

Thursday, 30 Nov 2017

Senator The Hon Arthur Sinodinos AO
Digital Economy Strategy Team
Department of Industry, Innovation and Science
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Dear Senator Sinodinos

The Digital Economy: Opening up the conversation consultation paper response

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments as well as stakeholder communications and engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers. Computershare is represented in all major financial markets and has over 15,000 employees worldwide. For more information, visit www.computershare.com

We appreciate the opportunity to provide comments on the Digital Economy consultation paper. Given our deep experience in the management of digital interactions on behalf of our clients with their shareholders, employees and customers and our broad industry representation, we have chosen to provide general comments to your consultation and welcome future conversation specific to our areas of expertise.

State of Play

Computershare strongly supports the continued development and integration of digital processes and communications across the community. We have pioneered the development of dedicated online/mobile portals and electronic distribution of materials between securities issuers and their securityholders in particular, delivering electronic solutions wherever permitted and available within the legislative and regulatory environment. We are actively engaged in industry and regulatory consultations to drive the best outcomes for our clients and their stakeholders.

Financial Services

Within our investor services business, we continue to seek opportunities to use technology to drive better engagement with investors and deliver cost savings to our issuer clients. The financial services ecosystem is highly regulated with a centralised market operator and many standardised industry protocols. On behalf of Issuers, Computershare services the needs of institutional investors and retail shareholders in often highly complex and high volume activities. The needs across these groups can vary significantly, depending on the transaction.

Commercial communications

Computershare provides outbound and inbound communications solutions to many of the world's leading organisations (who also operate in highly regulated environments) to enhance and maximise

the value of their relationships with their customers, members, investors, employees and intermediaries. Computershare supports clients with communications campaigns, customer loyalty programs, invoice production, and online bill payments.

The diverse groups that we deal with represent a **broad spectrum of digital readiness, digital literacy, and automation**. As an organisation, we must cater for these groups and adhere to the regulatory, privacy and security concerns that govern the administration of major financial assets and other sensitive data.

Future state

With the continued expansion of the digital economy, it is clear that engagement and communication solutions should consider the broad spectrum of end users without attempting to apply a 'one size fits all' methodology.

Government can support this through the reconsideration of legislation and regulations to ensure that these are not prescriptive with respect to a required form of technology for delivery of the regulatory obligation, ensuring that regulatory requirements are '**technology neutral**'. While in some cases it may be necessary to amend specific legislation, consideration could also be given to introducing a broad overriding legislative provision that allows use of alternate technology channels, similar to electronic transaction legislation which, for example, clarifies that electronic signatures are acceptable to effect transactions in certain circumstances.

An example of prescriptive legislation exists with the requirement that fax channels¹ are provided for the return of forms used by securityholders to appoint a proxy and voting instructions for a company's Annual General Meeting. This and other legislation should be future-proofed to allow for the rapid development and adoption of new technologies and processes provided that the underlying objectives of 'equal access' for all relevant stakeholders is maintained.

Within our investor services business, we see a future state where **all activities for all securityholders, be they institutional or retail, can be performed electronically** by default with the option to 'opt-out' and return to alternative channels. Examples include:

- the delivery of personalised shareholder information (e.g. status updates, notifications, balances),
- the distribution of notices and hosting of Annual General Meetings,
- the delivery of instructions and relevant payments, and
- the maintenance of personal information.

The issue of **digital identity and access to appropriate contact details**, e.g. email address or other identifier, is crucial to this future state and an area where Government can provide guidance.

Consistent with [our submission to the recent senate inquiry](#)² into the modernisation of members registration, we caution that any **future legislation should be implemented without imposing undue cost and operational impact to any one group**, including issuers. Regulations should provide balanced guidance to give organisations the **flexibility to take advantage of technological advances as they occur** while ensuring that all investors, or other relevant stakeholders, have equal access to processes and information³.

Computershare is a firm believer that the role of government is to **continue to support competitive markets**, avoiding the further centralisation of services by incumbents. We are

¹ Section 250BA, Corporations Act 2001 (Cth)

² Available at

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/MembersRegistrationBill/Submissions

³ This point was highlighted in [Computershare's response](#) to the 2012 Corporations and Markets Advisory Committee's (CAMAC) discussion paper on "The AGM and shareholder engagement".

Available at: <http://www.camac.gov.au/camac/camac.nsf/alldocs/rwpd59767d97b78c781ca257ad800156a93.html>

currently deeply engaged in consultations relating to the replacement of CHES⁴ and 'competitive services' is an area that we and others in the industry are taking a keen interest in.

Beyond supportive legislation and regulation, for this future state to be achieved **focused attention on education, training and awareness of the digital economy** is required across the broader community. **Community awareness of privacy and security** is critical to ensuring that unscrupulous operators do not impede the adoption of digital channels across the broad spectrum of users.

Conclusion

Computershare's experience in digital engagement is vast, spanning a broad array of stakeholders and business needs. Our comments focus on the need for future legislation to be technology neutral, and allowing the adoption of new technologies as they are developed without imposing undue cost or impediment on any one stakeholder group.

We invite further conversation with your team on specific areas relating to financial services or more broadly across our communications services business.

Should you have any questions, or wish to discuss further, please do not hesitate to contact me on Greg.Dooley@computershare.com.au or (02) 8216 5513.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G Dooley', with a stylized flourish at the end.

Greg Dooley

Managing Director, Computershare Investor Services

⁴ Australia's post-trade clearing and settlement system for equities and equity-related securities.