

PRESENTATION: ASX ISSUERS, SURVEILLANCE AND INVESTIGATIONS

ASX MONITORING ACTIVITY

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Introduction



- Each of Issuers, Surveillance and Investigations will do a brief presentation
- Aim is to give listed companies an insight into how we monitor and enforce rules relating to conduct in trading your shares
- Surveillance – Darryl Harvey, Principal Analyst Surveillance
- Investigations – Chris Hanlon, Manager Investigations

Presentation outline



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- Introduction
- ASX Markets Supervision Education and Research Program
- Market integrity
- Issuers
- ASX listing rules
- Continuous Disclosure
- ASX surveillance and monitoring activities
- Enforcement

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 – context

- Consideration of continuous disclosure issues generally takes place in a market context, in ‘real time’, and as a result, is intensely time critical
- The window for consultation is very limited and in the absence of a trading halt or suspension, detailed legal argument and negotiation with a listed entity is not possible

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

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



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

Conclusion

- Effective disclosure is critical to 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.
- ASX departments work together closely to monitor conduct relating to share trading