



ASIC

Australian Securities & Investments Commission

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The Secretary
Senate Economics References Committee
Room SG64
Parliament House
Canberra ACT 2600



Dear Secretary

Corporations (Fees) Amendment Bill 2002, the Corporations Legislation Amendment Bill 2002 and the Corporations (Review Fees) Bill 2002

I refer to your letter to the ASIC Chairman, Dr David Knott, regarding the above legislation, known as CLERP 7. The Chairman has asked me to respond on his behalf.

ASIC supports the proposed reforms and enabling legislation. The reforms will achieve the intended outcome of simplifying document lodgment and compliance procedures for companies under the Corporations Act. Small business red tape will be cut through the streamlining of reporting requirements as detailed below.

The CLERP 7 program will deliver benefits to companies and managed investments schemes, including:

- 1.3 million companies will no longer be required to provide ASIC with an annual return. This will significantly reduce paperwork for over 1.2 million proprietary companies;
- A 'no-change, no lodge' approach to compliance. This means that companies will still need to notify ASIC of changes as they occur. An annual review of company particulars will be initiated by ASIC. The companies who have not changed any particulars across a year will not be required to lodge any forms with ASIC;

- Agents and companies will have flexibility to spread their workload across the year, as the annual review process will be based on each company's review date (the present requirement is that Annual Returns be lodged by 31 January). ASIC will be able to vary the review date, upon application, by groups of companies with the one holding company or common officeholders;
- A targeted and effective compliance regime will address issues of non-compliance. For example, using the new return of particulars, ASIC will be able to ask for an update from companies that have not lodged any changes for a period or where there are concerns about the company data;
- Enhanced electronic document lodgment services, using proprietary software and the internet. ASIC will offer new electronic services such as reports for agents, electronic requisitioning, and data confirmations for agents and officeholders;
- Notification of data corrections to ASIC by telephone. This will eliminate paperwork for companies with minor changes;
- A modern billing system, and new and improved electronic payment methods including Bpay, EFT and payment at Australia Post outlets;
- The introduction of a new multi-purpose form. The new form (form 484) replaces 5 previous forms, and facilitates new reporting requirements relating to members and share structure;
- Improved forms design will make it simpler for small companies, particularly those who interact directly with ASIC, to understand and comply with their reporting requirements;
- A Business Advisory Board which will include representatives of small business to advise on ASIC's relationship with small business in managing company information; and
- Improved database quality. New reporting requirements relating to members and share structure will provide additional information for businesses who search ASIC's database.

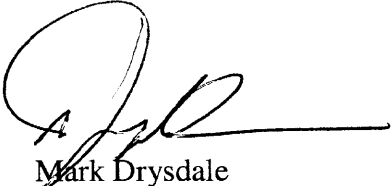
The CLERP 7 proposals will not only reduce the compliance burden for companies, but will help ASIC by reducing the volume of documents requiring manual processing, while maintaining the quality and integrity of the database.

ASIC supports the proposed legislative commencement date of 1 July 2003. ASIC will have its internal systems and procedures ready by this date. ASIC has commenced the process of informing companies and agents about the anticipated reforms.

ASIC is in regular and frequent contact with software developers. We are aware that 3 software developers have raised concerns about the implementation date. No concerns have been expressed to ASIC by other developers. ASIC has also consulted a range of Registered Agents and no concerns about the start date were raised.

Should you wish to discuss any aspect of this response please contact me. I would be pleased to appear if required at a public hearing.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Drysdale', with a long horizontal line extending to the right.

Mark Drysdale
Executive Director, Public and Commercial Services