



9 November 2015

Chris Bishop MP
Parliament Office
Private Bag 18888
Parliament Buildings
Wellington 6160

Dear Chris

Companies Act section 209 notices

We understand that you are considering a proposal to amend the requirements of section 209 of the Companies Act 1993 following the NZ Initiative Report to the Prime Minister on reducing unnecessary regulatory costs (**NZI Report**).

The Listed Companies Association (**LCA**) supports such reform.

Companies Act

Under the Companies Act 1993 companies must send to all their shareholders each year:

- a hard copy of their annual report; or
- a notice asking if shareholders would like to receive a hard copy of the annual report (**s 209 Notice**).

LCA view

The requirement to send a s 209 Notice to every shareholder every year imposes costs on companies which provide little or no benefit to shareholders and represents a significant environmental burden.

As noted in the NZI Report, data provided by Computershare¹ shows:

- a large proportion of printed s 209 Notices are posted (vs. being sent by email), totalling, for just a sample of the larger issuers they act for, approximately 100 boxes of A4 paper annually;
- only a very small proportion of recipients actually respond to s 209 Notices (~3%);
- Almost 90% of shareholders sent a hard copy annual report had already registered their request for those reports.

Link Market Services¹ has provided the LCA with data showing similar trends for the issuers it acts for.²

¹ Computershare and Link Market Services are the share registrars for most listed issuers and send s 209 Notices to shareholders on behalf of those issuers.

² Based on a sample of 13 issuers, 287,000 s 209 Notices were sent. Of those 138,000 were posted (~48%) with only 1.3% of all recipients (email and postal) requesting hard copy annual reports.

The continuing shift to online communications suggests that the proportion of people requesting annual reports via the s 209 process will only diminish further.

We therefore support amending the Companies Act to:

- remove the requirement for companies to send either a hard copy annual report or s 209 Notice to every shareholder every year; and
- replace that requirement with a requirement to send shareholders a one-off election to receive a hard copy annual report (which can be amended at any time).

Given the high proportion of s 209 Notices that are currently posted, the low response rate and that a hard copy annual report can be requested by shareholders at any time³, we consider that the default position (i.e. where no election is made) should be that a shareholder has elected not to receive a hard copy annual report and that there be no requirement for a company to continue to send notices to that shareholder (as this will lead to a similar outcome to the current position).

About the LCA

Established in 1981 the LCA (listedcompanies.co.nz) is an independent, voluntary non-profit organisation providing a forum for discussion and exchange of views on issues of importance to New Zealand listed companies. The LCA's main purposes are to:

- Help issuers further the long-term interests of their shareholders by working for a fair, adequate, and efficient regulatory system;
- Help issuers maximise the benefits of listing and to make the requirements that come with that status appropriate and reasonable to comply with; and
- Promote confidence in, and growth of, business and capital markets in New Zealand.

The LCA's members are NZX Main Board, NZAX, NZDX and dual listed issuers.

Yours sincerely



Sarah Miller
Acting Chairperson
Listed Companies Association

³ See s 218 Companies Act 1993.