

ASX and ASIC Listed Companies Conference

Disclosure and the role of ASX

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Presentation outline



- ASXMS Education and Research Program
- Market integrity
- Continuous disclosure – the rule (briefly)
- ASX surveillance and monitoring activities
- Enforcement
- Recent guidance
 - Companies Updates
 - New Guidance Notes

ASXMS Education and Research Program



- Fines and settlements from disciplinary tribunals to be put towards compliance education and research
- Programs tailored for listed companies and market participants.
- Education executive appointed and webpage set up
- Ideas and feedback welcome

Market integrity



- Market integrity is key to the long-term success of the market
- ASX has a statutory obligation, assessed annually by ASIC, to ensure that its markets are fair, orderly and transparent

Continuous disclosure



Listing Rule 3.1

“Once an entity is or becomes +aware of any information concerning it that a reasonable person would expect would have a material effect on the price or value of the entity’s +securities, the entity must immediately tell ASX that information.”

Continuous disclosure – key terms



“**Aware**” – systems to ensure that information is considered for disclosure on a timely basis

“**Material**” – Company’s role to determine materiality

“**Confidential**” – test is factual

“**False Markets**” - Listing rule 3.1B - A company must disclose information needed to correct or prevent a false market

Continuous disclosure – key terms

“Confidential”

- A matter of fact
- If material information is no longer confidential, immediate disclosure is required
- Disclosure is required even if the entity has entered into confidentiality arrangements and / or the information has come from another source

ASX surveillance



- Surveillance analysts watch trading in all stocks for unusual price and / or volume movements
- If an alert is generated, the analyst will seek to explain it
- If the alert can not be explained, it may be referred to Issuers for actioning

ASX monitoring activity – price query



- Price query issued
- Rapid turn-around
- Query and response released to the market
- Market benefits through:
 - enhanced disclosure
 - efficient price discovery
 - minimisation of market speculation
 - a fully informed and orderly market
 - increased investor confidence

ASX monitoring activity – “aware” letters



- “When did you become aware”
- Designed to ascertain if disclosure was within timeframe dictated by Listing Rule 3.1
- ASX letter and response released to the market

Enforcement

- ASX refers serious breaches to ASIC
- FY06/07 18 disclosure related referrals, FY07/08, 23 disclosure related referrals
- Civil or criminal proceedings or infringement notice
- Offence to provide or allow provision of false and misleading information to ASX

Recent companies updates



ASIC and ASX joint releases in the form of Companies Updates on:

- 28 February 2008: Trading halts and suspensions
- 29 February 2008: Listing Rule 3.1 – Financing arrangements and director margin loans
- 11 September 2008: Rule amendments
- 3 October 2008: Trading halts for capital raisings and materially price sensitive announcements lodged before market open

Recent companies updates – trading halts & suspensions



Trading halts and suspensions

- Disclosure management tools
- Requests for suspension under Listing Rule 17.2 (as well as requests for trading halts under Listing Rule 17.1) be made in writing for release to the market and include information set out in the Listing Rules

Recent companies updates – financing and director margin loans



Listing Rule 3.1 – Financing arrangements and director margin loans

- Material aspects of financing arrangements
- Material aspects of director margin loans
- Guidance reiterated in Update No 09/08

Recent companies updates – rule amendments



Listing rule amendments proposed for year end 2008

- Retrospective date for security purchase plans (SPPs);
- Appendix 5B: mining exploration companies to estimate cash outflows for the next quarter in respect of production and administration expenses;
- 4.10 and 4.10.20: Listed Investment Companies (LICs) must disclose in their annual report a list of investments held by the LIC at the balance date, rather than as at 6 weeks before the annual report is sent to security holders;
- Fee pool for non-executive directors approved by shareholders under listing rule 10.17 must include all superannuation payments.

Recent companies updates – trading halts for capital raisings & sensitive announcements



Trading halts for capital raisings

- 2006 guidance reiterated. Halts may be appropriate for significant raisings (either entitlement issues or placements) but are not automatic. Granting of halts depends on particular circumstances, so discuss with ASX at an early stage.

Sensitive announcements in peak periods

- Lodge announcements prior to 9.30am if they must be released before market open at 10am. Contact your issuers adviser if a materially sensitive announcement may not be lodged by 9.30am so that appropriate action can be taken.

New Guidance Notes – Management Agreements and Change of Activities



Management Agreements (GN 26)

- Investors should receive quality disclosure about agreements. GN recommends 10 areas that disclosure in a prospectus or offer document should cover. Currently listed entities encouraged to adopt disclosure policies in relation to those 10 areas.

Changes to Activities (revised GN 11)

- Describes ASX's approach to the application of listing rules 11.1, 11.2 and 11.3.
- Factors taken into account by ASX when it requires security holder approval for a change in nature of activities and also when compliance with new listing admission rules will be required (so called, "backdoor listing")

Conclusion



- Effective disclosure is critical to market integrity and the success of your company in building investor support
- ASX is there to support and ensure your compliance with the Listing Rules. Use your home branch for consultation on compliance and disclosure issues
- Ensure that the Board and staff of your company have a full understanding of Listing Rules and recent company updates