

Exposure to disclosure

The ASX is preparing to make changes to Listing Rule 3.1 dealing with the need to keep shareholders and investors informed on a timely and accurate basis. The Institute is ensuring its voice is heard in this important debate, and in responding to the CLERP 9 review of the disclosure regime.

The consistent theme in recent SIA policy development and consultation has been corporate disclosure, with the Institute responding to the ASX Enhanced Disclosure Exposure Draft, drafting disclosure recommendations for the ASAF region and discussing CLERP 9 issues.

ASX Enhanced Disclosure review

The Institute made a three-part submission to ASX on its proposed amendments to the Listing Rules on disclosure.

• **Section 2: Continuous disclosure**

The Institute's submission stated that while being comfortable with the general thrust of the proposed amendments to the continuous disclosure regime (as they support our belief that the integrity of the whole market is more important than an individual company), the Institute was concerned about the drafting of the confidentiality limb of the carve-out in Listing Rule 3.1A.2 and the specific wording of the Note to Listing Rule 3.1A.4. We suggested that LR 3.1A.2 should require ASX to advise an entity, in writing, if it was not satisfied that confidentiality had been maintained, and that the Note to LR 3.1A.4 should be more objective.

• **Section 3: Electronic lodgement**

The Institute supported the proposal to require listing companies to lodge announcements and supporting documentation to ASX electronically from 1 July 2003, considering it to be

a reasonable proposition in line with operating an effective continuous disclosure regime in view of advances in electronic technology and international best practice.

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While commending ASX proposals for appropriate information integrity and security precautions to ensure prompt, authorised and authenticated documentation dissemination to the market, the Institute did however express reservations about making the electronic lodgement requirement mandatory without also making specific provision for lodgement by fax in exceptional circumstances (such as a hardship exemption, incompatible format or technology transmission problem).

• **Section 4: Periodic disclosure—Appendix 4B**

The Institute endorsed the ASX proposal to dispense with the current prescribed standard reporting form requirements in Appendix 4B for reporting both half-year and preliminary final results to ASX. However, in evaluating the possible replacement formats proposed, the Institute stated a strong preference for replacing the current Appendix

4B template form with a simple requirement that listed companies release the statutory accounts for both the half-year and full-year periods to ASX within 60 days of end of balance period, with such lodgement fulfilling a listed company's structured reporting obligations.

In response to the main issues canvassed by ASX, the Institute supported:

- (i) replacing the current half-yearly report with statutory half-year accounts, supplemented with additional information as set by ASX;
- (ii) replacing the current preliminary final report with a report that complies with minimum disclosures set by ASX (Alternative A), but would prefer that ASX move to the same reporting approach as for half-year reports (above) and require lodgement of full-year statutory accounts (Alternative C); and
- (iii) reducing the filing period for lodging half-year and full-year reports from 75 days to 60 days.

ASAF draft policy paper on disclosure of material price-sensitive information

As current Chair of the Asian Securities Analysts Federation (ASAF) Advocacy Committee, the Institute prepared a draft policy paper on corporate disclosure, specifically continuous disclosure of material price-sensitive information, for endorsement by ASAF member societies as a proposed regional standard.

Drawing on a detailed analysis of existing disclosure policies within the

Asian region and the Hong Kong Exchanges and Clearing Ltd's *Guide on Disclosure of Price-Sensitive Information*, the paper makes best practice recommendations for companies and regulators on effective market disclosure practices.

Former SIA President Michael Willis as the Advocacy Committee Chair presented the final paper to the ASAF Annual General Meeting held on the Gold Coast on 26 October 2002, where it was adopted by the ASAF member societies.

CLERP 9: Corporate Disclosure—Strengthening the reporting framework

The Institute welcomes Treasury's principles-based approach to reforming the current continuous disclosure regime as comprehensive and constructive, aiming for a good sensible balance between regulation and co-regulation.

In addressing issues related to audits, research analysts, directors and corporate governance, the reform package should encourage improved accountability, disclosure and communication between the board, auditors, intermediaries, shareholders and investors and boost current monitoring enforcement, deterrence and compliance measures.

The Institute is pleased that many of its Ramsay Report comments have been incorporated in the CLERP 9 proposals (including rotating audit partners, auditor's full disclosure of non-audit services provided, mandatory audit committees and concerns about small companies) and that the value of industry consultation and guidance has been acknowledged in relation to accounting standards, audit and analyst independence issues.

The Institute is currently evaluating the practical merits of the 41 reform recommendations proposed in the CLERP 9 Issues Paper and is consulting with its policy committees on developing an appropriate response on those issues most relevant to our membership—continuous disclosure, shareholder participation and financial reporting and research integrity. J

THE WEBMASTER RECOMMENDS...

Company Alert Profile Maintenance

<http://www.search.asic.gov.au/misc.cgi/alert.html>

We're big fans of the ASIC company alert system at the website address above. We often use it to track the arrival of a company's annual report or the release of major documents. The only hiccup is that since the alert comes through as soon as the document is received, it isn't necessarily imaged.

This page allows you to set up and manage your company alerts. Your personal profile sets up and manages the alerts you get. Each profile is identified by an email address and a profile number, and may cover up to 25 companies.

Tracking down annual reports? Try these steps:

1. For international companies, try <http://www.carol.co.uk/>. Note: it requires a free registration.
2. For current year US companies, <http://www.annualreportservice.com/> Note: it requires free registration.
3. Go directly to the subject company's website and look under the Investor Relations section.
4. Check with the regulatory body in the particular country. The financial information is the same as reported in the annual report.
5. Paid databases such as FIS Online, Global Access (Disclosure) and Bloomberg have annual reports. If your company does not have a corporate information service, there are commercial information services listed under Information Services listed in the Yellow Pages which offer access to information from these sources.

Cyberatlas Statistics

http://cyberatlas.internet.com/big_picture/stats_toolbox/article

We came across this very good website full of very interesting internet/e-commerce/technology-based statistics from reputable firms like Jupiter Media Metrix, comScore and Harris

Interactive. If you need stats in this area and want free information, we suggest you check out this site.

How do you use "USENET" as a tool in business research?

You can use USENET to track experts in a particular field. Once you identify someone who appears to write frequently on a subject, run cross-match searches on `+[name] +[subject]` resume in both USENET and the web at large. This type of search will reveal background information on people you are researching. Internet Public Library has a nifty USENET pathfinder at <http://www.ipl.org/ref/QUE/PF/usenet.html>

The Did you Know? Department...

Google provides HTML versions of PDFs. This can be helpful for publicly available PDFs (such as long government documents or submissions to government). Just go to Google's advanced search page and limit the search to the domain where the PDF is located, limit the file type to PDF and then type a few keywords in the search box. Some records include a View as HTML link.

The Seven Commandments of Highly Effective Web Searching

<http://www.llrx.com/columns/notes54.htm>

For those of you who aim to do more than merely find relevant material by serendipity, this is a site that reminds you of some do's and don'ts and suggests some good reference sites for better searching. Each of the 'commandments' contains more than a little good advice, and it's worth the time to check this site monthly. (Many thanks to the Law Library Resource Xchange website for this one.)

Acknowledgments to BUSLIB-L@LISTSERV.BOISESTATE.EDU J

Do you have a website you can recommend? Email JASSAcontent@securities.edu.au with your suggestions.