

# INNOVATIVE FUNDING TECHNIQUES - SIMPLE CORPORATE BOND



FTA CONFERENCE

18 November 2016

# SIMPLE CORPORATE BOND LEGISLATION

THE SIMPLE CORPORATE BOND LEGISLATION AIMS TO FACILITATE INCREASED OFFERINGS OF CORPORATE BONDS TO RETAIL INVESTORS IN AUSTRALIA VIA A STREAMLINED DISCLOSURE REGIME

## Previous law for ASX listed corporate bonds

Disclosure

✘ Full disclosure regime required for all bonds regardless of complexity

Documentation

✘ The issuance of corporate bonds to retail investors requires the provision of a full prospectus

Trading

✘ Simple retail corporate bonds like other bonds can be traded directly, but are not able to be traded as depository interests

Directors Liability

✘ Directors have liability for any misstatement in, or omission from, the disclosure document whether or not that director was involved in a contravention of subsection 728

## New law for ASX listed Simple Corporate Bonds

✓ Relatively low risk and less complex bonds are able to qualify as 'simple corporate bonds'

✓ The issuance of certain corporate bonds to retail investors requires the provision of a 2-part simple corporate bond prospectus

✓ Simple corporate bonds can be traded using simple retail corporate bonds depository interests

✓ Directors have liability for any misstatement in, or omission from, the disclosure document only where they are involved in a contravention of subsection 728

# SIMPLE CORPORATE BOND – FEATURES

THE DEBT SECURITIES MUST SATISFY ALL OF THE FOLLOWING CONDITIONS TO

## Tenor & Size

- Fixed term of these securities can not exceed 15 years
- A\$50 million minimum offer size (first tranche)

## Interest Rate

- Fixed or floating rate
- Interest payments must be paid periodically and can not be deferred or capitalised
- The securities can not be subject to a decrease in the interest payable

## Ranking

- Senior unsecured
- A holder's claim will rank equally with claims of all other unsubordinated and unsecured creditors and ahead of all holders of ordinary shares and subordinated creditors

## Currency & Face Value

- Must be denominated in Australian dollars
- Face value limited to a maximum of \$1 000

## Listing

- The issuer (or parent entity) must have continuously quoted securities (either debt or equity securities)
- The securities must be listed on a recognised exchange

## Early Redemption

- No early redemption at the issuers discretion
- Securities can only be redeemed prior to the end of the fixed term in specific circumstances (change of control, limited tax changes, limited accounting changes)

## Conversion

- The securities must not be able to be converted into another class of securities

## Covenants

- Not prescribed

# NEW 2-PART PROSPECTUS REGIME

## THE MANDATORY '2-PART PROSPECTUS' SIMPLIFIES DISCLOSURE OBLIGATIONS FOR

COMPANIES AND OTHER FINANCIAL INSTITUTIONS THE ISSUANCE PROCESS	
<p><b>Part A: Offer-Specific Prospectus</b></p> <p><i>Life:</i> 13 months</p>	<p>Company</p> <p><b>Part A: Offer-Specific Prospectus</b></p> <p>2016</p> <p><i>For each fund-raising tranche, issuers will need to provide an offer-specific prospectus outlining the key details of the offer</i></p>
<p><b>Section 1</b>    <b>What you need to know</b> <i>Important notices that investors must be aware of</i></p> <p><b>Section 2</b>    <b>Key dates and Offer details</b> <i>Overview of the key dates and terms in relation to the Offer</i></p> <p><b>Section 3</b>    <b>Offer-specific information that you should consider</b> <i>Additional information about the Issuer, key risks and other offer-specific information not disclosed in or updated from the Base Prospectus</i></p> <p><b>Section 4</b>    <b>How to apply</b> <i>Information about the Offer and how to apply</i></p>	<p><b>Part B: Base Prospectus</b></p> <p><i>Life:</i> 3 years</p>
	<p>Company</p> <p><b>Part B: Base Prospectus</b></p> <p>2016</p> <p><i>Contains general information that is unlikely to change significantly over three years about the issuer and bond issue</i></p>
	<p><b>Section 1</b>    <b>What you need to know</b> <i>Important notices that investors must be aware of</i></p> <p><b>Section 2</b>    <b>About Company Bonds</b> <i>Overview of the key features of Company Bonds and key benefits and risks of investing in Company Bonds</i></p> <p><b>Section 3</b>    <b>About Company</b> <i>Overview of the Issuer, its business strategy, directors, management and financial information</i></p> <p><b>Section 4</b>    <b>Key Risks</b> <i>Information about risks associated with Company Bonds and Company</i></p> <p><b>Section 5</b>    <b>Other information you should consider</b> <i>Information about a number of other matters, including tax consequences of investing in Company Bonds</i></p> <p><b>Section 6</b>    <b>Glossary</b></p> <p><b>Appendix</b>    <b>Terms of Company Bonds</b></p>

# ASX-LISTED SIMPLE CORPORATE BOND – INDICATIVE TRANSACTION TIMETABLE

Week Beginning	Week1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9-10
Appoint Arranger(s)									
Engage legal counsel, accountants									
DDC 1									
DDC 2 (Management Q&A)									
DDC 3 (Finalise key issues)									
DDC 4 (Pre-launch meeting)									
Drafting of Prospectus, Base Terms, Trust Deed									
Draft Investor Presentation & ASX announcement, media release & postcard									
ASIC Review & Submit ASX Application									
Prospectus Verification & DDC (Board Sub-Committee)									
Issuer Board Approval (prior to launch)									
Bank Approval – (if required and subject to final terms)									
<b>Launch Offer &amp; Undertake Roadshow</b>									
Confidential Institutional Roadshow & Credit Diligence									
Announce Offer & lodge initial Prospectus with ASIC/ASX									
Bookbuild process (up-to 7 days)									
Price transaction and announce price/margin									
Lodge Replacement Prospectus with ASIC/ASX									
Offer period (T+[15- 20] business days)									
Settlement / Receive Proceeds									

# KEY CONTACTS

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## CAPITAL FINANCING

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