

NATIONAL OFFICE
Level 2, 255 George Street
Sydney NSW 2000 Australia
TELEPHONE 02 8248 6600
FACSIMILE 02 8248 6633
media@companydirectors.com.au
www.companydirectors.com.au

Sydney, Friday 4 December 2009

Directors welcome new ASX share trading rules

The Australian Institute of Company Directors (AICD) today welcomed proposals from the Australian Securities Exchange (ASX) on share trading by company directors and key management personnel.

While a less prescriptive "if not, why not" approach, with guidelines enshrined in the ASX Corporate Governance Principles, would have been preferable to their inclusion in the ASX Listing Rules, the proposed requirements are sufficiently flexible and will assist in addressing adverse investor perceptions about share trading by directors, which can negatively impact on the reputation of listed companies and potentially undermine the integrity of the market.

AICD supports the introduction of a requirement that listed entities adopt, and disclose to the market, a trading policy which identifies periods of the year – so-called blackout periods – when trading in securities by directors and key management personnel will be prohibited, except in exceptional circumstances and in the case of "passive" trades.

This would also include details of a procedure for obtaining clearance to trade in prohibited periods and set out the exceptional circumstances under which a clearance to trade would be considered. AICD welcomed the proposal by ASX that companies be allowed the flexibility to formulate trading prohibitions and other aspects of these trading policies that are appropriate to their own circumstances, rather than prescribing blackout periods on a "one size fits all" basis.

It said that such blackout periods should include financial reporting periods, the period between books close and the release of financial results.

AICD supported the proposed listing rule requirement that directors and key management personnel obtain prior written clearance to trade in exceptional circumstances during blackout trading periods and that such trading by directors be disclosed to the market through an Appendix 3Y Change of Director's Interest Notice. This approach has previously been advocated by AICD.

"The transparency of director share trading is central to maintaining the integrity of Australia's financial markets," AICD Chief Executive Officer, John Colvin, said.

"It is matter of good corporate governance."

"These proposed listing rules should help address some of the perception issues that have arisen and the market integrity issues raised by CAMAC in its June 2009 report."

Media Contacts:

Steve Burrell, General Manager Communications and Public Affairs, (02) 8248 6627 or 0407 708 485
Juliet Chandler, Communications Advisor, (02) 8248 6624 or 0412 580 402

Australian Institute of Company Directors (AICD) provides education, information and advocacy for company directors Australia wide, with offices in each state to cater for 25,000 members. AICD members work in diverse corporations such as small-to-medium enterprises, the ASX Top 200 corporations, public sector organisations, not-for-profit companies, large private companies and smaller private family concerns.