



Listed Companies Association
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SECURITIES MARKETS (DISCLOSURE OF RELEVANT INTERESTS BY DIRECTORS AND OFFICERS) AMENDMENT REGULATIONS 2008

The Listed Companies Association Inc. (**LCA**) is pleased to provide this submission on the Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Amendment Regulations 2008 (**Amendment Regulations**).

The LCA is an independent and voluntary non-profit organisation established in 1981. Its members are NZSX, NZAX and NZDX listed companies. This submission is made by the Executive of the LCA and does not necessarily represent the individual views of all of the LCA's members.

Introduction

The LCA strongly supports the proposal to better target the director and officer relevant interests disclosure regime, and to seek operational efficiencies through revised disclosure notices.

However, the LCA is disappointed that the reforms have taken so long to develop, since the Minister of Commerce first announced a review in May 2006, and the LCA provided detailed comments in October 2006.

As noted in our initial submission, in practice the burden of compliance frequently falls upon the listed company and in particular legal/company secretarial staff, rather than individual directors and officers.

"Officer"

We are very pleased that the Cabinet has decided to reduce the number of people included in the definition of "officer" to people who are within two tiers of direct reporting to the Board of Directors.

This change is consistent with other October 2006 submission, where we indicated following a survey of our members that the excessively wide scope of the regime meant some of our members had up to 60 people classified as "officers" under the current test, with compliance costs estimated between \$3,000 and \$30,000 per year.

Authorised persons

We support the express provision for authorised persons to sign and lodge disclosure notices. Although one of our members has already sought to achieve this efficiency through formal powers of attorney from relevant directors and officers, LCA think the proposed change is a simpler way to reduce the unnecessary step of obtaining personal signatures before submitting the form.

However, LCA notes that the Amendment Regulations still seem to require a physical signature of the director, officer or authorised persons for forms submitted electronically. We submit this requirement should be removed, except where forms are lodged by facsimile.

The Securities Markets (Substantial Security Holders) Regulations 2007 do not require a physical signature, but instead require a simple declaration to be included by the person submitting the form (whether substantial security holder or its authorised person). The LCA understands that NZX prefer to receive disclosure notices in textual format rather than scanned with a signature, so that the notice can be quickly released to the market without having to be re-typed into its MAP system.

Simplified disclosure notice

LCA supports simplification of the disclosure notices, including use of two distinct forms for initial and ongoing disclosure.

However, LCA considers the ongoing disclosure notice should still require "before" and "after" details, as well as clearer description of the acquisitions and disposals. One of our members stated that he considers inclusion of those useful to ensure accurate disclosure (that is, you know the numbers balance). We note that the ASX director disclosure form requires disclosure of the opening and closing balances, as well as the actual transaction.

As we noted in our October 2006 submission, we think the "registered holder" and "number of transactions" details should be omitted from the Amendment Regulations and the revised forms, as we consider that the additional compliance burden of listed companies having to obtain that information from directors, officers, their share brokers or the share register outweighs the marginal utility of those disclosures.

Finally, we do not understand why the disclosure notice seeks to separate the "nature of relevant interest" disclosure from the "number, class and type of securities", as these are interlinked. The form would be further simplified if these requirements were grouped under one heading.

In the case of ongoing disclosure, the description of the relevant transaction should be linked to the acquisition or disposition disclosure, and require the number of securities subject to acquisition or disposal to be stated.

A suggested form of disclosure notice is attached.

Finalisation of Amendment Regulations

LCA would be happy to expand on any of these comments if that would assist. We look forward to your finalising the Amendment Regulations as soon as possible. Could you please send us a copy of the final version submitted to Cabinet for approval, so that we can let our members know of the new requirements.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Linda Cox', with a stylized flourish at the end.

Linda Cox

Chair

Listed Company Association

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Initial disclosure notice
Section 19T(1), Securities Markets Act 1988

To: [Name of registered exchange]

And: [Name of public issuer]

A Details of director or officer

Name:

Position held:

B Details of initial relevant interests

[Describe nature of relevant interest(s), name of registered holder(s) of securities, and number, class and type of securities in public issuer or related body corporate. e.g. (1) Beneficial owner of 1,000,000 ordinary shares registered in own name, (2) Power to acquire 500,000 ordinary shares under call option granted by XYZ Limited under an agreement dated 30 September 2008, (3) Beneficial owner of \$200,000 of capital notes issued by ABC Limited, a related body corporate of the public issue registered in own name]

C Date on which obligation to make this disclosure arose: [Date]

D Approval

I declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct

Signature: [Signature of director or officer (omit if form lodged electronically)]

Date:

or

I declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct and I am duly authorised to make this disclosure.

Signature: [Signature of authorised person (omit if form lodged electronically)]

Date:

Name and title of authorised person:

[Notes: Use form 1 to disclose relevant interests in securities that a director or officer of a public issuer has in the public issuer or a related body corporate. The disclosure must be given within 5 trading days of—

- (a) the listing of the public issuer; or
- (b) the person's appointment as a director or officer.

Provide the information required under heading B for each type of security and relevant interest. If the relevant interest is in a related body corporate of the public issuer the description should include the name of the related body corporate.

Form 1 must be signed either by the director or officer making the disclosure, or by a person authorised by the director or officer to sign on his or her behalf, unless the form is lodged electronically with the registered exchange or public issuer in a manner approved by the registered exchange or public issuer (as applicable).

The text in [square brackets] is not part of the form and may be omitted.]

Ongoing disclosure notice
Section 19T(2), Securities Markets Act 1988

To: [Name of registered exchange]

And: [Name of public issuer]

A Details of director or officer

Name:

Position held in public issuer:

B Details of relevant interests held prior

[Describe nature of relevant interest(s), name of registered holder(s) of securities, and number, class and type of securities in public issuer or related body corporate, prior to the transactions. If, prior to the transaction(s), there are no relevant interests state "Nil"]

C Details of acquisitions and disposals

If relevant interests were acquired—

Securities acquired: [Describe arrangement(s) pursuant to which, or the circumstances in which, the acquisition(s) took place, number, class and type of securities in public issuer or related body corporate involved, and name of registered holder(s) of those securities. e.g. Subscription for 250,000 ordinary shares in public issuer under dividend reinvestment plan, registered in own name].

Date(s) of acquisition(s):

Consideration paid for acquisition(s):

If relevant interests were disposed of—

Securities disposed of: [Describe arrangement(s) pursuant to which, or the circumstances in which, the disposal(s) took place, number, class and type of securities in public issuer or related body corporate involved, and name of registered holder(s) of those securities. e.g. On-market sale of 500,000 ordinary shares in public issuer held by XYZ Limited as corporate trustee of XYZ family trust]

Date(s) of disposal(s):

Consideration received for disposal(s):

D Total number of transactions this notice relates to:

E Details of relevant interests held now

[Describe nature of relevant interest(s), name of registered holder(s) of securities, and number, class and type of securities in public issuer or related body corporate, following the transactions. If, following the transaction(s), there are no relevant interests state "Nil"]

F Date of last disclosure notice: [(whether in form 1 or form 2) by director or officer]

E Approval

I declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct.

Signature: [Signature of director or officer (omit if lodged electronically)]

Date:

or

I declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct and I am duly authorised to make this disclosure.

Signature: *[Signature of authorised person (omit if lodged electronically)]*

Date:

Name and title of authorised person:

[Notes: Use form 2 to disclose all acquisitions and disposals by a director of a public issuer of relevant interests in securities of the public issuer or of a related body corporate.

Subject to any applicable exemptions, the disclosure must be made within 5 trading days of the first acquisition or disposal disclosed.

Provide the information required under heading B for each transaction or multiple transactions (where the regulations permit that). If the relevant interest is in a related body corporate of the public issuer the description should include the name of the related body corporate.

Provide the information required under heading D for each type of security and relevant interest. If the relevant interest is in a related body corporate of the public issuer the description should make that clear.

Form 2 must be signed either by the director or officer making the disclosure, or by a person authorised by the director or officer to sign on his or her behalf, unless the form is lodged electronically with the registered exchange or public issuer in a manner approved by the registered exchange or public issuer (as applicable).

The text in [square brackets] is not part of the form and may be omitted.]