

29 November 2013

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Dear Diane

Timetable for Dividends and Distributions: Consultation Paper

Governance Institute of Australia (formerly Chartered Secretaries Australia) is the only independent professional association with a sole focus on the practice of governance. We provide the best education and support for practising chartered secretaries, governance advisers and risk managers to drive responsible performance in their organisations.

Chartered secretaries have primary responsibility in listed companies to deal with the Australian Securities Exchange (ASX) and interpret and implement the listing rules. Our Members deal on a day-to-day basis with ASX and have a thorough working knowledge of the operations of the markets, the needs of investors and the listing rules, as well as compliance with the Corporations Act (the Act).

Governance Institute of Australia welcomes the opportunity to comment on the consultation paper, *Timetable for Dividends and Distributions: a proposal to prescribe the last election date for a dividend reinvestment plan following the record date* (consultation paper). We appreciate the opportunity provided to us to participate in the Roundtable on the issues canvassed in the consultation paper, convened by ASX on 22 November. As it was apparent at the Roundtable that there remained only two issues on which further comment is sought, we intend to provide feedback on those two issues alone.

1 Last date for elections under a dividend or distribution reinvestment plan be at least one business day after the record date

Proposed wording for a footnote in the listing rules

Following discussion at the Roundtable, ASX is proposing to include a new footnote in the listing rules as follows, in relation to its expectations that a company will align all elections with the dividend reinvestment plan election date.

The reference to elections under a dividend or distribution reinvestment plan includes elections to participate in the plan and any related elections, such as currency elections. ASX expects that listed entities will normally apply the same cut-off date for other elections relating to corporate action events that are occurring at the same time, such as elections under a bonus option plan or a dividend charitable donation program.

Our Members, representing listed entities, agree in principle to the footnote, but are of the view that the wording could be improved. As it stands, the wording is very general, which may lead to confusion. The second sentence could be interpreted very widely.

We also suggest an addition to the footnote, calling for entities to disclose if they have not applied the same cut-off date, as otherwise it may cause uncertainty on the part of issuing companies.

Governance Institute recommends that the footnote be redrafted to read as follows:

ASX expects that the same election cut-off date applied by a listed entity for a dividend or distribution reinvestment plan will normally be applied by the listed entity for other elections relating to the same dividend or distribution, such as currency elections or elections under a bonus option plan or similar or a dividend charitable donation program, or disclose appropriately.

2 Last date for elections under a dividend or distribution reinvestment plan be at least two business day after the record date

Our Members note that, while it is understood that one business day after the record date would be administratively possible for their share registries, the share registries expressed a view at the recent Roundtable that two business days after the record date may cause administrative problems.

While we have taken comfort that in the longer-term it is administratively possible for share registries to administer the change, ASX should take note of the cost to companies to effect this change, as many will need to amend the terms of their plans and also carefully look at the pricing period in their plans.

Governance Institute is also aware that there may still be companies that operate 'older style' plans whereby any change to them can only be effected by notifying the changes to all shareholders, which is a significant cost exercise and burden. If ASX is to make this change, it should carefully look at this and see if there are ways to ameliorate this burden.

Kind regards



Tim Sheehy
Chief Executive