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ASX Limited
Office of General Counsel
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15 December 2015

By email: regulatorypolicy@asx.com.au
Attention: Mr Gary Hobourn

Dear Mr Hobourn,

Hostplus is a major investor in global securities markets, with total assets of \$19 billion, including \$5 billion in the Australian listed equity sector at 31 October 2015.

The ASX's recent consultation paper on Reverse Takeovers – Shareholder Approval Requirements for Listed Company Mergers has recently been brought to our attention, and we would like to offer the following comments in response.

Hostplus is concerned at the absence of a shareholder approval requirement for 'bidder' company shareholders in reverse takeover transactions between ASX listed entities. We see this as a significant gap in the Australian listing rule framework, which is significantly out of step with the rules that apply in most comparable jurisdictions globally.

Our concerns have also been heightened by a number of recent merger transactions/proposals in Australia that have taken advantage of this gap in such a way as to disenfranchise shareholders who have experienced significant dilution of their equity interest as a result.

We are encouraged that the ASX has undertaken a consultation to address this issue and has included a threshold limit of new capital issuance, beyond which shareholder approval would be required. However, we are highly concerned that the level of new capital at which this measure would apply is proposed to be so high, at 100% of existing capital of the company concerned. This threshold is significantly out of step with the levels applied in other major equity markets globally which, as noted in the ASX's consultation paper, generally fall within a range of 20-30%.

In our view, there is no compelling reason why the Australian threshold for transactions of this nature should be so much higher than it is in other listed equity markets globally. Moreover, in our experience, there have been few, if any, cases where the need to obtain shareholder approval has been an impediment to an otherwise value-creating transaction. Therefore, we submit that the ASX listing rule should be amended to align more closely with international practice, and ideally at a limit of 25% dilution.



If the ASX fails to implement a standard that is comparable to those of other major markets, we are concerned that the Australian market will continue to be seen as an outlier in failing to protect these basic shareholder rights.

Kind regards,

A handwritten signature in black ink, appearing to read "David Elia". The signature is fluid and cursive, with the first name "David" and the last name "Elia" clearly distinguishable.

David Elia

Chief Executive Officer