

Attachment 10 to CS 36: Draft instrument



ASIC
Australian Securities &
Investments Commission

ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2026/<Number>

I, <insert name>, delegate of the Australian Securities and Investments Commission, make the following legislative instrument.

Date 2026

[DRAFT ONLY – NOT FOR SIGNATURE]

<signature>

<insert name>

Contents

Part 1—Preliminary	3
1 Name of legislative instrument	3
2 Commencement	3
3 Authority	3
4 Schedules	3
5 Simplified outline of this instrument	3
6 Definitions	3
Part 2—Declaration	4
7 Definitions of <i>continuously quoted securities</i> and <i>convertible note</i>	4
8 Sale offer of underlying securities issued on conversion of convertible notes .	4
9 Transfer or sale of underlying products issued on conversion of convertible notes	6
Part 3—Repeal	10
10 Repeal	10
Schedule 1—Repeals	11
<i>ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82</i>	11

Part 1—Preliminary

1 Name of legislative instrument

This is the *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2026/<Number>*.

2 Commencement

This instrument commences on the day after it is registered on the Federal Register of Legislation.

Note: The register may be accessed at www.legislation.gov.au.

3 Authority

This instrument is made under subsections 741(1) and 1020F(1) of the *Corporations Act 2001*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

5 Simplified outline of this instrument

This instrument modifies the Act so that an offer of certain securities that are convertible into continuously quoted securities can rely on the prospectus disclosure rules in section 713 of the Act.

This instrument modifies sections 9, 708A and 1012DA of the Act so that certain continuously quoted securities issued on the conversion of convertible notes can be sold without a prospectus or Product Disclosure Statement if, among other things, a cleansing notice is provided to the relevant market operator on the day the convertible notes are first issued or within 2 business days before that day.

6 Definitions

In this instrument:

Act means the *Corporations Act 2001*.

regulated person has the meaning given by section 1011B of the Act.

Part 2—Declaration

7 Definitions of *continuously quoted securities* and *convertible note*

Chapter 6D of the Act applies to all persons and Part 7.9 of the Act applies in relation to all regulated persons as if section 9 of the Act were modified or varied as follows:

- (a) in the definition of *continuously quoted securities*, omit “prospectus or Product Disclosure Statement” (twice occurring), substitute “prospectus, Product Disclosure Statement or notice given under paragraph 708A(12C)(e) or 1012DA(12C)(e)”;
- (b) in the definition of *convertible note*, after “*Income Tax Assessment Act 1936*”, insert “and, in sections 708A and 1012DA, includes a converting note”.

Note: Part 7.9 applies in relation to the issue and sale of securities in a CCIV, subject to modifications in Division 4 of Part 8B.7.

8 Sale offer of underlying securities issued on conversion of convertible notes

Chapter 6D of the Act applies to all persons as if section 708A were modified or varied by, after subsection (12B) (as notionally inserted by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2026/<Number>*), inserting:

“Sale offer of underlying securities issued on conversion of convertible notes—case 5

(12C) The sale offer does not need disclosure to investors under this Part if:

- (a) the relevant securities were issued by a body by reason of the conversion of convertible notes issued by that body; and
- (b) on the day on which a notice in relation to the convertible notes was given under paragraph (e):
 - (i) securities in the same class as the relevant securities were continuously quoted securities; and
 - (ii) there was no determination under subsection 713(6) in force in respect of the body; and
- (c) trading in securities in the class of relevant securities on the declared financial market on which they are quoted was not suspended for more than a total of 5 days during the shorter of the period during which the class of relevant securities

were quoted, and the period of 12 months before the first day on which the convertible notes were issued; and

Note: **declared financial market** is defined in section 9D. Until the time the first declaration is made under subsection 9D(2), a market that was prescribed as a **prescribed financial market** by former regulation 1.0.02A of the *Corporations Regulations 2001* is taken to be a declared financial market: see section 1705F.

- (d) the conversion of the convertible notes did not involve any further offer; and
- (e) the body that issued the convertible notes gave the relevant market operator for the body a notice that complied with subsection (12D) on the same day as, or within 2 business days before, the first day on which the convertible notes were issued.

(12D) A notice complies with this subsection if:

- (a) the notice contains the following information as if the notice were a prospectus:
 - (i) for the convertible notes—the information required by subsection 713(2); and
 - (ii) for securities in the class of relevant securities—the information required by subsections 713(2) to (5); and
- (b) the information in the notice is worded and presented in a clear, concise and effective manner; and
- (c) where the notice includes a statement by a person, or a statement said in the notice to be based on a statement by a person:
 - (i) the person has consented to the statement being included in the notice in the form and context in which it is included; and
 - (ii) the notice states that the person has given this consent; and
 - (iii) the person has not withdrawn this consent before the notice is given to the relevant market operator.

(12E) If a body gives a notice under paragraph (12C)(e) in relation to convertible notes, each financial report or directors' report of the body required under section 298 in relation to a financial year of the body during which those convertible notes were on issue must contain the following information:

- (a) the number of convertible notes in that class that have not converted as at the end of the financial year;

- (b) the number of securities in the class of relevant securities into which the convertible notes will convert;
 - (c) the price (if any) to be paid on conversion;
 - (d) the circumstances in which conversion may occur;
 - (e) the remaining liability of the body to make payments under convertible notes in that class as at the end of the financial year;
 - (f) the average conversion price (if any) paid for any convertible notes in that class that were converted during the financial year and the number of securities in the class of relevant securities into which they converted;
 - (g) any other matters relating to the convertible notes that holders of ED securities of the body would reasonably require to make an informed assessment of the financial position of the body and its prospects for future financial years.
- (12F) The financial report and directors' report may omit material that would otherwise be required to be included under paragraph (12E)(g) if it is likely to result in unreasonable prejudice to:
- (a) the body; or
 - (b) if consolidated financial statements are required—the consolidated entity or any entity (including the body) that is part of the consolidated entity.

If material is omitted, the report must say so.”.

Note: Subsection 708A(1) of the Act is notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2026/<Number>*.

9 Transfer or sale of underlying products issued on conversion of convertible notes

Part 7.9 of the Act applies in relation to regulated persons as if section 1012DA were modified or varied by, after subsection (12B) (as notionally inserted by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2026/<Number>*), inserting:

“Transfer or sale of underlying products issued on conversion of convertible notes

- (12C) The regulated person does not have to give the client a Product Disclosure Statement if:
- (a) the relevant product was issued by the issuer of the convertible notes by reason of the conversion of those convertible notes; and

- (b) on the day on which a notice in relation to the convertible notes was given under paragraph (e):
 - (i) financial products in the same class as the relevant product were continuously quoted securities; and
 - (ii) there was no determination in force under subsection 1013FA(3) in respect of the relevant product; and
 - (c) trading in financial products in the class of relevant products on the declared financial market on which they were quoted was not suspended for more than a total of 5 days during the shorter of the period during which the class of relevant product was quoted, and the period of 12 months before the first day on which the convertible notes were issued; and
 - (d) the conversion of the convertible notes did not involve any further offer; and
 - (e) the issuer of the convertible notes gave the relevant market operator for the issuer a notice that complied with subsection (12D) on the same day as, or within 2 business days before, the first day on which the convertible notes were issued.
- (12D) A notice complies with this subsection if:
- (a) for the convertible notes—the notice contains all the information investors and their professional advisors would reasonably require to make an informed assessment of:
 - (i) the effect of the offer of the convertible notes on the body; and
 - (ii) the rights and liabilities attaching to the convertible notes offered; and
 - (iii) the rights and liabilities attaching to the convertible notes themselves and the underlying financial products in the class of relevant products; and
 - (b) for financial products in the class of relevant products—the information required to be included in a Product Disclosure Statement for continuously quoted securities as if the notice were a Product Disclosure Statement; and
 - (c) the information in the notice is worded and presented in a clear, concise and effective manner; and

- (d) where the notice includes a statement by a person, or a statement said in the notice to be based on a statement by a person:
 - (i) the person has consented to the statement being included in the notice in the form and context in which it is included; and
 - (ii) the notice states that the person has given this consent; and
 - (iii) the person has not withdrawn this consent before the notice is given to the relevant market operator.
- (12E) If the issuer gives a notice under paragraph (12C)(e) in relation to convertible notes, each financial report or directors' report of the issuer (or if the issuer is the responsible entity of a registered scheme or a CCIV in respect of a sub-fund, the registered scheme or the sub-fund) required under section 298 in relation to a financial year of the issuer (or scheme or CCIV) during which those convertible notes were on issue must contain the following information:
 - (a) the number of convertible notes in that class that have not converted as at the end of the financial year;
 - (b) the number of financial products in the class of relevant products into which the convertible notes will convert;
 - (c) the price (if any) to be paid on conversion;
 - (d) the circumstances in which conversion may occur;
 - (e) the remaining liability of the issuer to make payments under convertible notes in that class as at the end of the financial year;
 - (f) the average conversion price (if any) paid for any convertible notes in that class that were converted during the financial year and the number of financial products in the class of relevant products into which they converted;
 - (g) any other matters relating to the convertible notes that holders of ED securities of the issuer would reasonably require to make an informed assessment of the financial position of the issuer (or if the issuer is the responsible entity of a registered scheme or a CCIV in respect of a sub-fund, the registered scheme or the sub-fund) and its prospects for future financial years.

Note: Section 298 applies to a retail CCIV subject to modifications: see 1232C.

- (12F) The financial report and directors' report may omit material that would otherwise be required to be included under paragraph (12E)(g) if it is likely to result in unreasonable prejudice to:
- (a) the issuer (or, if the issuer is the responsible entity of a registered scheme or a CCIV in respect of a sub-fund, the registered scheme or the sub-fund); or
 - (b) if consolidated financial statements are required – the consolidated entity or any entity (including the issuer or, if the issuer is the responsible entity of a registered scheme, the registered scheme) that is part of the consolidated entity.

If material is omitted, the report must say so.”.

Note: Subsection 1012DA(1) of the Act is notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2026/<Number>*.

Part 3—Repeal

10 Repeal

This instrument is repealed at the start of 1 April 2031.

Schedule 1—Repeals

ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82

1 The whole of the instrument

Repeal the instrument.