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ASIC

Australian Securities &
Investments Commission

CLERP UPDATE

ASIC CALLS FOR COMMENT ON TAKEOVER ANOMALIES

The Australian Securities and Investments Commission (ASIC) today invited comments on a policy proposal paper (PPP) intended to improve the operation of the takeover provisions of the Corporations Law.

The takeover provisions were revamped by the Corporate Law Economic Reform Program Act (CLERP) Act in March 2000. ASIC developed the PPP to address anomalies and issues that have emerged as a result of practical experience since the introduction of the new takeover provisions.

ASIC has consulted and is continuing to consult with the Commonwealth Department of the Treasury about the policy proposals in the PPP. The ASIC policy process will contribute to the development of legislative amendments if necessary. In the interim, the policy proposals deal with issues that ASIC can resolve.

ASIC has also undertaken informal consultation with the Corporations and Securities (Takeovers) Panel and several industry practitioners.

ASIC National Coordinator, Mergers Acquisitions and Fundraising Richard Cockburn said that ASIC's aim in releasing the policy proposals is to promote certainty and efficiency for bidders, investors and target companies in the operation of the new takeover provisions. "This is consistent with the purpose of the CLERP Act reforms to streamline the rules for takeover bids," Mr Cockburn said.

Major issues in the policy proposal paper include:

- The definition of "associate" that applies to the takeover provisions. The associate concept is central to takeover regulation and there are two rival definitions in the Corporations Law. ASIC proposes that the definition introduced into the Law in March 2000 applies to all takeovers provisions.
- The test for compulsory acquisition of minority shares following a takeover bid. ASIC proposes to make it clear that a bidder cannot meet the test by purchasing an associate's securities.

ASIC urges takeover practitioners to review the policy proposal paper and respond to ASIC with their views on the proposals.

Copies of the policy proposal paper are available from the **ASIC web site** at www.asic.gov.au or the **ASIC Infoline on 1300 300 630**.

ASIC is seeking comments on its policy proposal paper by 15 November 2000.

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