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Manager
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Our ref Submission - Remuneration
disclosures Regulations

12 December 2014

Dear Sir/Madam

Submission – Corporations Amendment (Remuneration Disclosures) Regulations

We are pleased to have the opportunity to comment on the proposed Corporations Amendment (Remuneration Disclosures) Regulations and associated commentary as released on 17 November 2014.

Overall we welcome the proposed amendments which largely address the concerns we raised in our submission of 31 March 2014 on this matter.

We support the amendments proposed in Schedule 1 included in items 2, 3 and 5. We are, however, concerned with the proposals set out in Schedule 1 items 1 and 4, and recommend leaving the existing wording in both instances. We believe the proposed substitution of “disclosing entity” for the existing “issuing entity” has the potential for loss of disclosure of relevant information. The appendix sets out our concerns in more detail.

We would be pleased to discuss our comments with Treasury staff. If you wish to do so, please contact Sarah Inglis on (02) 9455 9773 or me on (02) 9335 7630.

Yours faithfully

Martin McGrath
Partner

Appendix

Schedule 1, item 1: Subregulation 2M.3.03(1) (table item 14, column headed “Condition (if any)”

Item 14 currently requires (emphasis added):

“If the terms of share-based payment transactions (including options or rights) granted as compensation to key management personnel have been altered or modified by the ***issuing entity*** during the reporting period”

The Exposure Draft proposes to replace ***issuing entity*** with ***disclosing entity***.

The current requirement captures disclosures relating to modifications made by the entity that issued the share-based payment – which could be the disclosing entity itself, its parent or any of its subsidiaries. By substituting ***disclosing entity*** for ***issuing entity*** disclosures relating to any modifications made by the disclosing entity’s parent or any of its subsidiaries will not technically be required. However, we think the disclosure should be provided for all modifications of share-based payments provided to key management personnel.

Recommendation:

We recommend the existing phrase “issuing entity” be retained.

Schedule 1, item 4: Subregulation 2M.3.03(3)(b)(i)

This subregulation references the disclosures required by Items 15 to 19, which all require disclosures relating to (emphasis added): “an equity instrument ... issued or issuable by the ***disclosing entity or any of its subsidiaries...***”.

Subregulation 2M.3.03(3)(b)(i) currently requires the identification of the relevant equity instrument by name of the ***issuing entity***. The Exposure Draft proposes to replace ***issuing entity*** with ***disclosing entity***.

By substituting ***disclosing entity*** for ***issuing entity*** in 2M.3.03(3)(b)(i), equity instruments issued by any subsidiaries of the disclosing entity will not be required to be separately identified. If the remuneration report is in respect of a consolidated group, then such equity instruments should not be excluded.

The original requirement in AASB 124Aus29.7 required disclosure of equity instruments issued by any of the entities within the consolidated group and required identification of the ‘issuing entity’.

Recommendation:

We recommend the existing phrase “issuing entity” be retained.