



27th July 2017

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

**Submission: Inquiry into Corporation Amendment
(Modernisation of Membership Registration) Bill 2017**

Dear Mr Fitt,

I hope the committee is able to accept a submission from a Private Shareholder and Super Fund Trustee. I have read a copy of a submission dated 18 July 2017 by Australian Shareholders Association and considered it lacked any clear perspective of the real situation facing shareholders.

The Corporations Act sets a very simplistic requirement for ASX listed companies to maintain a 'Share Register' containing only name, mailing address, and number of shares for each shareholding (which is then available to the public) However, in practice the admin back-up to achieve this situation is very much more diverse with an ASX regulated 'Chess' Share Registration System and an unregulated issuer sponsor system (operated by Stockbrokers and sub-contracted 'Share Registry Services' companies respectively). In addition there is an overlay control of SRN / HIN Registration numbers managed by the unregulated sub - contracted share registry services companies. This operating environment is thus far more complex than the brief requirement set down in the Corporation Act and 'modernisation' demands a far more all embracing review than just the addition of email addresses. Such a one dimensional change severely under estimates what needs to be done. The final paragraph of the A.S.A. submission draws attention to the current cost affected poor service standards which in an unregulated environment seem to be no-one's responsibility to fix. A thorough cost benefit analysis should form part of any justification for change (called modernisation?). It should be noted that shareholders can have a mix of issuer sponsor and 'Chess' holdings and change them over to suit their needs.

Also, the Privacy Commission has also recorded penalties against share registry service companies for TFN misuse introduced to achieve cost savings. ASX listed companies turn a blind eye to transgressions as they too seek cost savings. Little consideration is being given to the consequent cost increases that these changes are causing to shareholders.

I have attached a copy of a typical 'communications preference' form that registry services companies currently provide to shareholders. I feel this may assist in focusing on the issues this proposal places before the committee. In brief I believe it constitutes a 'Fake Promise'.

Apart from the attempt to pass costs from companies to shareholders, there are 2 basic issues which need consideration. viz

- What does 'all communication' to shareholders mean.
- What are the methods of delivery.

The availability of an 'email' address is not capable of solving whatever gains his 'modernisation' change claims will follow and will result in many shareholders having increased costs and inconvenience. This would not be a good result for encouraging greater customer investment interest. ASX listed companies could gain cost saving by taking a greater interest in their share registry outsourcing by, for example, combining several posting of dividend statement/notice of AGM/ annual report document into one. In 90% of companies these 3 postings occur within a few weeks of each other each year. (This may not suit their share registry sub-contractor who would see 3 posting more financially favourable to them and therefore resist such a cost saving for companies).

Regarding the 'communications' and 'delivery' issues mentioned above, documents issued to shareholders by companies include holding statements/dividend statement (hard copy needed for audit)/change of address and confirmation (hard copy)/annual report (large document)/capital raising PDS (large document)/takeover proposals (large documents)/banking details (hard copy)/payment funds transfer (require secure email for capital raising and off market transfer payments). Many of these 'communications' need delivery and return confirmation resembling business to business-like admin. To be able to achieve this style of communications a generous data allowance would be necessary often at unpredictable times.

Regarding the 'delivery' methods. To achieve all these communications securely would undoubtedly require a computer and printer hardware. This type of equipment is not that commonly owned these days compared with the vast number of shareholders with only mobile phone and/or tablet. These type of communicating devices are not suited to the requirements of share registry tasks, due to screen size, low data provisions, extremely limited keyboard convenience and no printing

availability. So claims of delivering 'all communications' to these share holders is completely impractical.

Although mobile phones may be adequate for shareholders to receive an 'alert' notification that's about all they are capable of. A typical 'alert' notification might read "The annual report for 'ABC Copy' is now available. Go to our website www. ABC... to download further details". So interested share holders will now need an on-line computer and printer which will greatly reduce the number of shareholders that can be engaged in company performance, plans and reporting.

Overall the provision of an web based email address for share investment document transfers will not provide adequate security and mobile devices will not provide acceptable convenience.

It may be useful to add that, review/modernisation of the unregulated (largest) part of share registry operations has already been recognised, with trials well under way of blockchain dispersed technology by ASIC and ASX. This upgrade will make share registries obsolete.

I believe corporations should be encouraged to direct their energies to advancing these trials and bypass short term tinkering with well established procedures, the outcome of which can only offer limited and unenforceable modification.

If there has been a preliminary draft proposal issued by the committee I would appreciate receiving a copy. If you require any further details I can be contacted on

[REDACTED]

Yours faithfully,

[REDACTED]

Ron Furlonger.



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COMMUNICATIONS PREFERENCE FORM

Everyone benefits from electronic securityholder communications. As an investor you will benefit from secure, convenient and prompt delivery of information by electing to receive your communications electronically which helps reduce the impact on the environment and costs associated with printing and sending materials by mail.

To receive your securityholder communications electronically via your nominated email address you can log on to the website: www.linkmarketservices.com.au and follow the instructions provided. Alternatively please tick options 1 or 2 below, insert your email address in the space provided and return the form.

If you do not select an option you will receive your securityholder communications (excluding annual report) by post and we will advise you when the annual report is available on our website.

SELECT YOUR PREFERENCE

ONLINE

www.linkmarketservices.com.au

OPTIONS – Please select one only

OPTION 1

All communications electronically, including notification of the annual report and payment statements (if applicable). I have provided my email address below.

OPTION 2

All communications electronically, except payment statements (if applicable) by post. I have provided my email address below.

My email address is:

OPTION 3

Please send all communications by post including a printed version of the annual report.

COPY OF ANNUAL REPORT AND FULL FINANCIAL STATEMENT REQUIRED BY MAIL PLEASE



Personal Information Collection Notification Statement: Link Group advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Link Group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. Some or all of your personal information may be disclosed to contracted third parties, or related Link Group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about our personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

REG CPE001

How to enter your securityholder information online


Your information checklist


Please ensure you have the following information in front of you before entering the Easy Update website:

- Your SRN/HIN number. This number is found on the front of this letter, at the top of the page.
- Your Tax File Number (TFN) or Australian Business Number (ABN) and/or appropriate Exemption Codes.
- Your nominated bank, building society or credit union account details.

STEP 1

Visit www.computershare.com.au/easyupdate/DJW

 Do not enter the above URL directly into Google or your default search engine. Please type it into the address bar.

 If you are having difficulties accessing the website please ensure you have entered the website address correctly and check your internet connection.

STEP 2

Provide your access details to enter the Easy Update website

SRN/HIN

Note: A SRN (Securityholder Reference Number) begins with the letter 'I'.
A HIN (Holder Identification Number) begins with the letter 'X'.

Postcode or Country

Enter your postcode if you are an Australian resident, otherwise select your country from the menu.

Terms & Conditions

Read and agree to the terms and conditions.

STEP 3

Enter your securityholder information

Payment details

Enter your nominated financial institution account details, or elect to participate in the company's Dividend Reinvestment Plan.

Securityholder Communications

Enter your Email addresses.

Tax information

Enter your Tax File Number (TFN) or Australian Business Number (ABN) and/or appropriate Exemption Codes.

FINISH

Confirmation and receipt

Confirmation

Please ensure the details you have entered are correct before clicking 'confirm'.

Finish

Record your receipt number. You will need to quote this number if you have any enquiries regarding your Easy Update transaction.