

14 February 2000

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Dear Mr. Gerraty

**EXPOSURE DRAFT**  
**PROPOSED LISTING RULE AMENDMENTS - 1 JULY 2000**

The Institute welcomes the opportunity afforded by ASX to comment on the above Exposure Draft.

The Institute also wishes to record its appreciation for the excellent relationship it enjoys with ASX and its support for the moves towards greater flexibility under the Listing Rules. This increased flexibility is evidenced by the new underlying assumption that the interests of shareholders are adequately protected, in the great majority of cases, by decision making on the basis of an ordinary resolution rather than a special resolution.

**Section 1 - Issues of Securities**

The Institute supports each of the proposals set out in this Section.

In particular, the Institute strongly endorses the comment in paragraph 1.28 that rules 7.37 and 7.38 have been identified as rules that impose an administrative and cost burden on entities that is not always justified. The Institute encourages ASX to continue to promote this approach when considering all future rule amendments.

## **Sections 2 and 3 - Debt Issuers and Foreign Issuers**

As it has expressed in previous submissions, the Institute believes that ASX is the appropriate authority to determine criteria for entities seeking admission to the Official List, and that it may therefore not necessarily be appropriate for entities which are already listed to comment on such proposals. Subject thereto, the Institute does not regard any of these provisions as being unreasonable.

These considerations apply equally to the proposal to introduce a requirement for quarterly reporting of cash flows annexed to the letter dated 10 January 2000 from Mr. John McMurtrie. In this respect, however, the Institute would want to be reassured that such a step is not viewed by ASX or ASIC as a prelude to full quarterly reporting for all listed entities.

Unless a very strong case can be substantiated, the Institute remains opposed to mandatory quarterly reporting.

## **Section 4 - Financial Reporting**

The Institute supports the proposed deletion of Appendix 4B (not equity accounted), and the consequential rewriting of Appendix 4B.

In this respect, the Institute notes that the likely introduction date for the new accounting standards is end 2000, not 30 June 2000 as previously foreshadowed.

The Institute believes that if the later date is confirmed, so too should the commencement date of the new Appendix 4B. That is, entities should know exactly which version of the Appendix applies at or after 30 June, rather than having a choice until the new Appendix becomes mandatory.

The Institute would therefore support a supplementary release date, or a statement that the new Appendix will only apply to entities with financial years commencing on or after a stipulated date.

## **Section 5 - Timetables**

### **Time Limits**

The Institute has no objections to the introduction of a 10 business day "window", in which the notices referred to can be sent.

### **Ex Periods**

The Institute is also currently of the view that it may not be necessary to retain the 2 business day buffer period in determining the "ex" date under the T + 3 settlement regime, and welcomes the opportunity for further consultation on this issue.

## **Section 6 - Miscellaneous**

### **Information Memorandum**

Refer to Sections 2 and 3 above.

### **Expert at cost of entity**

While the Institute has no objection to the proposed amendment to listing rule 1.17 concerning ASX seeking additional information in connection with an application for admission, which it sees as part of the admission process, it cannot support the proposed amendment to listing rule 18.7 relating to an expert in respect of existing listed entities.

In principle, the Institute has no objection to ASX selecting an expert, but any suggestion that an entity must pay for the expert irrespective of the findings is not acceptable. If the expert, having been selected by ASX, confirms that the entity concerned has been complying with the listing rules, then ASX, not the entity, should bear responsibility for the payment. In so called "grey" areas, a sharing of costs may be more appropriate.

#### Time of admission

Refer Sections 2 and 3 above.

#### Address of entity

The Institute supports this proposal.

#### Issuer sponsored holding statement

The Institute has no objection to the expansion of these notes.

#### Voting exclusion statement

The Institute supports this proposal.

#### Governing law

The Institute has no objection to this proposal, but questions the reference to non-exclusive jurisdiction of the Courts of New South Wales. We would like to discuss with you whether exclusive jurisdiction would eliminate an area of potential conflict in these circumstances.

Related party / Restricted securities - exercise of discretion / Trading day / Promoter

The Institute has no objection to these proposals, however, the passing of the amendment to rule 17 should not impact upon the practice which ASX has adopted of giving notice to entities when periodic dates are approaching. Advice of the nature currently given by ASX in the lead up to quarterly production reports, half yearly and annual reporting deadlines is much appreciated by Institute members.

Please do not hesitate to contact me if you would like to discuss any of these points in more detail.

Yours sincerely

Ian L Falconer

Chairman

Legislation Review Committee

Chartered Institute of Company Secretaries in Australia.