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**Computershare Investor Services Pty Limited**

ABN 48 078 279 277

Level Three 60 Carrington Street

Sydney NSW 2000 Australia

GPO Box 7045

Sydney NSW 2001 Australia

Telephone 61 2 8234 5000

Facsimile 61 2 8235 8150

[www.computershare.com](http://www.computershare.com)

Ms Olivia Wu  
Senior Lawyer, Legal & Policy, Market Supervision  
Australia Securities and Investments Commission  
Level 5, 100 Market Street  
Sydney NSW 2001

Email: [short.selling.cp@asic.gov.au](mailto:short.selling.cp@asic.gov.au)

Dear Ms Olivia Wu,

**Short selling: Naked short selling relief, position reporting amendments and sunseting class orders – Consultation Paper 299 May 2018**

We appreciate the opportunity to comment on the Consultation Paper '*Short selling: Naked short selling relief, position reporting amendments and sunseting class orders*'. Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers. Computershare is represented in all major financial markets and has over 16,000 employees worldwide. For more information, visit [www.computershare.com](http://www.computershare.com)

Our response is limited to comments on aspects of deferred settlement that if changed or removed, may impact the timing of certain corporate actions and could lead to longer transaction timetables. The impacts could include holding of investor funds for a longer period before trading commences. We welcome a review of the market practice, however we note the important role deferred settlement trading plays when it comes to the management of investor risk.

**Deferred settlement trading should continue**

In response to C1Q1 (a) and (b), Computershare considers that deferred settlement trading periods should continue to be permitted and are a necessary tool for the reduction of risk for shareholders, allowing them to trade earlier than they would otherwise be able to under a non-deferred trading timetable. If deferred trading was to be removed it would result in the need for securities to be issued, and then following this holding statements despatched. Under the current ASX listing rules 3 business days must be allowed for receipt of statements for all investors before trading can commence. This would have the effect of delaying when an investor can lock in a sale of the securities, increasing their risk in the transaction.

### **Duration of deferred settlement is aligned to logistics of the transaction**

With regard to C1Q1(c), we believe that the frequency of usage of deferred settlement would make it difficult to analyse each case on an individual basis. The duration of deferred settlement periods is generally flexible. For example, the transition from deferred settlement to normal trading is triggered by the despatch of holding statements. The timing for this phase is driven by the size of the company register and associated logistics – i.e. how many holding statements or confirmation advices need to be printed and sent.

We note that under Appendix 7A of the ASX Listing Rules, certain timetables, for example a Reorganisation of capital, include standard timing requirements for deferred trading. There may be an opportunity to review these, however careful consideration must be given to the practical logistics associated with the current mailing requirements.

### **We support the removal of paper processes however the requirement for paper remains**

We wish to note we are strong advocates for the removal of paper processes. Wherever possible, we take advantage of email addresses we hold on behalf of our issuer clients to reduce issuer costs and provide a digitally streamlined service, however again caution that while there remains a requirement to physically post statements, the practical logistics of this process must be carefully considered. For IPOs in particular, the shareholding is new and the allocation and secure distribution of the shareholder's SRN is vital.

### **Deferred settlement trading exists in other markets**

We note that deferred settlement trading is utilised frequently in corporate action events in other countries. It is known variously as 'when issued' trading in the US and 'grey market' trading in the UK.

We trust you find our feedback and comments useful and we welcome the opportunity to further discuss our responses. Please do not hesitate to contact myself using the details provided below should you have any questions or require any further information.

Yours sincerely,



Paul Walton  
Senior Manager  
Computershare Investor Services  
**P** +61 2 8234 5025 **M** +61 400 841 532  
**E** [paul.walton@computershare.com.au](mailto:paul.walton@computershare.com.au)