2025 Listed@ASX Compliance Update has released information on a new “close review procedure” which will come into effect on 26 June 2025, aimed at increasing compliance with ASX’s disclosure-related listing rules. The close review procedure will be triggered when ASX determines that an entity repeatedly falls short of ASX disclosure standards, and will include:

- Referral of the announcement to ASX Compliance for review before release
- Closer review of whether the announcement complies with Listing Rules and follows applicable guidance
- An assessment as to whether the entity has correctly characterised the likely market sensitivity of the announcement.

Entities that are subject to the close review period will need to account for the delay in their announcement releases due to the additional procedures. They may need to request a trading halt for market sensitive announcements to allow for ASX to complete the review.

### What happens if an entity is subject to “close review”?

Before deciding to implement the close review procedure, ASX will provide notify the entity privately and give the opportunity to make submissions about the proposed course of action.

An entity placed on a close review period will be subject to the additional processes for 6 months, but ASX may extend this period if an entity does not demonstrate willingness to comply with the listing rules. Additionally, ASX will publicly announce the commencement of the close review period of an entity against their ASX code, and separately compile a list on their website.

An entity that has been subject to the close review procedure for more than 12 months will likely be required by ASX to ‘show cause’ as to why they should not be removed from the official list.

### How to prevent triggering the “close review procedure”

While the normal processes for releasing market announcements have not changed, the Compliance Update emphasises the need for entities to be familiar with Guidance Notes 8 and 14.

ASX will only initiate the close review procedure if they have serious concerns about an entity's ability or willingness to comply with disclosure rules. Examples of "red flags" are:

- ASX requiring the entity to amend or withdraw an announcement prior to release
- The entity needing to issue clarifications, corrections or retraction of already released announcements
- The entity being advised of non-compliance of listing rules by ASX for a series of announcements
- Failure by the entity to address disclosure issues raised by ASX
- Unwillingness of the entity to co-operate with ASX on disclosure matters, or inability for ASX to contact the entity to discuss

### **What should listed entities do?**

The Listed@ASX Compliance Update reminds companies to be familiar with applicable ASX guidance notes, particularly Guidance Note 8 and 14 to ensure compliance.

The Compliance Update notes that ASX intends to use the procedure sparingly, but as it will be on public record, the "close review" status will likely be detrimental to investor confidence. Entities should focus on working collaboratively with ASX and ensuring that they have effective processes in place for complying with their continuous disclosure obligations. For example:

- A "disclosure committee" with Board-delegated authority to prepare announcements to ASX;
- A streamlined process for seeking 3<sup>rd</sup> party input on announcements when that is contractually required; and
- Clear internal guidance for employees on how the Company manages its continuous disclosure obligations.