

Rest Super Submission to the ASX consultation on shareholder approval of dilutive acquisitions and changes in admission status

December 2025

Rest Super welcomes the opportunity to provide views to the ASX in its consultation on Shareholder approval of dilutive acquisitions and changes in admission status.

Rest is one of Australia's largest superannuation funds, with over two million members – or around one-in-seven working Australians – and over \$100 billion in assets under management. We represent around one million members under the age of 30, who are decades from retirement. Many of our members work in part-time or casual jobs and tend to have lower balances by the time they reach retirement. We put our members' needs at the centre of everything we do, and we are deeply committed to maximising the retirement outcomes of our members.

In April 2025, ASX announced that it would review the ASX Listing Rules concerning shareholder approval requirements for listed company takeovers and mergers. This announcement followed representations from institutional investors about the dilutive impact of share issues for takeovers and mergers, in the context of the acquisition by James Hardie Industries plc of The Azek Company Inc. ASX also announced that it would review the circumstances in which listed companies are required to disclose waivers of the ASX Listing Rules. Rest acknowledges ASX's announcement in July 2025 that all listed entities will be required to disclose to the market if they have been granted a waiver, explaining the effect of the waiver and the entity's reasons for seeking it.

ASX is now consulting on a range of options for potential changes to the ASX Listing Rules which would expand shareholder approval requirements in connection with equity dilutive acquisitions by a listed company and changes in a dual listed company's admission status on ASX.

ASX notes in the consultation paper that neither the Corporations Act nor the ASX Listing Rules require bidder shareholder approval for a takeover or merger by scheme of arrangement. By contrast, target shareholders have a vote on whether to approve a scheme, and they can express their approval of a takeover by choosing to accept the bidder's offer. In light of this, while the ASX Listing Rules generally require shareholder approval for issues of shares over certain limits, exceptions apply if the issue is by a bidder under a regulated takeover or merger.

Shareholder approval for a dual listed company to change to ASX Foreign Exempt Listing status

ASX's initial view is that a new requirement that a dual listed company should seek shareholder approval if it wishes to change its admission status to be an ASX Foreign Exempt Listing would be sensible, given the significance of the change and would not place an unreasonable regulatory burden on dual listed companies.

Rest supports the ASX position that a dual listed company should seek shareholder approval if it wishes to change its admission status to be an ASX Foreign Exempt Listing. A change to Foreign Exempt Listing Status can have material implications for shareholder rights and corporate governance. Rest supports the ASX's view that the significance of the change would not place an unreasonable regulatory burden on dual listed companies and that that the potential significance to shareholders of

this change as well as the fact that these changes are relatively infrequent, support the argument for a change in approach.

Shareholder approval for a dual listed company to delist from ASX

ASX's initial view that a new requirement where a dual listed company should seek shareholder approval to delist from ASX even if it will continue to maintain its foreign listing would be reasonable, but should be limited to dual listed companies that were first listed on ASX before taking an additional listing on another exchange.

Rest agrees that a new requirement where a dual listed company should seek shareholder approval to delist from the ASX even if it will continue to maintain its foreign listing is a reasonable corporate governance expectation. The delisting of a dual listed company can have significant implications for shareholders and corporate governance. As such, Rest agrees that this requirement should be limited to dual listed companies that were first listed on the ASX before taking an additional listing on another exchange.

A delisting from the ASX, even where the entity will continue to be listed on another exchange, can have a significant impact on the voting and other rights of the entity's security holders and should therefore require the approval of those security holders.

Shareholder approval for issues of shares under regulated takeovers and mergers

ASX is consulting on whether there should be a change to reduce the limit on share issues without approval under exceptions 6 and 7 in Listing Rule 7.2, and sees no objection to this. ASX's initial view is that this change should be limited to larger listed companies, such as those in the S&P/ASX300 index. Subject to that limitation, the ASX notes it would have no objection to reducing the limit to 25% of ordinary shares on issue.

Rest supports a reduction in the limit on share issues without approval under exceptions 6 and 7 in Listing Rule 7.2.

Rest notes ASX's initial position that it supports keeping the current 100% limit on exceptions 6 and 7 for entities that are eligible for the additional 10% placement capacity in Listing Rule 7.1A. That is, for entities that are not in the S&P/ASX 300 and that have a market capitalisation of no more than \$300 million. For entities that are in the S&P/ASX 300 or that have a market capitalisation of more than \$300 million, ASX's initial position is that it would support a reduction in the limit from 100% to 25% of ordinary securities on issue at the date of announcement of the transaction. For the reasons outlined in the consultation paper, Rest is in principle supportive of ASX's 'no objection' to reducing the limit to 25% of ordinary shares on issue.

We would welcome the opportunity to further discuss any matters outlined in this submission at your convenience.