The Association of Superannuation Funds of Australia Limited
ABN 29 002 786 290
ASFA Secretariat
PO Box 1485, Sydney NSW 2001
p: 02 9264 9300 (1800 812 798 outside Sydney)
f: 1300 926 484
w: www.superannuation.asn.au

17 June 2013

Ms Brooke Penfold
ASX Limited
20 Bridge Street
SYDNEY NSW 2000
Sent via email to: regulatorypolicy@asx.com.au

Dear Brooke

ASFA SUBMISSION: MODERNISING THE TIMETABLE FOR RIGHTS ISSUES: DRAFT ASX LISTING RULES

Thank you for the opportunity to provide comment in relation to the draft amendments set out in your document - *Modernising the Timetable for Rights Issues: Draft ASX Listing Rules (Rules).*

The Association of Superannuation Funds of Australia (ASFA) broadly welcomes the amendments to the Rules as they are generally consistent with ASFA's core strategies that are aimed at encouraging industry best practice, advocating for a system that plays a productive role in the Australian economy, and ensuring the industry delivers on its primary purpose of delivering decent retirement incomes.

ASFA, in general, supports the objective of shortening the standard timetable for rights issues to improve their relative attractiveness as a mechanism for raising capital. Notwithstanding ASFA's general support, we have raised two main concerns with the proposed Rules:

- The pre-emptive rights of existing shareholders should be protected in cases where established companies are seeking to raise new capital; and
- The proposal to reduce the period from then ex-date to and including the record date from 5 business days to 3 business days may disadvantage wholesale clients in their ability to participate and elect over dividend election plans.

Furthermore ASFA supports the ASX's intention to improve market efficiency through better use of technology, however ASFA recommends that further consultation is required prior to the adoption of these changes .

ASFA also believes that the current disclosure requirements between various capital raising mechanisms should be incorporated into a broader consultation process as the disclosure requirements for selective institutional placements are far less rigorous than those required for pro-rata rights issues.

About ASFA

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. We focus on the issues that affect the entire superannuation industry. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self-managed superannuation funds (SMSFs) and small APRA funds through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

General comments & additional context

After more than a decade of compulsory contributions, Australia's superannuation pool has grown to approximately $1.50 trillion in assets; this ranks Australia fourth in terms of superannuation assets on a global basis. Based on a typical asset allocation of around 40 – 50% of fund assets into Australian equities, then approximately $650 - $750 Billion of the Australian superannuation pool is invested in Australian equities – this represents around 40 – 50% of Australian market capitalisation as at 30 April 2013. Further, it is anticipated that the Australian superannuation pool will grow to around $3.2 trillion by 2022 – fuelled by asset value growth and strong contribution flows underpinned by the increase in the superannuation guarantee levy from 9 – 12 per cent over the next 7 years.

A significant share of the growth described above will flow directly through to the Australian share market - this will provide the market with critical liquidity and underpin a vibrant and efficient capital market.

The Australian superannuation market is witnessing several significant shifts, including market consolidation, an increase in in-house investment activities, and a retail shift to self-managed funds. These shifts will result in a smaller number of participants controlling a larger pool of assets – including Australian shares.

This growing pool of capital needs to flow as efficiently as possible to ensure fund members achieve optimum retirement income outcomes; at a high level the ASX's proposals will support these outcomes and improve market efficiency by reducing exposure to market risk, reducing intermediary costs and providing greater certainty for underwriters. Further efficiencies will be gained through the improved use of technology and the streamlining of processes.

Notwithstanding the above, ASFA is concerned that the timing pressure created by reducing the period from the ex-date to and including the record date from 5 business days to 3 business days, will increase the risk of incorrect information flow from custodian to its wholesale client and therefore affect capital allocation decisions.

Reduced processing timeframes without improved technology and the appropriate alignment of disclosure requirements between the various capital raising mechanisms, may increase the likelihood of trade failure.

Recommendations

ASFA supports the ASX's proposal to reduce the standard timetable for rights issues, however ASFA recommends that the ASX does not reduce the period from the ex-date to and including the record date from 5 business days to 3 business days – at this point in time.

ASFA believes that the proposed reduction may substantially disadvantage wholesale clients in their ability to participate and elect over dividend election plans.

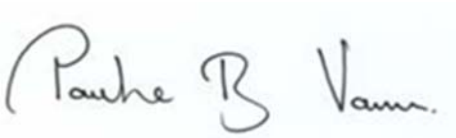
ASFA supports the ASX's intention to delay further shortening the standard timetable for rights issues, using electronic dissemination of documents and methods of acceptance and payments. ASFA further recommends that the ASX engage with key stakeholders to address this issue.

ASFA recommends that a broader industry stakeholder engagement be undertaken to address the disclosure discrepancy between institutional placements and rights issues.

++++++++++

Should you have any further queries with respect to this, please do not hesitate to contact Chris Donohoe on 02 8079 0824 or via cdonohoe@superannuation.asn.au.

Yours sincerely



Pauline Vamos
Chief Executive Officer