

Manager
Corporate Governance and Reporting Unit
Corporations & Capital Markets Division
The Treasury
Langton Crescent
PARKES ACT 2600

By e-mail: CLAR2013@treasury.gov.au

10 May 2013

Dear Sir

Re: proposed Corporations Legislation Amendment Regulation 2013

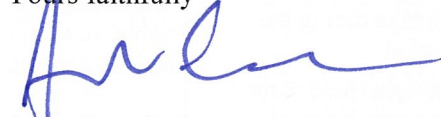
We appreciate the opportunity to respond to the proposed Corporations Legislation Amendment Regulation 2013.

Overall, we support the intention of the Treasury to maintain the level of disclosure of key management personnel transactions and balances by Australian disclosing entities that are companies (based on the existing application contained in section 300A(2) of the Corporations Act 2001).

However, based on our comparison between the proposed amendments to the Regulations and the existing Aus paragraph disclosure requirements of AASB 124 *Related Party Disclosures* (AASB 124), we have noted a number of apparent drafting errors in the proposed amendments to the Regulations. We have noted these for your attention, plus our suggested amendments, in the appendix to this letter.

If you have any questions concerning our comments, please contact me on (02) 9322 7177.

Yours faithfully



Anna Crawford
Partner
Deloitte Touche Tohmatsu

Appendix

Proposed amendments to subregulation 2M.3.03(1)

Remuneration disclosure

17	<p>For any option or right over equity instruments issued or issuable by the disclosing entity and any of its subsidiaries held, whether directly, indirectly or beneficially, by each key management person, or by a close member of the family of that person, or an entity over which the person or the family member has, either directly or indirectly, control, joint control or significant influence, disclosure must be made of the number of rights and options</p>	<p><u>Number of options and rights:</u></p> <ul style="list-style-type: none"> (a) Options and rights held at the start of the reporting period (b) Options and rights granted during the reporting period as compensation (c) Options and rights exercised during the reporting period (d) Options and rights resulting from any other change during the reporting period (e) Options and rights held at the end of the reporting period (f) Options and rights vested at the end of the reporting period (g) Options and rights vested and exercisable at the end of the reporting period (h) Options and rights vested and unexercisable at the end of the reporting period 	<p>Deloitte Comment:</p> <p>Suggested amendments in order to maintain consistency with the format of the existing ‘prescribed details table’ (e.g., see Item 15 of the existing Regulations).</p>
18	<p>For any equity instrument (other than an option or a right) held directly, indirectly or beneficially, by each key management person, or by a close member of the family of that person, or an entity over which the person or the family member has, either directly or indirectly, control, joint control or significant influence, disclosure must be made of the number of rights and options</p>	<p><u>Number of equity instruments (other than options and rights):</u></p> <ul style="list-style-type: none"> (a) Options and rights held at the start of the reporting period (b) Options and rights granted during the reporting period as compensation (c) Options and rights received during the reporting period on the exercise of an option or right (d) Options and rights resulting from any other change during the reporting period (e) Options and rights held at the end of the reporting period (f) Options and rights if included in the number disclosed under paragraph (e), held nominally at the end of the reporting period 	<p>Deloitte Comment:</p> <p>In order to be consistent with the existing disclosure requirements of AASB 124.Aus29.7.4, we suggest that Item 18 refer to ‘equity instruments (other than options and rights)’. Other suggested amendments are made in order to maintain consistency with the format of the existing ‘prescribed details table’ (e.g., see Item 15 of the existing regulations).</p>

21	For a transaction during the reporting period between the disclosing entity, or any of its subsidiaries, and a key management person, a close member of the family of that person, or an entity over which the key management person or the family member has, directly or indirectly, control, joint control or significant influence, other than a transaction mentioned in item <u>17, 18, 19 or 20</u> or subregulation (3C)	<p>(a) Each type of transaction of a different nature</p> <p>(b) The terms and conditions of each type of transaction or, if there are different categories of terms and conditions within a type of transaction, the terms and conditions of each category of transaction</p> <p>(c) For each type of transaction or, if there are different categories of terms and conditions within a type of transaction, for each category of transaction:</p> <p style="padding-left: 20px;">(i) the names of the persons involved in the transaction; and</p> <p style="padding-left: 20px;">(ii) the aggregate amount recognised</p>	<p>Deloitte Comment:</p> <p>In order to be consistent with the existing disclosure requirements of AASB 124.Aus29.9, we suggest that transactions mentioned in Item 17 and Item 18 be excluded from the scope of Item 21, and the reference to ‘terms and conditions’ in paragraph (c) be deleted.</p>
24	Transactions with and amounts receivable from or payable to a key management person, a close member of the family of that person, or an entity over which the person or the family member has, directly or indirectly, control, joint control or significant influence, are excluded from the requirements of items 21 to 23	<p>(a) They occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing at arms length with an unrelated person</p> <p>(b) Information about them does not have the potential to affect adversely decisions about the allocation of scarce resources made by users of the financial statements, or the discharge of accountability by the key management person</p> <p>(c) They are trivial or domestic in nature</p>	<p>Deloitte Comment:</p> <p>We note that the draft Regulations contain a duplication of the requirements – Item 24 in 2M.3.03(1) and 3C in 2M.3.03(3). We suggest the removal of Item 24 in 2M.3.03(1) and the retention of 3C in 2M.3.03(3).</p>

(3B) For item 20 of the table in subregulation (1), loans do not include loans involved in ~~transactions in relation to options that are in substance options.~~

Note: A non-recourse loan is an example of a loan involved in ~~that is a transaction in relation to an option that is an~~ in substance option.

Deloitte Comment:

In order to be consistent with the existing disclosure requirements of AASB 124.Aus28.2, we suggest that (3B) above be amended to refer to ‘in substance options’.

