

Trading Windows

Practice Note 16

Issued: 2021



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The purpose of this Practice Note

This practice note outlines how NSX will administer the listings of managed investment schemes comprising predominantly property or other illiquid assets in circumstances where the Responsible Entity for the managed investment scheme (MIS) seeks quotation of securities in specific periods only, known herein as **Trading Windows**.

A Trading Window is where trading execution can only take place during a defined period of time. This time period will usually be soon after the release of the half year and full year results of the listed entity. The period of time, for example, could be up to 6 weeks after results are released, or as determined by the Exchange.

The applicable NSX rules are Listing Rules Part IIC and Business Rules Part C.

NSX will administer the listing of such Issuers always consistent with the Listing and Business Rules and the Corporations Act obligations to operate a fair, orderly and transparent market.

NSX recognises that a “one size fits all” approach to listing would deny many the benefits of a regulated market for the trading of MIS securities. By providing flexibility in admission, quotation and trading, NSX aims to provide bespoke admission to MIS Issuers whilst maintaining the integrity of the market and its rules.

This practice note is not a substitute for the Issuer seeking its own professional advice. There may be differences in each and every case that the Issuer needs to fully consider as to the ultimate requirements for listing procedures, adhering to the NSX Rules, conditions of listing and adhering to the Australian Corporations Act.

The main points

1. Framework Listing Under NSX Operating Rules
2. Trading Windows
3. Availability of Trading Windows to Issuers
4. Unitholder Approval
5. Disclosure
6. Opening the Trading Window
7. Closing the Trading Window
8. Prohibition on Capital Raising Whilst a Trading Window is Open
9. Trading Window at the Discretion of NSX
10. Review
11. Further Information
12. Annexure 1: Trading Window Timetable

Related materials

- NSX Listing Rules Section I
- NSX Listing Rules Section IIC
- NSX Business Rules Part C
- ASIC Market Integrity Rules (Securities Market) as applicable



Guidance

The NSX issues practice notes to promote commercial certainty, reduce costs to business and assist market participants, and we are available to discuss any questions you have in relation to a practice note.

NSX may replace practice notes at any time. Issuers should contact NSX to ensure that they have the latest version of a practice note. As a practice note is only a guide to NSX practice, Issuers are advised to contact NSX to discuss their particular circumstances and the application of the listing rules. NSX cannot give legal advice to Issuers and recommends that they consider taking advice from a qualified professional person.

Section 1 – Framework

1. NSX Listing (LR) and Business Rules (BR) provide for the listing and trading of managed investment schemes – see LR section IIC and BR Part C. These rules set the criteria, including admission and trading criteria, to support the listing of such entities and their ongoing obligations. In all respects, the application criteria continue to apply while the Issuer is admitted to the Official List.
2. Applicants, including all applicants seeking quotation in Trading Windows, must meet criteria for the number of unitholders and percentage of units owned by parties unrelated to the scheme.
3. Ongoing Issuer obligations under the Listing Rules and Corporations Act are not diminished by imposition of the Trading Window regime. Disclosure obligations are triggered by inclusion on the Official List and these obligations continue even if securities are suspended from quotation.
4. Directors of the responsible entity or corporate entity will also need to provide undertakings to NSX in relation to ongoing compliance with the Listing and Business Rules.
5. The benefit of Trading Windows for the Issuer and its security holders is that liquidity can be concentrated during a known period, with known information and the Issuer does not have to retain as high a level of capital for possible redemptions. This means that capital can be managed and deployed by the Issuer more effectively in the interests of both the Issuer and their security holders.
6. Listing Rule Section IIC 6.55(v) requires that Issuers advise members in writing of the expected timing of the opening and closing of trading at least once every calendar year or as agreed with the Exchange from time to time. Also refer to Sections 6 and 7 in this Practice Note.

Section 2 – Trading Windows

1. NSX sees access to a fair, orderly and transparent market for the trading of managed investment scheme units as being of considerable benefit to investors in unlisted schemes where the opportunity for liquidity is limited and, in some cases, non-existent. However, NSX also recognises that investment markets are driven by information flows and that liquidity, and thus more efficient markets, often occur in periods immediately following the release of significant announcements. Schemes with less liquid assets can see liquidity wane in the absence of current information about portfolio values.
2. By allowing a listed entity to trade only in a Trading Window following significant announcements regarding the value of the underlying assets – annual and half yearly financial reports – greater market efficiency will arise through concentrated liquidities.



3. A standard Trading Window regime will see the Issuer's securities quoted for a period of six weeks commencing two weeks after the due date for release of the half yearly accounts and annual accounts.
4. The quotation period will be affected by trading halts and suspensions in the ordinary course of listing (Listing Rules Section I rules 2.18 – 2.19).

Section 3 – Availability

1. NSX will consider requests for the imposition of Trading Windows with applications for listing.
2. Requests will only be considered from the responsible entities of managed investment schemes where the scheme will be illiquid for purposes of Part 5C.6 of the Corporations Act at the time of admission.
3. Requests should be in writing and can be made prior to the lodgement of a listing application and ideally as part of the Suitability for Listing application.
4. If a request is made prior to submission of a listing application, NSX may call for further information to support the request and will only be able to provide "in principle" approval for the Trading Window regime to apply as part of the Suitability for Admission review.
5. The request should detail:
 - a) the nature of the underlying assets of the Issuer
 - b) why the Issuer seeks imposition of a Trading Window regime
 - c) any other requests pertinent to trading
 - d) any other relevant factors
6. NSX will require support for the contention that, at the time of admission, the applicant managed investment scheme is illiquid for purposes of Part 5C.6 of the Corporations Act.

Section 4 – Unitholder Approval

1. For securities to be eligible to be quoted in Trading Windows, the Responsible Entity for the managed investment scheme must have either secured unitholder approval for listing by way of ordinary resolution or must have offered unitholders the opportunity to call a meeting unitholders pursuant to Part 2G.4 of the Corporations Act to consider such a resolution and unitholders did not request such a meeting.

Section 5 – Disclosure

1. NSX expects clear and prominent disclosure in the disclosure document or information memorandum prepared for listing, noting the basis upon which application for listing has been made and the implications for trading of units of the Issuer.
2. All subsequent disclosure documents, half yearly and annual reports should prominently disclose the fact that quotation of the Issuer's securities occurs within limited Trading Windows. Full information about valuations ascribed to assets must be disclosed (as per Listing Rule Section IIC rule 6.55).
3. The Issuer must advise its members in writing of the expected timing of the opening and closing of the Trading Window. Such correspondence will also be released to the market as an announcement in the normal course.



4. The words “limited trading” must appear in the designation of all securities quoted in Trading Windows.
5. Should the Issuer provide a redemption facility whilst admitted to the Official List, it shall provide to the Exchange by way of announcement details of the redemption prices and volumes without delay (as per the Issuers continuous disclosure obligations).

Section 6 – Opening the Trading Window

1. NSX will open the Trading Window at the commencement of trading two weeks after the due date for release of the half yearly report and annual accounts by the Issuer. For example, the Trading Window will open on the first trading day two weeks after 30 September and 16 March (for 30 June balance day entities in years that are not leap years).
2. NSX may also open the Trading Window at other times in very limited circumstances (see below) provided always that current audited information regarding net asset value is provided (Business Rule Part C rule 86B.2).

Section 7 – Closing the Trading Window

1. The Trading Window will close at the end of the regular six week trading period or such other period for trading as determined by NSX (Business Rule Part C rule 86C).
2. NSX may also suspend or impose a trading halt in relation to an Issuer’s securities during the regular trading period which may have the practical effect of closing the Trading Window before the six week period concludes.
3. Circumstances which may give rise to such a suspension or trading halt include:
 - a) when it is necessary to preserve orderly trading;
 - b) when there is a material breach of the Listing Rules, or
 - c) in other circumstances detailed in the Listing Rules and Business Rules.
4. At the end of the Trading Window, all bids and offers will be cleared from the NSX trading system but previous closing prices will remain on a view only basis.

Section 8 – Prohibition on Capital Raising

1. The Issuer must not conduct a public offer nor make a placement of securities subject to trading in Trading Windows whilst the Trading Window is open. This is governed by Rule Section 2C 6.55(vi).
2. The Trading Window is made available to security holders while the Issuer has provided all information to the market. The prohibition on raising capital while the Trading Window is open is preserve the state of available information.
3. The Issuer is able to perform capital raisings while the Trading Window is closed.
4. The Issuer can seek a review from the Exchange if they wish to raise capital while a Trading Window is open.



Section 9 – NSX Discretion

1. The operation of Trading Windows for any particular Issuer or security is at the discretion of NSX.
2. In very limited and exceptional circumstances NSX may place the securities in the trading phase appropriate to the market as a whole at any time notwithstanding any prior agreement to impose the Trading Window regime.
3. Such circumstances may include:
 - a) the release of a target statement pursuant to the Corporations Act requirements;
 - b) the release of a prospectus or product disclosure statement or other similar document;
 - c) the period of an on-market takeover bid.
4. NSX will advise the market by announcement at the time the terms by which the Trading Window will open.

Section 10 – Review

1. Whilst at all times subject to the discretion noted above, NSX will conduct a review of an Issuer's listing pursuant to the framework detailed in this Practice Note at the expiration of three years from the commencement of quotation and then on a rolling three year basis.
2. At that time NSX may continue the application of this framework to the Issuer or place the securities in the trading phase appropriate to the market as a whole.

Section 11 – Further Information

1. Further information can be obtained by contacting:

Admissions

National Stock Exchange of Australia Limited

Email: getlisted@nsx.com.au



Annexure 1 – Trading Window Timetable

1. This timetable outlines potential trading dates for June 30 balance date entities.

MONTH	NSX EVENT	MARKET EVENT
January		
February		
March	<ul style="list-style-type: none">▪ Half Yearly Report▪ Trading Window opens	<ul style="list-style-type: none">▪ Half Yearly reports due for 30 June Companies, usually 16 March (75 days)▪ Trading Window opens one week after lodgment of half yearly report, e.g. 23 March based on 16 March lodgment
April		
May	<ul style="list-style-type: none">▪ Trading Window closes	<ul style="list-style-type: none">▪ Trading Window closes at end of trading prior to 4 May
June		
July		
August		
September	<ul style="list-style-type: none">▪ Lodge Annual Financial Report with NSX	<ul style="list-style-type: none">▪ 30 September Statutory Directors' Financial Report due for lodgment with NSX
October	<ul style="list-style-type: none">▪ Trading Window opens	<ul style="list-style-type: none">▪ Trading Window opens one week after lodgment of Annual Financial Report e.g. 7 October based on 30 September lodgment
November	<ul style="list-style-type: none">▪ Trading Window closes	<ul style="list-style-type: none">▪ Trading Window closes at end of trading prior to 18 November
December		