



**CHARTERED SECRETARIES
AUSTRALIA**

Leaders in governance

29 June 2006

The Hon. Bob Debus, MP
Attorney General, Minister for the Environment and Minister for the Arts
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Mr Debus

Corporations Amendment Bill (No 2) 2006: '100-member rule'

Chartered Secretaries Australia (CSA) is the peak professional body delivering accredited education and the most practical and authoritative training and information on governance, as well as thought leadership in the field. We are an independent, widely-respected influencer of governance thinking and behaviour in Australia and an expert commentator on issues affecting governance and legislation.

We understand that you have stated to the Parliamentary Secretary to the Treasurer your opposition to the repeal of the '100-member rule' in the *Corporations Act 2001* (Cth) in section 249D.

For many years CSA has been keen to see the repeal of the rule allowing 100 members to requisition general meetings of companies (the 100-member rule). We have made multiple submissions on this issue and brought together a coalition of a broad range of associations both in 2001 and 2005 that endorsed this reform.

We would like to highlight that the repeal of the 100-member rule has:

- bipartisan support. Both the Federal Government and the Opposition support the reform, which has been examined in detail by the Department of Treasury and the Parliamentary Joint Committee on Corporations and Financial Services
- widespread support from multiple industry parties that represent a range of interests from retail shareholders to large institutions, including the Australian Shareholders Association, the Australian Institute of Company Directors, the Investment and Financial Services Association, the Financial Services Institute of Australasia, the Australian Investor Relations Association, the Business Council of Australia and the Australian Employee Ownership Association
- the benefit of simplicity, as the proposal to maintain the simple five per cent rule does not have the complications of tiered solutions recommended in the past
- the merit of bringing Australian law into line with overseas practice
- the capacity to prevent mischief, given that while there is little history of the rule being abused, its potential for abuse remains clear. Both political parties have noted that it is not necessary for parliament to wait until some quota of abuses is observed, before reforming the provision.

Current opposition to the repeal of the 100-member rule by some states has indicated it will work against the interests of minority shareholders, constituting the general public. We would like to draw your attention to the fact that the Australian Shareholders Association, which supports the reform, represents retail shareholders.

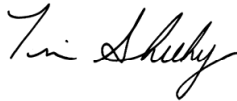
We wish to emphasise that this widespread support for the repeal of the 100-member rule only applies to the calling of special meetings and that there is widespread support for the retention of section 249N of the Act that preserves the right of 100 shareholders to put forward a resolution at a general meeting.

Furthermore, the Parliamentary Joint Committee on Corporations and Financial Services noted in its 2005 report that "sufficient other mechanisms exist for smaller shareholders to question company directors and influence company policy."

CSA would be keen to meet with you to discuss the proposed reform of the 100 member rule. I refer you to our website at [www.CSAust.com/News & Advocacy/Submissions](http://www.CSAust.com/News%20&%20Advocacy/Submissions) for our submissions made in 2005, 2003 and 2001 on this issue.

I look forward to hearing from you. I can be contacted on (02) 9223 5744 or by email at tim.sheehy@CSAust.com.

Yours sincerely

A handwritten signature in cursive script that reads "Tim Sheehy".

Tim Sheehy
CHIEF EXECUTIVE