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16 September 2009

Mr David Lawrence
General Manager, Participants
ASX Markets Supervision Pty Ltd
20 Bridge Street
Sydney NSW 2000

Dear David,

Proposed deletion of ASX Market Rule 20.1.1 (Takeover Deed of Indemnity)

Thank-you for your email of 8 September, seeking comment on the proposal to delete Rule 20.1.1, which requires a Broker to an on-market takeover bid to execute a Deed of Indemnity with the Bidder.

Experienced Members inform us that the rule was introduced to ensure that any Broker standing in the market in a takeover had adequate indemnity from the Bidder so that the funding for any purchases was essentially guaranteed. This added a level of protection for the Broker (and the market generally). It also ensured that an agreement was in place to pay the Broker cleared funds within 24 hours of any request.

On-market takeovers are significant transactions, and Brokers ensure proper arrangements are secured before entering into the role of on-market bidder. While the requirement potentially adds more certainty for the Bidder, some Members have noted that these matters are in any case the subject of binding agreements between the Broker and the Bidder, and that they are matters best left to the contracting parties, who will contract just as effectively, and in a much more timely manner, were the rule to be removed. There is no reason to believe that this will not continue. (Indeed, some agreements already go further than the existing requirements. For example, some require that Funds are lodged up-front in a designated Bank account for the purpose of funding the takeover.)

Some have noted that the rule amounts to an unjustified intrusion into contractual relations between brokers and their clients.

One query that has been raised concerns the liquid capital requirements. Please advise whether the proposed rule removal would have any consequential effect in terms of liquid capital requirements or capital adequacy.

Thank-you for seeking our Members' comments on these proposals.

Yours sincerely,

A handwritten signature in black ink, appearing to read "D. Horsfield". The signature is written in a cursive, flowing style.

**David W Horsfield MSDIA
Managing Director/CEO**