



24 December 2020

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Submission to the Public Consultation: Proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables - 30 November 2020

Thomson Reuters Connect 4 is part of Thomson Reuters (Professional) Australia Ltd and specialises in providing databases of ASX listed entity information to many sectors including legal, financial services, share registry, accounting, professional services and corporate advisory.

Thomson Reuters Connect 4's databases encompass many aspects of information lodged with the ASX by ASX listed entities. With particular relevance to the topic of this public consultation are Thomson Reuters Connect 4's Company Announcements and New Issues databases. The Company Announcements database provides a range of searching options including full text searching while the New Issues database covers transactional data for IPOs, a range of secondary equity offerings and on & off market buy-backs.

This submission to the Public Consultation responds only to certain sub-sections of the consultation paper. It is based on firsthand experience of Thomson Reuters Connect 4 searching, interpreting and extracting data from announcements lodged by listed entities and its observations of investors, stakeholders and other third parties' (collectively 'users') demand for market information.

The key points we highlight in our response to the Public Consultation paper are we:

- Object to the consolidation of the current Appendix 3C, Appendix 3D Appendix 3E and Appendix 3F forms into a single new 'Appendix 3C Notification of buy-back' that covers all four actions.
- Partially support the relocation of key information (such as securities being quoted, number of securities, purpose of the issue and pricing) to Part 1 of the proposed Appendix 2A as we believe it does not go far enough
- Highlight where the ASX needs to approach listed entities to re-submit key market information with better detail as listed entities are often not providing clear or sufficient information to the market in the first instance in Appendix 3Bs and Appendix 2As
- Highlight the unfortunate practice of listed entities using the full-length version of the Appendix 3B at times rather than the short form.



**1/ Object to the consolidation of the current Appendix 3C, Appendix 3D Appendix 3E and Appendix 3F forms into a single new 'Appendix 3C Notification of buy-back' that covers all four actions.**

### Comment

The current Appendix 3C, Appendix 3D, Appendix 3E and Appendix 3F forms provide the only mechanism for clear delineation in the company announcements feed for each phase of the buyback process. In particular the distinct appendix titles themselves are unique identifiers and often the only way to search and locate the correct company announcement for the particular buyback phase.

By consolidating the current appendices into a single Appendix 3C, these unique identifiers will be lost making searching for key information more difficult for the following reasons:

- Although tick boxes will be supplied in Part 1.4 of the proposed Appendix 3C to indicate the various phases, they will be impossible to use as unique identifiers for searching.
- Appendix 3C will no longer be a unique identifier as it will apply to all phases of the buyback covered by the current individual Appendix 3Cs, 3Ds, 3Es and 3Fs.
- The volume of announcements users will have to search through will increase dramatically as the high-volume Appendix 3E 'Daily share buy-back notice' will no longer be separated, and therefore 'overwhelm' the announcements relating to other buyback phases. For example, AEG lodged 138 Appendix 3Es alone for their on-market buyback that was in operation from 03/07/2019 to 02/07/2020.
- It will increase the difficulty for the ASX Market Announcements Office to scan through and accurately identify/assign the correct Report Types to each announcement.

### Recommendation

In light of the reasons stated above, Connect 4 objects to the consolidation of the current Appendix 3C, Appendix 3D, Appendix 3E and Appendix 3F into a single proposed Appendix 3C. Connect 4 recommends the retention of the current Appendix 3C, Appendix 3D, Appendix 3E and Appendix 3F.



**2/ Partially support the relocation of key information (such as securities being quoted, number of securities, purpose of the issue and pricing) to Part 1 of the proposed Appendix 2A as we believe it does not go far enough.**

Comment

When users of market information are searching the Appendix 2A for security issues, they are predominantly using the security code/description being quoted, the number of securities being issued, the purpose of the issue and pricing as key identifiers.

The current Appendix 2A locates this key information in an inefficient manner via the poor layout of key information in Part 2 (page 5), Part 3 (page 6) and Part 4 (page 12 & 13). This inefficiency would also apply to listed entities filling out and lodging the Appendix 2A

While the proposed Appendix 2A partially addresses this issue through the moving of the current Part 4.2 – 4.2d into the proposed Part 2.2h.1 – 2.2h.1.d, it means that key information such as price is only being moved up to page 5.

Recommendation

It is recommended that the ASX alters the proposed Appendix 2A by relocating the proposed Parts 2.2h.1 – 2.2h.1.d, 2.2h.2, 2.2h.3, 3A.1 and 3A.2 into Part 1, so that key information is located on the first or second page.

**3/ Highlight where the ASX need to approach listed entities to re-submit key market information with better detail as listed entities are often not providing clear or sufficient information to the market in the first instance in Appendix 2As**

Comment

At times, listed entities are failing to provide clear or sufficient key market information in Appendix 2As or it fails to match up with information provided in the Appendix 3B. This is mostly seen around the purpose in issuing the securities and pricing.

Connect 4 often picks up discrepancies or lack of adequate information in completed Appendix 2As. This includes the number of securities being issued, issues prices and the purpose of the security issue. The only way to get clarification is to spend time looking at other announcements lodged by the listed entity, rely on the breakdown presented in the ASX Daily Schedule or contact the listed entity for further information.



Some listed entities seem to have difficulty or a lack of willingness to provide pricing in the current Appendix Part 4.2D generally with deemed security issues for services, goods or acquisitions. Most of the time this can be found in other announcements but at times no value of consideration per security is provided even though there would be a value attributed.

One example is where a listed entity stated in Part 4.2D to refer to a notice when first announced and the notice of meeting for pricing. The notice of meeting said that the pricing would be based on 15-day VWAP shortly before issue. Connect 4 approached the listed entity concerned for the 15-day VWAP deemed price used, Connect 4 was advised that the transaction was merger using an agreed ratio and there wasn't really a deemed price, and accordingly not provided.

It is important to note that ASX Issuer Operations, who produce the ASX Daily Schedule and some of the ASX's data feeds, often have difficulty interpreting the security information provided in Appendix 2As because of lack of clear information provided. In these cases, ASX Issuer Operations has to contact the listed entity for clarification such as break down of the number of securities being issued, prices and purpose.

An example is when a listed entity issued a number of securities for a 'bonus payment and broker incentive fees', they provided a total number of shares in Part 3A but no further breakdown. However, when providing pricing in Part 4.2d, a price individually for the 'bonus payment' and the 'broker incentive fees' was provided. ASX Issuer Operations had to approach the listed entity for further information to be able to attribute the number of securities to each purpose. Connect 4 has then had to rely ASX Issuer Operations rather than having direct access to the source information via the company announcements feed.

### Recommendations

1/ Listed entities be directed to provide better key information to the market such as clear pricing information in the current Part 4.2d

2/ Listed entities be directed to provide a clearer breakdown where there are multiple purposes for the issue of securities and where appropriate, pricing attributable to each breakdown in the current Part 4.2c and 4.2d



3/ Where ASX Issuer Operations has had to obtain further information from a listed entity, the ASX should approach listed entity concerned to lodge this extra detail via the company announcements feed so the market is fully informed. At the moment users are relying on the ASX Daily Schedule and do not have direct access to the source information.

**4/ Highlight the unfortunate practice of listed entities using the full-length version of the Appendix 3B at times rather than the short form.**

Comment

Listed entities sometimes unfortunately use and lodge the full-length version rather than the short form. The full-length version varies between 47 – 53 pages in length and many pages do not contain any information. This makes it more difficult and time consuming for users to locate the required information.

This also used on some occasions where listed entities lodge an amended Appendix 3B. What makes this frustrating is that often the original Appendix 3B will be in the short form so Connect 4 knows that the same listed entities can produce them.

Recommendation

It is hoped the new online form will make it easier for listed entities to use and lodge the Appendix 3B short form. The ASX should push back where possible on listed entities who use the full-length version and ask for it to be re-lodged using the short form as this would both help the ASX manage its workload in monitoring Appendix 3Bs and benefit users.

Please feel free to contact me with any queries concerning this submission.

Yours sincerely,

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