

# ASIC CLASS ORDER [CO 07/571]

## EXPLANATORY STATEMENT

Prepared by the Australian Securities and Investments Commission

*Corporations Act 2001*

The Australian Securities and Investments Commission (ASIC) makes Class Order [CO 07/571] *Extension of Rights Issues Exemption* under subsections 741(1) and 1020F(1) of the *Corporations Act 2001* (the Act).

Subsection 741(1) provides that ASIC may declare that Chapter 6D applies to a person as if specified provisions were omitted, modified or varied as specified in the declaration.

Subsection 1020F(1) provides that ASIC may declare that Part 7.9 applies in relation to a person as if specified provisions were omitted, modified or varied as specified in the declaration.

### **1. Background**

Section 708AA and 1012DAA of the Act permit an entity to make a rights issue of quoted securities and quoted financial products without a disclosure document or Product Disclosure Statement, provided certain requirements are satisfied.

One requirement is that no order under section 341 of the Act covered the entity, or any person as director or auditor of the entity, at any time during the shorter of the period during which the class of securities or financial products were quoted and the period of 12 months before the day on which offers under the rights issue are made.

ASIC may make orders under section 341 in respect of a specified class of companies, registered schemes or disclosing entities relieving them from specified requirements of Part 2M.2, 2M.3 and 2M.4 of the Act. These Parts of the Act concern accounting and financial reporting. ASIC commonly makes orders under section 341 of the Act. Some of these orders could be considered to give substantive relief, while other orders could be considered to be merely technical.

### **2. Purpose of the class order**

The purpose of Class Order [CO 07/571] is to ensure that orders made under section 341 of the Act which give technical accounting and financial reporting relief and do not detract from the level of information available to the market, are disregarded for the purposes of the disclosure exemption for rights issues.

### **3. Operation of the class order**

Class Order [CO 07/571] modifies section 708AA and 1012DAA of the Act by excluding certain named orders made under section 341 of the Act.

### **4. Consultation**

Class Order [CO 07/571] is of a minor or machinery nature and does not substantially alter existing arrangements. Consequently, ASIC did not undertake any consultation with stakeholders before making the class order.