



Australian Shareholders' Association Limited  
Suite 1A Level 2  
20 Loftus Street Sydney NSW 2000  
GPO Box 359 Sydney NSW 2001  
t 02 9252 4244  
f 02 9252 4966  
e share@asa.asn.au  
ABN 40 000 625 669

18 July 2017

Mr Mark Fitt  
Committee Secretary  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

**ASA SUBMISSION – INQUIRY INTO CORPORATIONS AMENDMENT (MODERNISATION OF  
MEMBERS REGISTRATION) BILL 2017**

Dear Mr Fitt

The Australian Shareholders' Association (ASA) represents its members to promote and safeguard their interests in the Australian equity capital markets. The ASA is an independent not-for-profit organisation funded by and operating in the interests of its members, primarily individual and retail investors, self-managed superannuation fund (SMSF) trustees and investors generally seeking ASA's representation and support. ASA also represents those investors and shareholders who are not members, but follow the ASA through various means, as our relevance extends to the broader investor community.

We refer to the Corporations Amendment (Modernisation of Members Registration) Bill 2017 (**Bill**).

We are broadly supportive of the introduction of a requirement that a member's email address is included as information that must be contained in the register of members; however, we have concerns about the ramifications for members without an email address or those who do not provide one to the company.

While we acknowledge the benefits of the change, we note that a proportion of members will not have an email address. For example, as at 30 June 2017, approximately 10% of the members of the ASA do not have an email address. We query whether the requirement for the register to include an email address means that those investors without an email address are disadvantaged as a result, such as being precluded from buying and selling securities or not receiving certain communications. We would be extremely concerned if this was the case – no investor should be disenfranchised from being able to buy and sell securities or receive company communications because they have chosen not to have an email address. We also note that no investor without an email address should be compelled to have one.

We recommend that, where a member does not have an email address, the member could instead provide formal attestation of such to the company and opt in to receive communications in hard copy. This would ensure that the new provision:

- does not disenfranchise those members without email addresses, and
- facilitates those with email addresses supplying them, while also ensuring that members do not consider the provision of such to be optional (which it is at present).

### **Further benefits and interaction with Treasury consultation on technology neutrality in distributing meeting materials**

In 2016, the Federal Government consulted on technology neutrality in distributing company meeting notices and materials. The consultation took place in the context of recognition that the Corporations Act was developed prior to the shift to a digital world and that the legislation governing corporations and the management of corporations needs to embrace technology. The consultation paper noted that: ‘The current requirements for distributing company meeting notices are technology-specific and have the effect of restricting digital services. They do not reflect the changes in the way Australians engage with digital communications technologies and content’.

The current low take-up rate of email addresses is due to the legacy system of many members coming onto the registry in a hard copy environment. At present, there is no compulsion for members to provide an email address, only a compulsion to provide a mailing address. There are instances where members have provided an email address to their broker, but the email address is not communicated to the share register for various reasons, including that there is no compulsion for the broker to provide an email address to the company. Additionally, there are members who have an email address but would prefer not to provide it to companies because they do not wish to receive too many electronic communications or electronic communications at all (and this preference should be respected).

The Bill will introduce the compulsion to provide an email address, and as such facilitate communication via digital means between companies with their members. This will in turn expedite the reform of the distribution of meeting materials, as well as ensuring that members can easily communicate with other members on issues of concern about the governance of their investee companies, which is a core governance issue.

However, we reiterate that should a compulsion to provide an email address be introduced — where a member has an email address — members should retain the right to opt in to receive hard copy communications and companies must be obligated to provide hard copy communications if that is the member’s preference. In this regard, it is critical that share registries provide the means for members to easily select communication preferences for various communications. Our members have found that, currently, this is often not the case.

Further information regarding our position and concerns about the move to electronic communications is set out in [ASA’s submission to Treasury](#) dated 17 June 2016.

### **Transitional arrangements**

While the amendments proposed in the Bill appear simple and straightforward, as with any legislative change, consideration must be given to the transitional arrangements that are in place when implementing the Bill. In particular, we would be interested in the default position where no email address is provided in respect of communications from the company. As mentioned above, we would certainly be concerned if members who do not provide an email address are disenfranchised in any way.

If you have any questions about this submission, please do not hesitate to contact me on

[REDACTED]

Yours sincerely

[REDACTED]

Judith Fox  
Chief Executive Officer  
Australian Shareholders' Association