

10 September 2007

The Secretary  
Parliamentary Joint Committee on Corporations and Financial Services  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Re: Inquiry into Shareholder Engagement and Participation

Members of the Australian Custodial Services Association and three major Australian share registries have recently held discussions on shareholder voting arrangements and have drafted this letter as a submission to the Inquiry into Shareholder Engagement and Participation. Both groups have developed a consensus view on changes to the proxy voting process aimed at improving parts of the process for all industry participants. The proposals to effect this change are outlined below.

By way of background the Australian Custodial Services Association (ACSA) is a company limited by guarantee and was set up to represent the interests of the custodial industry in Australia. ACSA currently represents members holding securities totaling in excess of one trillion Australian dollars in custody and under administration and employing more than 2,500 people.

At all times, the intent is to keep the proposals simple, effective and easy to enact. While there are certainly more wide-reaching changes that could and perhaps should be made, the feeling is to get some basic changes effected initially and as quickly as possible while there is some momentum. The changes are aimed at improvements in efficiencies for share registries and custodians (and by extension their clients both companies and institutional shareholders respectively) and their back offices than it is at present. It is unlikely this group could come up with a perfect fit for all needs at least initially, as interests will no doubt diverge the further into detail.

In these proposals, 'Business Days' are as defined by the ASX definition of a business day. Close of business is defined as 1700 hours Australian Eastern Standard Time OR 1900 hours AEST where lodgement is effected via CHESS. NB It is recognised that CHESS lodgement is currently not possible, but these proposals have been agreed with future development in mind.

1. Record Date.

The proposal is to have a formalised record date set within a consistent time frame of meeting date.

*The recommendation is that a formal Record Date be set to occur 4 business days prior to a shareholders Meeting Date. For clarity, there should be three clear business days between Record Date and Meeting Date.*

## 2. Proxy Appointments

The proposal is to have a formalised date and time defined in business days for receipt of proxy forms appointing a proxy for a meeting, at a company or registry office.

*The recommendation is that proxy forms (and any relevant Powers of Attorney where forms have been completed under PoA), must be received by the company or its designated agent on close of business three business days prior to the date of the meeting. For clarity there will be two clear business days between the receipt of proxy forms and the meeting date itself (regardless of the actual time of the meeting).*

## 3. Electronic lodgement & voting.

There is some discussion around the future development of proxy voting in the Australian market.

Objectives of such future development should be to:

- Ensure that shareholders cannot 'over vote' their holdings
- Minimise voting reconciliations within companies/registries
- Reduce paper based voting forms
- Provide a clear audit trail from vote eligibility to vote lodgement to meeting outcome for shareholders
- Utilise existing market infrastructure wherever possible thereby seeking to reduce development costs

*The recommendation is that the ASX revisit its Proxy Voting proposals (previously deferred) to ascertain whether CHESS lodgement/voting is possible, viable and economically reasonable. In doing so, the ASX should seek to include interested parties including shareholders, custodians, registries and company secretaries. Failing an ASX solution, a third party vendor be sought to provide an efficient platform for electronic voting.*

Should you have any questions on this submission please contact Miles O'Connor, Vice President Product Manager, Citi Corporate and Investment Banking on (03) 8643 9947, or via email [miles.oconnor@citi.com](mailto:miles.oconnor@citi.com).

Yours faithfully,



David Travers  
Chairman  
Australian Custodial Services Association