

Overview

ASX Omnibus Listing Rule Amendments

20 June 2007

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What this paper is about

1. This document contains a summary of changes which ASX proposes to make to its listing rules. The changes are the result of rule reviews ASX has conducted over the past 18 months. Rule amendments and deletions identified as part of ASX's Listing Rule Overlap and Listing Rule Discretions projects, announced in December 2005, are included in this omnibus listing rule amendment package.
2. All proposed changes are summarised in this overview document in order of listing rule. Where indicated, proposed drafting amendments are also set out in mark-up in the attached Exposure Draft.
3. Following this 4 week exposure period, ASX will commence the normal rule amendment approval processes with ASIC. ASX currently anticipates rule implementation by end 2007.

Invitation to comment

4. To a large extent, these proposed amendments are of a minor or technical nature, or have been the subject of prior consultation. However, ASX specifically invites comment on its proposed changes to the regulation of management agreements (listing rule 15.16), which have not previously been released for public consultation. Please include any qualitative or quantitative information to support your comments.
5. ASX invites comments on the proposed listing rule amendments and Guidance Notes by Friday 20 July 2007.

Comments can be sent to:

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CHAPTER 1

Listing Rule 1.1, condition 13: Corporate Governance

Summary of Rule

Listing Rule 4.10.3 currently requires listed entities to state in their annual report the extent to which the entity has followed the Recommendations set by the ASX Corporate Governance Council. If the entity has not followed a Recommendation, the entity must identify that Recommendation and give reasons for not following it. The rule only applies to entities already listed on ASX.

Summary of Change

ASX proposes to introduce a new condition of admission to listing rule 1.1, to ensure that newly listed entities provide the market with relevant corporate governance disclosures at the time of admission on a par with existing listed entities.

The new condition will reflect current practice and ensures that investors can access up-to-date information about the company's governance practices from the time of listing.

Benefit of Change

This proposed amendment will align the corporate governance reporting requirements for newly listed entities with those of existing listed entities. It will reflect current practice. Investors will receive more timely information about an entity's governance practices.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 3

Listing Rule 3.2 and 3.3: Disclosure of % shares held

Summary of Rule

Listing Rule 3.2 requires disclosure of the percentage of shares held when a takeover is made and extended.

Listing Rule 3.3 requires disclosure of the percentage of the target shares held at the end of a takeover and whether compulsory acquisition will proceed.

Summary of Change

ASX proposes to remove these listing rules.

ASX has identified overlap between these rules and provisions of the Corporations Act. During the bid period, the market receives information about substantial shareholdings under section 654B of the Corporations Act. The number of shares held at the end of the takeover will therefore be known. The Corporations Act allows a bidder one month to issue compulsory acquisition notices, meaning the market will be informed whether compulsory acquisition will proceed.

Benefit of Change

This proposed amendment will reduce unnecessary overlap between the listing rules and the Corporations Act.

Exposure Draft of Amendments attached?

Yes.

Listing Rule 3.18: Disclosure of loan information

Summary of Rule

Listing Rule 3.18 requires disclosure of loan information where the loan is an asset, if ASX asks for the information.

Summary of Change

ASX proposes to remove its discretion to request disclosure of the information, and to amend the rule to require disclosure of this information if the loan is material.

Benefit of Change

To provide greater certainty in relation to rule application.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 4

Listing Rules 4.1, 4.2, 4.3 and 4.4 and Appendix 4B

Summary of Rules

These listing rules all relate to the lodgement of financial reports (half-yearly or preliminary final reports) for periods ending before 30 June 2003.

Summary of Change

ASX proposes to delete these rules as they are redundant. The Appendix 4B, the pro forma announcement in use for periods ending before 30 June 2003, is also redundant and will be deleted. Listing rules 4.2A, 4.3A and 4.4A all remain in force. (References to periods “ending on or after 30 June 2003” will also be removed from these rules.)

Benefit of Change

This proposed amendment will remove redundant rules.

Exposure Draft of Amendments attached?

Yes.

Listing Rules 4.2BA, 4.3BA and 4.4BA

Summary of Rules

These listing rules introduced a temporary extension of time (from 2 months to 75 days after the end of a financial period) for half yearly and preliminary final reports during the transition to A-IFRS.

Summary of Change

The transitional period is over and ASX will delete these rules.

Benefit of Change

This proposed amendment will remove redundant rules.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 5

Listing Rule 5.2.3: Mining Tenements

Summary of Rules

Listing rule 5.2.3 requires disclosure of certain information from an entity which has acquired an interest in a mining tenement, if ASX asks for the information.

Summary of Change

ASX proposes to remove its discretion to request disclosure of the information, and to amend the rule to require disclosure of this information if the tenement is a material asset.

Benefit of Change

To provide greater certainty in relation to rule application.

Exposure Draft of Amendments attached?

Yes.

Listing Rule 5.6 - 5.16: Oil & Gas Reserve Reporting

Summary of Rules

Chapter 5 contains minimum standards for oil and gas exploration and production companies to report hydrocarbon reserves and resources.

Summary of Change

ASX proposes to update its minimum reporting requirements and to move to a disclosure based rule rather than a prescriptive rule. ASX proposes to remove its current definitions of different reserve-types, and allow companies to adopt industry standards. New rules will require a company to disclose which standard or methodology it has used in compiling its hydrocarbon reports.

An additional Guidance Note will support the new rules. The Exposure Draft and Guidance note take into account feedback received as a result of ASX's public consultation on this issue in December – January 2007.

Benefit of Change

This proposed amendment will ensure ASX's rules remain aligned with major reporting standards. Investors will receive additional information about the methodology used to estimate reserves, whilst companies will have greater flexibility to adopt appropriate methodologies.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 6

Appendix 6A, paragraphs 1 and 2

Summary of Rule

The timetables in paragraphs 1 and 2 prescribe the timetables to be followed in the announcement and payment of dividends or distributions, and interest payments on quoted debt securities.

Summary of Change

For paragraph 1 of Appendix 6A, ASX proposes to prescribe that certain items of information relating to an entity's dividend reinvestment plan, and in relation to any foreign source conduit income, be included at the same time as the announcement of a dividend. This information is collected and disseminated by ASX.

For paragraph 2 of Appendix 6A, ASX proposes to change the mandatory period for quoted debt securities between the record date and the payment date for interest payments to be 8 calendar days, rather than 7 calendar days, to reflect the requirements of ASX's operational systems.

Benefit of Change

The first proposed amendment (to paragraph 1 of Appendix 6A) will permit ASX to collect and disseminate additional dividend information useful to investors.

The second proposed amendment (to paragraph 2 of Appendix 6A) clarifies ASX's interpretation of this timetable and will reflect the requirements of ASX's operational systems.

Exposure Draft of Amendments attached?

Yes

CHAPTER 7

Listing Rules 7.26, 7.39: Forfeited Shares

Summary of Rule

Listing rule 7.26 provides for cancellation of forfeited shares, and waiver of unpaid liability, by limited liability companies on certain conditions.

Listing Rule 7.39 provides for auction of forfeited shares subject to conditions and a parcel size limit.

Summary of Change

ASX proposes to remove these listing rules.

ASX has identified overlap between these rules and provisions of the Corporations Act. Specific sections of the Act which govern share cancellation and forfeiture are sections 258D, 254Q(1), and 254Q(2). More broadly, cancellation and forfeiture of shares may also fall within the director duties provisions in the Act.

Benefit of Change

This proposed amendment will reduce unnecessary overlap between the listing rules and the Corporations Act.

Exposure Draft of Amendments attached?

Yes.

Appendix 7A, paragraph 5: Reduction of capital timetable

Summary of Rule

Paragraph 5 of Appendix 7A sets out a timetable to be followed in carrying out a reorganisation of capital which does not require court approval. This timetable applies to reductions of capital

Summary of Change

ASX proposes to change the timetable so that the last day of cum-return of capital trading will be on the day after, rather than the day of, shareholder approval.

This is to ensure that on the last day of cum-return of capital trading there is certainty as to whether the return of capital is going to occur. This is necessary to allow the prescribed ETO adjustments for a cash return of capital to work correctly.

Benefit of Change

This proposed amendment will add certainty to the capital returns timetable which has flow-on benefits for the accurate pricing of ETOs.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 8

Listing Rule 8.14: Off Market Transfers and Shunts

Summary of Rule

ASX currently prohibits an entity from charging a fee for "*...registering paper-based transfers in registrable form*" and "*...effecting shunts between registers*".

Summary of Change

ASX proposes to remove these prohibitions.

The market has evolved since these prohibitions were introduced. Structural changes include the replacement of paper based transfers for market and some off-market transactions with electronic transfers, following the introduction of CHESS. Other changes include new trading participants and new trading strategies which rely on cross-border arbitrage and shunting as an integral part of the trading strategy.

Processing these non-CHESS, off-market transfers requires additional administrative efforts in order to minimise the risk of fraud, given holdings are now uncertificated whereas share certificates were previously required to be surrendered before a transfer could be processed. Issuers and their registries therefore assume an increased risk in processing off-market transfers, for which they receive no economic recompense.

Benefit of Change

As noted above, the market has changed considerably from when the rule was introduced. In response to these changes, ASX feels that companies and registries should have the ability to recover their costs associated with processing these transfers. ASX will therefore remove these prohibitions.

This change will bring the practice into line with off-market transfers and shunts on the CHESS sub-register where sponsoring participants are able to charge holders for the processing of such transactions.

Exposure Draft of Amendments attached?

Yes

CHAPTER 12

Listing Rule 12.7: Audit Committee Requirements

Summary of Rule

Listing rule 12.7 contains audit committee requirements.

Summary of Change

ASX proposes to simplify the definition of which companies constitute the “top 300” and which companies are required by the listing rules to have complying Audit Committee.

Listing Rule 12.7 currently refers to the top 300 of the All Ordinaries index (which comprises 500 companies). ASX proposes to simplify this requirement and to refer to companies in the S&P/ASX 300 index. This definition will be added to listing rule 19.2. ASX will introduce a transitional arrangement.

Benefit of Change

This proposed amendment will clarify the cut-off and make it simpler for companies to determine whether they are required to have a complying Audit Committee.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 14

Listing Rule 14.2.2: Proxy Forms

Summary of Rule

Listing rule 14.2.2 says a proxy form must provide for the appointment of the security holder's choice, but may specify someone if a choice is not made.

Summary of Change

ASX proposes to remove listing rule 14.2.2.

ASX has identified overlap between this rule and section 249X of the Corporations Act which deals with proxies.

Benefit of Change

This proposed amendment will reduce unnecessary overlap between the listing rules and the Corporations Act.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 15

Listing Rule 15.3.1: Electronic document lodgement

Summary of Rule

Listing rule 15.3.1 sets out requirements for lodging a document with ASX electronically.

Summary of Change

ASX proposes to remove its discretion to form an opinion that the entity has not complied with these requirements.

Benefit of Change

To provide greater certainty in relation to rule application.

Exposure Draft of Amendments attached?

Yes.

Listing Rule 15.16: Management Agreements

Summary of Rule

Listing rule 15.16 currently limits the use of management agreements by passive investment entities.

Summary of Change

ASX proposes to remove rule 15.16 and regulate management agreements using a disclosure based approach.

This change will remove the arbitrary prohibition on management agreements over 5 years' duration. It will reduce the likelihood of inconsistent rule waivers, and will apply to all listed entities. The new approach will elicit additional disclosure so investors are better informed of the level of entrenchment and fees committed to managers.

A new Guidance Note will explain the new regulatory framework, centred on the principle of 'disclosure of benefits'.

ASX retains the discretion to refuse admission to entities which are considered unsuitable for listing under listing rule 1.1 (the entity's structure and operations must be appropriate for a listed entity).

Benefit of Change

Investors will receive far greater detail, in simpler terms, of the effects of any management agreement. However, companies will also retain flexibility to enter into such agreements that they feel are appropriate and beneficial. There will be increased certainty for companies and managers wanting to enter into management agreements. There will also be more consistency going forward, as investment entities will not need to apply for a rule waiver from listing rule 15.16 in order to list

with an agreement of more than 5 years duration. ASX believes that opportunities for regulatory arbitrage between listed and unlisted vehicles will be reduced.

Exposure Draft of Amendments attached?

Yes – see also attached draft Guidance Note.

CHAPTER 17

Listing Rule 17.5: Compulsory suspension for non-lodgement of periodic reports

Summary of Rule

Listing rule 17.5 mandates the suspension from quotation of an entity's securities when it misses the deadline for lodging certain periodic reports required by the Listing Rules.

Summary of Change

ASX proposes to amend this rule to delete references to the deleted rules in chapter 4.

Benefit of Change

This is a technical amendment and will ensure consistency within the listing rules.

Exposure Draft of Amendments attached?

Yes.

CHAPTER 19

Listing Rule 19.12: Definitions

Summary of Rule

Listing rule 19.12 contains definitions of various terms used in the Listing Rules

Summary of Change

ASX proposes to:

- correct a misprint in the definition of “related party” (from which 2 paragraphs of the Corporations Act definition were accidentally omitted in the printing of the 2005 Listing Rule amendments.)
- introduce a definition of S & P / ASX 300 in connection with the amendment to listing rules 1.1 condition 13 and 12.7

Benefit of Change

These are technical amendments and will ensure consistency within the listing rules.

Exposure Draft of Amendments attached?

Yes.