

23 October 2012

Regulatory & Public Policy  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

*Attention:* Ms Diane Lewis

*By email:* regulatorypolicy@asx.com.au

Dear Ms Lewis

### **ASX Consultation Paper on ASX BookBuild®**

The Australian Institute of Company Directors (Company Directors) appreciates the opportunity to provide feedback on the ASX Consultation Paper titled "ASX BookBuild®: Bringing efficiency, fairness and transparency to the primary equity market" (the Consultation Paper), released during September 2012.

Company Directors is the second largest member-based director association worldwide, with individual members from a wide range of corporations; publicly-listed companies, private companies, not-for-profit organisations, charities and government and semi-government bodies. As the principal Australian professional body representing a diverse membership of directors, we offer world class education services and provide a broad-based director perspective to current director issues in the policy debate.

We offer the following comments on the Consultation Paper.

**Company Directors welcome the ASX BookBuild® initiative, which we believe will provide boards of listed companies with a mechanism for helping to address potential governance issues associated with capital raising needs.**

ASX BookBuild® will provide boards of listed companies with a useful option when assessing the most appropriate method for pricing and allocating IPOs, placements and (if it is extended to) renounceable rights.

Particular aspects of ASX BookBuild® outlined in the Consultation Paper, which we believe merit the concept being taken forward, include:

- enhanced integrity of bookbuild processes;
- access to the entire market when undertaking placements or selling the renounced rights of shareholders;
- a robust price discovery process for boards to rely upon;
- potentially, lower equity raising costs via accessing more demand; and
- control over the pricing and allocation drivers remaining in the hands of the issuer's board.

**Company Directors support ASX BookBuild® being made available as an option for use by all listed companies, irrespective of market capitalisation.**

We are aware of some market commentary which has suggested ASX BookBuild® will appeal mainly to mid-tier companies. Our view is that this commentary is not a reason to restrict the availability of the facility to small or mid-tier companies. Indeed, the direct and indirect feedback we have received is that there is interest in ASX BookBuild® from among top 200 listed companies. We further note:

- the issue of bookbuild integrity is no less important for large companies than it is for smaller companies, particularly remembering the amount of capital and number of investors that may be involved with the former;
- we believe the demand for ASX BookBuild® from large listed companies is best determined through revealed preference (i.e. actual evidence of large companies deciding (or not) to take up ASX BookBuild®); and
- we can think of no compelling reason why ASX, having satisfied itself with the integrity of ASX BookBuild®, would then unilaterally remove it as an option for large companies.

We trust our comments are of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Elliott', with a long horizontal flourish extending to the right.

Rob Elliott  
**General Manager, Policy & General Counsel**