



Opening remarks

ASX and ASIC Listed Companies Conference



ASIC

Australian Securities &
Investments Commission

Belinda Gibson
ASIC Commissioner
2 July 2008

Discussion Topics

1. Market integrity
2. ASIC's steps to improve market confidence
3. Disclosure of financial reports
4. Timing of disclosure
5. Disclosure of directors' trading

Market integrity

What is market integrity?

- *Market Integrity* refers to the ability of investors to transact in a fair and informed market
- ASIC considers the continuous disclosure obligations are fundamental to maintaining integrity of the market by ensuring:
 - transparency
 - equal access to information

Market integrity

Benefits of market integrity

- The benefits of enhanced market integrity are:
 - lower cost of capital
 - increased liquidity
 - investor confidence
- At 2% of world market capitalisation the competitiveness of Australia's equity markets is essential
- Queensland companies are an important part of the Australian market

ASIC's steps to improve market confidence

MarketWatch Reviews

MarketWatch is reviewing 25 referrals of suspicious transactions:

- 11 insider trading
- 4 market manipulation
- 10 continuous disclosure

Enforcement Investigations

Enforcement has 61 active matters:

- 29 insider trading
- 16 market manipulation
- 16 continuous disclosure

Disclosure of financial reports

ASIC's focus

- **Impairment of asset values**
 - More pressure on understanding, measuring and documenting the triggers of impairment
- **Determining fair market values**
 - Market turmoil and illiquid markets create challenges in valuation practices and disclosures
- **Off balance sheet arrangements**
 - Market turbulence returned risks to the initiator in numerous off balance sheet arrangements
- **Classification of debt**
 - Accurate classification of the maturity of debt and loan covenants is essential and must be well understood

Timing of disclosure

Financial accounts and contracts

- **Financial Accounts**

- Disclose financial accounts immediately
- Consider if accounts contain material price sensitive information that should be disclosed before the accounts are finalised

- **Contracts**

- Signing of new contracts can be price sensitive and must be announced immediately
- Don't try and "time" signing
- ASIC will be very strict if confidentiality is breached

Disclosure of directors' trading

- Insider Trading prohibitions
- Trading Blackouts and Window restrictions
- Disclosure of interests
 - Corporations Act requires directors of a listed company to notify the ASX within 14 days about holdings and changes to relevant interests in securities in their company (s205G)
 - ASX Listing Rules requires disclosure of information required by s205G and additional information within 5 days
 - where LR are complied with s205G will also be satisfied.

Expect more inspections of compliance with these rules