



## MEMO

To: Board of Directors  
From: Company Secretary  
Subject: **PRE – LISTING CONSIDERATIONS**

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Once the decision has been made to introduce 'public' shareholders, whether through stock exchange listing or otherwise there probably are a number of matters which the board should possibly consider either to set up 'proper' systems and practices and/or which will be easier to do now/beforehand with a 'closed' shareholding and/or before the company is subject to public scrutiny.

These might include (not in any special order):

1. Delegation of responsibilities/authorities (including in particular all trust related matters such as creation/winding up schemes, product disclosure statements, property acquisitions/disposals, loan/security documents, trustee appointments, calling meetings, services providers contracts, reports/returns)
2. Corporate governance and related committees/policies (follow ASX guidelines), including, share trading policy, continuous disclosure and confidential/sensitive information circular to staff
3. Internal due diligence – books and records in order
4. Properly approve/document related party interests, in need, or even remove them entirely (note – these matters usually addressed before even becoming a public company as could be more difficult then)
5. Share register (who/how handle)
6. Additional compliance (eg, annual report/AGM and half-yearly audit)
7. D&O insurance – including prospectus cover
8. Deeds of Access & Indemnity
9. Locate/appoint appropriate Non-exec Directors and prepare appointment letters
10. Executive Directors employment contracts (related party benefit exemption if reasonable)
11. Employee Shares/Options Plan



12. Secondary sale of securities (if not listing)
13. Constitution (is it appropriate/compliant) – eg, remove pre-emptive rights
14. Escrow (stock exchange and/or voluntary) founders/promoters shares
15. Quantify risks/benefits/rewards of business (use for prospectus)
16. Business plan/budgets
17. Board size/committees
18. Directors fees (aggregate – requiring shareholder approval if listed)
19. Web-site – shareholder/corporate section
20. Increased compliance – ASX and/or ASIC (disclosing entity provisions if unlisted).

By the way, I spoke to the Company Secretary of a listed Responsible Entity re point 1. above (simply saying that we were considering 'better' ways to handle the myriad of resolutions requiring board decision) and in his opinion there is no real way around it because most of such matters really do need board oversight for proper governance (and many actually need to be done 'pursuant to a board resolution'). He says they cover most things through regular monthly board meetings (they believe monthly meetings are essential given the number of on-going matters) – although it still leaves occasional things nearly every month that cannot wait till next meeting and must be dealt with by Circulating Directors Resolution.

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**DISCLAIMER**

*The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.*