



Law Council  
OF AUSTRALIA

*Business Law Section*

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The Treasury  
Langton Crescent  
PARKES ACT 2600

Via email: [corporations.amendments@treasury.gov.au](mailto:corporations.amendments@treasury.gov.au)

15 December 2014

Dear Sir or Madam,

### **Exposure Draft: Corporations Amendment (Remuneration Disclosures) Regulation 2014**

This submission has been prepared by the Business Law Section (**BLS**) of the Law Council of Australia on the advice of a working party (and some other members) of the BLS Corporations Committee.

In summary, this submission:

- (a) supports The Treasury's initiative to amend the *Corporations Regulations 2001* (the **Regulations**) to achieve the policy objectives of the original *Corporations and Related Legislation Amendments Regulation 2013 (No. 1)* (the **Amendment Regulation**); and
- (b) discusses BLS's reasons for supporting the Exposure Draft of the *Corporations Amendment (Remuneration Disclosures) Regulation 2014* (the **Exposure Draft Regulations**).

#### **The BLS supports the form of the Exposure Draft Regulations.**

The BLS supports The Treasury's form of the Exposure Draft Regulations and recognises the need to address the issues relating to the unintentional expansion, and the reduced clarity, of remuneration disclosures following the introduction of the original Amendment Regulation.

In particular, we are pleased to note that the Exposure Draft Regulations will incorporate into the Regulations the relief currently provided to disclosing entities by ASIC Class Order [CO 14/632], including:

- **Limiting the disclosure of equities that relate to the disclosing entity.**

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**BLS**

Under the previous accounting standard, the disclosure of equity instruments was specifically restricted to equity instruments issued or issuable by the disclosing entity and any of its subsidiaries.

The Amendment Regulation omitted to restrict these disclosures in the Regulations. This omission caused, for example, the unintended burden of requiring the disclosure of all the personal shareholdings of a director (where provided as remuneration) in a disclosing entity's remuneration report, even where those holdings were unrelated to the disclosing entity. The BLS supports correcting the terminology from "issuing entity" to "disclosing entity" in the Exposure Draft Regulations in order to correct this unintentional consequence.

- **Requiring certain remuneration disclosures to be separated into classes of equity instruments.**

Under the previous accounting standard, disclosures in relation to the equity instruments being disclosed were required to be separated into each class of equity instrument. The Amendment Regulation omitted to include this requirement. The BLS supports the inclusion of this requirement in the Exposure Draft Regulations as this will increase the usefulness and informational value of the relevant remuneration disclosures.

The BLS also supports the form of the other proposed amendments in the Exposure Draft Regulations, including:

- clarifying the scope of the disclosures in relation to certain limited-recourse loans to better reflect the original accounting standard wording; and
- restructuring certain Items in the table in Regulation 2M.3.03(1) to ensure that all of the affected Items are dealt with consistently.

The BLS submits that all of the proposed amendments in the Exposure Draft Regulations should be incorporated in their entirety.

If you have any questions regarding this submission, in the first instance, please contact the Committee Chair, Bruce Cowley, on 07-3119 6213 or via email:

[bruce.cowley@minterellison.com](mailto:bruce.cowley@minterellison.com).

Yours faithfully,

A handwritten signature in black ink, appearing to read "John Keeves". The signature is stylized with a long horizontal stroke extending to the right.

John Keeves, Chairman  
**Business Law Section**