

14 February 2000

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Dear Ms Higgins

**EXPOSURE DRAFT - PROPOSED QUARTERLY REPORT FOR ENTITIES ADMITTED  
ON THE BASIS OF COMMITMENTS  
SUPPLEMENTARY EXPOSURE DRAFT - ADDITIONAL AMENDMENTS FOR  
1 JULY 2000**

The Institute's comments on the Exposure Draft published by ASX in November have been given directly to the Manager, Listings, Melbourne.

That submission contained the following comments with respect to the Proposed Quarterly Report for Entities Admitted on the Basis of Commitments:

As it has expressed in previous submissions, the Institute believes that ASX is the appropriate authority to determine criteria for entities seeking admission to the Official List, and that it may therefore not necessarily be appropriate for entities which are already listed to comment on such proposals. Subject thereto, the Institute does not regard any of these provisions as being unreasonable.

These considerations apply equally to the proposal to introduce a requirement for quarterly reporting of cash flows annexed to the letter dated 10 January (2000) from Mr. John McMurtrie. In this respect, however, the Institute would want to be reassured that such a step is not viewed by ASX or ASIC as a prelude to full quarterly reporting for all listed entities.

Unless a very strong case can be substantiated, the Institute remains opposed to mandatory quarterly reporting.

With respect to the proposal set out in the Supplementary Exposure Draft February 2000, the Institute confirms the support it has given to ASX in its principal submission for any re-writing of the Listing Rules which reduces the administrative burden placed on entities.

The Institute therefore welcomes the initiative taken by ASX in deleting Appendix 2A and merging that information with Appendix 3B.

However, there are two aspects of this proposal which the Institute cannot support as currently presented.

The first is the inclusion of the Quotation Agreement as a condition precedent to ongoing quotation, irrespective of the type of new issue being considered (e.g. bonus, rights, dividend reinvestment plan etc.).

This Agreement should remain as it always has, and only apply to the quotation of a new class of securities - a principle that is expressly recognised in the restricted application of items 35 to 42. To provide otherwise would empower ASX, at least theoretically, to decline quotation of shares under an existing class of securities, a position which would be totally unworkable.

The requirement for a Quotation Agreement should be realigned immediately above the bracket in the margin (now go to 43) and below the table on that page, thereby making it clear that it forms part of that excluded section.

The other concern we have, is whether the proposed new rule 15.3.1 will create more problems than it solves. While the Institute is firmly in favour of giving documents to ASX electronically (which we understand may be by email or by depositing documents on the ASX website), the first bullet point under proposed rule 15.3.1 is difficult to reason. Does this mean specific approval for that document, or does it mean a general approval for any document being transmitted by that entity? Further, can the reference to "in writing" be itself in electronic form?

**These difficulties can, in our submission, be overcome simply by rewording Clause 15.3.1 as follows –**

**" 15.3.1 A document may be given to ASX electronically if ASX and the person giving the document have agreed in writing that certain nominated documents may be given to ASX and authenticated electronically by the methods specified in that agreement**

**A document is taken to be given to ASX if the entity complies with the agreement."**

While we also support the thrust of listing rule 15.4 as amended, we believe that the notes no longer conform with the proposed text. If an annual report is to be given to ASX electronically, can it be in black and white, rather than colour as printed, and/or is the text alone acceptable, or will ASX continue to require the complete document as printed?

Under 15.4.2, it seems somewhat incongruous that if ASX is moving to electronic communications, it will still require a hard copy of the constitution or

trust deed. In time, as these documents are likely to be available on the entity's website, we would have thought ASX's preference would be for an electronic copy, not a hard copy.

If you would like to discuss these comments in more detail, could you please telephone the writer on (03) 9283 3288.

Yours sincerely

IAN L FALCONER

Chairman

Legislation Review Committee

Chartered Institute of Companies Secretaries in Australia.