



Monday, 18 July 2005

RIGHTS ISSUES - PANEL SEEKS PUBLIC COMMENT

The Takeovers Panel has today released a draft Issues Paper seeking public comment on the circumstances in which the Panel may consider whether or not unacceptable circumstances exist in relation to a rights issue which has the potential to have an effect on control of a company¹.

Over the last two years, more than 10 matters have come before the Panel alleging that rights issues under which a shareholder or underwriter may have acquired a controlling interest in the company constituted unacceptable circumstances. The Panel considers that there are aspects of rights issues which have an impact on control of the company and the market would be assisted by the issue of a Guidance Note.

The purpose of the Issues Paper is to facilitate discussion among, and obtain feedback from, market participants and investors who may be affected by any guidance which the Panel develops on rights issues, or otherwise have an interest in such guidance. The Panel will use feedback received in response to the Issues Paper in the formulation of a draft Rights Issues Guidance Note which will be issued for further public comment later this year.

Because the Panel has already developed considerable experience in the issues associated with rights issues, the Issues Paper does more than set out a list of open-ended discussion points; in some areas it sets out the Panel's preliminary views on what will constitute unacceptable circumstances, and the Panel seeks the market's views on these proposals for guidance. There are, however, many areas where the Panel's view are less developed and, in those cases, the relevant factors are canvassed in general terms and followed by a list of questions inviting feedback.

The procedure for submitting responses is set out at the start of the Issues Paper. The Panel would like to receive any responses by 5.00pm (AEST) on Friday, 30 September 2005.

The Issues Paper is also available on the Panel's website on the [Consultation page](#).

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¹ In this Media Release and in the issues paper, the Panel generally refers to companies and managed investment schemes collectively simply as "companies".