

Proposal Feedback – Page 11

B1Q1 – Do you agree with this proposal? If not, please give reasons. – Yes I do agree with this proposal, however, further to point B1 (c) and (d), there needs to be some consistency across the board with the imposed additional content requirements in which Lead Regulators make their own rules on in relation to the contents of a PDS for a horse racing syndicate. There needs to be a ruling in which both ASIC and the Lead Regulator impose regarding additional requirements. E.g. it has cost me tens of thousands of dollars in just the last year due to a conflict of interest which was fully disclosed in the PDS for a horse racing syndicate and the Lead Regulator disputed and questioned in relation to the disclosed conflict.

B1Q2 – Are there any practical problems associated with our proposal? If so, please give details. – There is an issue on timing for approval upon submission of a PDS to the Lead regulator which in turn incurs costs to the promoter. I believe that upon submission of a PDS to the Lead regulator, there needs to be a reasonable time frame that the Lead Regulator has to come back to the promoter with any fair, reasonable and compliant changes. Once the PDS has been re-submitted for approval with the changes (if any), the Lead Regulator provides approval in the form of an official letter within 24 hours to reduce further costs and loss to the promoter. There is too much time taken in acquiring approval on PDS's from the Lead Regulator which can be costly given most horses are purchased on credit terms with interest charged on expiration of the term. It also delays the promoter from advertising to the general public which causes loss of sales etc.

B1Q3 – What benefits do you consider will result from the proposal? If possible, please quantify these benefits. – Promoters will be in a better position to sell shares to potential investors at a much more affordable price given the 20 to 50 share increase. More horses can be syndicated and more importantly the quality of the horse will be better.

B1Q4 – Are there any additional costs associated with the implementation of this proposal? If possible, please quantify these costs. – Yes there are additional costs such as searches relating to PPSR and/or encumbrances on a horse and obtaining proof from the vendor/house auction that a horse has been released from a PPSR or encumbrance. Additional costs due to delays in PDS approvals upon submission to the Lead Regulator and furthermore having to acquire legal advice relating to compliance regulations for a PDS.

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. – I am not certain if it does not fall within the proposed changes, however a point in regards to the Lead Regulator requesting copies or proof of payment for nominations such as BOBS, SuperVobis, race series etc. when generally these nominations are not due until the latter part of the year, so yearlings purchased pre 1st August of the year are only nominated but not paid up as the closing dates to nominate fall after August of that year. E.g. I purchased a horse earlier this year and as the horse was eligible for BOBS, payment was not due until September of this year. I didn't submit the PDS for this horse until a month ago but was asked to provide proof of the nomination/payment. Fortunately on this occasion

I was able to provide the proof of the payment, however, this would not have been possible if the Lead Regulator were to ask for such proof upon submitting the PDS earlier this year. The cost related to the nomination fee was costed and disclosed in my formation expenses of the PDS though. I have done this for many years as it is a standard pro-forma. I don't feel that any proof needs to be provided at the time the PDS is being submitted, however, should the Lead Regulator opt to see proof after the due date for payment of such nominations, then so be it. Again, there needs to be a PDS checklist that ASIC and the Lead Regulator together can implement to ensure that we do not have to be delayed. Currently the Lead Regulators make their own rules up and it can be quite frustrating. We are told that although we hold an AFSL with ASIC, it matters not if we do not comply with the Lead Regulator's rules. This happens quite often. The PDS is simply a disclosure statement and as long as the information that is being fully disclosed is true and correct, then there should be one ruling implemented to serve all. Rather ASIC has rules and then the Lead Regulator has different rules.

B1Q6 – Is any transition period required? If so, please give details of the length required and reasons. – A grace period would be beneficial giving promoter's time to bring their affairs into line and order of compliance with the changes. Between 9 and 12 months would suffice as some promoters have schemes still pending.