Legal Insight

K&L GATES

www.klgates.com

21 May, 2013

*Practice Group(s):*

*Life Sciences*

*Capital Markets*

# ASX Issues "Code of Best Practice" for Reporting by Life Science Companies

***By Andrew Gaffney***

The Australian Securities Exchange (ASX), after extensive industry consultation has just issued a revised "Code of Best Practice" for Reporting by Life Science Companies (Code).

While adoption of the new Code is not mandatory, it provides a very useful tool for listed life sciences companies to discharge their continuous disclosure obligations under the ASX Listing Rules (which have the force of law pursuant to the *Corporations Act*).

Importantly, those disclosure obligations under the ASX Listing Rules have not changed, but the Code assists in providing guidance as to how listed life science companies should comply with their continuous disclosure obligations.

The Code aims to incorporate international best practice in reporting – to maintain and enhance the reputation and standing of Australian listed life science companies internationally. The Code addresses the complexities of this industry with the adoption of appropriate standardised terminology and context for disclosure to investors and the market. This guidance on industry specific disclosure is not unusual and reflects the ASX's approach to publishing (with effect from 1 January 2013) new reporting requirements for listed resource companies.

It should lead to greater uniformity in disclosure by life science companies and assist the market in assessing those disclosures. The recommended disclosures range from R&D, clinical trials, regulatory and reimbursement matters, IP and statutory exclusivity rights, licensing, manufacturing, key staff, periodic reporting of activities and financial reporting – with useful guidance for biotech, agricultural and medical device companies.

Failure to adopt the Code in terms of disclosure may lead to regulatory questions as to whether the relevant life science company has discharged its continuous disclosure obligations and also whether its market disclosures/announcement are accurate and not misleading.

While not mandatory, it is a must read for all life science companies and sets a new bar in terms of disclosure standards.

**Authors:**

**Andrew Gaffney**
andrew.gaffney@klgates.com
+61.3.9640.4329

# ASX Issues "Code of Best Practice" for Reporting by Life Science Companies