

RESEARCH REPORT

**CORPORATE LAW REFORM AND DELISTING
IN AUSTRALIA**

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1 Introduction

In this study we seek to determine whether companies listed on the Australian Stock Exchange (“**ASX**”) are responding to corporate law reforms or changes made to their reporting requirements by delisting.

We analyse 30 years of data of delisting, spanning 1975-2004, to see what the reasons are for companies delisting in this period. From the 5,952 observations collated we do not find any significant evidence of companies delisting in response to corporate law reforms or because of their reporting costs.

Many companies in Australia have an obligation to prepare and lodge financial reports with the Australian Securities and Investments Commission (“**ASIC**”). These are public companies (both listed and unlisted public companies) and large proprietary companies. The only companies which do not have to do so are small proprietary companies – the definition of which is made by reference to key business indicators (revenue, assets and employees). It is therefore difficult for listed companies to escape their reporting obligations. Of the subset of observations we consider in greater detail not one company cited reporting costs as a reason for delisting.

In contrast US listed companies have the ability to suspend otherwise mandatory filing requirements with the Securities and Exchange Commission (“**SEC**”) by deregistering their securities through a form (Form 15). The requirement for deregistration is the maintenance of a shareholder base below prescribed thresholds. Thus listed companies have the means to respond to law reforms, such as the Sarbanes-Oxley Act of 2002 (“**SOX**”), by delisting and deregistering their securities. This process is known as “going dark”. Some companies which have gone dark post-SOX have been open about their reasons for doing so (i.e. namely SOX) and many companies which go dark cite reporting costs as a factor.

As we have 30 years of data about delistings in Australia we make some comments about delistings in general. To assist with this and also in order to produce more accurate and informative results we create a different sample which excludes delistings caused by capitalisation changes and name changes. We exclude these two reasons because they potentially cloud findings if we are only interested in the more substantial reasons for delisting. We also break the 30 year period into three decades to detect the more subtle trends taking place within the sample period.

We specifically consider: the extent of delistings relative to the size of the ASX board; the length of time delisted companies are listed; and the industry of delisted companies. We find that the extent of delisting is equivalent to the entire board being turned over each decade. However this is significantly reduced once capitalisation changes and name changes are excluded.

We also find that a majority of companies which delist do so by their tenth year of trading on the ASX irrespective of the reason why they delist. Delistings within the first year of trading are almost exclusively the result of capitalisation changes and name changes. By comparison companies which delist for other reasons typically trade for several years before delisting.

The three industries which account for a majority of delistings in both samples (i.e. with or without capitalisation changes and name changes) are: banks, investment and financial; miscellaneous industrials; and resources. It is not surprising then that these three account for the most capitalisation changes and name changes by magnitude (in particular the resources sector). However, the use of capitalisation changes and name changes is not confined to these industries alone. They are evident in all industries though most prevalent in those that are capital intensive or have been traditionally perceived to be speculative. Our findings also confirm that they are less prevalent in more mature and conservative industries where there is less need to undertake these changes.

2 Background

2.1 Delisting in Australia

Public companies delist from a stock exchange for many reasons. Some of the more common reasons include:

- being acquired;
- failing to comply with listing rules (including payment of listing fees) and consequently being removed from the exchange;
- being liquidated; or
- being merged with another company.

Smaller companies may choose to leave an exchange because of the costs involved in listing. Where this is so, the benefits of listing are perceived to be outweighed by corresponding costs. This may particularly be the case for foreign companies which have no further intention to raise funds in the country or companies unable to maintain a sufficient shareholder spread as required by listing rules.¹

In the above situations, companies are likely to permanently leave the stock exchange. They may even seek to deregister their business. It is these events – the mergers and acquisitions, the corporate failures and the failure to comply with listing rules – which generally inform our understanding of the causes of delistings and lead us to think of delistings as significant or ‘once-off’ events for companies.

However, they are not the only reasons for delisting. A company which changes its name (or stock code) technically delists under its current name and relists under its new name. Likewise a listed company undergoing changes to its share capital ceases normal trading in its shares for the period of reconstruction (instead trading on a deferred settlement basis in the interim) and can be considered to have delisted – particularly if the period of reconstruction spans an extended period.

In these two instances, the company may continue to exist as it did before with minimal difference. If we think of a delisting as a significant or once-off event, then although the company may have technically delisted, it may not have really done so in substance.

An example of a mere name change is Independence Gold NL changing its name to Independence Group NL in December 2003 because the former name was thought to have caused confusion in the marketplace (it explored minerals apart from gold). An example of a

¹ See e.g. ASX Listing Rule 12.4.

minor capitalisation change which leaves the company virtually as it was before is a share split undertaken to increase stock liquidity and turnover (e.g. Brickworks in July 2000).

On the other hand, name changes and capitalisation changes can and do go deeper than this in altering the structure of a company and therefore cannot automatically be disregarded as insignificant events. Name changes may come about as a result of radical changes to business strategy. For example, Duketon Goldfields Ltd changed its name to Genetic Technologies Ltd in September 2000 to reflect a change in its principal activity from mining to biotechnology. A capitalisation change can likewise reflect the extensive reorganisation of a company. For example, Burns, Philp and Company Ltd underwent a recapitalisation in May 1998 to ensure the continued viability of its business and after substantially writing-down its herbs and spices business. The par value of its share capital also had to be reduced to market value if it was to be able to issue capital to support the recapitalisation.

Distinguishing capitalisation changes and name changes from other causes of delistings is important to the definition of our study sample.

2.2 *The Australian reporting framework*

Chapter 2M of the Corporations Act 2001 (Cth) (“**Corporations Act**”) contains the main reporting obligations of companies. All companies must keep financial records.² Disclosing entities, public companies, large proprietary companies and registered schemes must prepare reports each financial year.³ Disclosing entities have to prepare half-year reports as well. The report comprises a financial report (with financial statements) and a directors’ report. The report must be sent to members and lodged with ASIC.⁴

Listed companies, as public companies, have an obligation under the Corporations Act to prepare and lodge reports each financial year. Listed companies, also being disclosing entities, must prepare and lodge half-year reports.⁵ The continuous disclosure requirement which is imposed on listed companies by the ASX listing rules⁶ is also slightly modified and enhanced by the Corporations Act.⁷

Small proprietary companies by comparison do not have to prepare and lodge reports. The exception to this is if the company is controlled by a foreign company and is not consolidated in financial statements lodged with ASIC or if the small proprietary company is directed to do so by shareholders or ASIC.⁸ If the company is a disclosing entity or a registered scheme then it will of course have the reporting obligations outlined above pursuant to Chapter 2M of the Corporations Act.

A proprietary company is a small proprietary company if satisfies at least two of the following tests for a financial year:

- consolidated gross revenue is less than \$10 million for the financial year;
- consolidated gross assets amount to less than \$5 million for the financial year; and

² See ss 286-291 of the Corporations Act. Registered schemes and disclosing entities are included.

³ Section 292 of the Corporations Act .

⁴ Sections 314 and 319-320 of the Corporations Act.

⁵ The definition of a disclosing entity is provided by s 111AB of the Corporations Act.

⁶ Chapter 3 of the ASX Listing Rules.

⁷ See s 674 of the Corporations Act.

⁸ See ss 292(2) and 293-294 of the Corporations Act.

- the company has fewer than 50 employees at the end of the financial year.⁹

A proprietary company is a large proprietary company if it meets at least two of three specified tests for a financial year – the tests being the reverse of those for a small proprietary company (i.e. revenue of \$10 million or more; assets of \$5 million or more; and 50 or more employees).¹⁰ Public and proprietary companies alike (except for small proprietary companies) therefore have to prepare and lodge reports with ASIC.

2.2.1 *Recent reporting changes*

The Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 (Cth) (“**CLERP**”) was enacted on 30 June 2004. It was based upon many of the proposals contained within a document entitled *Corporate Disclosure: Strengthening the Financial Reporting Framework* released by the Australian government in the wake of the corporate collapses of HIH Insurance Group in Australia and Enron in the US as well as other corporate accounting scandals at the time. The proposals aimed to ensure an effective disclosure framework and consistency between business regulation and the promotion of a strong and vibrant economy.¹¹

Issues addressed by CLERP include audit reform, creation of the Financial Reporting Panel, enforcement and disclosure. Amendments to the reporting obligations of listed companies include a CEO and CFO declaration as to the truth and fairness of the financial statements,¹² inclusion of a more detailed remuneration report (including a remuneration policy discussion and detailed disclosure for directors and the five highest-paid executives)¹³ and the provision of other prescribed information.¹⁴

In addition to the CLERP amendments to reporting obligations, the ASX amended its listing rules in January 2003 to require companies to disclose in their annual reports the extent to which they comply with the ASX’s Corporate Governance Best Practice Recommendations¹⁵ and to require those companies within the All Ordinaries Index (the top 500 companies) to have audit committees.¹⁶

2.3 *The US reporting framework*

Public companies become subject to ongoing SEC reporting obligations in one of two ways – either through issuing securities in an offering registered under the Securities Act of 1933 (“**Securities Act**”) or by registering outstanding securities under the Securities Exchange Act of 1934 (“**Exchange Act**”).

⁹ Section 45A(2) of the Corporations Act.

¹⁰ Section 45A(3) of the Corporations Act.

¹¹ See Commonwealth of Australia, *Corporate Disclosure: Strengthening the Financial Reporting Framework* (2002), Chapter 1.

¹² See s 295A of the Corporations Act. The declaration must also include a statement that the financial records of the company have been properly maintained in accordance with s 286 of the Corporations Act and that the financial statements comply with the accounting standards.

¹³ Section 300A of the Corporations Act.

¹⁴ See e.g. ss 295A, 299A and 300(11B) of the Corporations Act.

¹⁵ ASX Listing Rule 4.10.3.

¹⁶ ASX Listing Rule 12.7.

Companies wishing to sell their securities in a public offering must register those securities with the SEC under the Securities Act.¹⁷ Certain types of securities offerings are exempted from registration with the more common exemptions being intrastate offerings; private offerings; and the sale of securities through employee benefit plans.¹⁸

If a company registers a class of securities under the Securities Act, it must file periodic reports (including quarterly and annual reports) with the SEC under the Exchange Act.¹⁹ Registration of a class of securities may however be terminated if the company certifies to the SEC that:

- such class of securities is held of record by less than 300 persons; or
- such class of securities is held of record by less than 500 persons, where the total assets of the company have not exceeded US\$10 million on the last day of each of the company's three most recent fiscal years.²⁰

These thresholds are calculated by reference to record holders and not beneficial holders.²¹ This means that securities held in a street name count only as one record despite the fact that they may be held on behalf of hundreds or thousands of investors – as would be the case for banks, brokers and other institutional investors.

A public company which does not have to register its securities for an offering will still have to file periodic reports with the SEC under the Exchange Act if it seeks to have its securities traded on a stock exchange (or if the securities are widely held).²² Listed companies continue to file reports with the SEC so long as their securities are traded on an exchange – irrespective of whether the listed company satisfies the above thresholds.

2.3.1 SOX

SOX was signed into law on 30 July 2002. It came about as a result of financial and accounting scandals at the time including the Enron and Worldcom corporate failures. Some commentators have argued that it was a hastily written piece of legislation without due consideration given to its (undesirable and far-reaching) consequences.²³ The purpose of SOX is to protect investors by improving the accuracy and reliability of corporate disclosures made by public companies. Both the Securities Act and the Exchange Act are amended by SOX.

Issues addressed by SOX include audit reform (including creation of the Public Company Accounting Oversight Board); increased penalties for corporate fraud; and increased corporate disclosure. Amendments to the corporate reporting process in particular include the establishment of corporate responsibility for financial reports; enhanced financial disclosures and disclosure of prescribed non-financial information.

¹⁷ Section 6 of the Securities Act.

¹⁸ See ss 3-4 of the Securities Act.

¹⁹ Section 13(a) of the Exchange Act.

²⁰ See Rule 12g-4 of the Exchange Act.

²¹ See Rule 12g5-1 of the Exchange Act.

²² See s 12 of the Exchange Act.

²³ See e.g. Roberta Romano, 'The Sarbanes-Oxley Act and the Making of Quack Corporate Governance' (2005) 114 *Yale Law Journal* 1521.

2.4 SOX costs and benefits

There are benefits to SOX.²⁴ It has been argued that the reforms bring about greater integrity in the reporting process and increase the confidence of external users of financial reports.²⁵ The issue instead has really been whether the benefits outweigh the costs of implementing and complying with SOX on an ongoing basis.

In a survey of 147 public companies by Foley & Lardner, 70 per cent of the companies felt overall company administrative fees increased a 'great deal' as a result of SOX and other corporate governance reforms and 82 per cent felt the reforms had been too strict.²⁶

The costs of SOX appear to affect small companies most severely. Chhaochharia and Grinstein find that SOX tends to enhance the company value of larger companies rather than small companies.²⁷ Their study reveals that SOX rules have a positive and significant effect on the value of large companies but no significant effect on small companies. Small companies that need to make more changes as a result of SOX in fact underperform small companies that need fewer changes. Chhaochharia and Grinstein argue that this is due to two reasons. First, small companies bear higher unit costs of compliance than do large companies. Second, SOX is more beneficial for larger companies because governance and accounting problems tend to be an issue for larger companies. These findings suggest that the cost of SOX for small companies outweighs its benefits.

The principal cause of increased compliance costs associated with reporting has been s 404 of SOX.²⁸ This section requires annual reports to contain an internal control report setting forth management's responsibility for establishing and maintaining an adequate internal control structure and procedures for financial reporting. The effectiveness of the internal control structure must be assessed by management and attested to by external auditors.

According to a survey of 217 public companies by Financial Executives International, nearly all companies (94 per cent) thought the costs of s 404 compliance exceeded its benefits.²⁹ The costs of s 404 also disproportionately impact upon smaller companies because the (base) level of spending on internal control systems does not vary according to size of company and larger companies gain from having economies of scale.³⁰

2.5 Going dark

It is against this backdrop that some public companies in the US have sought deregistration of their securities. Issuers of securities which are subsequently deregistered do not have to file reports with the SEC so long as they remain within the thresholds given above.

²⁴ See e.g. Vihdi Chhaochharia and Yaniv Grinstein, *Corporate Governance and Firm Value – The Impact of the 2002 Governance Rules* (2005) <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=556990>.

²⁵ See e.g. 'Worth The Cost', *Corporate Counsel*, Feb 2005, 23 and Jim Quigley, 'Sarbanes-Oxley One Year Later: Is It Working?' (Speech delivered at the National Press Club, Washington D.C, September 8 2003).

²⁶ Foley & Lardner, *The Cost of Being Public in the Era of Sarbanes-Oxley*, 2005.

²⁷ Chhaochharia and Grinstein, above n 24.

²⁸ See e.g. Foley & Lardner, above n 26; Financial Executives International, 'Sarbanes Oxley Compliance Costs Exceed Estimates' (Press Release, 21 March 2005) and William Carney, *The Costs of Being Public After Sarbanes-Oxley: The Irony of 'Going Private'* (2005) <http://papers.ssrn.com/paper.taf?abstract_id=672761>.

²⁹ Financial Executives International, above n 28.

³⁰ See Foley & Lardner, above n 26. See also Susan Eldridge and Burch Kealey, *SOX Costs: Auditor Attestation Under Section 404* (2005) <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=743285> and Carney, above n 28.

Suspension from reporting is immediate upon filing for certification on Form 15 (i.e. that the company meets one of the thresholds above).³¹ If a public company has more than 300 record holders, it could meet the threshold requirement through corporate actions such as share buybacks. Listed companies delist their securities before applying for deregistration.

Going dark, as discussed above, is contrasted to going private. The latter typically involves a series of usually complex and expensive transactions which results in a private company i.e. a public company ceases its public status. Mechanisms to achieve this include a tender offer by a newly formed company owned by the group or a merger with a newly formed company owned by the group.

Either way, a company that has gone dark or private has exited the SEC reporting system (albeit perhaps only for the time being if it has gone dark). The advent of SOX has impacted upon the motivations of public companies to pursue such ends. A major factor leading to companies going dark in the period 2002-2004 was the compliance costs of SOX as represented in audit fees.³² Companies with higher audit fees (as a ratio of assets) were more likely to go dark in this period – thereby linking the going dark decision to SOX. Thirty nine per cent of the companies that went private in 2004 (44 of 114) in fact cited SOX compliance costs as a reason for doing so.³³ Twenty per cent of public companies surveyed in 2005 by Foley & Lardner were considering going private – compared to 21 per cent in 2004 and 13 per cent in 2003.³⁴ Most of the companies within the 20 per cent were small in size and all said that the disclosure reforms were too strict.

In a more detailed study of companies which went private in the period 1998-2004, Engel, Hayes and Wang suggest that SOX did affect going dark decisions – particularly for smaller companies.³⁵ Moreover, smaller companies experienced higher going private announcement returns in the post-SOX period compared to the pre-SOX period. They reason that going private is an optimal response for companies where SOX compliance costs exceed the increase in shareholder value arising from improved governance. Remaining public when this is the case is more costly and inefficient post-SOX.

2.6 *Our study*

While SOX has been the subject of significant criticism,³⁶ corporate law reform in Australia by comparison has not been as extensive as SOX. In looking to the legislative developments overseas and particularly to the US, the Australian government indicated it would not match the US point for point nor adopt an overly prescriptive approach in view of Australia's existing largely principles-based approach which relies upon a mix of regulation, co-regulation and encouragement of industry best practice.³⁷

³¹ See SEC Rule 12g-4.

³² Andras Marosi and Nadia Massoud, *Why Do Companies Go Dark?*, 2004 <<http://fic.wharton.upenn.edu/fic/papers/04/0419.pdf>>.

³³ Carney, above n 28. See also Christian Leuz, Alexander Triantis and Tracey Wang, *Why Do Firms Go Dark? Causes and Economic Consequences of Voluntary SEC Deregistrations*, 2004 <<http://ssrn.com/abstract=592421>>.

³⁴ Foley & Lardner, above n 26. 147 public companies were surveyed in 2005.

³⁵ Ellen Engel, Rachel Hayes, and Xue Wang, *The Sarbanes-Oxley Act and Firms' Going-Private Decisions*, 2004 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=546626>.

³⁶ See eg Larry Backer, 'In the Wake of Corporate Reform: One Year in the Life Of Sarbanes-Oxley -- A Critical Review Symposium Issue: Surveillance and Control: Privatizing and Nationalizing Corporate Monitoring After Sarbanes-Oxley' (2004) *Michigan State Law Review* 327, 331; and Romano, above n 23.

³⁷ Commonwealth of Australia, above n 11, Chapter 1.

The Australian government also cited a lack of evidence about a clear failure of market-based incentives or sanctions to produce appropriate outcomes. It argued that a knee-jerk response to the fraudulent behaviour engaged in by a few market participants would risk imposing excessive regulatory burdens that could adversely affect innovation and wealth-creation.³⁸ The Australian reforms contained within CLERP contain no equivalent to s 404 of SOX.

We are therefore interested in how a certain section of the Australian business community has reacted to the domestic corporate law reforms. In particular, whether there is any positive correlation between the enactment of corporate law reforms which impose additional obligations on (listed) companies and ASX delistings.

We do not expect a positive correlation to exist for two reasons. First, domestic law reforms have not been extensive as in the US. Second, the reporting framework in Australia is such that all companies – public and proprietary alike (except for small proprietary companies) – have a basic obligation to prepare and lodge reports with ASIC. US public companies with securities registered with the SEC may deregister these securities if certain requirements are met and as a result will have reduced reporting requirements. There is no precise equivalent for Australian companies.

As noted above, the ASX listing rules have been amended to deal with corporate governance. Listed companies, particularly smaller ones, may be delisting in response to these listing rules amendments and the cumulative cost of remaining listed. Such costs may include compliance with the reporting requirements inserted by corporate law reforms which apply only to listed companies. However what we seek to determine is whether listed companies are delisting on the basis of statutory amendments affecting them as compared to the (cumulative) costs of maintaining a listing on the stock exchange (though these two issues are obviously not clearly delineated).³⁹ The latter is a wider concept and will be discussed briefly within the context of this study.

3 Method

3.1 Sample description

Our sample population contains all companies which delisted from the ASX during the thirty year period 1 January 1975 to 31 December 2004. Data is obtained from the AGSM 2004 Share Price and Price Relative Data Base (“AGSM”) and supplemented by the deListed website⁴⁰ and the ASX where necessary. Each observation is sorted according to the delist reason. These reasons include capitalisation changes (whose deferred delivery shares span the end of a month) and name changes.

Capitalisation changes and name changes constitute technical reasons for delisting. While they may represent instances of companies undergoing radical changes to their business or

³⁸ Ibid.

³⁹ We would not expect companies to be delisting on the basis of recent amendments to the listing rules anyhow because not all of the recent corporate governance changes apply to all listed companies. In particular, the requirement to have an audit committee applies only to those companies that are in the All Ordinaries Index (the top 500 companies). Presumably these companies would have the resources to deal with the recommendations or would already have adequate corporate governance structures in place (e.g., they would have had audit committees prior to such committees being required by the ASX).

⁴⁰ <<http://www.delisted.com.au>>.

structure, they may equally represent instances of more benign corporate actions in which companies are left in much the same state as before (discussed above). These companies relist following completion of capitalisation changes or name changes.

As capitalisation changes and name changes do not necessarily represent delistings in substance, two different data sample populations are used for completeness:

- all companies which delisted in the period 1 January 1975 to 31 December 2004 (“**sample one**”); and
- all companies which delisted in the period 1 January 1975 to 31 December 2004 excluding companies which underwent capitalisation changes (whose deferred delivery shares spanned the end of a month)⁴¹ and name changes (“**sample two**”).

Sample two conforms to what is typically understood to be a delisting. It includes being removed from the exchange for breaches of the listing rules and major events such as being acquired or wound up.

Table One provides a breakdown of sample one by decade. Table Two provides a breakdown of sample two by decade including the number of capitalisation changes and name changes in each decade.

TABLE ONE
Breakdown of observations by decade – all delist reasons (sample one)

Period	Decade	Observations
1	1 Jan 1995 to 31 Dec 2004	2,337
2	1 Jan 1985 to 31 Dec 1994	2,650
3	1 Jan 1975 to 31 Dec 1984	965
	Total	5,952

TABLE TWO
Breakdown of observations by decade – excluding delist reasons relating to capitalisation changes and name changes (sample two)

Period	Decade	Observations
1	1 Jan 1995 to 31 Dec 2004	2,337
	less capitalisation changes	(527)
	less name changes	<u>(1,191)</u>
	Total for period 1	619
2	1 Jan 1985 to 31 Dec 1994	2,650
	less capitalisation changes	(621)
	less name changes	<u>(841)</u>
	Total for period 2	1,188
3	1 Jan 1975 to 31 Dec 1984	965
	less capitalisation changes	(3)
	less name changes	<u>(372)</u>
	Total for period 3	590
	Total	2,397

⁴¹ Companies which underwent capitalisation changes whose deferred delivery shares spanned less than a month are not considered to have delisted by the ASX.

3.2 Delist reasons

Table Three shows the observations sorted by delist reason. Figure One presents this information in a graph. Figure Two also presents the information in a graph but based on sample two data (i.e. capitalisation changes and name changes are excluded). Appendix One gives the number of observations according to delist reason in each decade.

Sorting the observations by delist reason allows us to see why companies have delisted from the ASX in the past thirty years. We can use this information to determine whether companies have been delisting in response to corporate law reforms and as a means of identifying observations which may warrant further investigation for the purposes of this study.

TABLE THREE
Reason for delisting for the period 1 January 1975 to 31 December 2004

Code	Represents	Number
A	Company acquired	1,090
	and at company's own request (R)	14
	and insufficient shareholder spread (I)	6
	and following shareholder approval (S)	3
	and company subsequently relisted (Z)	3
	and failure to pay listing fees (F)	2
	Total	1,118
B	Break-up or demerger	2
D	Assets distributed (secondary delist reason only)	-
E	Evicted by order of ASX	98
	and liquidated (L) and subsequently relisted (Z)	1
	and name change (N) and subsequently relisted (Z)	1
	and at company's own request (R)	1
	Total	101
F	Failure to pay listing fees	463
	and liquidated (L)	6
	and listing rule violation (V)*	5
	and subsequently relisted (Z)	5
	and listing rule violation (V)* and subsequently relisted (Z)	2
	and listing rule violation (V)* and closure of Australian branch registry (G)	1
	Total	482
* Failure to issue accounts		
G	Closure of Australian branch registry	6
	and at company's own request (R)	1
	Total	7
I	Insufficient shareholder spread	50
L	Liquidated	49
	and failure to pay listing fees (F)	27
	and wind-up (W)	11
	and at company's own request (R)	5
	and subsequently relisted (Z)	3
	and evicted by order of ASX (E)	1
	and name change (N) and subsequently relisted (Z)	1
Total	97	
M	Company merged with another	52

	and at the company's own request (R)	9
	and following shareholder approval (S)	4
	and capitalisation change (C)	1
	and capitalisation change (C) and change in shareholder liability status (Y)	1
	and following shareholder approval (S) and at company's own request (R)	1
	and relisted (Z) and listing rule violation (V) and name change (N)	1
	Total	69
O	Other*	35
	and name change (N)	2
	and acquired (A)	1
	and name change (N) and change in shareholder liability status (Y)	1
	and subsequently relisted (Z)	1
	Total	40
	*Main reason is capital reduction. Other reasons include conversion to preference shares and reconstruction of capital.	
P	Removed pursuant to ASX listing rule 18.9.2	5
	(Automatic removal of Foreign Exempt Listings on 1 June 2002 where such Foreign Exempt Listings did not meet revised ASX size thresholds or covert to an ASX Listing by this date.)	
R	At company's own request	187
	and following shareholder approval (S)	8
	and merged (M)	7
	and liquidated (L)	6
	and acquired (A)	4
	and following shareholder approval (S) and merged (M)	5
	and following shareholder approval (S) and acquired (A)	2
	and acquired (A) and following shareholder approval (S)	1
	and wind-up (W)	2
	and subsequently relisted (Z)	1
	Total	223
S	Following shareholder approval	31
	and merged (M)	52
	and acquired (A)	7
	and wind-up (W)	7
	and other (O)	4
	and merged (M) and name change (N)	2
	and merged (M) and at company's own request (R)	2
	and other (O) and at company's own request (R)	2
	and assets distributed (D)	1
	and assets distributed (D) and acquired (A)	1
	and liquidated (L)	1
	and name change (N)	1
	and name change (N) and capitalisation change (C)	1
	and other (O) and assets distributed (D) and merged (M)	1
	and at company's own request (R)	1
	and subsequently relisted (Z)	1
	and subsequently relisted (Z) and name change (N) and change in shareholder liability status (Y)	1
	Total	116
T	Second board company not transferred to the main board	
	and evicted	40
	(Delisted on 1 July 1992 following closure of the Second Board market.)	
V	Listing rule violation	33
	and evicted by order of ASX (E)	4

		Total	37
W	Voluntary wind-up		3
Y	Change in shareholder liability status (secondary delist reason only)		-
Z	Company is relisted (secondary delist reason only)		-
	Unassigned		7
		Total	2,397
C	Capitalisation change whose deferred delivery shares span the end of a month		1,084
	and name change (N)		63
	and name change (N) and change in shareholder liability status (Y)		4
	Total		1,151
N	Name or company code change		2,009
	and change in shareholder liability status (Y)		329
	and capitalisation change (C)		45
	and capitalisation change (C) and change in shareholder liability status (Y)		17
	and capitalisation change (C) and following shareholder approval (S) and change in shareholder liability status (Y)		2
	and company merger (M)		1
	and following shareholder approval (S) and capitalisation change (C)		1
	Total		2,404
		Total C and N	3,555
		Total (including C and N)	5,952

Figure One
Reason for delisting (sample one)

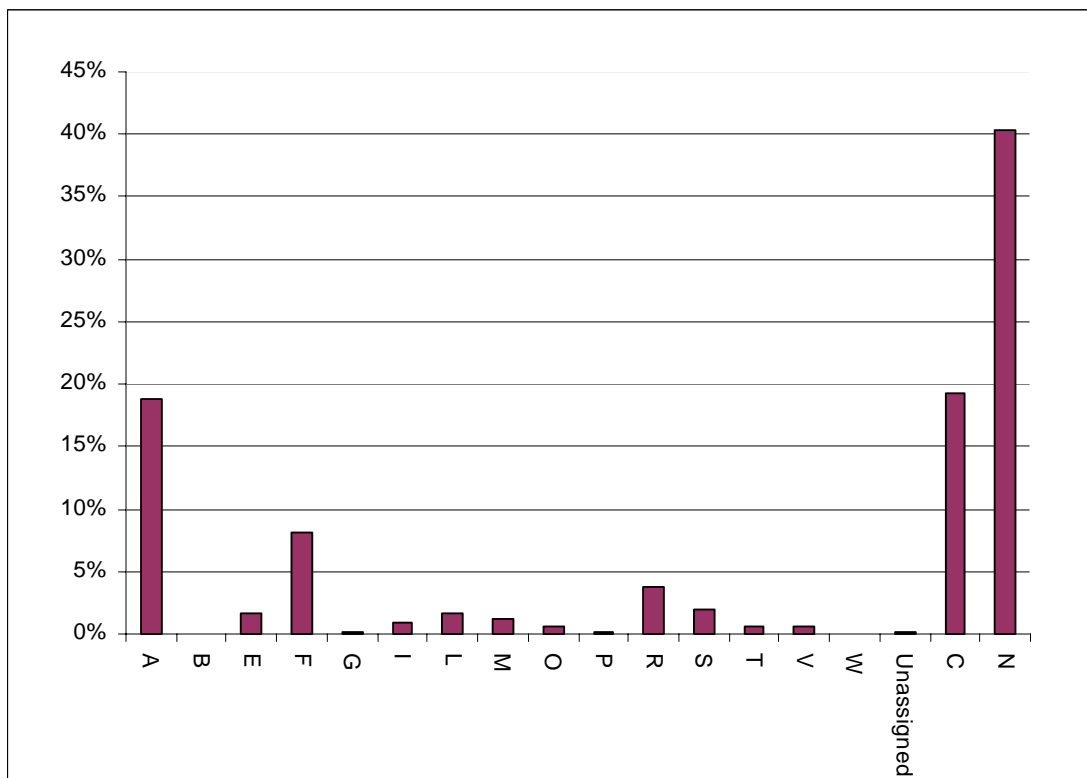
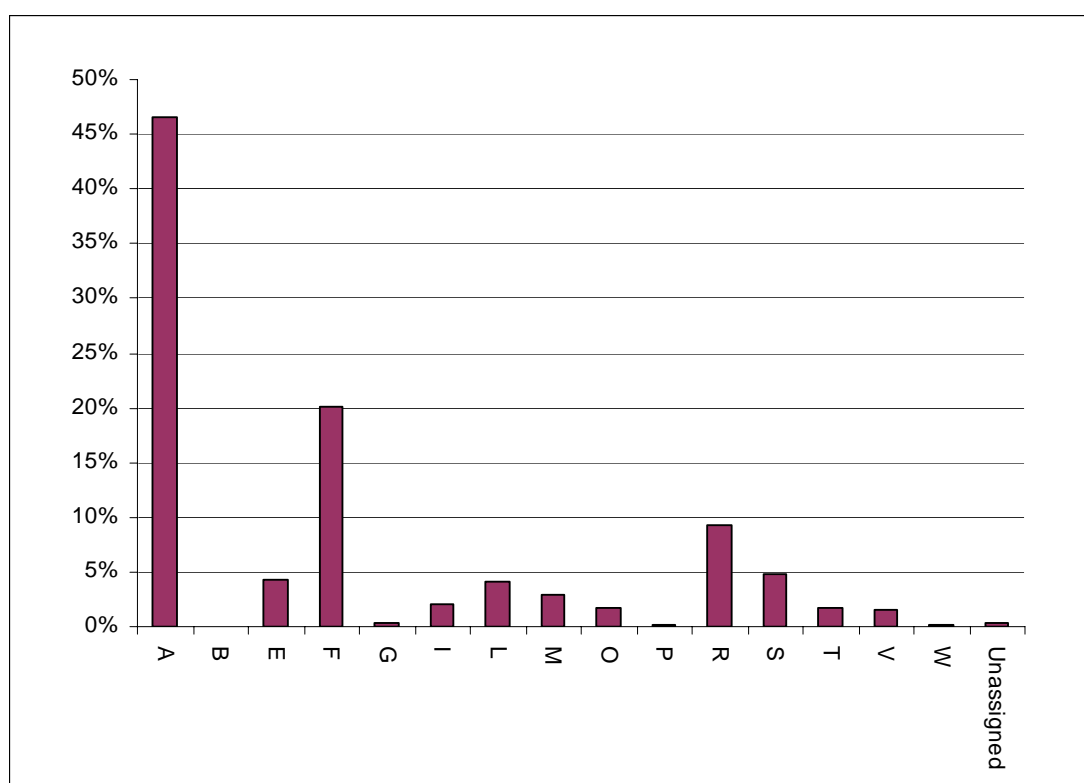


Figure Two
Reason for delisting – excluding C and N (sample two)



3.3 *Limitations of data*

Our study is limited by the quality of data sources. We rely substantially on AGSM to provide accurate data – both as to the occurrence of a delisting and the reason for a delisting.⁴² Where the reason is absent or queried by AGSM, we determine the reason using the deListed website and from company issued announcements. We otherwise edit the AGSM data to a minimum in order to keep it consistent and intact; as there are well over 5,000 observations it is not possible for us to check the accuracy of each one.

The AGSM delist reason is the reason given by the ASX for a company’s delisting. This may not always reflect the principal cause of delisting. For example the official reason for a delisting may be a failure to pay listing fees. However the failure to pay listing fees may really have been a result of the company being liquidated. Categorising the company as having delisted because of a failure to pay listing fees may therefore be uninformative for our purposes unless a secondary reason is provided which relates to the liquidation. What is important therefore is that the delist reason encompasses the true cause of the delisting (either through the primary reason or secondary reason) but the possibility exists that this may not necessarily always be the case.

As the delist reason is the reason as given by the ASX and does not necessarily reflect the true cause of delisting the content of some delist reasons may overlap – in particular the codes O (other), R (at the request of the company) and S (following shareholder approval) are by themselves uninformative as to the true cause of delisting unless a secondary reason is

⁴² We also rely on AGSM for other data source such as listing date, delisting date and industry classification.

given. These three codes may really pertain to other delist reasons. For example, a company that is acquired and subsequently delisted could be sorted under either A (company acquired) or R depending upon the reason given by the ASX. Selective capital reductions can also be found in both O and R.

Having a large sample population should however minimise the effect of any one classification error. The information given by AGSM should therefore provide useful insights into delistings in Australia over the past 30 years.

4 Results and Discussion: Causes of Delisting

4.1 Results: cause of delisting

The main delist codes are N (name change; 40 per cent of total delistings); A (being acquired; 19 per cent); C (capitalisation change; 19 per cent); and F (failure to pay listing fees; 8 per cent). The remaining delist codes each account for less than five per cent (297 observations) of total observations.

C and N collectively account for 59 per cent. When C and N are excluded, the main delist codes are A (being acquired; 47 per cent); F (failure to pay listing fees; 20 per cent); R (at company's own request; 9 per cent); and S (following shareholder approval; 5 per cent). The remaining delist codes each account for less than five per cent (116 observations) of total observations.

Table Three does not contain delist reasons which refer to changes in law or to reporting requirements. Notwithstanding this some codes require further investigation because they may contain instances of companies delisting in response to corporate law reforms. These are O (other), R (at company's own request) and S (following shareholder approval). The observations in the other codes can be disregarded for the purposes of this study because they do not relate to delist reasons we are interested in.

Table Four shows the number of observations attributable to these three codes where the reason given is uninformative (with respect to the primary reason and the secondary reason if there is one). For example S by itself is uninformative and therefore included within Table Four. S and M on the other hand is informative because it refers to mergers. It is therefore not included in Table Four.

Figures Three, Four and Five show Table Four in graphical format.

TABLE FOUR
Observations attributable to O, R and S codes where reason given is uninformative as to the cause of delisting

Code	Period 1	Period 2	Period 3	Total
O	10	24	3	37
R	111	68	16	195
S	8	28	3	39

FIGURE THREE

Observations attributable to O, R and S codes where reason given is uninformative as to the cause of delisting

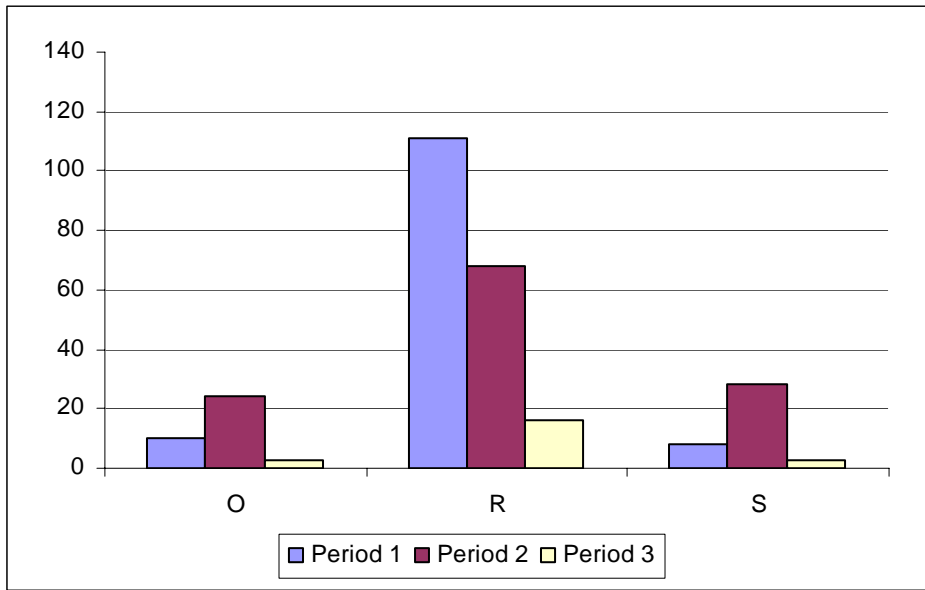


FIGURE FOUR

Observations attributable to O, R and S codes where reason given is uninformative as to the cause of delisting (percentage of total observations in sample one)

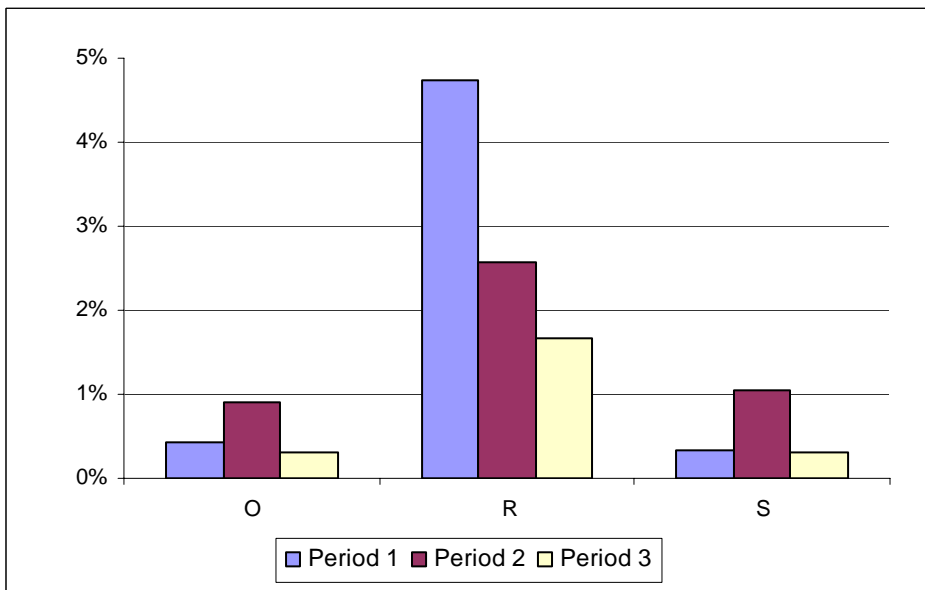
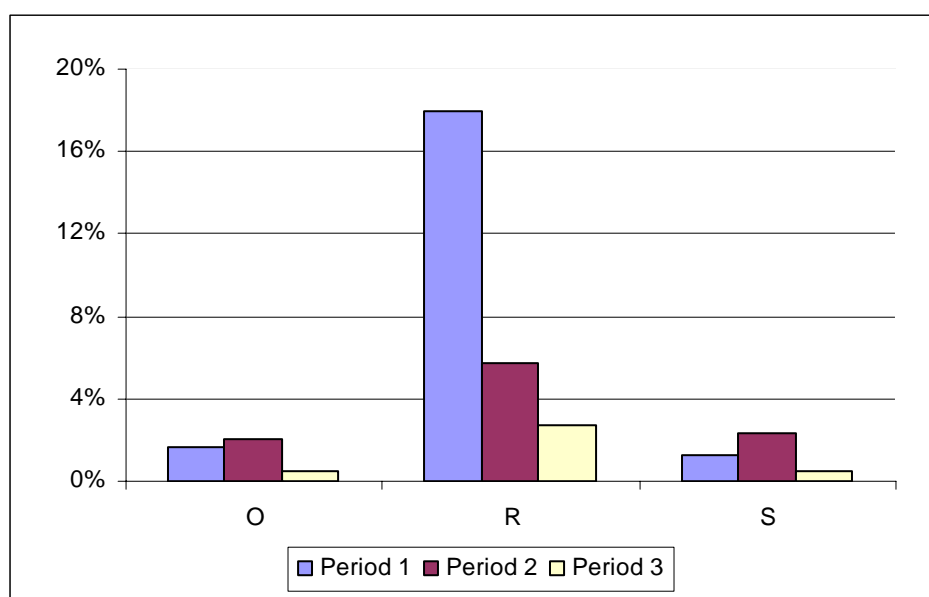


FIGURE FIVE

Observations attributable to O, R and S codes where reason given is uninformative as to the cause of delisting (percentage of total observations in sample two)



Code R (at the company's request) in Table Four needs to be considered in greater detail. It accounts for 18 per cent of period one delistings in sample two and five per cent of period one delistings in sample one. Period one is the period in which CLERP was enacted. Also note that the number of observations increased markedly from period two to period one. Further, this category, when expressed as a percentage of the total sample population, is not so insignificant that it can be disregarded – accounting for nine per cent of sample two (and three per cent of sample one).

By comparison, codes O and S in Table 4 can be disregarded.⁴³ Their numbers are not significant enough to evidence a trend of companies delisting in response to corporate law reforms or reporting requirements. Code O accounts for only two per cent of period one delistings in sample two; and code S for one per cent. [The figure for both is reduced to less than one per cent when using sample one as the base.] The incidence of the two codes also significantly decreases from period two to period one (by 58 per cent for O and 71 per cent for S) so that in the later period there are only ten instances of O and eight instances of S. Finally, the two codes are insignificant when expressed as a percentage of total sample population (both O and S account for only two per cent of sample two; and one per cent of sample one).

We therefore determine the actual cause of delisting for the 195 observations that make up code R in Table Four to see whether any of the causes relate to reasons relevant to this study. We are able to determine the actual cause of delisting for 149 observations and deduce it from company issued announcements around the time of delisting for another 10 observations. We could not determine the cause of delisting for 36 observations – though all but four of these delisted prior to 1992. Table Five presents the results of the examination.

⁴³ Given the examination of code R in Table 5 below and what was found there, it is unlikely that the codes O and S do in any case contain observations relevant for the purposes of this study.

TABLE FIVE
Actual cause of delisting for code R observations in Table Four

Actual cause	Number
Company acquired	49
Listing costs outweigh benefits of listing (including insufficient shareholder spread and failure to pay listing fees) and unlikely to raise further capital in Australia (company is listed elsewhere)	23
Total	18
	41
Reorganisation	6
and in financial distress	13
and seeks relisting or is relisted	4
and corporatisation of trust	2
and incorporated in another jurisdiction	1
Total	26
Merger	14
Voluntary wind-up	13
Liquidated	11
Listing moved to another exchange	5
Unassigned - delisted after 1992	4
- delisted prior to 1992	32
Total	36
Total	195

None of the 159 observations where causes of delisting could be identified referred to corporate law reforms. The reasons for delisting instead related to more typical events such as being acquired, merging and winding up.

Some companies did delist because, in their view, compliance with listing rule requirements – including the maintenance of a sufficient spread of security holdings – outweighed the benefits of listing.

Nonetheless where the costs of listing proved to be too onerous for the 23 companies in Table Five, the decision to delist may have also been influenced by factors such as corporate law reforms affecting listed companies.⁴⁴ This may have been particularly true for smaller companies where compliance costs form a larger consideration. For these smaller companies, the calculation of the costs of listing may not only have included compliance with listing rules but also reporting requirements and other corporate law obligations relevant to listed and public companies (i.e. a holistic approach to the determination of the costs of being listed or public).

Even if this were so however the costs of listing were cited as the reason for delisting (not the costs of being public) by all 23 cases and no mention was made of corporate law reforms or reporting requirements. At the most the latter factors would therefore only form part of the reason to delist – they do not form *the* reason to delist.

⁴⁴ The 18 companies which delisted because they were unlikely to raise further funds in Australia are ignored in this particular discussion because these are foreign companies. The decision of these companies to delist (and in some cases leave the Australian market altogether) presumably forms part of a wider business strategy.

4.2 Discussion of results

As shown above we do not find any significant evidence of companies delisting in response to corporate law reforms or to avoid their reporting requirements.

Our results are consistent with Australia's reporting framework – one which is not conducive to a “going dark” culture. Australian listed and public companies cannot avoid the obligation to prepare and lodge financial reports in the same manner their US counterparts are able to do. Public companies in the US can suspend otherwise mandatory SEC filings by deregistering their securities. A listed company first delists and then deregisters with the SEC. On the other hand, an Australian company which delists only avoids compliance with the listing rules and those specific requirements of the Corporations Act that apply only to listed companies. The obligation to prepare and lodge reports continues because there is no similar deregistration mechanism available to public companies.

One way in which listed companies could avoid their reporting obligations is to delist, go private and satisfy the criteria for a small proprietary company under the Corporations Act. The last hurdle could be achieved through corporate actions. However it is unlikely that listed companies, particularly larger ones, would go to all this effort in practice. A large company would need to downsize in order to satisfy the criteria for a small proprietary company and the negative commercial implications of doing this (such as loss of revenue and the stripping away of assets) will almost certainly outweigh any benefits gained from the avoidance of mandatory reporting.

In addition, ASIC is empowered to direct a small proprietary company to prepare and lodge reports for a financial year – thus diminishing the attractiveness of a major restructuring based on the sole purpose of avoiding mandatory reporting.⁴⁵ If the company ultimately remains a disclosing entity (or is a registered scheme) it will still need to prepare and lodge reports.⁴⁶

In addition, the less intrusive and less costly Australian corporate law reforms, when compared to the US, means there are lower incentives for companies to delist or go private in response to corporate law reforms in Australia. Amendments affecting listed and public companies have not been overly prescriptive – especially when compared to the US. For example, there is scope for listed companies to deviate from the ASX's Corporate Governance Best Practice Recommendations under listing rule 4.10.3. Companies doing so must however identify the recommendations not followed and the reasons for not following them.

In the US, SOX has increased the attractiveness of going dark and private – particularly among smaller companies where compliance costs are a bigger issue. Commentators have argued that SOX fails to accommodate the needs of small business in the US.⁴⁷ Some

⁴⁵ Section 294 of the Corporations Act.

⁴⁶ See Part 2M.3 of the Corporations Act.

⁴⁷ See e.g. Paul Rose, 'Balancing Public Market Benefits And Burdens For Smaller Companies Post Sarbanes-Oxley' (2005) 41 *Willamette Law Review* 707 and Nathan Wilda, 'David Pays for Goliath's Mistakes: the Costly Effect Sarbanes-Oxley has on Small Companies' (2004) 38 *John Marshall Law Review* 671. The SEC has continuously indicated that it will not exempt publicly traded companies from s 404. Instead, it is looking at providing practical guidance on s 404 and working with the Public Company Accounting Oversight Board in increasing the efficiency of the audit process. In the Final Report of the Advisory Committee on Smaller Public Companies to the SEC released April 2006, the aforementioned advisory committee recommended a scaled regulation system and exemptive relief altogether from s 404 for microcap companies. The SEC rejected the

companies acknowledge this and are open about their SOX-based motivations to go dark or private.⁴⁸

5 Analysis of delistings in Australia

Our sample contains observations spanning a 30 year period. As such we are able to provide insights into the delisting behaviour of Australian companies. We specifically consider: (a) the extent of delisting; (b) the length of time companies are listed on the ASX before delisting; and (c) the industry of delisted companies.

5.1 Extent of delisting

The number of delistings in each period expressed as a percentage of the average number of listed entities on the ASX over the same period is shown in Table Six. This measure gives an indication of the extent of delisting activity on the ASX board (i.e. how many listed companies delist each decade relative to the board). We obtain information about the number of listed entities from AGSM and from the ASX for the period 1990 onwards.

TABLE SIX
Number of delistings (sample one)/average number of listed entities in the same period

<u>Period</u>	<u>Rate</u>
1 (1 Jan 1995 to 31 Dec 2004)	175%
2 (1 Jan 1985 to 31 Dec 1994)	142%
3 (1 Jan 1975 to 31 Dec 1984)	134%

The extent of delisting in each decade is equivalent to the entire ASX board being turned over (at least) once in the same decade. This means in theory that every listed entity will delist at least once in a 10 year period so that by the end of the 10 years the board will be composed entirely of new entities (in either form or substance). Moreover, the number of delistings has been outpacing growth in the ASX board. In period one (the latest decade) the extent of delisting is the equivalent of nearly two ASX boards.

Of course the ASX board does not actually turn over entirely each decade. Some companies do not delist in the 10 years and many remain listed for much longer than 10 years. The significant extent of delisting is attributed in part to companies listing and delisting within 10 years (i.e. companies that come and go).⁴⁹ A majority of companies in fact do this – 79 per

Advisory Committee's recommendations. As part of the ongoing debate, two Bills were introduced into Congress on 10 May 2006 by Republicans Jim DeMint and Tom Feeney with the long Act names of 'Competitive and Open Markets that Protect and Enhance the Treatment of Entrepreneurs.' Both Bills are largely similar in that they propose to amend s 404 of the Sarbanes-Oxley Act by permitting certain small companies to opt out of the current s 404 regime. The two Bills have since been sitting with two different committees for consideration. At least one of the heads of one of the committees (Chairman Oxley for the House Financial Services Committee) has publicly opposed the Bills. Note also the SEC's proposed rule extending compliance dates for small public companies: release number 33-8731; available on <http://www.sec.gov>.

⁴⁸ See e.g. Susan Greco, 'Do Not Disturb', *Corporate Counsel*, March 2005, 90.

⁴⁹ More companies coming and going increases the numerator of the measure but not necessarily the denominator because the increase in companies listing is offset to some extent by the decrease in companies which have delisted and left the stock exchange.

cent of companies which delist do so within their first nine years of trading (see Table 10 and Figure Eight). Part 5.2 discusses the length of time companies are listed before delisting.

In a separate analysis of the Top 150 ASX companies for the period 1990-2005 we found that 80 per cent (120) of the Top 150 in 1990 had delisted by 2005. Capitalisation changes and name changes were included for the purposes of identifying a delisting. Thirty one per cent (47) of the Top 150 delisted in the period 1990-1995; 33 per cent (49) in the period 1995-2000; and a further 16 per cent (24) in the period 2000-2005. Further information about these results is contained in Appendix Six.

This tells us that delisting activity does not fall solely in the domain of small or mid sized companies. Larger companies are very much engaged in corporate actions which lead ultimately to delisting – only one in five of the Top 150 companies in 1990 remained listed in an unchanged form in 2005. The other companies either departed the board permanently or delisted and subsequently relisted. Note that capitalisation changes (code C) and name changes (code N) accounted for eight and 35 per cent of the delistings respectively (or nine and 42 out of 120) over the 15 year period. Collectively this amounts to 43 per cent of delistings (or 51 of 120).

Table Seven shows the extent of delisting if the C and N codes are excluded from the calculation. Table 6 by comparison included these codes and thereby gave a ‘whole’ measure of the extent of delisting.

TABLE SEVEN
Number of delistings (sample two)/average number of listed entities in the same period

Period	Rate
1 (1 Jan 1995 to 31 Dec 2004)	46%
2 (1 Jan 1985 to 31 Dec 1994)	53%
3 (1 Jan 1975 to 31 Dec 1984)	82%

It is apparent that the extent of delisting decreases significantly if the C and N codes are excluded. The extent of delisting actually decreases over the 30 years so that by the most recent decade the equivalent of less than half of the ASX board is turned over in terms of the number of delistings. The transactions and events leading to a delisting (such as being acquired, removal by the ASX and winding-up) have therefore not kept pace with the expansion in the ASX board.

The increase in the extent of the delisting as shown in Table Six is therefore due to the growth in capitalisation changes and name changes which more than make up for the decrease in the occurrence of other delist transactions and events. Table One and Figure One confirm that the bulk of the delistings is made up of more benign corporate actions (if we consider capitalisation changes and name changes as being benign corporate actions relative to the other delist reasons) – together the C and N delist codes account for 60 per cent of total delistings in sample one.⁵⁰ Table Eight shows that in the most recent decade the equivalent of the entire ASX board delisted on the basis of the C and N codes (as compared to half the board in the earliest decade).

⁵⁰ Though note that C and N delist codes can and do contain instances of significant company restructurings: see Part 2.1.

TABLE EIGHT
Capitalisation changes and name changes (C and N)/average number of listed entities in the same period

Period	Rate
1 (1 Jan 1995 to 31 Dec 2004)	128%
2 (1 Jan 1985 to 31 Dec 1994)	89%
3 (1 Jan 1975 to 31 Dec 1984)	52%

In the separate analysis of the Top 150 ASX companies for the period 1990-2005 we revised the methodology to exclude capitalisation changes and name changes. As a result, some of the companies in the Top 150 in 1990 which underwent capitalisation changes or name changes (which were counted previously as having delisted) remained listed on the board for the entire duration (albeit under a different name or capital structure) while others delisted subsequent to undertaking these two transactions and for other delist reasons (such as being acquired). These results are contained in Appendix Seven.

This revised measure of the attrition of the Top 150 for the period 1990-2005 gives a more accurate image of the changing composition of the Top 150 based on departures from the ASX. Sixty-two per cent (93 companies) of the Top 150 in 1990 had delisted by 2005 (as compared to 80 per cent or 120 companies if capitalisation changes and name changes are included). Eighteen per cent (27) delisted in the period 1990-1995; 28 per cent (42) in the period 1995-2000; and 16 per cent (24) in the period 2000-2005. Accordingly approximately two in five companies remained listed fifteen years later. This compares to one in five if capitalisation changes and name changes are included. Although higher, this still nonetheless tends to indicate that more large companies (i.e. those in the Top 150) than not ultimately delist.

5.2 *Length of time listed on the ASX before delisting*

5.2.1 *Over thirty years (1975-2004)*

We determine the length of time each company in our sample is listed before delisting.⁵¹ The minimum length of time listed is zero (i.e. less than one year) and the maximum is 100 years in sample one. The mean is eight years and the median is four years.

Table Nine and Figure Six reveal that over half of the companies (56 per cent) which delisted did so within their first four years of trading on the ASX and 22 per cent delisted within the next five years. Accordingly the first nine years account for 78 per cent of total delistings. By years 10-19, a further 12 per cent delisted. Therefore 90 per cent of companies which delist do so by their twentieth year of being listed.

Figure Seven shows the distribution of delistings within the first nine years of trading on the ASX (i.e. for the 4,676 delistings that occurred within these nine years). A majority of companies (59 per cent) have delisted within their first three years of trading.

⁵¹ The length of time listed is the difference between a company's list date and delist date as measured in years.

TABLE NINE
Length of time listed before delisting (sample one)

Length of time listed (years)	Number
0-4	3,340
0	714
1	782
2	678
3	606
4	560
5-9	1,336
5	401
6	336
7	270
8	165
9	164
10-14	461
15-19	233
20-24	131
25-29	119
30-34	79
35-39	60
40-44	26
45-49	29
50-54	18
55-59	31
60-64	19
65-69	20
70-74	15
75-79	11
80-84	6
85-89	10
90-94	2
95-99	5
100-104	1
Total	5,952

FIGURE SIX
Length of time listed before delisting (sample one)

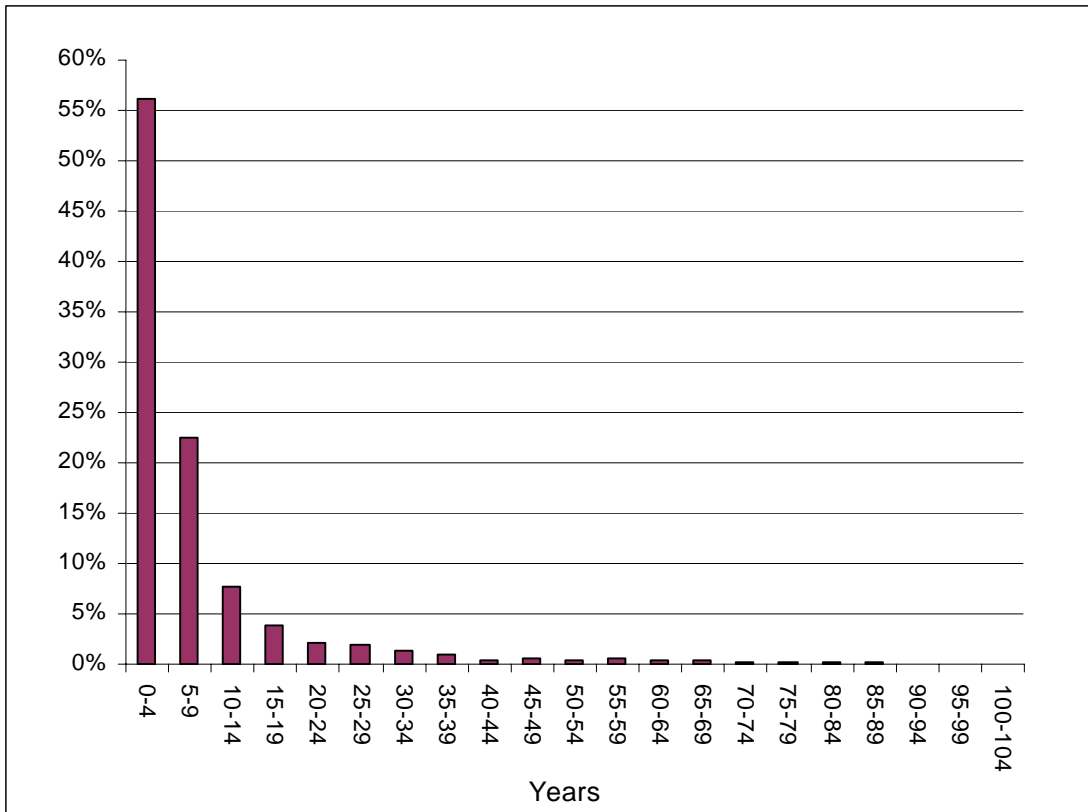


FIGURE SEVEN
Length of time listed before delisting – distribution of first nine years (sample one)

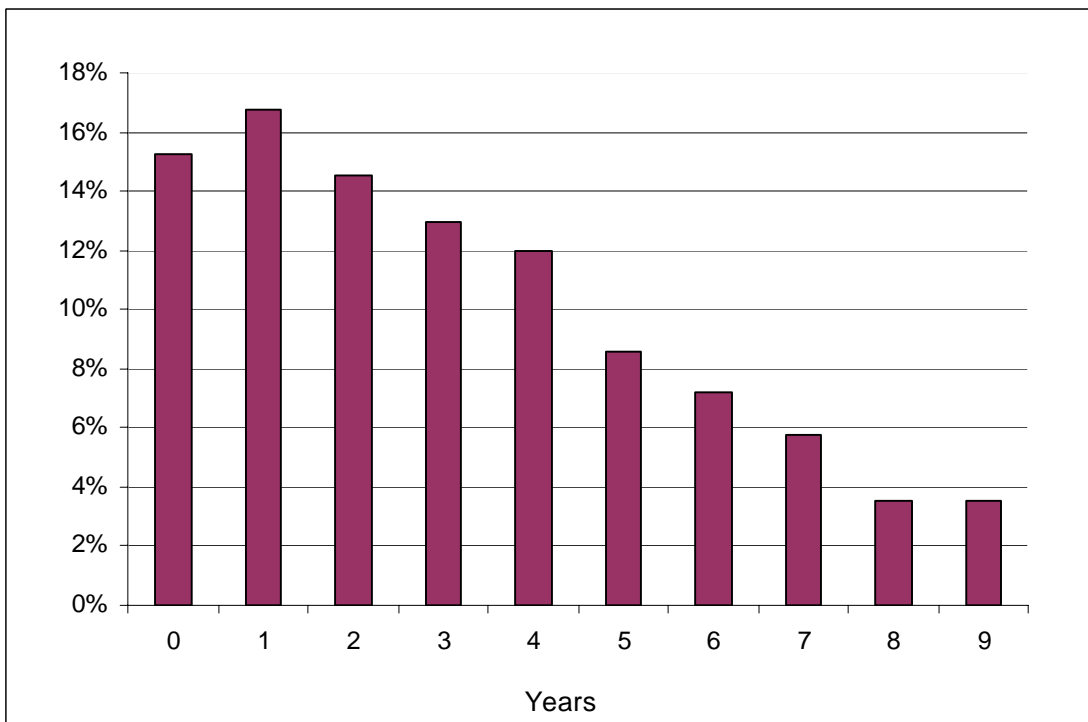


Table 10 and Figures Eight and Nine give this information for sample two. The minimum length of time in sample two is zero years and the maximum is 98 years. The mean is 10 years (compared to 8 for sample one) and the median is five years (compared to four for sample one).

Sample two largely follows the trend of sample one with respect to the length of time listed (though with a slight lag). Just under half of the companies (44 per cent) delisted within their first four years of trading and 28 per cent delisted within the next five years. The first nine years therefore account for 73 per cent of the delistings (compared to 78 per cent in sample one). By years 10-19, a further 13 per cent delisted. Therefore 89 per cent of companies which delist do so by their twenty fifth year of listing.

Figure Nine shows the distribution of delistings within the first nine years of trading on the ASX (i.e. for the 1,738 delistings that occurred within these nine years). Unlike sample one, the bulk of the companies are clustered around the third and fourth years of trading (i.e. years 2, 3 and 4). Just under half of the companies (47 per cent) delist within this period.

As the C and N codes account for 60 per cent of the observations in sample one, they significantly influence the length of time listed. Without these two codes, the distribution of delisting within the first nine years of trading is pushed outwards so that most companies delist in their fourth year of trading (and not their first). The difference can likely be explained by the fact that in the early years of listing, companies are more likely to undergo capitalisation changes and name changes to tweak the business⁵² but not events or transactions which fundamentally change the nature of the business (such as being acquired or winding up).

Companies do not wait long to undertake capitalisation changes and name changes. Nearly one in five (or 19 per cent) of delistings attributed to capitalisation changes and name changes take place within the first year of trading as compared to only two per cent of delistings attributed to all other reasons. Another way to examine this is to consider the composition of delistings each year i.e. C and N codes versus other reasons. Of the delistings which occurred within the first year of trading, 93 per cent were attributed to C and N events (meaning just seven per cent were for other reasons). The proportion of C and N delistings in each year thereafter gradually decreases (74 per cent, 60 per cent and 56 per cent for the first, second and third years respectively) and stays at around 50 per cent from the fourth year onwards for a couple of decades.⁵³

Companies which delist for reasons other than capitalisation changes and name changes are nonetheless similar to those that do delist for these two reasons because as a whole, companies which delist mostly do so by their tenth year of trading – 73 per cent for sample two and 83 per cent for C and N observations.

⁵² See Part 2.1.

⁵³ The sample becomes too small after this to draw meaningful conclusions.

TABLE 10
Length of time listed before delisting (sample two)

Length of time listed (years)	Number
0-4	1,064
0	52
1	202
2	268
3	268
4	274
5-9	674
5	208
6	162
7	134
8	90
9	80
10-14	212
15-19	107
20-24	77
25-29	60
30-34	55
35-39	34
40-44	16
45-49	11
50-54	11
55-59	17
60-64	13
65-69	12
70-74	10
75-79	9
80-84	4
85-89	8
90-94	1
95-99	2
100-104	0
Total	2,397

FIGURE EIGHT
Length of time listed before delisting (sample two)

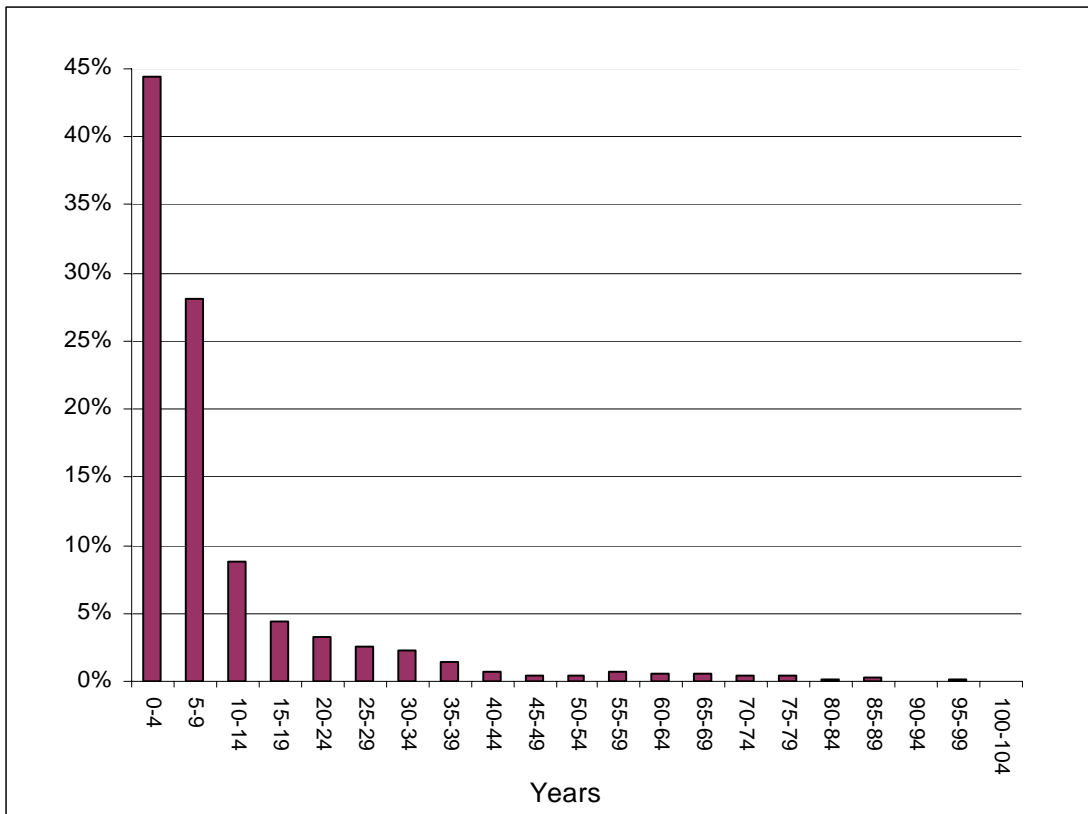
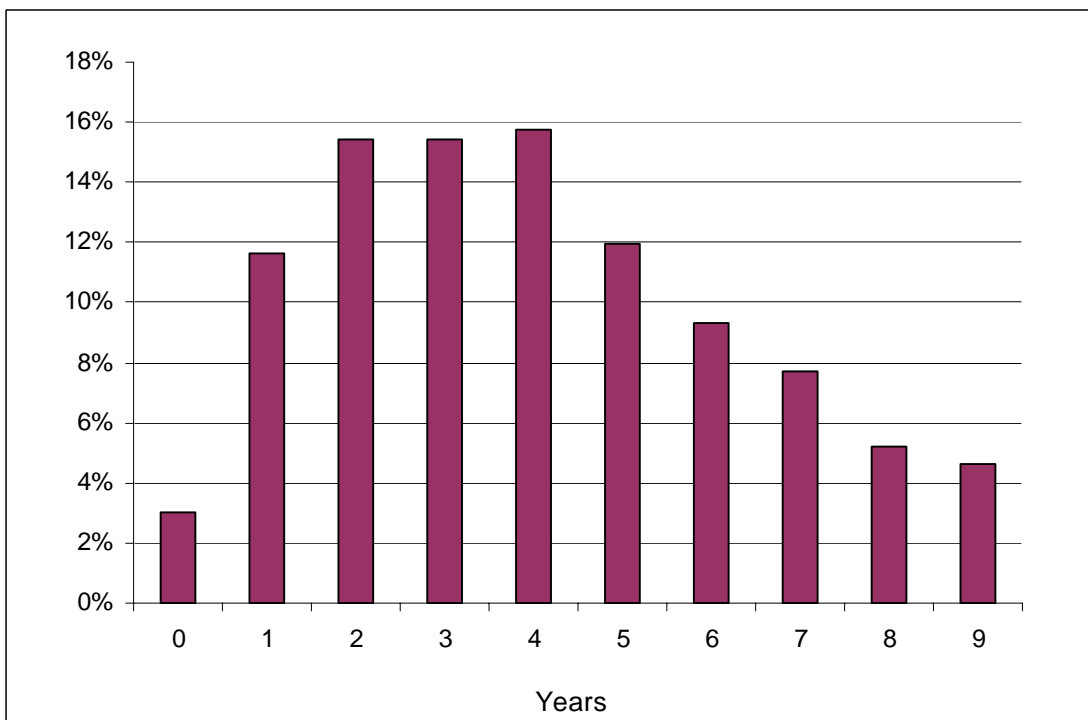


FIGURE NINE
Length of time listed before delisting – distribution of first nine years (sample two)



5.2.2 *Over three decades (1975-1984; 1985-1994; and 1995-2004)*

The length of time listed (before delisting) is also determined according to the decade of delisting pursuant to the three periods in Table One. These periods are:

Period 1	1 January 1995 to 31 December 2004
Period 2	1 January 1985 to 31 December 1994
Period 3	1 January 1975 to 31 December 1984

Figures 10 and 11 show the results. See Appendix Two for the results in table form.

From Figure 10 we can see that a majority of companies which delisted in the most recent decade (period one) did so in their earlier years as compared to companies that delisted in period three – sixty-three per cent of companies which delisted in periods one and two did so within their first four years of listing as compared to only 20 per cent in period three. Of the three periods, period one has the most pronounced negative trend between the number of delistings and the length of time listed on the stock exchange. For example, 96 per cent of companies which delisted in period one did so by their twentieth year of trading. By comparison, 91 per cent and 73 per cent of the companies which delisted in periods two and three respectively did so by their twentieth year of trading.

Figure 11 compares the distribution of companies delisting within their first nine years of trading on the ASX according to the decade delisted. It clearly shows a trend of delisting earlier in life (from delisting later in life). Companies which delisted in period three were most likely to have done so in their sixth year; and more than half (56 per cent) delisted in years four to seven. However the most common time for companies which delisted in period two to do so was after one year of trading on the stock exchange (19 per cent); and a majority had delisted by their fourth year of trading (63 per cent). For period one, companies which delisted in this period were most likely to do so within their first year of trading (19 per cent) and just over half (51 per cent) did so by their third year of trading.

FIGURE 10
Length of time listed according to decade delisted (sample one)

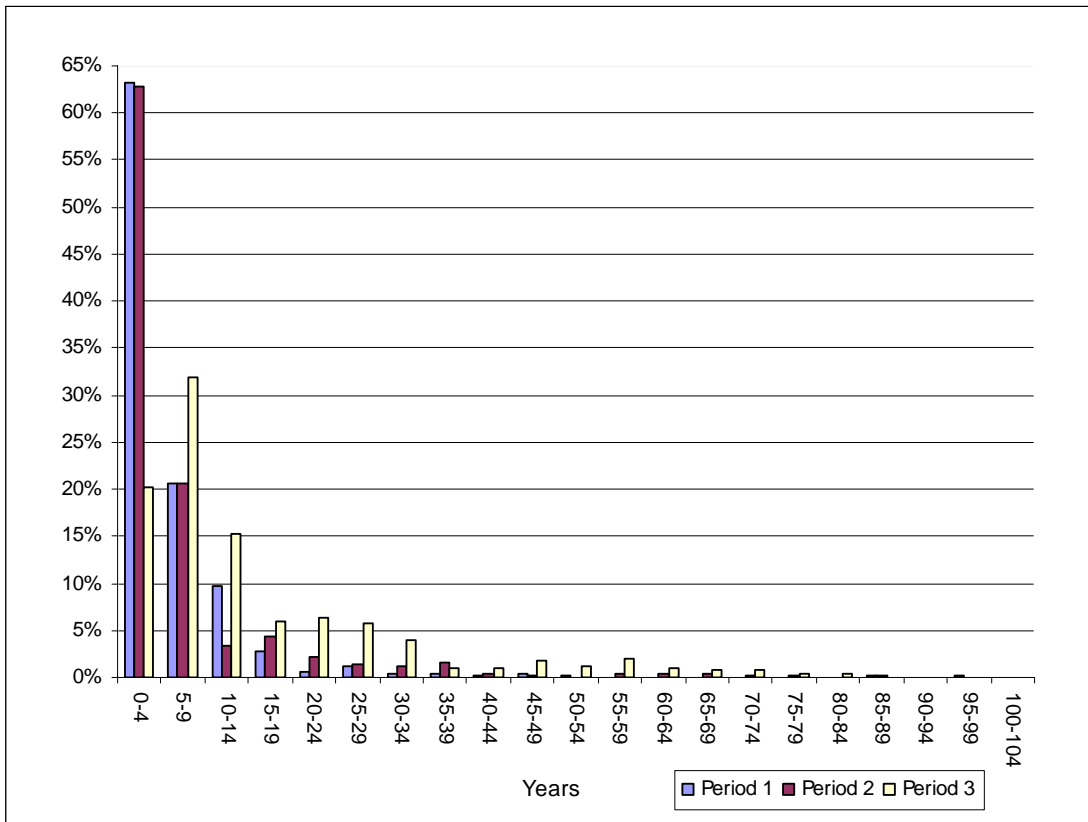
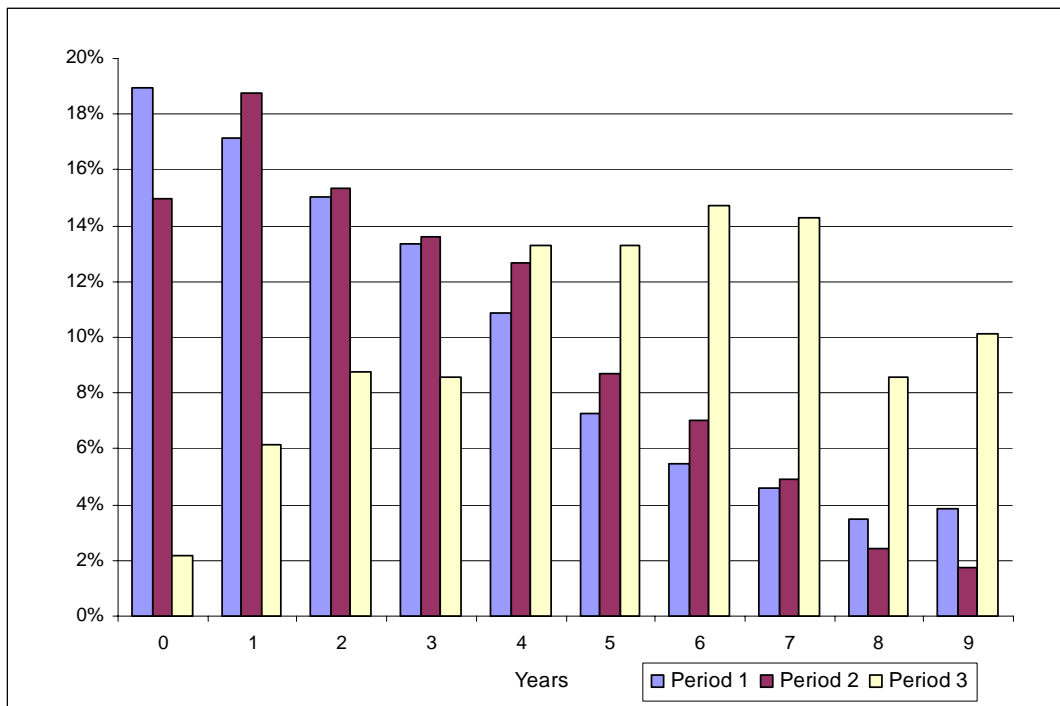


FIGURE 11
Length of time listed according to decade delisted – distribution of first nine years (sample one)



However these results are influenced by the inclusion of the C and N codes. In particular the length of time listed for companies which delisted in periods one and two is affected because the C and N codes account for a significant portion of delistings (74 per cent and 55 per cent of delistings in period one and two respectively; 39 per cent in period three). Excluding C and N may therefore provide better information about the length of time companies are listed on the ASX before delisting. The revised results are shown in Figures 12 and 13. Appendix Four provides the results in table format.

In relation to the length of time listed according to the decade delisted, Figure 12 (sample two) does not vary significantly from Figure 10 (sample one). As was the case for sample one, most companies which delist do so in their early years of trading – 74 per cent, 81 per cent and 54 per cent of total delistings occur within the first nine years of trading for periods one, two and three respectively. The only real difference is that with respect to period one delistings, fewer companies delisted in their early years of trading – 46 per cent within the first four years as compared to 63 per cent for sample one; and 29 per cent within the next five years as compared to 21 per cent in sample one. This is consistent with what has been discussed above (i.e. delistings attributed to the C and N codes tend to occur early on and sample one is dominated by C and N codes).

The distribution of the delistings in the first nine years is however quite different for sample two as compared to sample one (compare Figure 13 to Figure 11). Once C and N are excluded, the proportion of delistings occurring within the first year of listing drops to three and four per cent for periods one and two respectively (from 19 and 15 per cent for sample one). The proportion of period one delistings occurring between years one to four of trading is also evenly distributed (around 15 per cent per year) with a negative trend only beginning to appear after the fourth year. This is in comparison to the pronounced negative trend from the outset for period one in sample one.

This indicates that, for sample two, the companies which delisted in the most recent decade typically did so only *after* their first year of listing (as compared to *within* the first year for sample one). By comparison, companies which delisted in period three (sample two) were likely to have traded for at least three years before delisting. The most common time for companies which delisted in period three to do so was in the fifth year of trading (which accounted for nearly one in five delistings). As with sample one, period two bridges the gap between period one and two i.e. companies which delisted in period two were likely to have done so around the two to four year mark (shorter in time than period three delisting companies but longer in time than period one delisting companies). Possible reasons for the increasing tendency of companies to delist in their earlier years include: a more active and fluid market; greater competition; and greater demands on management.

FIGURE 12
Length of time listed according to decade delisted (sample two)

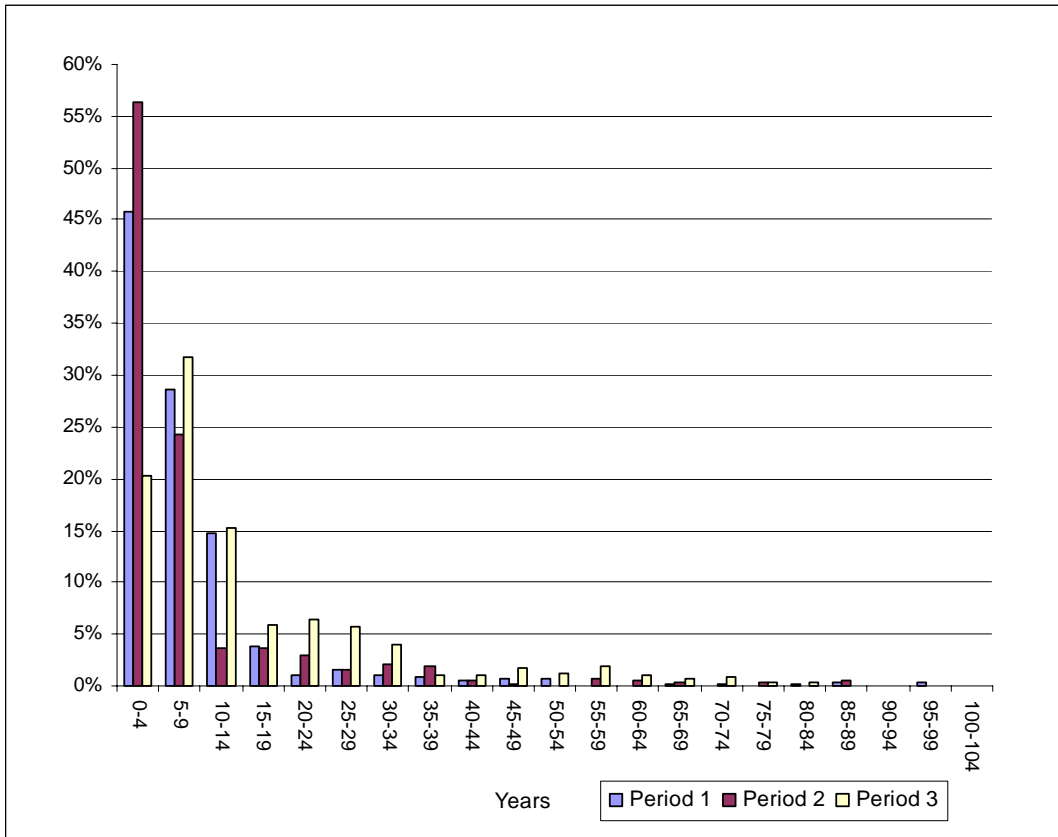
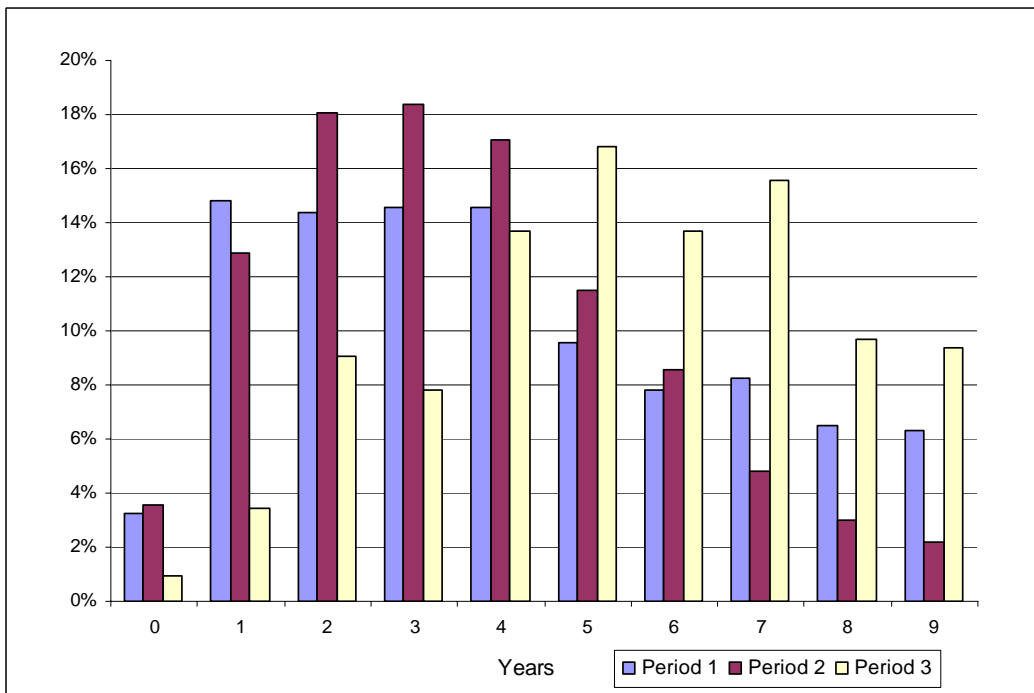


FIGURE 13
Length of time listed according to decade delisted – distribution of first nine years (sample two)



5.3 *Industry of delisted companies*

5.3.1 *Over thirty years (1975-2004)*

The industry of delisted companies is collated and presented in Table 11 and Figure 14 (sample one) and Table 12 and Figure 15 (sample two). Regarding the classification system, the ASX industry codes applied to companies listed prior to October 2002 and the Standard & Poors Global Industry Classification System (GICS) applies to ASX companies from this date onwards.

The industries which accounted for the most delistings in sample one are: resources (25 per cent); miscellaneous industrials (21 per cent); and banks, investments and financials (15 per cent). Miscellaneous industrials includes agriculture; automotive; technology; and related services. These three industries collectively account for 61 per cent of delistings with the remaining industries each accounting for five per cent or less of delistings.

By comparison the industries with the least amount of delistings, accounting for less than one per cent of delistings (or 60 observations over the thirty year sample period), are: infrastructure and utilities (27 observations); transport (33); paper and forest (42); insurance (45); and hotels, restaurants and leisure (53).

Sample two largely follows the pattern of sample one though the order of industry ranking is somewhat different. The industries which account for the most delistings are: miscellaneous industrials (23 per cent); banks, investments and financials (18 per cent); and resources (16 per cent). These three industries collectively account for 56 per cent of delistings.

The most inactive industries in terms of delistings in sample two, accounting for less than one per cent of delistings (or 24 observations), are: infrastructure and utilities (7 observations); healthcare, pharmaceuticals and biotechnology (13 observations); hotels, restaurant and leisure (19); paper and forest (21); telecommunications (21); and transport (22).

The distribution of industries is a reflection of the composition of the ASX board as well as broader market activity. A point to note is that the prevalence of capitalisation changes and name changes as measured by magnitude in the past thirty years has been mainly due to the resources sector. Once the C and N codes are excluded, the resources sector only accounts for 16 per cent of delistings (as compared to 25 per cent when the C and N codes are included). On the other hand, the two other leading industries (miscellaneous industrials and banks, investments and financials) do not change significantly from sample one to sample two (from 21 per cent to 23 per cent; and 15 per cent to 18 per cent respectively). Likewise the proportions of the other industries do not change significantly from sample one to sample two. The resources sector in fact accounts for 31 per cent of all C and N observations as compared to 21 per cent for miscellaneous industrials and 14 per cent for banks, investments and financials.

However delistings attributed to capitalisation changes and name changes are not confined to the resources sector. Such delistings are common across all industries and particularly in the telecommunications (83 per cent of all delistings within this industry are due to C and N events); healthcare, pharmaceuticals and biotechnology (81 per cent); resources (75 per cent); infrastructure and utilities (74 per cent) and energy (68 per cent) industries. This is not

surprising given the often capital intensive and speculative nature of companies contained within these industries. By comparison capitalisation changes and name changes are used least in the relatively stable: transport (33 per cent); alcohol and tobacco (37 per cent); food and household goods (42 per cent) and engineering (44 per cent) industries.

TABLE 11
Industry of delisted companies (sample one)

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1	15104000	Gold	934
2		Other Metals	508
3		Diversified Resources	14
		Metals and Mining	32
		Total Resources	1,488
4	10100000	Energy	314
		Energy	3
		Total Energy	317
5		Infrastructure & Utilities	27
6		Developers & Contractors	236
7		Building Materials	181
8		Alcohol & Tobacco	63
9		Food & Household Goods	173
10		Chemicals	64
11		Engineering	218
12	15105000	Paper & Packaging	38
		Paper & Forest Products	4
		Total Paper & Forest Products	42
13	25500000	Retail	185
		Retailing	4
		Total Retail	189
14	20300000	Transport	32
		Transportation	1
		Total Transport	33
15	25400000	Media	171
		Media	5
		Total Media	176
17		Insurance	45
18	50100000	Telecommunications	116
		Telecommunication Services	5
		Total Telecommunications	121
16	40200000 40400000	Banks & Finance	66
19		Investment & Financial Services	837
		Diversified Financials	10
		Real Estate Financials	3
		Total Banks, Investment & Financials	916
20	40401010	Property Trusts	169
		Real Estate Investment Trusts	12
		Total Property Trusts	181
21	35100000 35200000	Healthcare & Biotechnology	57
		Healthcare Equipment & Services	6
		Pharmaceuticals & Biotechnology	4
		Total Healthcare & Biotech	67
22		Miscellaneous Industrials	1,217

		Includes: Agriculture & Related Services; Automotive & Related Services; Computer & Office Services and High Technology; and Miscellaneous Services	
	20100000	Capital Goods	4
	20200000	Commercial Services & Supplies	16
	25100000	Automobile & Components	1
	45100000	Software & Service	26
	45200000	Technology Hardware & Equipment	11
		Total Miscellaneous Industrials	1,275
23		Diversified Industrials	84
24		Tourism & Leisure	45
	25300000	Hotel Restaurants and Leisure	8
		Total Hotel, Restaurants and Leisure	53
		Unassigned (ASX)	1
		Unassigned (GICS)	2
		Unassigned	3
		Total	5,952

FIGURE 14
Industry of delisted companies

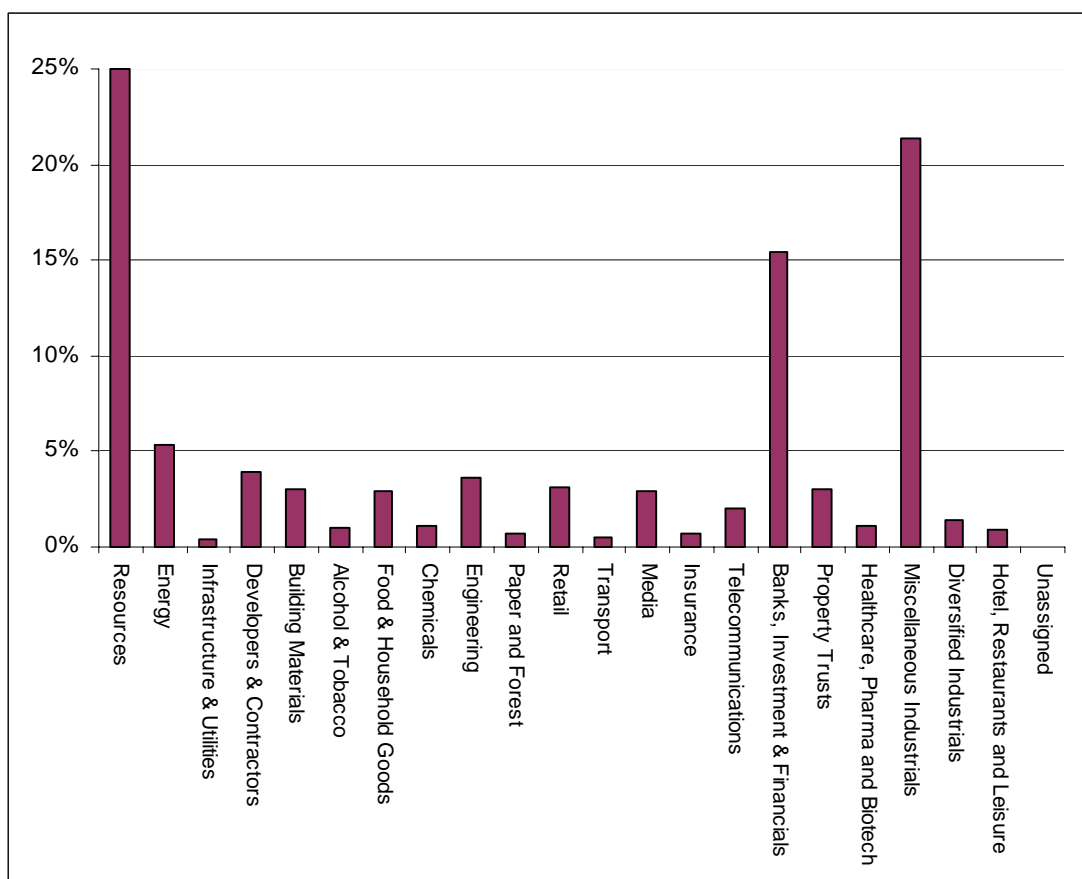
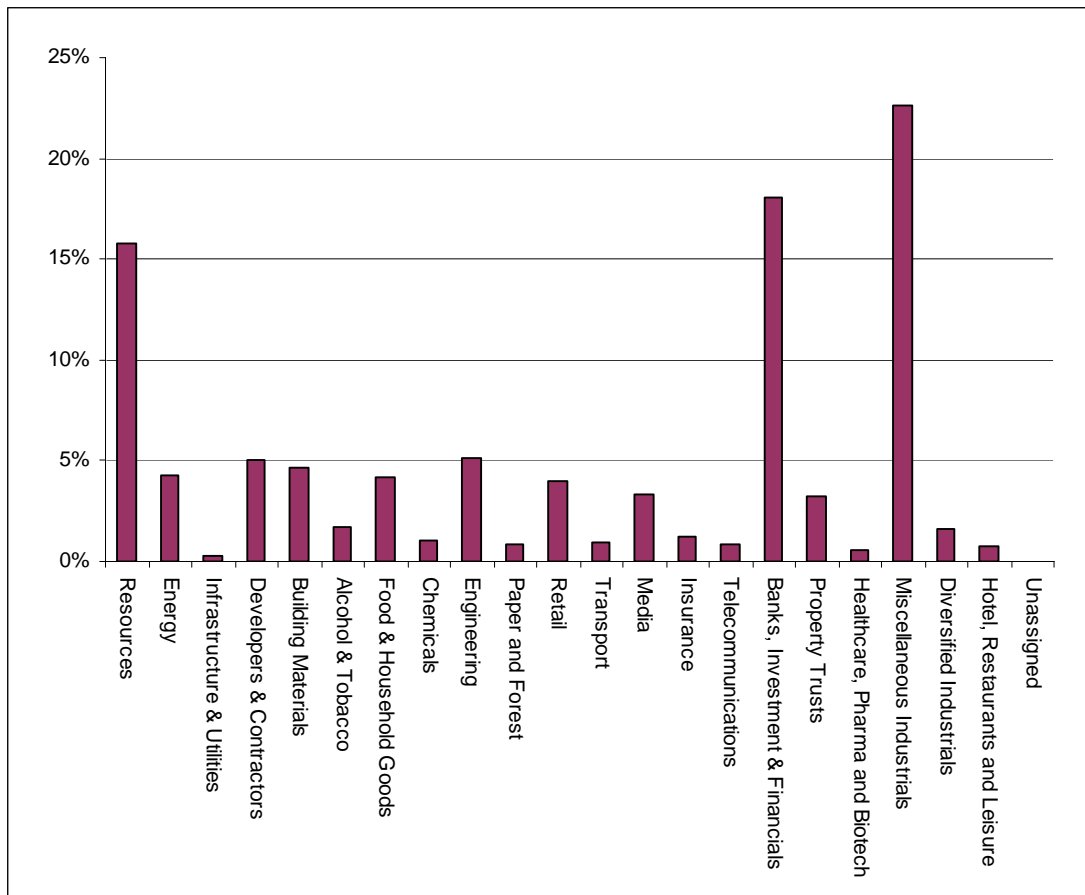


TABLE 12
Industry of delisted companies (sample two)

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1	15104000	Gold	234
2		Other Metals	136
3		Diversified Resources	7
		Metals and Mining	1
		Total Resources	378
4		Energy	102
5		Infrastructure & Utilities	7
6		Developers & Contractors	120
7		Building Materials	111
8		Alcohol & Tobacco	40
9		Food & Household Goods	100
10		Chemicals	25
11		Engineering	122
12	15105000	Paper & Packaging	20
		Paper & Forest Products	1
		Total Paper & Forest Products	21
13		Retail	95
14		Transport	22
15		Media	80
17		Insurance	29
18		Telecommunications	21
16	40200000	Banks & Finance	33
19		Investment & Financial Services	397
		Diversified Financials	2
		Total Banks, Investment & Financials	432
20	40401010	Property Trusts	74
		Real Estate Investment Trusts	4
		Total Property Trusts	78
21		Healthcare & Biotechnology	13
22	20100000 20200000 25100000 45100000 45200000	Miscellaneous Industrials	536
		Includes: Miscellaneous Services; Agriculture & Related Services; Automotive & Related Services; Computer & Office Services and High Technology	
		Capital Goods	
		Commercial Services & Supplies	
		Automobile & Components	3
		Software & Service	
		Technology Hardware & Equipment	2
	Total Miscellaneous Industrials	1	
			542
23		Diversified Industrials	39
24		Tourism & Leisure	19
		Unassigned (ASX)	1
		Total	2,397

FIGURE 15
Industry of delisted companies (sample two)



5.3.2 *Over three decades (1975-1984; 1985-1994; and 1995-2004)*

The distribution of the industries of delisted companies is further broken down into three decade periods (pursuant to Table One) according to decade of delisting. Figure 16 shows the results for sample one and Figure 17 for sample two.

The most active industries in terms of delisted companies in each decade for both samples are by far: banks, investment and financials; miscellaneous industrials and resources. The leading industries therefore do not change between sample one to sample two. These top three industries account for 50-68 per cent of delistings each decade for sample one and 49-65 per cent for sample two. They account for the most delistings in period two representing 68 and 65 per cent of period two delistings in sample one and sample two respectively. By comparison they only account for 50 per cent of period three delistings in both samples one and two; and 60 per cent and 49 per cent of period one delistings in sample one and sample two respectively. Their composition each decade is shown in Tables 13 and 14. The remaining industries each account for less than 10 per cent of delistings in each decade in both samples.

FIGURE 16
Industry of delisted companies according to decade delisted (sample one)

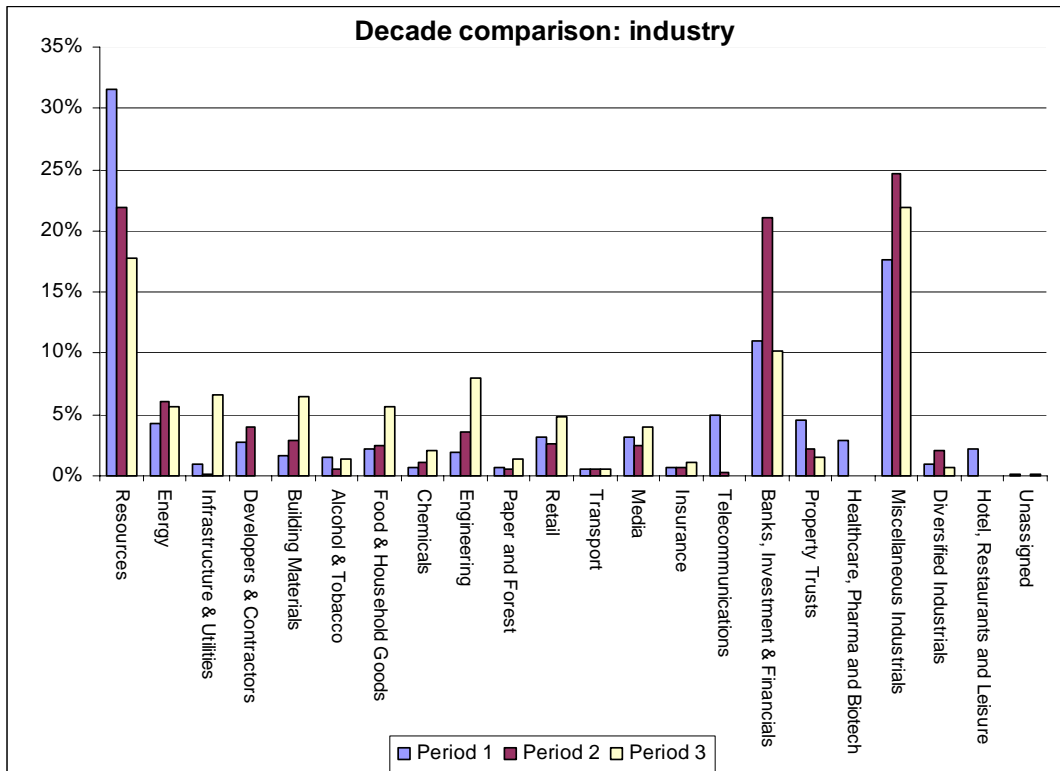


FIGURE 17
Industry of delisted companies according to decade delisted (sample two)

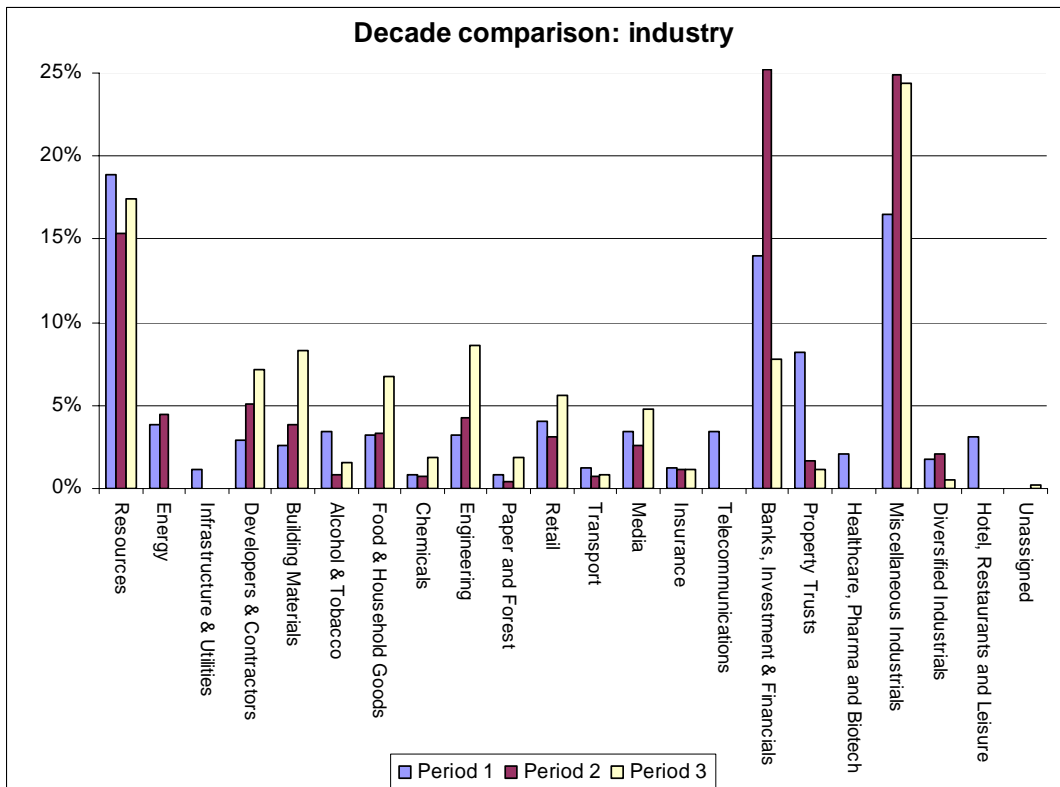


TABLE 13
Most active industries – proportion of delistings in each decade (sample one)

Period	Banks, investment & financial	Miscellaneous Industrials	Resources	Total
1: 1995 to 2004	11%	18%	32%	60%
2: 1985 to 1994	21%	25%	22%	68%
3: 1975 to 1984	10%	22%	18%	50%

TABLE 14
Most active industries – proportion of delistings in each decade (sample two)

Period	Banks, investment & financial	Miscellaneous Industrials	Resources	Total
1: 1995 to 2004	16%	14%	19%	49%
2: 1985 to 1994	25%	25%	15%	65%
3: 1975 to 1984	24%	8%	17%	50%

6 Conclusion

We examine whether Australian listed companies are delisting in response to Australian corporate law reforms or changes to their reporting requirements. Through the analysis of thirty years of delisting data we find no evidence of companies delisting for such reasons. There are at least two possible explanations for this finding. First, it could be explained by a lack of excessively prescriptive or burdensome corporate law amendments. It could also be explained by the Australian reporting framework, which requires all companies, except small proprietary companies, to prepare and lodge financial reports with ASIC.

US listed companies can delist and deregister their securities in order to avoid otherwise mandatory reporting requirements (and thus avoid being affected by amendments such as SOX) but no similar mechanism exists in Australia. Deregistration in the US is founded upon the number of shareholders whereas a small proprietary company is defined by reference to key business indicators i.e. revenue, assets and employees. It is thereby easier for a US company to undertake actions to enable it to deregister as compared to an Australian company seeking to meet the definition of a small proprietary company.

Over the thirty year period of study, there were 5,952 delistings. The most common reasons for delisting over this period were:

- failure to pay listing fees – 482 observations (8.1 per cent);
- company acquired – 1,118 observations (18.8 per cent);
- capitalisation change – 1,151 observations (19.3 per cent); and
- name or company code change – 2,404 observations (40.4 per cent).

In addition to the above, we also document some general findings about Australian delistings. We find that the extent of delisting (the number of delistings expressed as a percentage of the size of the ASX board) has been increasing each decade for the past three decades and is the equivalent of at least one whole board being turned over each decade. If capitalisation

changes and name changes are however excluded from the calculation then the extent of delisting is in fact decreasing. The increase in capitalisation changes and name changes thus more than makes up for the decrease in delistings caused by other reasons.

In order to determine the extent of delistings for the largest companies, we examined the Top 150 ASX companies for the period 1990-2005 in a separate study. Eighty per cent of the Top 150 companies in 1990 had delisted by 2005. Excluding delistings attributed to capitalisation changes and name changes, 62 per cent of the Top 150 companies in 1990 had delisted by 2005.

We also examined the length of time companies are listed on the ASX before delisting. The mean is eight years and the median is four years. Fifty six per cent of companies which delisted did so within their first four years of trading and another 22 per cent delisted within the next five years. This means a total of 78 per cent of companies that delisted did so within nine years of listing.

When delistings attributed to capitalisation and name changes are excluded from the sample, the mean is 10 years and the median is five years. Forty four per cent of companies which delisted did so within their first four years of trading and another 28 per cent delisted within the next five years (ie, a total of 73 per cent within nine years of listing). This trend largely follows the bigger sample though with a slight lag.

The industries which account for the greatest number of delistings in both sample one and sample two are: banks, investment and financial (15 per cent for sample one (which includes delistings attributed to capitalisation and name changes) and 18 per cent for sample two (which excludes delistings attributed to these two reasons); miscellaneous industrials (21 per cent and 23 per cent); and resources (25 per cent and 16 per cent). Collectively these industries account for 61 per cent of delistings in sample one and 56 per cent of delistings in sample two. The remaining industries each account for five per cent or less of delistings.

APPENDIX ONE

Reason for delisting by decade delisted

Period 1 1 January 1995 to 31 December 2004

Period 2 1 January 1985 to 31 December 1994

Period 3 1 January 1975 to 31 December 1984

Period 1: 1 Jan 1995 to 31 Dec 2004

Code	Represents	Number
A	Company acquired	246
	and at company's own request (R)	12
	and following shareholder approval (S)	3
	Total	261
B	Break-up or demerger	2
D	Assets distributed (secondary delist reason only)	-
E	Evicted by order of ASX	8
	and liquidated (L) and subsequently relisted (Z)	1
	and at company's own request (R)	1
	Total	10
F	Failure to pay listing fees	92
G	Closure of Australian branch registry	1
	and at company's own request (R)	1
	Total	2
I	Insufficient shareholder spread	-
L	Liquidated	1
	and at company's own request (R)	2
	Total	3
M	Company merged with another	34
	and at the company's own request (R)	9
	and following shareholder approval (S)	4
	and following shareholder approval (S) and at company's own request (R)	1
	Total	48
O	Other	8
	and name change (N)	2
	Total	10
P	Removed pursuant to ASX listing rule 18.9.2	5
R	At company's own request	108
	and following shareholder approval (S)	3
	and merged (M)	7
	and liquidated (L)	3
	and acquired (A)	4
	and following shareholder approval (S) and merged (M)	5
	and following shareholder approval (S) and acquired (A)	2
	and acquired (A) and following shareholder approval (S)	1
	Total	133
S	Following shareholder approval	3
	and merged (M)	23
	and acquired (A)	4
	and wind-up (W)	2
	and other (O)	1
and merged (M) and name change (N)	2	

	and merged (M) and at company's own request (R)	2
	and other (O) and at company's own request (R)	2
	and assets distributed (D) and acquired (A)	1
	and name change (N)	1
	and name change (N) and capitalisation change (C)	1
	and other (O) and assets distributed (D) and merged (M)	1
	and at company's own request (R)	1
	Total	44
T	Second board company not transferred to the main board	-
V	Listing rule violation	
	and evicted by order of ASX (E)	3
W	Voluntary wind-up	-
Y	Change in shareholder liability status (secondary delist reason only)	-
Z	Company is relisted (secondary delist reason only)	-
	Unassigned	6
	Total	619
C	Capitalisation change whose deferred delivery shares span the end of a month	508
	and name change (N)	16
	and name change (N) and change in shareholder liability status (Y)	3
	Total	527
N	Name or company code change	920
	and change in shareholder liability status (Y)	246
	and capitalisation change (C)	18
	and capitalisation change (C) and change in shareholder liability status (Y)	6
	and company merger (M)	1
	Total	1,191
	Total including C and N	2,337

Period 2: 1 Jan 1985 to 31 Dec 1994

Code	Represents	Number
A	Company acquired	444
	and insufficient shareholder spread (I)	3
	and company subsequently relisted (Z)	1
	and failure to pay listing fees (F)	1
	Total	449
B	Break-up or demerger	-
D	Assets distributed (secondary delist reason only)	-
E	Evicted by order of ASX	86
F	Failure to pay listing fees	334
	and liquidated (L)	6
	and subsequently relisted (Z)	2
	Total	342
G	Closure of Australian branch registry	-
I	Insufficient shareholder spread	22
L	Liquidated	32
	and failure to pay listing fees (F)	27
	and wind-up (W)	8
	and at company's own request (R)	3
	and evicted by order of ASX (E)	1
	Total	71
M	Company merged with another	12
	and capitalisation change (C)	1
	and capitalisation change (C) and change in shareholder liability status (Y)	1
	Total	14

O	Other	24
	and name change (N) and change in shareholder liability status (Y)	1
	and subsequently relisted (Z)	1
	Total	26
P	Removed pursuant to ASX listing rule 18.9.2	-
R	At company's own request	63
	and following shareholder approval (S)	5
	and liquidated (L)	3
	and wind-up (W)	1
	Total	72
S	Following shareholder approval	25
	and merged (M)	16
	and acquired (A)	3
	and wind-up (W)	2
	and other (O)	3
	and assets distributed (D)	1
	and liquidated (L)	1
	Total	51
T	Second board company not transferred to the main board	
	and evicted	40
V	Listing rule violation	12
	and evicted by order of ASX (E)	1
	Total	13
W	Voluntary wind-up	1
Y	Change in shareholder liability status (secondary delist reason only)	-
Z	Company is relisted (secondary delist reason only)	-
	Unassigned	1
	Total	1,188
C	Capitalisation change whose deferred delivery shares span the end of a month	573
	and name change (N)	47
	and name change (N) and change in shareholder liability status (Y)	1
	Total	621
N	Name or company code change	745
	and change in shareholder liability status (Y)	56
	and capitalisation change (C)	27
	and capitalisation change (C) and change in shareholder liability status (Y)	10
	and capitalisation change (C) and following shareholder approval (S) and change in shareholder liability status (Y)	2
	and following shareholder approval (S) and capitalisation change (C)	1
	Total	841
	Total including C and N	2,650

Period 3: 1 Jan 1975 to 31 Dec 1984

Code	Represents	Number
A	Company acquired and at company's own request (R) and insufficient shareholder spread (I) and company subsequently relisted (Z) and failure to pay listing fees (F) Total	400 2 3 2 1 408
B	Break-up or demerger	-
D	Assets distributed (secondary delist reason only)	-
E	Evicted by order of ASX and name change (N) and subsequently relisted (Z) Total	4 1 5
F	Failure to pay listing fees and listing rule violation (V) and subsequently relisted (Z) and listing rule violation (V) and subsequently relisted (Z) and listing rule violation (V) and closure of Australian branch registry (G) Total	37 5 3 2 1 48
G	Closure of Australian branch registry	5
I	Insufficient shareholder spread	28
L	Liquidated and wind-up (W) and subsequently relisted (Z) and name change (N) and subsequently relisted (Z) Total	16 3 3 1 23
M	Company merged with another and relisted (Z) and listing rule violation (V) and name change (N) Total	6 1 7
O	Other and acquired (A) Total	3 1 4
P	Removed pursuant to ASX listing rule 18.9.2	-
R	At company's own request and wind-up (W) and subsequently relisted (Z) Total	16 1 1 18
S	Following shareholder approval and merged (M) and wind-up (W) and subsequently relisted (Z) and subsequently relisted (Z) and name change (N) and change in shareholder liability status (Y) Total	3 13 3 1 1 21
T	Second board company not transferred to the main board	-
V	Listing rule violation	21
W	Voluntary wind-up	2
Y	Change in shareholder liability status (secondary delist reason only)	-
Z	Company is relisted (secondary delist reason only)	-
	Unassigned	-
	Total	590
C	Capitalisation change whose deferred delivery shares span the end of a month	3
N	Name or company code change and change in shareholder liability status (Y) and capitalisation change (C) and change in shareholder liability status (Y)	344 27 1

	Total	372
	Total including C and N	965

APPENDIX TWO

Length of time listed before delisting by decade delisted (sample one)

Period 1: 1 Jan 1995 to 31 Dec 2004

Length of time listed (years)	Number
0-4	1,477
0	371
1	336
2	295
3	262
4	213
5-9	482
5	142
6	107
7	90
8	68
9	75
10-14	225
15-19	63
20-24	13
25-29	28
30-34	7
35-39	8
40-44	5
45-49	9
50-54	4
55-59	-
60-64	-
65-69	2
70-74	2
75-79	1
80-84	1
85-89	3
90-94	1
95-99	5
100-104	1
Total	2,337

Period 2: 1 Jan 1985 to 31 Dec 1994

Length of time listed (years)	Number
0-4	1,667
0	332
1	415
2	339
3	301
4	280
5-9	547
5	192
6	155
7	108
8	54
9	38
10-14	88

15-19	113
20-24	56
25-29	35
30-34	33
35-39	42
40-44	11
45-49	3
50-54	2
55-59	12
60-64	9
65-69	11
70-74	5
75-79	6
80-84	2
85-89	7
90-94	1
95-99	-
100-104	-
Total	2,650

Period 3: 1 Jan 1975 to 31 Dec 1984

Length of time listed (years)	Number
0-4	196
0	11
1	31
2	44
3	43
4	67
5-9	307
5	67
6	74
7	72
8	43
9	51
10-14	148
15-19	57
20-24	62
25-29	56
30-34	39
35-39	10
40-44	10
45-49	17
50-54	12
55-59	19
60-64	10
65-69	7
70-74	8
75-79	4
80-84	3
85-89	-
90-94	-
95-99	-
100-104	-
Total	965

APPENDIX THREE

Length of time listed before delisting by decade delisted (sample two)

Period 1: 1 Jan 1995 to 31 Dec 2004

Length of time listed (years)	Number
0-4	283
0	15
1	68
2	66
3	67
4	67
5-9	177
5	44
6	36
7	38
8	30
9	29
10-14	91
15-19	24
20-24	6
25-29	10
30-34	6
35-39	5
40-44	3
45-49	4
50-54	4
55-59	0
60-64	0
65-69	1
70-74	0
75-79	0
80-84	1
85-89	2
90-94	0
95-99	2
100-104	0
Total	619

Period 2: 1 Jan 1985 to 31 Dec 1994

Length of time listed (years)	Number
0-4	669
0	34
1	123
2	173
3	176
4	163
5-9	288
5	110
6	82
7	46
8	29
9	21
10-14	44

15-19	44
20-24	35
25-29	19
30-34	24
35-39	22
40-44	6
45-49	2
50-54	0
55-59	8
60-64	6
65-69	5
70-74	3
75-79	5
80-84	1
85-89	6
90-94	1
95-99	0
100-104	0
Total	1,188

Period 3: 1 Jan 1975 to 31 Dec 1984

Length of time listed (years)	Number
0-4	112
0	3
1	11
2	29
3	25
4	44
5-9	209
5	54
6	44
7	50
8	31
9	30
10-14	77
15-19	39
20-24	36
25-29	31
30-34	25
35-39	7
40-44	7
45-49	5
50-54	7
55-59	9
60-64	7
65-69	6
70-74	7
75-79	4
80-84	2
85-89	0
90-94	0
95-99	0
100-104	0
Total	590

APPENDIX FOUR

Industry of delisted companies by decade delisted (sample one)

Period 1: 1 Jan 1995 to 31 Dec 2004

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1	15104000	Gold	483
2		Other Metals	215
3		Diversified Resources	6
		Metals and Mining	32
		Total Resources	736
4	10100000	Energy	97
		Energy	3
		Total Energy	100
5		Infrastructure & Utilities	23
6		Developers & Contractors	65
7		Building Materials	40
8		Alcohol & Tobacco	34
9		Food & Household Goods	51
10		Chemicals	16
11		Engineering	45
12	15105000	Paper & Packaging	11
		Paper & Forest Products	4
		Total Paper & Forest Products	15
13	25500000	Retail	69
		Retailing	4
		Total Retail	73
14	20300000	Transport	12
		Transportation	1
		Total Transport	13
15	25400000	Media	68
		Media	5
		Total Media	73
17		Insurance	15
18	50100000	Telecommunications	110
		Telecommunication Services	5
		Total Telecommunications	115
16	40200000 40400000	Banks & Finance	21
19		Investment & Financial Services	225
		Diversified Financials	10
		Real Estate Financials	3
		Total Banks, Investment & Financials	259
20	40401010	Property Trusts	95
		Real Estate Investment Trusts	12
		Total Property Trusts	107
21	35100000 35200000	Healthcare & Biotechnology	57
		Healthcare Equipment & Services	6
		Pharmaceuticals & Biotechnology	4
		Total Healthcare & Biotech	67
22	20100000 20200000	Miscellaneous Industrials	353
		Capital Goods	4
		Commercial Services & Supplies	16

	25100000	Automobile & Components	1
	45100000	Software & Service	26
	45200000	Technology Hardware & Equipment	11
		Total Miscellaneous Industrials	411
23		Diversified Industrials	24
24	25300000	Tourism & Leisure	45
		Hotel, Restaurants and Leisure	8
		Total Hotel, Restaurants and Leisure	53
		Not assigned (ASX)	
		Not assigned (GICS)	2
		Total	2,337

Period 2: 1 Jan 1985 to 31 Dec 1994

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1		Gold	423
2		Other Metals	150
3		Diversified Resources	7
		Total Resources	580
4		Energy	162
5		Infrastructure & Utilities	4
6		Developers & Contractors	107
7		Building Materials	78
8		Alcohol & Tobacco	16
9		Food & Household Goods	67
10		Chemicals	28
11		Engineering	96
12		Paper & Packaging	14
13		Retail	69
14		Transport	15
15		Media	64
17		Insurance	20
18		Telecommunications	6
16		Banks & Finance	21
19		Investment & Financial	538
		Total Banks, Investment & Financials	559
20		Property Trusts	60
21		Healthcare & Biotech	-
22		Miscellaneous Industrials	652
23		Diversified Industrials	53
24		Hotel, Restaurant & Leisure	-
		Unassigned (ASX)	-
		Total	2,650

Period 3: 1 Jan 1975 to 31 Dec 1984

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1		Gold	28
2		Other Metals	143
3		Diversified Resources	1
		Total Resources	172
4		Energy	55
5		Infrastructure & Utilities	64
6		Developers & Contractors	-
7		Building Materials	63
8		Alcohol & Tobacco	13
9		Food & Household Goods	55
10		Chemicals	20
11		Engineering	77
12		Paper & Packaging	13
13		Retail	47
14		Transport	5
15		Media	39
17		Insurance	10
18		Telecommunications	-
16		Banks & Finance	24
19		Investment & Financial	74
		Total Banks, Investment & Financials	98
20		Property Trusts	14
21		Healthcare & Biotechnology	-
22		Miscellaneous Industrials	212
23		Diversified Industrials	7
24		Hotel, Restaurants & Leisure	-
		Unassigned (ASX)	1
		Total	965

APPENDIX FIVE

Industry of delisted companies by decade delisted (sample two)

Period 1: 1 Jan 1995 to 31 Dec 2004

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1	15104000	Gold	82
2		Other Metals	31
3		Diversified Resources	3
		Metals and Mining	1
		Total Resources	117
4		Energy	24
5		Infrastructure & Utilities	7
6		Developers & Contractors	18
7		Building Materials	16
8		Alcohol & Tobacco	21
9		Food & Household Goods	20
10		Chemicals	5
11		Engineering	20
12	15105000	Paper & Packaging	4
		Paper & Forest Products	1
		Total Paper & Forest Products	5
13		Retail	25
14		Transport	8
15		Media	21
17		Insurance	8
18		Telecommunications	21
16	40200000	Banks & Finance	7
19		Investment & Financial Services	78
		Diversified Financials	2
		Total Banks, Investment & Financials	87
20	40401010	Property Trusts	47
		Real Estate Investment Trusts	4
		Total Property Trusts	51
21		Healthcare & Biotechnology	13
22	20100000 20200000 25100000 45100000 45200000	Miscellaneous Industrials	96
		Capital Goods	
		Commercial Services & Supplies	3
		Automobile & Components	
		Software & Service	2
		Technology Hardware & Equipment	1
	Total Miscellaneous Industrials	102	
23		Diversified Industrials	11
24		Tourism & Leisure	19
		Unassigned (ASX)	-
		Total	619

Period 2: 1 Jan 1985 to 31 Dec 1994

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1		Gold	148

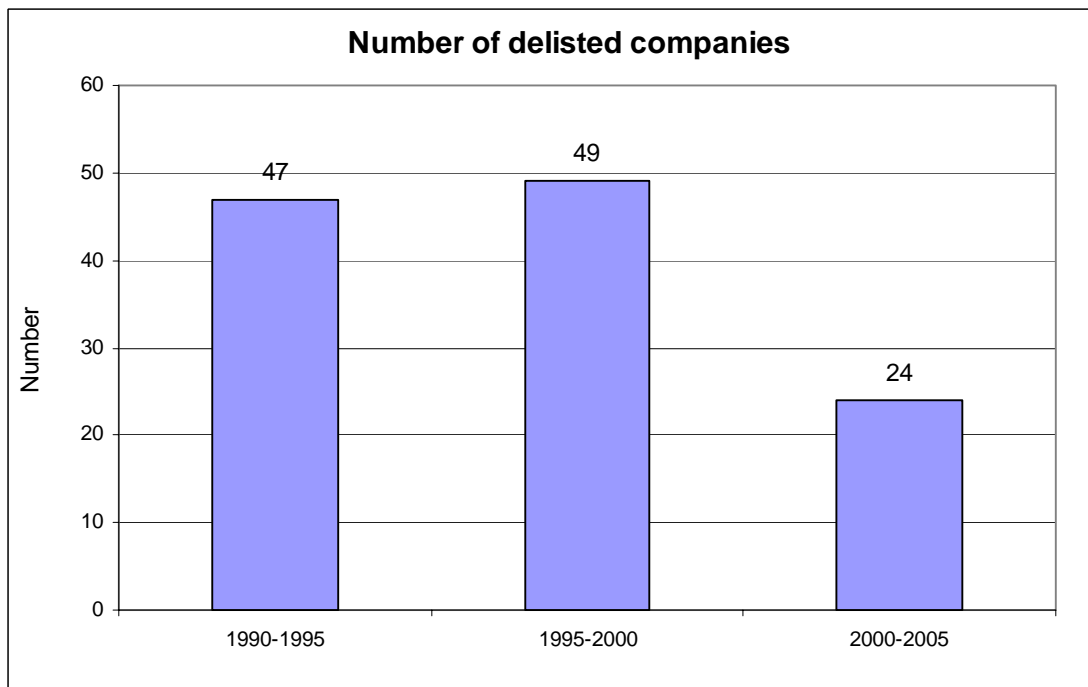
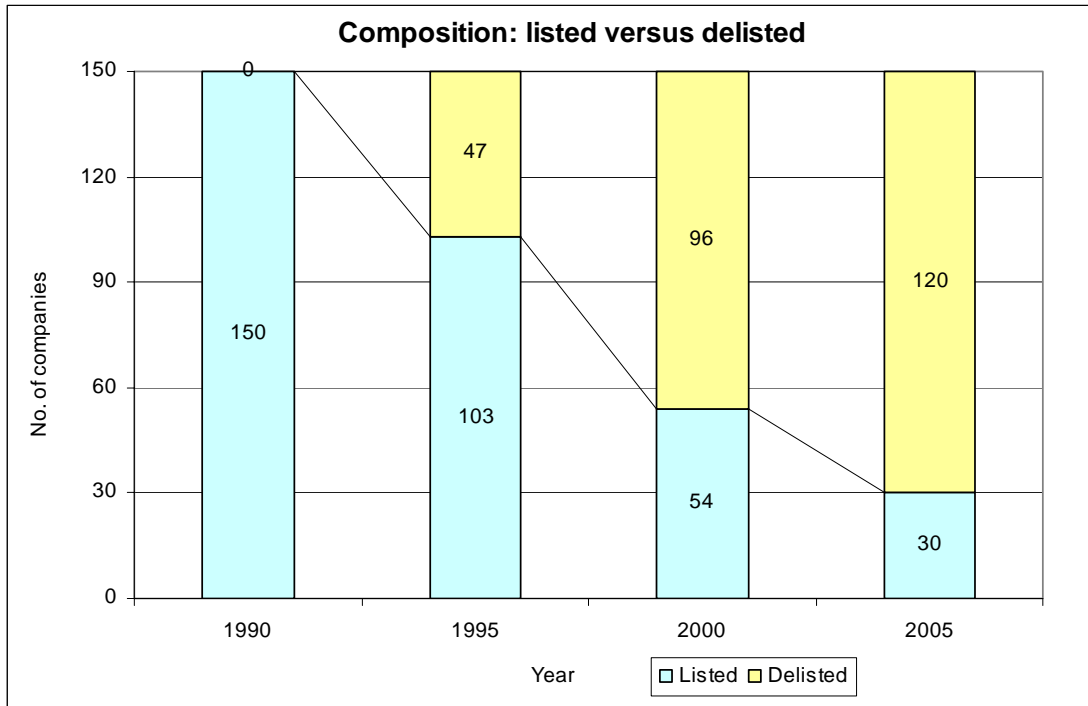
2		Other Metals	31
3		Diversified Resources	4
		Total Resources	183
4		Energy	53
5		Infrastructure & Utilities	-
6		Developers & Contractors	60
7		Building Materials	46
8		Alcohol & Tobacco	10
9		Food & Household Goods	40
10		Chemicals	9
11		Engineering	51
12		Paper & Packaging	5
13		Retail	37
14		Transport	9
15		Media	31
17		Insurance	14
18		Telecommunications	-
16		Banks & Finance	15
19		Investment & Financial Services	284
		Total Banks, Investment & Financials	185
20		Property Trusts	20
21		Healthcare & Biotechnology	-
22		Miscellaneous Industrials	296
23		Diversified Industrials	25
24		Tourism & Leisure	-
		Unassigned (ASX)	-
		Total	1,188

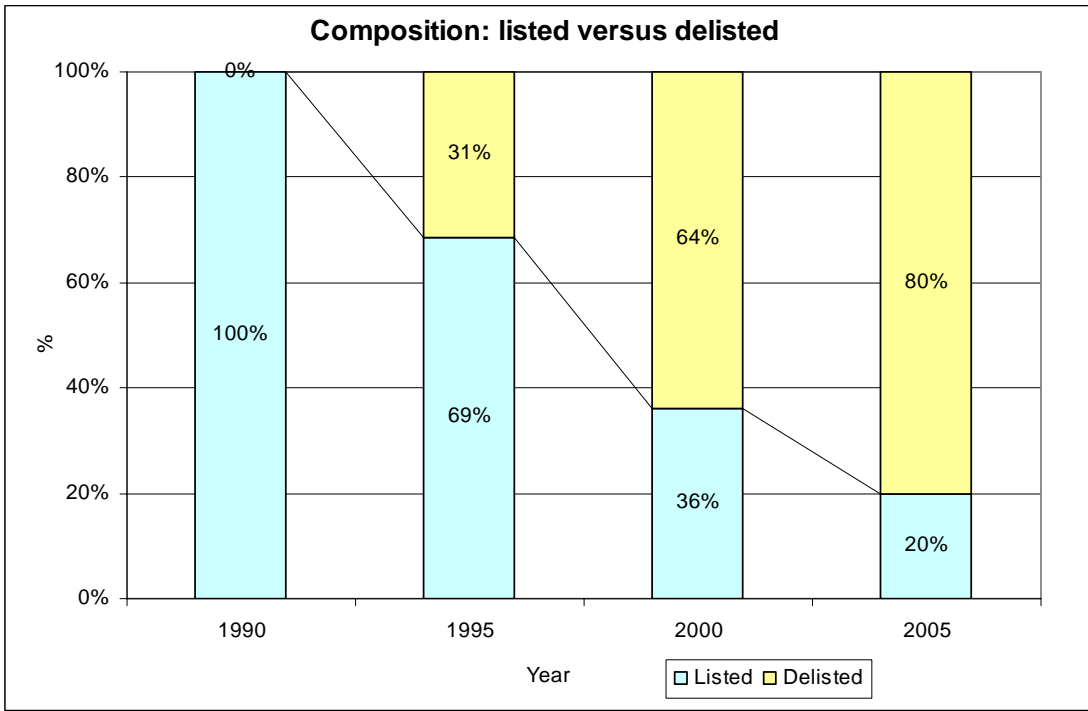
Period 3: 1 Jan 1975 to 31 Dec 1984

ASX Code (Pre October 2002)	S&P GICS (Post October 2002)	Industry	Number
1		Gold	4
2		Other Metals	74
3		Diversified Resources	25
		Total Resources	103
4		Energy	-
5		Infrastructure & Utilities	-
6		Developers & Contractors	42
7		Building Materials	49
8		Alcohol & Tobacco	9
9		Food & Household Goods	40
10		Chemicals	11
11		Engineering	51
12		Paper & Packaging	11
13		Retail	33
14		Transport	5
15		Media	28
17		Insurance	7
18		Telecommunications	-
16		Banks & Finance	11
19		Investment & Financial Services	35
		Total Banks, Investment & Financials	46
20		Property Trusts	7
21		Healthcare & Biotechnology	-
22		Miscellaneous Industrials	144
23		Diversified Industrials	3
24		Tourism & Leisure	-
		Unassigned (ASX)	1
		Total	590

APPENDIX SIX

Attrition of the Top 150 ASX companies: 1990-2005 (separate study)





APPENDIX SEVEN

Attrition of Top 150 ASX companies – excluding capitalisation changes and name changes: 1990-2005 (separate study)

