

Preparing directors of listed companies

Next month, AICD launches a new course that addresses the major issues directors face in the listed company environment.

AICD and the Australian Securities Exchange (ASX) have co-developed a one-day course, *The Listed Company Director*, to address the needs of directors of listed companies participating in Australia's financial markets. It was piloted in Sydney in November 2008.

"It is imperative that company directors, especially those of listed companies, are cognisant of their obligations – both under the corporations law and the ASX Listing Rules. The course will provide a comprehensive overview of these areas," says Bun Hung, a pilot course participant and chairman of Orion Petroleum and a director of the Australian subsidiary of Reliance Industries.



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The course also caters for directors of private companies transitioning into the listed environment, because their duties and responsibilities usually intensify.

"My directorships have mainly been with privately owned and not-for-profit companies. I was specifically interested in learning how directorships for listed companies require a different skill base," notes Peter Janssen FAICD, the chairman of Foundation for National Parks and Wildlife, who also attended the pilot course.

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When a company lists, its scale changes. Directors may, for example, find they are dealing with many more shareholders or have access to larger amounts of capital

than before. And, a listing also brings with it heightened obligations relating to fairness, access and transparency.

In order to operate its financial markets in a fair, orderly and transparent manner, the ASX imposes obligations on listed companies in its markets, as well as the brokers and other participants who trade there. For listed companies this falls primarily within the Listing Rules and guidance notes, especially Listing Rule 3.1 – continuous disclosure.

Continuous disclosure laws were introduced by the Government following the corporate collapses in the 1980s. The ASX incorporates these into the Listing Rules, which means that listed companies must agree with the ASX that they will comply with the continuous disclosure regime as a condition of listing.

The aim of this regime is to ensure that investors have immediate access to information that affects the value of securities. Conversely, it is not appropriate for investors to be trading on the assumption that a security is worth one price when in fact existing information suggests it is worth much more or less.

The Listed Company Director aims not only to convey information about the requirements of Listing Rule 3.1, its counterparts in the *Corporations Act* and other key listing rules, but also to demonstrate the thinking of the ASX in relation to these issues. The course works through practical examples, illustrating how disclosure situations play out in the day-to-day operations of a listed company.

The course is also designed to help listed company directors deal with changes such as those created by the financial crises of 2008 and deteriorating economic landscape. "Directors will need to be even more vigilant to ensure their companies look after all stakeholders – shareholders, employees, lenders, suppliers and customers," notes Carol Holley FAICD, chairman of the audit committee and non-executive director of Australian Pharmaceutical Industries.

"The course provides new directors with the opportunity to quickly come to grips with the practical issues of directorship. The structure of the course, with lots of question and answer sessions, encourages participants to raise issues confronting them with their peers."

The course will be launched across Australia from March this year. For further information, email Ky-Lee Menzies at: kmenzies@companydirectors.m.au 