

16 September 2021

Market Conduct Division
The Treasury
Langton Crescent
Parkes ACT 2600

via email: businesscomms@treasury.gov.au

Computershare's submission *Using technology to hold meetings and sign and send documents*

Background

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.

As an Australian born and bred global business, we have deep experience and insight from exporting our technology and expertise to more than 20 countries where we securely manage the data, transactions, payments and communications with 75 million investors for over 25,000 clients.

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 12,000 employees worldwide. For more information, visit www.computershare.com.

Annually, in Australia, Computershare administers over 700 annual general meetings across our listed clients and other member group organisations. In Australia, Computershare supported more than 500 virtual/hybrid meetings last year and will do a similar number again this year. Computershare also administers approximately 3000 virtual/hybrid meetings around the globe annually.

In Australia, Computershare also sends communications to 12 million investors on behalf of our 750 issuer clients. In the 2021 Financial Year 38.6 million of the total 57.4 million investor communications we sent were digital, almost 70%.

This digital adoption is not as a result of single point in time initiative, we have been investing in digital solutions and driving campaigns with our clients for more than a decade. Since 2016 the volume of physical mail is down by 20% whilst the use of email has increased 36%.

Summary Commentary on Proposed new Law

<i>New law</i>	<i>Computershare Comments</i>
<p>Certain corporate documents, including documents which relate to meetings of members, can be signed in technology neutral and flexible manners.</p>	<p>Computershare is generally supportive of the changes being made here. In addition to the efficiency benefits of being able to execute documents in ways other than in hard copy and with a 'wet signature', there are digital solutions that can be used to ultimately reduce risks such as fraud and error with the documents and associated transactions.</p>
<p>Companies can execute documents in flexible and technology neutral manners.</p>	
<p>Proprietary companies with a sole director and no company secretary can use the statutory document execution mechanisms.</p>	<p>Computershare is generally supportive of the changes being made here.</p>
<p>Members of companies and registered schemes can elect to receive meetings related documents electronically or in hard copy.</p>	<p>Computershare is generally supportive of these measures, however suggest that some amendments be made so as to reduce complexity and regulatory burden around the detailed application.</p> <p>Whilst well intended from a policy perspective, any changes should not impose onerous penalties nor confer an obligation or requirement on companies to send additional printed material to investors.</p>
<p>Companies and registered schemes can hold meetings of members at one or more physical locations (a physical meeting), at one or more physical locations and using technology (a hybrid meeting), or if permitted by a company's constitution, a wholly virtual meeting.</p>	<p>Computershare is supportive of these changes. We do however query whether constitutional change is too high a threshold for companies and therefore whether that may reduce take-up and adoption of virtual only meetings going forward.</p>
<p>A member or group of members of a company or registered scheme with at least 5% of the voting power can request to have an independent person appointed to observe and/or prepare a report on a poll conducted at a members meeting.</p>	<p>Computershare is supportive of this new requirement and believe that firms such as ourselves have the expertise, process and procedures in place and are therefore well placed to provide this service</p>
<p>Votes on resolutions which are set-out in the notice of a meeting of members of a listed company or listed registered scheme must be decided on by poll. A listed company's constitution is not capable of providing otherwise.</p>	<p>Computershare is supportive of the requirement to decide resolutions on a poll, both from governance perspective as well as a practical perspective particularly in a hybrid or virtual meeting environment.</p>

Detailed Comments

110E, 110H & 110J

Computershare believes that the requirements in regard to these sections should be simplified and that the election should apply on an 'event basis' rather than to specific individual documents. For example, a communication for an Annual General Meeting might contain a letter, Notice of Meeting and a Proxy Form. The election should apply collectively to all the related documents, rather than to the specific individual documents. An election shouldn't be able to be made to receive the letter digitally and the physical copies of the Proxy and Notice of Meeting.

Computershare suggests that consideration be given to extending the time from 10 days as currently proposed by 110E(4). Many projects, particularly those that are large in number or have some degree of complexity, have longer lead times that need to be accounted for from a planning and logistical perspective.

110K Sender must give notice of recipient's rights

Computershare is a strong advocate for ensuring that investors have choice with how they are communicated with. Whilst we have actively promoted digital options for more than a decade, we respect that there are some investors who have a preference for receiving paper for some or all of the communications relating to their investments. Our systems, processes and associated disclosures are set up to ensure that investors have that choice available. We therefore do not believe that investors need to be reminded of this right each time a document is sent under this Division.

Computershare suggests that the natural place for these rights to be disclosed to the investors is via the investor portals that registries like Computershare operate for Companies and/or via the company websites themselves. We also believe that it is worthwhile noting that the investors rights to the various communications options are advised to them when they first become a securityholder.

249R How meetings of members may be held

We believe that an issue around timing may arise around this change and that relates to the passing of the new legislation relative to the many virtual AGMs that companies are currently planning. As we have noted in prior submissions, the planning for an AGM can be undertaken many months before the event actually takes place. We see that there is a potential for issues to arise should this legislation, which requires constitutional change to support virtual meetings, pass at a time where organisations are a long way progressed with the planning for a virtual only meeting and associated investor communications under the current legislative framework.

249S Reasonable opportunity to participate

As we have highlighted in previous submissions, we believe that options for investor participation should be a choice for individual companies and not something that is mandated by legislation. Here is some analysis we conducted on 2 large Annual General Meetings in 2020 where voice functionality was offered.

Large Client A

634,055 Investors

216 shareholders attended AGM, 15 proxyholders

374 Visitors

4 investors utilised the phone facility that was offered.

Large Client B

484,415 Investors

148 shareholders attended AGM, 1 proxyholder

229 Visitors

8 investors utilised the phone facility that was offered.

As can be seen by these two examples from these large issuers, there is only very low levels of actual take up and use of these facilities when they are offered. This low level of usage is consistent across those other clients who offer a similar voice option so far through 2021.

253V and 253X members' rights to request report on poll

In Computershare's view, it would be appropriate for sections 253V and 253X to require the relevant company or registered scheme to take reasonable steps to ensure that the independent person prepares the report using reasonable care, rather than imposing prescriptive requirements on the company or scheme (or independent person) in respect of matters such as the content of the report.

To support this, we contend it would be beneficial for ASIC to provide regulatory guidance. Such guidance could model the measures and protocols that companies and registered schemes should consider putting in place with the independent person they select, and the standards they should ensure the person complies with.

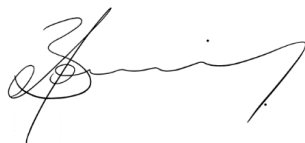
Computershare supports the existing reference in these draft provisions to the fact that the independent person may be a registry service provider, as providers such as Computershare are well-placed to carry out the role.

Computershare notes that the report would be on the 'validity' of the poll at the meeting. If there's opportunity to clarify that this relates only to the accuracy and factual soundness of the poll (as distinct from legal validity of the poll or meeting), that would be welcome.

Computershare would be pleased to provide any additional input to the development of such guidance, drawing on our local and global experience.

Should you wish to discuss any aspect of the proposed reforms with Computershare, please contact me.

Yours sincerely,



Ann Bowering

CEO Issuer Services, Australia and New Zealand