



Listed@ASX

Compliance Update 2 May 2018

Update no 03/18

1. Consultation on fourth edition of the *Corporate Governance Principles and Recommendations*

On 2 May 2018, the ASX Corporate Governance Council (the "Council") released a consultation paper consulting on proposals to update and issue a fourth edition of its Corporate Governance Principles and Recommendations (the "*Principles and Recommendations*"). The closing date for submissions is **Friday 27 July 2018**.

The [Council's consultation package](#) is available now and includes:

- a consultation paper entitled *Review of the ASX Corporate Governance Council's Principles and Recommendations*;
- a consultation draft of the fourth edition of the *Principles and Recommendations*; and
- a mark-up of the consultation draft against the third edition.

The consultation draft **retains the same eight core principles in the third edition**, although the Council is proposing to make significant changes to principle 3 (a listed entity should act ethically and responsibly) to address emerging issues around corporate values and culture, and social licence to operate. It is proposed to re-word this principle as 'a listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and in a socially responsible manner'.

The Council proposes to **expand the number of recommendations from 29 in the third edition to 38 in the fourth edition**. The new recommendations and their rationale

are explained in the consultation paper.

The Council welcomes submissions from all interested parties on the proposed changes to the *Principles and Recommendations*.

It is currently envisaged that the Council will release the final version of the fourth edition of the *Principles and Recommendations* early in calendar 2019, after it has had an opportunity to consider and reflect on the feedback received in the consultation process.

On this timeline, the fourth edition of the *Principles and Recommendations* is expected to come into effect for an entity's first full financial year commencing on or after 1 July 2019. Entities with a 30 June balance date will therefore be expected to benchmark their governance practices with the fourth edition commencing with the financial year ended 30 June 2020, while entities with a 31 December balance date will be expected to do so commencing with the financial year ended 31 December 2020.

On behalf of the Council, ASX will be conducting a national road show in June 2018 to inform and seek feedback from listed entities and other interested stakeholders about the proposed changes to the *Principles and Recommendations*. Dates and venues will be released in the next few weeks.

2. ASX releases Consultation Paper on CHESSE Replacement: New Scope and Implementation Plan

In December 2017, ASX announced its intention to replace CHESSE using a distributed ledger technology based system developed by Digital Asset.

On 27 April 2018, ASX released its Consultation Paper on [CHESSE Replacement: New Scope and Implementation Plan](#). The paper sets out:

- Changes to be delivered in connection with the CHESSE replacement system through new business features such as:
 - allowing for a more real time understanding of changes to shareholdings
 - the potential to more readily identify the beneficial holder when the registered holding is in the name of a nominee company
 - providing functionality to electronically elect and accept some types of corporate action events
- An explanation of the different connectivity options to the Digital Asset platform, including what it means to take a node;
- A proposed migration and implementation plan.

ASX welcomes feedback to assist in planning for the delivery of the replacement system. Written submissions are due by 22 June 2018, and general enquiries can be directed to chessreplacement@asx.com.au.

3. Listing fees - FY19

ASX annual and subsequent listing fees and some administration fees will change from 1 July 2018.

FY19 annual listing fees will be calculated as at 31 May 2018 and will apply from 1 July 2018. Invoices will be issued in the first week of July.

The new fee schedules will be made available on the [ASX fees page](#) of the ASX website from 1 July 2017. In the interim the changed FY18 fees are provided in this [fee summary](#).

Initial listing fees (Schedule 1, Table 1A- Listing Rule Guidance Note 15A) will change from 1 January 2019 and are available in the [2019 Initial Fee Schedule](#).

For further information please contact your Listings Compliance Adviser.

4. ASX Update - compliance and new initiatives

For those who were unable to attend the ASX Update national roadshow on upcoming compliance requirements and new initiatives impacting listed entities, held in March and April 2018, a webcast of the Sydney event is available together with slides on the [ASX website](#).

5. Subscribe to Listed@ASX - Compliance Update

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