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CORPORATE ALERT LISTING RULE CHANGES

APRIL 2014

This Alert deals with the following:

- The release of the Corporate Governance Principles and Recommendations (Third Edition).
- New resource reporting for mining and oil and gas entities.
- Shortened rights issue timetables.
- New dividend reinvestment plan (DRP) timetable

ACTIONS

- **Governance reporting** – for most companies with a 30 June financial year end, they will need to put in place systems by 1 July 2014 so that they can report compliance for the full 2014 financial year. The risk management framework will be a key focus for many.
- **Dividend reinvestment plans** – the technical change to the timetable for elections may require amendments to DRP rules as part of this year's dividend preparations.

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (THIRD EDITION)

On 27 March 2014 the ASX Corporate Governance Council (Council) released its updated corporate governance principles and recommendations in the Corporate Governance Principles and Recommendations (Third Edition) (New Principles and Recommendations).

The New Principles and Recommendations take effect for a listed entity's first full financial year commencing on or after 1 July 2014. The reporting date for the New Principles and Recommendations is subject to a listed entity's balance date so that the following would apply.

BALANCE DATE	COMPLIANCE WITH NEW PRINCIPLES AND RECOMMENDATIONS
30 June	FY ended 30 June 2015
31 December	FY ended 31 December 2015

The New Principles and Recommendations have maintained the non-prescriptive 'if not, why' not approach to disclosure. The 8 core principles and 22 substantive recommendations in the second edition have largely been retained.

The New Principles and Recommendations include nine substantive new recommendations, including that a listed entity should:

- **(directors)** undertake appropriate checks before appointing a director, or putting forward to security holders a candidate for election as a director, and provide security holders with all material information in its

possession relevant to a decision on whether or not to elect or re-elect a director (Recommendation 1.2).

- **(director appointments)** have a written agreement with each director and senior executive setting out the terms of their appointment (Recommendation 1.3).
- **(company secretary)** hold the company secretary accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board (Recommendation 1.4).
- **(skills development – director)** have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively (Recommendation 2.6).
- **(auditors)** ensure auditor attendance and availability at AGMs (Recommendation 4.3).
- **(website)** provide information about itself and its governance to investors via its website, rather than the annual report (Recommendation 6.1).
- **(electronic communication)** give security holders the option to communicate with the entity and its security registry electronically (Recommendation 6.4).
- **(internal risk management)** disclose how its internal audit function is structured and what role it performs, or, if the listed entity does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes (Recommendation 7.3).
- **(external risk management)** disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks (Recommendation 7.4).

Other points to note regarding the New Principles and Recommendations:

- **(internal committees)** listed entities may adopt and report alternative practices for recommendations dealing with audit, risk and remuneration committees and internal audit.
- **(director's independence)** the factors relevant to assessing the independence of a director have been amended.
- **(gender diversity)** the gender diversity requirements have been consolidated and changed (Recommendation 1.5).

REMINDER REGARDING NEW RESOURCE REPORTING FOR MINING AND OIL AND GAS ENTITIES

The new resource reporting requirements for mining and oil and gas entities in the ASX Listing Rules commenced in December 2013.

Mining entities

Mining entities must now comply with Chapter 5 of the Listing Rules and the 2012 edition of the JORC Code. The new rules require:

- disclosure on mining tenements held by it (including its child entities) and the location and percentage interest the mining entity holds in each tenement, and

- the inclusion of a mineral resources and ore reserves statement in their annual report which includes disclosure on ores reserves and mineral resources and a comparison of the holdings to the previous year.

Oil and gas entities

Oil and gas entities are now required to classify public reporting of petroleum resources and reserves in accordance with the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers and other professional associations.

Chapter 5 of the Listing Rules provide for minimum information requirements in relation to the general reporting of estimates of reserves and contingent and prospective resources. The rules also require the inclusion of a reserves statement in the annual report with detailed reporting requirements.

Disclosure

Listed entities that fail to meet the new requirements in their annual reports will be required to make supplementary disclosure and may be subject to other ASX enforcement action.

SHORTENED RIGHTS ISSUE TIMETABLES

The shortened rights issue timetables will commence on 14 April 2014. At the same time, the ex period for most corporate actions will be reduced and the last election date for participation in a dividend reinvestment plan will be pushed forward.

Rights issues

The ASX have reduced the standard timetable for rights issues from 26 business days to 19 business days.

The transitions operate as follows.

RECORD DATE	TIMETABLE
On or before 17 April 2014	Old timetable
On or after 22 April 2014 (ex date 16 April)	New timetable

Shortened ex period

The ASX has reduced the ex period from 5 business days to 3 business days across most corporate actions with an ex period, including dividends and distributions, interest payments, pro-rata issues (renounceable and non-renounceable entitlement offers) and bonus issues, amongst others. The reduction in the ex period does not apply to calls, conversions and expiries.

Dividend reinvestment plans (DRPs)

The ASX will amend the timetable for dividends in Appendix 6A of the Listing Rules to require that the last election date for a DRP be no earlier than the business day following the record date of the dividend.

Compliance with this change may require that listed entities update their DRP rules and the rules of any other plans offered on a dividend.

Please contact your Corporate Team member for more information.

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