



17th December, 2015.

James Grapsas
Senior Lawyer
Investment Managers and Superannuation
Australian Securities and Investments Commission

Dear James,

I write to you regarding the ASIC Consultation Paper 242 and refer you to my comments below in regard to my feedback in relation to this.

The only changes proposed are to:

(a) raise the investment limit for a horse racing syndicate from \$250,000 to \$500,000;

Feedback: I agree with this increase.

(b) increase the maximum number of members for a horse racing syndicate from 20 to 50;

Feedback: I strongly disagree with this increase in number from 20 to 50. It is too extravagant an increase and will only dilute the product currently offered by syndicators. This will have a dramatic negative effect on the racehorse syndication industry causing investors that may have taken 10% shareholdings in the past to take far less %'s placing pressure on the entire syndication industry. It would in fact destroy the current product offered and our industry, which per annum purchase well in excess of \$50M in racehorses. A more modest increase to 25 is realistic. As it currently stands investors that wish to have a smaller percentage do so by forming a syndicate amongst the ownership which works in regard to allowing small scale investors without the need to increase the level to 50. The syndication industry will buckle under this proposal. (B1Q1 & B1Q2)

(c) formalise the co-regulatory arrangements between ASIC and the lead regulators, including an express requirement that each lead regulator be approved by ASIC, with approval subject to the lead regulator having entered into a memorandum of understanding with ASIC;

Feedback: I agree with this.

(d) impose additional content requirements for a PDS for a horse racing syndicate;

Feedback: I agree with this.

(e) modernise the language; and

Feedback: I agree with this.

(f) update legislative references.

Feedback: I agree with this.

B1Q5 Are there situations that would not fall within our proposed changes to the terms of the relief in [CO 02/319] that should be covered? If so, please give details.

Feedback: See Page 2 below

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Feedback: As it currently stands and is a requirement of the Promoters Disclosure Statement where the Syndicate/Partnership has not been fully subscribed within six (6) months from the date on which invitations were first made to the public, OR where the relevant racing authority has refused to register the Syndicate, ALL monies held in trust, together with interest, will be returned to investors within ten (10) business days.

This is far too restrictive in it's form and the period should be reviewed and changed. The syndication industry is far more competitive than when this was first stipulated and also fails to take into account the size of a particular syndication company. This fails to take into consideration larger syndication company's that are promoting many more horses at any one time than a smaller organisation promoting only a few. It is therefore impractical in nature. The period should be changed to 9 months allowing more time for larger organisations whom are promoting more horses at once whilst still encompassing the requirement on all organisations. A question as to why "6 months" and whatever it's basis was is something I am not aware of but it is impractical and far too restrictive.

Regards,

Rob Slade
Managing Director

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