



Corporate Finance Liaison



ASIC

Australian Securities &
Investments Commission

May 2013

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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

Hybrids and other bonds

- Hybrid Securities
 - continued focus on disclosure of features and risks
 - analysis of sales processes
- Corporate Bonds
 - Treasury work on vanilla bonds
- Australian Government Bonds
 - commenced May 2013

Fundraising: Debentures

- Unlisted debentures
 - CP 199 reform to strengthen regulation
 - APRA consultation - 'at call' products
 - review of unlisted debenture issuers
- Charities
 - CP 207 Charitable investment fundraisers

Fundraising: Electronic disclosure

- Project to review:
 - RG 107: Electronic prospectuses
 - CO 00/44: Electronic disclosure documents, electronic application forms and dealer personalised applications
- Intention to reflect the current law and practices as well as technological advances
- Consultation expected mid 2013

Fundraising: Further Corporations focus

- Emerging market issuers
- ASX rules for Mid-Caps



Corporate Governance

New policy: Operating and financial review

- RG 247: Effective disclosure in an operating and financial review
- Guidance has been provided to promote better communication of useful information to investors, and to assist directors in complying with s299A
- Focus on quality not quantity

Executive remuneration

- Remuneration reports and the two-strike rule:
 - monitoring the rules
 - AGM results of companies
 - market impact

Employee share schemes

- Project to consult and refresh our policy in:
 - CO 03/184: Employee share schemes
 - RG 49: Employee share schemes
- Key consultation issues will include:
 - performance rights
 - scope of the classes of employees (contractors and casual employees)
 - requirements for trusts, contribution plans and loan arrangements

Related party transactions

- Requirements for preparing explanatory statements for related party transactions:
 - value the benefits
 - disclose existing interests
 - Director's recommendations
 - explain the alternatives
- Applications for abridgement of time of the lodgement period

Continuous disclosure


- Updated ASX Guidance Note 8
- Continuous disclosure – working with the ASX
- ASIC's approach to enforcement
 - Information Sheet 151



JORC Update

ASX amendments to Chapter 5 of Listing Rules and the new JORC Code

- JORC Code 2012 edition will apply from December 2013
- Implementation – new or old rules apply – no “cherry-picking”
- Key changes – strict requirements
- Consistent with our policy in RG 170: Prospective financial information, there must be reasonable grounds for forecasting a production target
- ASIC focus – predictive and investment-inducing statements about future matters



Takeovers – Policy and project update

Takeovers policy review

- RG policy update following ASIC Consultation Paper 193 relating to:
 - relevant interest and substantial holding notices
 - exceptions to the s606 prohibition
 - takeover bids
 - compulsory acquisitions and buy-outs
- Expected release: mid 2013

Independent expert reports in control transactions

- Item 7 of section 611 transactions
- “Fair” in ASIC Regulatory Guide 111
- The right approach – comparing the fair market value of the company shares pre-transaction on a control basis, with the fair market value of company shares post-transaction on a minority basis



Further policy update

Other ASIC initiatives

- Enforcement outcomes report
 - ASIC Report 336: Enforcement outcomes: July to December 2012 released April 2013
 - Information sheet 172 Cooperating with ASIC
- High frequency trading (HFT) and dark liquidity
 - background – market developments
 - consultation and report
- Registered managed investment scheme constitutions
 - update our policy in Regulatory Guide 134: Managed investments: Constitutions



Questions

Next meeting: late 2013