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Attention: Karen Webb

Dear Sirs,

Issuer Services: New Pricing Discussion Paper (Discussion Paper)

Who we are

Governance Institute of Australia is a national membership association, advocating for our network of 43,000 governance and risk management professionals from the listed, unlisted, public and not-for-profit sectors.

As the only Australian provider of chartered governance accreditation, we offer a range of short courses, certificates and postgraduate study. Our mission is to drive better governance in all organisations, which will in turn create a stronger, better society.

Our members have primary responsibility for developing and implementing governance frameworks in public listed, unlisted and private companies, as well as not-for-profit organisations and the public sector. They have a thorough working knowledge of the operations of the markets and the needs of investors. We regularly contribute to the formation of public policy through our interactions with Treasury, ASIC, APRA, ACCC, ASX, ACNC and the ATO.

Governance Institute's members have governance roles in listed companies of all sizes. Many of them have reported over the years that the current Issuer Services fees' statements were confusing and almost impossible to interrogate. They therefore welcome ASX's move to streamline and simplify the fee schedule. Our members also acknowledge ASX's considerable efforts to engage with listed companies, and our members in particular, about the proposed changes. However, our members consider listed entities may need additional time to understand, analyse and consider the impact of the new pricing structure.

Our comments on the proposals in the Discussion Paper are set out below.

ASX fees generally

It is noted at several points in the Discussion Paper that the proposed changes do not impact other fees listed companies currently pay to ASX such as listing fees (initial and ongoing) or holding adjustments. These fees can be substantial and must be paid to maintain an ASX listing or to carry out a transaction. For listed entities which have modelled the impact of the new Issuer Services fees they are facing substantial increases and the proposed new fee structure is an additional impost on the costs of maintaining an ASX listing.

Subscription fee

Our members have highlighted several issues of concern in relation to the new basis for charging:

- The new pricing structure appears to have a disproportionate impact on listed entities with large numbers of HINS who report their calculations indicate they will be paying significantly more than currently. Some illustrations of the size of these increases are set out below. Our members would like to better understand the additional value or services listed entities with a large number of HINS will receive for the significant increase in fees. The new subscription fee will also have a major impact on listed entities which experience a sudden surge in their stock.

Illustrations of impact of new fee structure

- Company 1** – Top 50 listed company between 450,000 and 500,000 HINS – increases range from 16 per cent to 61 per cent per month compared to prior fees.
- Company 2** – Top 50 listed company – between 150,000 and 200,00 HINS average increase of approximately 40 per cent per month compared to prior fees.
- Company 3** – Top 100 listed company – between 50,000 and 75,000 HINS – average increase of 27 per cent per month compared to prior fees.
- Company 4** – Top 50 listed company between 450,000 and 500,000 HINS average increase of 21 per cent per month compared to prior fees.
- Company 5** – Top 50 listed company between 450,000 and 500,000 HINS average increase of 40 per cent per month compared to prior fees.

- Our members would also like to better understand the various elements which are included in the new subscription fee.
- Our members note that there will be a discount for 'low velocity' users. For some listed entities which have modelled the impact of the discount on their fees the availability of the discount will have a significant impact. Our members question why there can be such an impact on the fees due to a change in one input which they have no ability to control. Illustrations of the impact of the availability or non-availability of the discount on fees are set out below.

Impact of 'low velocity user' discount

- Company 6** – Top 50 listed company > 74,000 HINS – monthly increases average 19 per cent over the course of a year with the 'low velocity user' discount applied.
- Company 6** – Top 50 listed company > 74,000 HINS – monthly increases average 55 per cent over the course of a year without the 'low velocity user' discount applied.
- Company 7** – Top 50 listed company between 200,00 and 250,000 HINS – average monthly increase 5 per cent with the 'low velocity user' discount applied.
- Company 7** – Top 50 listed company between 200,00 and 250,000 HINS – average monthly increase 23 per cent **without** the 'low velocity user' discount applied.
- Company 8** – between 10,000 and 15,000 HINS – average monthly increase 180 per cent with the 'low velocity user' discount applied.
- Company 8** – between 10,000 and 15,000 HINS – average monthly increase 239 per cent **without** the 'low velocity user' discount applied.

- It was unclear whether the fee calculator included hard copy CHESSE statements. Given the current low level of take up of electronic statements to date our members report they have modelled their new fees on the basis that they will continue to pay for hard copy statements although at a reduced rate. To assist listed entities understand the impact on their costs it would also be useful to know at what point in the month ASX will refresh the number of HINS to be used as the basis for the calculation of fees

- It would also be helpful for ASX to produce a glossary as it does for trading tags to assist in understanding statements.

CHESSE statements

ASX has been responsible for the production of CHESSE Holding Statements since the inception of CHESSE. At the time it was an important measure designed to build confidence in investors who would no longer receive certificates who otherwise depended on their sponsoring broker for information. This pre-dated the existence of broker and issuer web-based portals and was a logical solution at the time.

Our members have advocated for some time about the need for electronic statements and welcomed their introduction in December 2021. However, they understand that take up to date has been low and until it improves listed companies will continue to pay for statements, although at a lower cost in the future based on the new pricing structure. They would like to understand if and when the savings referred to in section 2.2 of the Discussion Paper are likely to be realised.

Following the recent amendments to the Corporations Act to modernise it to enable digital communication with shareholders they would also like the ability to include these statements with their other shareholder communications. This would enable them to deliver improved communications to investors.

If you wish to discuss any of the issues raised in this letter, please contact me or Catherine Maxwell.

Yours faithfully,



Megan Motto
CEO