



Corporate Finance Liaison



ASIC

Australian Securities &
Investments Commission

May 2012

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Our Work

- Grant relief, review documents, provide guidance and undertake surveillance in relation to:
 - control transactions;
 - fundraising;
 - related party transactions; and
 - corporate governance

Fundraising – Policy and project update

May 2012

Prospectus disclosure: Implementation of RG 228

- Content
 - Business model and strategy being disclosed well;
 - Key risk disclosure being tailored to companies; but
 - Broader risk disclosure still boilerplate
- Clear, Concise and Effective
 - Investment overviews prominently disclosing key risks;
 - Could be more concise



Complex products: Subordinated debt and hybrids

- Prominently disclose:
 - Features; and
 - Risks
- Tables comparing features of complex products, to other offerings by an issuer are easily understood by investors
- Note ASIC's comments in the media, and our content on MoneySmart if contemplating issuing a complex product
- Engage early if products are novel, or have novel features



Low-doc fundraising project

- Reviewed low documentation offerings including rights issues, share purchase plans and small scale non-public offers
- Assessed disclosure of excluded information, control, dilution and risk
- Consider ASIC RG 159 and Takeovers Panel Guidance Note 17
- Clearly identify key information in low documentation offerings



Debenture policy update

- Revised RG 69: Debentures and Notes: Improving disclosure for retail investors
 - New debenture category called 'secured notes' and advertising requirements
 - ASIC's no action position in respect of naming of debentures expired on 1 February 2012
- CO 12/1482: When debentures can be called secured notes



Vanilla Bonds

- Extension of CO 10/321 for Vanilla Bonds for a further 6 months



ASX Consultation: Proposals for mid-cap entities

- Proposals to:
 - Increase 15% threshold to 25%
 - Further 10% able to be issued at up to a maximum 25% discount to market price
 - Decrease shareholder spread requirements
 - Increase net tangible asset requirements to \$4m
- Over 150 submissions received in response to the proposals



Reporting of mineral and oil and gas resources and reserves – Policy update

May 2012

ASX consultation on revisions to JORC and incorporation of SPE-PRMS

- Reminder JORC is equally applicable to continuous disclosure regime, as it is to disclosure documents
- Issues paper dated 5 October 2011: Reserves and resources disclosure rules for mining and oil & gas companies
 - Part A reporting under JORC
 - Part B reporting for oil and gas companies, and proposed adoption of hydrocarbon classification system in SPE-PRMS
- ASIC made a public submission on 1 December 2011



ASX consultation on JORC and SPE-PRMS continued

- Submissions received support:
 - Disclosure of material underlying assumptions;
 - Definitions of 'pre-feasibility' and 'feasibility' studies;
 - Regulating production targets and associated financial information; and
 - Adoption of SPE-PRMS to avoid present inconsistency in the industry
- ASX hopeful to release exposure draft of new LR in the second half of 2012



Takeovers – Policy and project update

May 2012

Downstream Acquisitions: Revision of RG 71

- Consulted on updated guide late last year and early this year under CP 170
- Report 286: Response to submissions on CP 170
Downstream acquisitions: Update to RG 71
- The updated guide has now been published
- RG 71 provides updated guidance on when the exemption in item 14 will apply and our approach to relief applications for acquisitions that do not fall within the exemption



Takeovers policy review

- Continuing our consolidation of existing policy into four new guides:
 - Relevant interest and substantial holding notices;
 - Exceptions to the s606 prohibition;
 - Takeover bids; and
 - Compulsory acquisitions and buy-outs
- Consultation paper and draft guides to be published prior to the November 2012 meeting



Further policy update

May 2012

Policy initiatives for brief mention

- Disclosure in the operating and financial review, which forms part of the Director's Report for disclosing entities
- RG 174: External administered companies: Financial reporting and AGM's
- ASX Guidance Note 8: Continuous disclosure
- RG 234: Advertising financial products and advice services: Good practice guide
- Information Sheet 151: ASIC's approach to enforcement
- IMF Financial Sector Assessment Program: Review of ASIC



Questions?

Next Meeting: November 2012

