



## MEMO

To: Board of Directors  
From: Company Secretary  
Subject: **TRADING HALTS**

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The concept of a 'trading halt' is when a company publicly states that trading (buying and/or selling) in its shares is temporarily suspended because it is about to announce something important / release some material/price-sensitive information – good or bad news – and does not want people trading in its shares whilst they are ill-informed of what is happening in the company.

This, obviously, applies most relevantly to stock exchange listed companies, but is really just as relevant to unlisted disclosing entities and other companies with shareholders where they can trade shares (except, perhaps, where there are pre-emptive rights and the buy/sell process is more complicated/time consuming).

For listed companies the trading halt process happens through the stock exchange; for unlisted disclosing entities I would suggest the commencement of the halt needs to be notified to ASIC (using Form 1003 "Disclosure Notice for Unlisted Disclosing Entity"), and the lifting of the halt similarly advised (if the halt lifting date is not covered in halt notification), plus I think all shareholders should be notified in writing on the date of initial Form 1003 lodgement with ASIC.

For listed companies the trading halt can last a maximum 2 days, but for unlisted companies there does not appear to be any such constraint.

### **ASX Trading Halt Rules**

Listing Rule 17 covers trading halts on the following basis:

17.1 ASX may grant a trading halt at the request of a company. ASX may require the request to be in writing. ASX is not required to act on the company's request.

The entity must tell ASX each of the following:

- its reasons for the trading halt
- how long it wants the trading halt to last
- the event it expects to happen that will end the trading halt
- that it is not aware of any reason why the trading halt should not be granted
- any other information necessary to inform the market about the trading halt, or that ASX asks for.



17.1.1 The length of the trading halt cannot exceed the period permitted under ASX's Operating Rules.

Note: ASX Operating Rule 16.4.2 says that a trading halt can be applied for a period not exceeding the commencement of normal trading on the second trading day following the day on which it is requested.

Example: On a Monday afternoon a company tells ASX that it expects an important announcement to be made regarding a major acquisition. Owing to the status of negotiations it is uncertain whether the announcement will be made that day or the following day. The company asks for and is granted a trading halt. The trading halt will operate until the announcement is made or the commencement of trading on the Wednesday, whichever occurs sooner.

17.1.2 ASX may suspend quotation of a company's shares, even if the shares are subject to a trading halt. However, if the company requested the trading halt (without ASX's intervention) to prevent trading in its shares taking place in an uninformed market, ASX will not suspend quotation of the share before the expiry of the trading halt.

Example: ASX intervenes by querying a price or volume movement that results in the request for the trading halt.

Additional background / information / procedures / examples are provided in ASX Guidance Note 16.

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