



OWNERSHIP MATTERS

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16 August 2012

Ms Diane Lewis
Senior policy analyst, Regulatory & Public Policy Unit
ASX Limited

Email: regulatorypolicy@asx.com.au

RE: Submission on proposed changes to the timetable for rights issues

Dear Ms Lewis,

Thank you for the opportunity to comment on the ASX's proposed changes to ASX Listing Rule 7 designed to reduce the timetable for rights issues stipulated under the ASX Listing Rules. Ownership Matters (OM) is an Australian owned governance advisory firm serving institutional investors that was formed in 2011.

OM supports the proposed changes designed at reducing the 'standard' rights issue timetable (ie. for those rights issues that are not accelerated) from a maximum of 26 business days to 16 business days. OM supports this change because:

- To the extent issuers and their advisers cite the length of time required to undertake a rights issue as a rationale for raising capital via placements, the changes may reduce the amount of capital raised through placements which dilute existing holders.
- The proposed acceleration of the timetable is unlikely to disadvantage any significant group of shareholders.
- In a continuous disclosure market, and given advances in technology allowing information to be rapidly dispersed and freely available, there is no compelling rationale for an extended period of time to allow investors to consider whether or not to participate in a rights issue.

OM, for similar reasons, also welcomes the ASX's stated intention to develop a rights issue timetable that would allow a capital raising to be conducted in under a week. We are also supportive of regulatory changes necessary to allow a rights issue to be conducted over this period including the introduction of a retrospective record date and reliance on disclosure and payment using electronic means.

In any contemplation of changes to the ASX Listing Rules for raising new equity capital OM would also urge the ASX to end the disclosure discrepancy between rights issues and other forms of capital raising such as placements or underwritten distribution reinvestment plans. At present an issuer conducting an underwritten rights issue is required to disclose the identity of the underwriters and any fees paid in an Appendix 3B while the same information is not required to be disclosed for the underwriter of a DRP or placement. There does not appear to be any justification for this disclosure gap which at present makes it

difficult for investors to test claims by issuers and their advisors that the fees for raising capital through rights issues are higher than for other types of raisings. This is because fee levels can only be estimated retrospectively from issuers' cash flow and contributed equity disclosures in their financial statements.

Yours sincerely,

Handwritten signatures of Dean Paatsch and Martin Lawrence.

Dean Paatsch & Martin Lawrence

Ownership Matters Pty Ltd

CC: Belinda Gibson, Australian Securities & Investments Commission

CC: Bernie Ripoll MP, Parliamentary Secretary to the Treasurer