



**CHARTERED SECRETARIES
AUSTRALIA**

Leaders in governance

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Eric Mayne
Group Executive
Market Supervision
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Eric

Proposed amendment to Listing Rules
requirement relating to expert's report

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. Our members have primary responsibility in listed companies to deal with the Australian Securities Exchange (ASX) and interpret and implement the Listing Rules. Our members deal on a day-to-day basis with ASX and have a thorough working knowledge of the operations of the markets, the needs of investors and the Listing Rules.

CSA fully supports the policy objectives behind the Listing Rule requirement that a report from an independent expert on corporate transactions as set out in Listing Rules 10.1, 10.9.2 and 10.10.12 should be made available to shareholders, and that the report must state whether the transaction is fair and reasonable to holders of the entity's ordinary securities. CSA recognises the importance of investors receiving adequate information to assist them to make decisions when exercising their rights. Our comments below are offered in the spirit of ensuring that our proposed amendment achieves the policy outcome, while bringing the Listing Rule into alignment with recent amendments to the Corporations Act concerning the distribution of annual reports to shareholders and providing environmental benefits.

CSA recommendation

CSA believes that companies can satisfy the requirement for the distribution of the independent expert's report by providing an electronic version of the report on their corporate websites, with an obligation to deliver a hard copy, free of charge, to any shareholder who requests it.

CSA recommends that Listing Rule 10.10.2 be amended to require that companies:

- ensure the full independent expert's report is available on the company's website and easily accessible
- provide a hard copy of the full independent expert's report, free of charge, to any shareholder upon request
- include a summary and the conclusion of the independent expert's report with the explanatory memorandum sent to shareholders with the notice of meeting.

Benefits of amendment

CSA believes that the ability to review the independent expert's report electronically provides a cost-effective means for companies to provide this information, and provides a benefit, furthermore, to shareholders and the community. The ability of technology to search through such documents for relevant information makes electronic communication timely and efficient for shareholders.

CSA also believes such an amendment will provide significant efficiencies to all companies, including cost reductions that will be in the best interests of shareholders. It will also ameliorate the shareholder experience of being burdened with unwanted amounts of hard copy corporate information in the mail, while at the same time providing a large benefit to the environment.

Legislative precedent

CSA notes that, in 2007, the *Corporations Legislation Amendment (Simpler Regulatory System) Act 2007* was introduced, which provided for companies to elect to distribute annual reports by making them available on their websites. Research conducted by CSA at the end of 2007 showed that the majority of the top 200 ASX-listed companies had sent out a notice seeking shareholder election as to how they wish to receive the annual report. On average, only ten per cent of shareholders in these companies elected to receive a hard copy of the annual report. CSA contends that this research shows that shareholders are not seeking large amounts of corporate information in hard copy, and are happy to review such information electronically.

Conclusion

CSA recommends that companies satisfy the requirement for the distribution of the independent expert's report by providing an electronic version of the report on their corporate websites, with an obligation to deliver a hard copy, free of charge, to any shareholder who requests it. CSA also recommends that a summary and the conclusion of the independent expert's report be included with the explanatory memorandum sent to shareholders with the notice of meeting.

When preparing this submission, CSA drew in particular on the expertise of its national Legislation Review Committee, comprising members working in listed companies with the responsibility to interpret this Listing Rule.

Yours sincerely



Tim Sheehy
CHIEF EXECUTIVE