

22 December 2020

Attention: Kevin Lewis  
ASX Limited  
PO Box H224  
Australia Square  
[kevin.lewis@asx.com.au](mailto:kevin.lewis@asx.com.au)

Dear Mr Lewis

**CSL Submission: Appendix 3H and amendments to Listing Rule 3.10.3E**

I am writing to you on behalf of CSL Limited in response to the consultation paper titled 'Proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables' (**Consultation Paper**) released by the ASX on 30 November 2020.

I refer to, and attach a copy of, the submission made by Herbert Smith Freehills dated 22 December 2020 (**HSF Submission**). CSL strongly endorses the concerns set out in the HSF Submission.

Our calculations show that the introduction of proposed Listing Rule 3.10.3E, as it is currently drafted in the Consultation Paper, would lead to us being required to prepare, verify and lodge up to 30 additional lodgements with the ASX annually, if not more.

CSL is not convinced that the additional administrative burden involved in this process will provide a material improvement in the market's knowledge of cessation of unquoted securities. In our view the existing mechanisms (such as the Appendix 3G) are more than adequate to inform the market of the total number of unquoted securities on issue. The securities involved in each individual lodgement would constitute a very small percentage of the total quoted securities in a company of CSL's size and market capitalisation.

Please do not hesitate to contact me, or Sonya Curciov, CSL's Deputy Company Secretary, with any queries or if you wish to discuss this letter further.

Yours faithfully



**Fiona Mead**  
**Company Secretary and Head of Corporate Governance**



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Attention: Kevin Lewis  
ASX Limited  
PO Box H224  
Australia Square  
NSW 1215  
kevin.lewis@asx.com.au

22 December 2020  
By Email

Dear Sir

## **Submission on proposed changes to the ASX Listing Rules related to the next release of its online forms, notification of security issues and corporate action timetables**

### **Scope of this submission**

This submission is made by the Head Office Advisory Team at Herbert Smith Freehills in response to the consultation paper titled 'Proposed Listing Rules changes: online forms, notification of security issues and corporate action timetables' (**Consultation Paper**) released by the ASX on 30 November 2020.

Our submissions are focused on the proposed new *Appendix 3H Notification of cessation of securities* and Listing Rule 3.10.3E, which would introduce a requirement to notify ASX within 5 business days of cessation of any equity securities or any unquoted debt securities. We have set out below our concerns in relation to these proposed changes.

### **Appendix 3H and amendments to Listing Rule 3.10.3E**

We acknowledge the importance of ensuring that shareholders are kept informed of the potential dilutionary effects of equity incentives and ensuring that the market operates on a fully informed basis. However, we believe that shareholders and the market are kept adequately informed of changes in companies' outstanding unquoted issues through disclosures made in Appendix 3G, 'Part 5 – unquoted securities on issue'.

We do not consider that requiring companies to make contemporaneous disclosure of the cessation of securities would provide any material additional benefit to the market or to shareholders. Conversely, we believe that the proposed new Listing Rule 3.10.3E and Appendix 3H will impose a significant additional administrative burden on many listed companies.

Listed companies frequently use employee incentive plans, including grants of performance rights and options, to incentivise, retain and reward employees. In large listed companies, performance rights and options may be offered to employees throughout the organisation (not just the most senior executives). When employees cease employment they will typically forfeit some or all of their performance rights or options under the relevant plan rules.

For companies with large numbers of employees, Listing Rule 3.10.3E and Appendix 3H could result in companies being required to make announcements almost daily in practice (ie each time an employee exits the business).

The market is not currently receiving information regarding outstanding unquoted issues on a contemporaneous basis, and we query what additional value this information would provide to the market. As stated above, we consider that the market is already adequately informed of the overall equity position of each company through disclosures

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made in the Appendix 3G. Each time a company issues an Appendix 3G it is required to disclose the total number of unquoted securities on issue. In addition, the company's annual report must also include information about the number of securities on issue.

**Further questions**

Please contact Priscilla Bryans ([priscilla.bryans@hsf.com](mailto:priscilla.bryans@hsf.com)) or Eloise O'Brien ([eloise.obrien@hsf.com](mailto:eloise.obrien@hsf.com)) if you have any questions in relation to this submission.

Yours sincerely,

HEAD OFFICE ADVISORY TEAM

HERBERT SMITH FREEHILLS