



# Listed Entities Update

Listed Entities Update 14 August 2012

Update no 08/12

## Important information for ASX Listed Entities

### 1. Corporate Governance matters

#### **Report by KPMG on the adoption by ASX-listed companies of the ASX Corporate Governance Principles and Recommendations on diversity**

On 31 July 2012 ASX Compliance released an independent report from KPMG on the adoption by ASX-listed entities of the ASX Corporate Governance Council's recommendations relating to gender diversity. The [report](#) and [ASX's media release](#) are available on the ASX website.

The report includes statistics on the adoption of the Council's diversity recommendations and an overview of the types of activities undertaken by listed entities with a 31 December 2011 year end in the pursuit of diversity within their organisations. These are the first group of listed entities required to report against the diversity recommendations, which came into effect for financial years beginning on or after 1 January 2011.

ASX Compliance, through its Education and Research Program, intends to commission further research later this year to measure the diversity disclosures of 30 June reporting entities.

ASX Compliance would note the finding in the KPMG report that there was a low rate of disclosure against revised Recommendation 2.6, which requires entities to disclose in the corporate governance statement "a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board" and would ask listed entities to be more diligent in addressing that recommendation.

#### **Corporate governance reporting for listed entities for year ended 30 June 2012**

A revised ASX Listing Rule Guidance Note 9: "Disclosure of corporate governance practices" was released in February 2012 and contains information about ASX's expectations on corporate governance reporting. The guidance note contains a corporate governance verification worksheet and a corporate governance disclosure checklist which listed entities will find helpful in confirming they have complied with their obligations under listing rule 4.10.3. The guidance note is also available on [ASX's website](#).

### 2. Mid- to small- cap Listing Rule amendments

As notified in [Listed Entities Update 07/12](#) a number of amendments to the Listing Rules relating to capital raisings by mid to small cap listed entities came into effect on 1 August 2012.

In brief, the amendments are as follows.

- A new listing rule 7.1A, which permits an eligible entity that obtains ordinary security holder approval by special resolution at its Annual General Meeting to issue equity securities equivalent to an

additional 10% (calculated in accordance with the formula in listing rule 7.1A.2) over a 12 month period, and setting out other requirements to be followed by eligible entities when they issue equity securities under this rule.

- A new listing rule 7.3A, setting out the notice requirements for a resolution under listing rule 7.1A.
- Definitions of "eligible entity" and "prescribed amount" in listing rule 19.12, to define the criteria for eligibility to put a resolution under listing rule 7.1A.
- A new listing rule 3.10.5A, setting out additional disclosure requirements to be met by eligible entities when they issue equity securities under listing rule 7.1A.
- Amendments to the Appendix 3B *New issue announcement, application for quotation of additional securities and agreement* (new items 6a to 6i, and an Annexure 1 to the Appendix 3B, to be completed by eligible entities whenever they lodge an Appendix 3B).
- The deletion of listing rules 7.1.4, 7.1.5 and 7.1.6, and the introduction of listing rule 7.1B. Listing rule 7.1B is based on the former listing rules 7.1.4 to 7.1.6, and applies for the purposes of both listing rule 7.1 and listing rule 7.1A.
- References to listing rule 7.1A were inserted into either the text of, or the notes to, listing rules 7.1, 7.2, 7.4, 7.6, and 7.9.
- The Explanatory Note to Chapter 14 of the Listing Rules, and listing rule 14.11.1, concerning voting exclusion statements, were amended to refer to listing rule 7.1A.

Other minor amendments that came into effect on 1 August 2012 were:

- The introduction of listing rule 19.6A, to clarify that a reference to currency in the Listing Rules is to Australian currency, and
- A correction in the note to listing rule 7.11.2, to replace an out of date reference to price steps with a reference to the relevant current ASX Operating Rule.

Full copies of the amended chapters 3, 7, 14, 15, and 19 of the [Listing Rules](#) are now available on the ASX website and through your ASX Online Entities service.

A user's guide to listing rule 7.1A is also available on the [ASX website](#).

### **Forthcoming amendments**

Amendments to the initial listing requirements for security holder spread (listing rule 1.1 condition 7), and increasing the minimum net tangible assets test (listing rule 1.3.2), have also been approved, but these amendments do not come into effect until 1 November 2012. For further details, refer to Listed Entities Update 07/12.

### **3. Rights issue consultation paper - submissions close 14 August 2012**

As announced in Listed Entities Update 06/12, on 3 July 2012, ASX Limited released a consultation paper "[Modernising the timetable for rights issues: Facilitating efficient and timely rights issues](#)" on proposals to shorten the existing timetables for renounceable and non-renounceable rights issues.

Submissions close on 14 August 2012. ASX is interested to hear the views of listed entities on the proposals, and encourages listed entities to consider the consultation paper and give their comments.

### **4. Annual and half-yearly reporting for periods ended 30 June 2012**

#### **Appendix 4D and Appendix 4E - presentation of documents**

ASX would also like to take this opportunity to draw listed entities' attention to listing rules 4.2C.3 and 4.3C.2, which state that in relation to information or documents given to ASX under listing rules 4.2A and 4.3A:

*The information identified as "Results for announcement to the market" must be set out at the beginning of the document"*

The "Results for announcement to the market" section of the announcement forms the basis for the voiceline broadcast which is made for all profit results by ASX Market Announcements (formerly known as the Company Announcements Office). Profit results also trigger a brief halt in trading while the announcement is prepared by ASX Market Announcements for release and voiceline to the market.

If the relevant section is not prominently displayed at the front of the document, delays will occur in processing and release, particularly during ASX Market Announcements' busy periods. The full name of the reporting entity should also be included on this front page for inclusion in the voiceline broadcast.

Please note that if you are preparing supplementary documentation to be lodged separately but at the same time as the periodic financial reports (such as media releases and/or presentations), these should be sent to ASX **after** the Appendix 4D or 4E. The 'sensitive' document which triggers the halt in trading is the relevant Appendix containing the voiceline details described above, and it should therefore always be sent to ASX and released ahead of any supplementary documentation.

ASX would also request that correct user name and telephone number for contact purposes are attached to each e-lodgement so that any issues may be promptly resolved by ASX Market Announcements.

It would be appreciated if you could take note of these important steps in preparing your half-yearly and preliminary final profit reports in order to avoid unnecessary confusion and delay.

#### **Dividend and distribution information**

To assist ASX to process more efficiently information announced by listed entities about their dividends and distributions, ASX requires listed entities to include the following information in such announcements (including the Appendix 4D or 4E) (see Appendix 6A paragraph 1).

##### *Conduit foreign income*

Where an entity announces dividends or distributions that are fully unfranked or partially unfranked, ASX requests that the announcement make clear the conduit foreign income (CFI) component of that dividend or distribution, even if this component is nil CFI.

##### *Dividend/distribution reinvestment plans (DRP)*

Where an entity has a DRP in place, ASX requests that entities make it clear in the announcement whether the DRP will operate or will be suspended for that particular dividend or distribution. The following information should also be given:

- the last election date for the DRP
- the discount rate, if applicable
- ranking of the securities to be issued pursuant to the DRP
- the pricing methodology, and pricing, period for determining the issue price under the DRP

If at the time that the dividend or distribution is announced it has not been decided by the entity whether the

DRP will operate, or the above details are not known, please give an indication of when the entity expects to confirm details of the DRP's operation.

#### Provision of audit review or report to ASX

The note to paragraph 15 of Appendix 4E states the following in relation to the provision of the Preliminary Final Report to ASX and the accounts on which the report is based:

*"If the accounts have been audited or subject to review, the audit report or review should be provided with the report."*

Listed entities that state that the accounts on which the Preliminary Final Report is based are audited or subject to review but which do not provide the audit report or review to ASX at that time must provide the following information.

- a) The specific reason why the audit report or review has not been provided.
- b) When the audit report or review will be provided.
- c) Whether the audit report or review is subject to dispute or qualification, along with a description of the dispute or qualification.

Listed entities which are not able to provide this information must say that the accounts are either *in the process of being audited or have not been audited*. Listed entities are at liberty to provide any additional information that may be appropriate to assist readers of the Preliminary Final Report.

#### 5. ASX Equity Research Scheme trial commences

ASX has commenced a 12-month trial of the ASX Equity Research Scheme, an initiative to fund high-quality, independent research for ASX-listed entities with a market capitalisation below \$1 billion (around 92% of all listed entities) that may not have been covered by research before. ASX is contributing \$1 million to fund the trial.

By improving the quality and availability of research in the small to mid-cap sector, the Scheme will provide a broader range of opportunities for investors. Over time, this will assist the investor relations activities of small to mid-cap entities and improve their ability to raise capital.

The ASX Equity Research Scheme is part of a suite of ASX initiatives to ensure the Australian market remains globally competitive and attractive to entities and investors. Others include proposals to reduce the standard timetable for rights issues, improve the flexibility in the capital raising process for small and mid-cap entities, and enhance the disclosure of reserves and resources in the mining and oil and gas industries.

The ASX Equity Research Scheme provides the following during the 12-month trial:

- **Entity snapshot report - for entities with a market capitalisation below \$50 million.**  
To be produced by Morningstar Australia for all 1,179 eligible entities. Each entity snapshot is updated daily and includes information drawn from publicly available sources. Reports are available on the ASX website at: [www.asx.com.au/snapshot](http://www.asx.com.au/snapshot).
- **Retail report - for entities with a market capitalisation between \$50 million and \$200 million.**  
For the 12-month trial, ASX has selected 10 licensed research providers to produce three standard retail research reports with analysis and commentary on approximately 30 entities chosen by the research providers. Reports are branded by the research providers and distributed through their existing distribution channels.

- **Institutional report - for entities with a market capitalisation between \$200 million and \$1 billion.**

For the 12-month trial, ASX has selected six licensed market participants with an established institutional research function to produce three standard institutional reports with analysis and commentary on approximately 20 entities chosen by the research providers. Reports are branded by the research providers and distributed through their existing distribution channels.

A list of participating entities and research providers is available at: [www.asx.com.au/equityresearch](http://www.asx.com.au/equityresearch).

If the trial is successful, ASX will assess how the Equity Research Scheme could be expanded from July 2013 and what impact this will have on annual listing fees. ASX estimates that a fully operational scheme would cost up to \$10 million per annum.

To help keep our Listed Entities informed of information and events ASX will be sending emails to the Company Secretary's Office from time to time. You are receiving this email because you have been identified as a key contact within the Company Secretary's Office at your organisation. If you would like to update your email address please do so via the Directors/Senior Management page on [ASX Online for Companies](#). Feel free to forward this email to any relevant parties within your organisation.

If you no longer wish to receive ASX Listed Entity Updates, please [unsubscribe](#).