

Friday, 21 Jul 2017

Mark Fitt
Committee Secretary
Senate Economics Legislation Committee
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Canberra ACT 2600

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By email: economics.sen@aph.gov.au

Dear Mr Fitt

**Inquiry into Corporations Amendment
(modernisation of members registration) Bill 2017 ('the Bill')**

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers. Computershare is represented in all major financial markets and has over 16,000 employees worldwide. For more information, visit www.computershare.com

We appreciate the opportunity to provide comments to the Senate Committee in relation to the proposed amendments to the law. As share registrar, our primary focus is administration of the register of members and in consequence we are also central to the handling of requests for access to information held on the register. Our comments in response to the Bill are primarily focussed on the position of publicly listed securities issuers.

Computershare cannot support email address as a pre-requisite or mandatory component of registration

Computershare strongly supports the use of electronic communications with securityholders and other initiatives that that will drive better engagement with investors and cost savings to our issuer clients. We have actively promoted the collection of email addresses and pioneered electronic distribution of materials via email and dedicated portals. We have driven initiatives such as:

- Our industry leading institutional investor solution, Intermediary Online which is the primary electronic distribution channel for approximately 1 million registered holdings;
- Ongoing engagement of Brokers and others in the industry who can be instrumental in the provision of email addresses and other key securityholder details that will facilitate an efficient share register, and
- Facilitation of issuer-led campaigns promoting the use of electronic communications and the collection of email addresses from securityholders.

Based on our experience we believe the proposed Bill, in its current format, cannot be complied with in a practicable way without placing issuers and/or their securityholders at a disadvantage.

The following outlines four key areas that support our position and present aspects for consideration in a broader consultation on this matter.

1 Current status of email address collection means issuers will be unable to comply

The explanatory memorandum takes the position that 'most communication between companies and members is via email'. Computershare administers approximately 11 million securityholder accounts in Australia, and despite many of our issuer clients expending considerable effort to increase their capacity to communicate with securityholders electronically, we hold valid email addresses for approximately 50% of those accounts. Our experience therefore does not support the position that 'most' communication occurs in this manner.

For existing securityholders, issuers (and their registrars) receive securityholder email addresses through transmission via market systems (CHES) by the holder's broker when an investor first becomes a securityholder by purchase of securities; and through issuer-driven campaigns soliciting email addresses from holders.

In the former case, 8 years after CHES implemented email address transmission, its provision remains entirely voluntary. As a consequence, the number of unsolicited emails provided by brokers on behalf of securityholders is negligible. In the latter, such campaigns are undertaken at cost to the issuer and in our experience an appreciable number of holders either do not have an email address or are repeatedly unresponsive to solicitation attempts.

Mandating that issuers include email addresses on the register without considering both of these elements will therefore result in issuer non-compliance with the law, regardless of issuer best efforts.

2 Operational impacts stemming from mandatory email addresses, including the ability to accept new registrations

Consistent with point 1, consideration should also be given to the impact of maintenance of email addresses and establishing protocols for handling 'bounced' emails. An issuer's ability to comply with a mandatory email requirement may vary based on the current validity of stored email addresses. Furthermore, privacy aspects relating to the presentation of email addresses as part of a public inspection of the register should also be examined.

Clarity should be provided with regard to the ability for a securityholder to be included in the register of members in the event that an email address is not supplied, particularly during major corporate events such as IPOs, mergers and takeovers.

3 Any legislation should have a technology neutral approach to electronic communications

Where present, the use of email is a critical mechanism for electronic communications. However technological innovation has been accelerating and new methods for communications are evolving, such as the growing focus on the potential of distributed ledger technology. We also note that there already exist alternative electronic mechanisms for communications with at least certain types of investors such as our Intermediary Online solution described earlier.

It is therefore all the more critical that the Corporations Law remains neutral with regard to the form of technology used to achieve electronic communications or we risk rapid obsolescence of both the legislative provision (with associated compliance risk) and the mandated form of communication.

4 Defaulting to electronic communications with securityholders

We suggest that where an email address is received from a securityholder (or on their behalf e.g. their broker), issuers should be able to default all of their communications with that securityholder to electronic format. Securityholders should be able to 'opt out' of such defaults and elect to receive paper instead, e.g. as occurs with the distribution of Annual Reports. In our experience, within the set of securityholders who have provided an email address, a significant number have purposely elected to receive only selected communications via email.

Recommendation


We welcome the Senate Committee's interest in better facilitating electronic communications with securityholders. However, as a result of the above considerations, we suggest that the current proposed legislative amendment will be detrimental and impose substantial cost on issuers to attempt to solicit email addresses, while it is highly unlikely that an issuer could ever obtain full compliance.

Additionally, ongoing technological innovation means that mandating the specific form of electronic communication would likely result in near-to-mid-term obsolescence.

We therefore encourage the Committee to consult with ASIC and Treasury on a broader approach to enhancing electronic communications that addresses existing legal, cultural and operational barriers to adoption. Computershare welcomes the opportunity to engage with the regulators in this regard to ensure that future legislation can be complied with in a practicable way and leads to innovations that benefit issuers and their securityholders.

Should you have any questions, or wish to discuss further, please do not hesitate to contact me on [REDACTED] or [REDACTED]

Yours sincerely,



Greg Dooley

Managing Director, Computershare Investor Services