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HD **Merger sparks push for new rules**  
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**Oil** deal - Resources

Roc **Oil** has conceded the Australian Securities Exchange should consider making changes to a rule that allowed the **oil** producer to strike an \$800 **million** merger deal with Horizon **Oil** without a shareholder vote.

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Roc withstood a challenge on Friday from its largest shareholder, fund manager Allan Gray, who called an extraordinary meeting in a bid to change Roc's constitution and allow investors to vote on the Horizon transaction.

Under ASX listing rules, one **company** can buy another via scrip without getting approval from its own shareholders.

Allan Gray argues that represents a loophole in listing rules as deals can proceed without investor consent. While Allan Gray received a majority of shareholder support with 51.15 per cent voting in favour of its resolution, it fell short of the required 75 per cent needed to force a change to Roc's constitution.

Roc chief executive Alan Linn said while he was confident the Horizon merger was in the best interest of shareholders, it has raised a broader issue for corporate Australia.

"There's clearly a desire with shareholders to have more of a say and clearly the profile should have been raised with the ASX. We followed the rules but with hindsight the rules would benefit from a review. Certainly if I was the ASX I would be looking at that now."

The ASX responded by saying it was willing to consider and engage in general policy discussion. "Although it isn't necessarily looking specifically at this area, it would from time to time obviously consider the ongoing appropriateness of any listing rules," a spokesman said.

Corporate governance experts raised the same issue in a proposed 2009 scrip merger between Gloucester **Coal** and Whitehaven **Coal**.

Allan Gray managing director Simon Marais told Fairfax Media he was disappointed to lose the vote but hoped his high-profile campaign may spur the ASX into action.

"I am disappointed I didn't get much closer to the 75 per cent we needed," he said. "It really is a deficiency in ASX regulation which allows this loophole. All four of the proxy advisers have come out and said the same thing and it shouldn't be like that. The ASX needs to act now."

Allan Gray forced the EGM after saying it saw no merit in the proposed merger between Roc and Horizon, arguing the deal terms that were structured as a zero-premium merger of equals sold Roc short.

Roc is providing most of the assets and cash in the proposed deal but will end up with just 42 per cent of the merged **company**, which will hold assets across Malaysia, Australia, New Zealand, **China** and Papua New Guinea.

Meanwhile, Mr Linn declined to comment on the identity of a potential third bidder. Fairfax Media on Thursday revealed a global private **equity firm** as a possible new suitor. Mr Linn reiterated Roc would stick to its August timetable for the Horizon deal.

"We are in a situation where the merger is moving ahead and today has confirmed that is the case. The merger is expected to complete in mid-August. So if the approaches are genuine and they want to mature, then they need to work within that existing schedule," Mr Linn said.

"We've got a responsibility as a board and as an executive to make sure we maximise value for shareholders. So we have a responsibility to take a look at these indicative, non-binding approaches and say could this mature into an offer that is superior to the merger? If these people are genuinely interested, they have to move quickly."

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