Defeasance: Is it too clever?

Suddenly, the tax-man is getting tough.

The NCSC, Australian accounting bodies and the Commissioner of Taxation have started to get tough with companies which have undertaken, or which are contemplating, debt defeasance transactions. It is almost as though these three groups have suddenly decided to act in concert to eradicate a dreaded disease that has begun to plague the corporate world. These recent developments have come as harsh news to companies which have already undertaken debt defeasance transactions because of the significant sums often involved and the retrospective nature of some of the authorities’ changes.

In June 1988, the national councils of the Institute of Chartered Accountants in Australia and the Australian Society of Accountants issued AAS 23 — Statement of Accounting Standards “Set-off and Extinguishment of Debt.” This accounting standard was issued contemporaneously with Approved Accounting Standard ASRB 1014 by the Accounting Standards Review Board, effectively giving the force of law to AAS 23 under the Companies Act. With a particular sense of urgency, the accounting bodies placed these accounting standards on the “fast track” for approval so they could operate for the year ended June 30, 1988. The Approved Standard was issued with only one day left in the financial year.

Before the announcement of the accounting standard the NCSC took action on Hooker Corporation’s much-publicised defeasance transaction. They required the company to make appropriate modifications to its accounts by 1990 or following the issue of an Approved Accounting Standard, whichever occurred earlier.

At the same time, the Commissioner of Taxation, Mr Trevor Boucher, has warned companies that the Tax Office is concerned that profits from defeasance arrangements are liable to tax. He has also indicated that deductibility of future interest payments on defeased principal may be questioned as an allowable deduction. In addition, the amendments announced in the Treasurer’s Economic Statement of May 25, 1988, aimed at preventing the accumulation of foreign-source income in low-tax countries, is likely to have a detrimental effect on offshore defeasance transactions entered into by some Australian companies.

Bankers, accountants and corporate advisers will be looking at ways to cushion the blow of these developments. This article examines the impact of the new accounting standard on companies who have undertaken debt defeasance transactions and who may be still contemplating such transactions and examines the potential taxation pitfalls. It also addresses the ways in which companies may unravel a debt defeasance which may no longer be commercially effective and which may even appear to be commercially unsound following.

Tony Coleman is a partner with the Corporate Services Division of the accounting firm Coopers & Lybrand.

A number of companies which have been enjoying the benefits of debt defeasance are waiting for the Tax Office’s new rules to take effect. The NCSC, too, has entered the game.

by TONY COLEMAN
the recent developments.

**What is debt defeasance?**

Debt defeasance is not new. It has been practised in the US for more than a decade and has become common in Australia over the past five years. Many of Australia’s largest public companies, including North Broken Hill, James Hardie, Amcor, Pacific Dunlop, CIG, Amatil and ICI, have already undertaken defeasance transactions but it has only recently been brought into the spotlight, with attention being focused on defeasance undertaken by companies such as Myer and Hooker Corporation.

Following a large number of debt defeasance transactions in the US using varying accounting and financing techniques, the Financial Accounting Standards Board issued the Statement of Financial Accounting Standards No. 76 “Extinguishment of Debt” in 1983 to regulate their accounting treatment. Accountants in Australia, before the release of AAS 23, had turned to FASB 76 for guidance. While the US standard was persuasive in the Australian context, it was not necessarily applied to all defeasances. Companies and their accountants were often determining the appropriate accounting treatment for such transactions in a vacuum of appropriate standards or regulations.

We have now seen the very hasty development of an Australian accounting standard for which an exposure draft was open for just over one month for comments from the business community.

Debt defeasance is the relief from the primary liability of a debt obligation, prior to maturity, by making a payment to a third party or to a trust in consideration for the assumption of the debt obligation by that party or trust. It is sometimes referred to as liability assumption or extinguishment of debt. Debt defeasance transactions have often been motivated by:

- the desire to restructure company liabilities and improve the balance sheet;
- the need to rationalise borrowing requirements after mergers or acquisitions to bring new acquisitions in line with group financial policies;
- the desire to exploit an interest-rate arbitrage opportunity;
- the economic benefit inherent in a defeasance as a result of the difference in interest rate between long-term debentures and government bonds; and
- the taxation benefits available from a defeasance transaction.

AAS 23 further classifies defeasances into two sub-categories. The first is an in-substance defeasance, in which the debtor effectively achieves release from the primary obligation for a debt by placing in trust assets which are adequate to meet the servicing requirements (both the principal and interest) of the debt or by having a suitable entity assume responsibility for those servicing requirements. The second form is a legal defeasance in which the release of the debtor from the primary obligation is either acknowledged formally by the creditor or by a trustee of the creditor, or established by legal judgment. The first form of debt defeasance is the most common.

AAS 23 sets out strict conditions to be met before a debt may be accounted for as having been extinguished through an in-substance defeasance. It effectively allows two alternative methods of extinguishing the debt in an in-substance defeasance transaction. These are:

- The irrevocable transfer to a trust of risk-free assets which are to be used to meet the servicing requirements (both interest and principal) of the debt. The trust is to be used solely for administering those risk-free assets which are to be an amount and type suited to the amount and timing of the servicing requirements of both the interest and principal components of the debt.
- A risk-free entity assumes responsibility for the servicing requirements of both interest and principal of the debt.

A risk-free entity assumes responsibility for the servicing requirements of both interest and principal of the debt. It is a pre-requisite for both of these conditions that it becomes highly improbable that the debtor will be required to assume again any of the primary obligations for the debt servicing requirements or to satisfy any guarantee, indemnity or the like relating to such requirements. In other words, the assets placed in a trust, or the party assuming the primary obligation for the debt, must essentially be risk-free.

AAS 23 narrowly defines a risk-free asset as cash or securities of a “risk-free entity” which are denominated in the same currency as the debt being defeased. It defines a “risk-free entity” as a credit-worthy government or a body guaranteed under statute by a credit-worthy government. This effectively limits the assets to be placed in a trust to government bonds or semi-government bonds which are guaranteed by a government. When the assumption of the primary obligation is by a third party, this would be restricted to an entity fully guaranteed by a credit-worthy government.

A difference here between the Australian and US standards should be noted. The Australian standard allows for the assumption of the primary obligation for the debt by a third party which is a “risk-free entity”, while the US standard only allows for the placing of risk-free assets into a trust which is to meet the future obligations. The Australian standard allows broader scope in structuring defeasance arrangements.

As with the US standard, under AAS 23 debt is accounted for as having been extinguished by defeasance only if both the principal and the interest are accounted for as having been extinguished. There are no provisions in either of the standards for the extinguishment of the principal-only portion of the debt or the future interest payments separate from the principal.

It has been a common practice in Australia for companies to extinguish only the principal portion of a debt while remaining responsible for the future interest payments. While in practice this may continue, AAS 23 takes the view that an extinguishment of principal only is effectively a partial extinguishment of both principal and interest, and that the outstanding liability for the debt is determined by discounting any remaining debt-servicing requirements, including interest and principal, at the rate of interest implicit in the arrangement giving rise to the original debt. In other
words, while principal-only debt defeasances are not allowable under the standard, a defeasance that is structured in a form where the principal only is defeased must be accounted for in substance as the partial defeasance of both principal and interest, with the payment made to a trust or a risk-free entity.

AAS 23 requires that when the carrying amount of an asset given up in the defeasance of a debt differs from the carrying amount of the debt, the difference should be recognised as a gain or loss on defeasance in the profit-and-loss account or its equivalent as at the time of entering into the defeasance agreement.

In determining the carrying amounts of assets and liabilities to be accounted for determining this profit or loss, the standard requires that these amounts should be determined by discounting the future cash flows at the rates of interest implicit in the arrangements giving rise to those assets and liabilities.

**Retrospective effects**

What does all this mean to companies which had entered into defeasance transactions before the release of AAS 23? The standard will apply retrospectively to all debt defeasance transactions. However, the standard gives some grace to companies who have not met the strict conditions of placing risk-free assets irrevocably into a trust or, alternatively, of extinguishing the debt through a payment to a risk-free entity. Accordingly, all other requirements of the standard except these, will apply to existing debt defeasance transactions.

This is a significant concession to most companies, since many would not have placed funds according to the strict definitions of a risk-free asset or a risk-free entity. Without this concession, companies would have been required to reinstate the debts on to their balance sheets.

Companies which have calculated profits on defeasance transactions in accordance with the new standard but have deferred some of this profit to be recognised over the remaining life of the original debt will be required to recognise the unamortised portion of this profit against retained profits in the first financial year to which the standard applies.

Many companies may find themselves making adjustments in their June 30, 1988, accounts to reflect the requirements of the new standard. In any event, accounts will be required to disclose in years subsequent to the defeasance, details of any amounts defeased which are still outstanding as well as any outstanding guarantee, indemnities or the like given by the debtor or on behalf of the debtor.

The new standard may have an impact on the debt covenants or negative pledge arrangements between certain companies and their bankers, in terms of the presentation of liabilities in the company accounts and the corresponding calculation of gearing ratios. It will almost certainly require some companies to negotiate with their bankers.

**Evolution of defeasance techniques**

Over the past five years, the techniques used for debt defeasance in Australia have become more sophisticated, with financial engineers devising tax-effective, offshore split-defeasances utilising myriad subsidiaries and denominating the transaction in several currencies using interest-rate and currency swaps.

Debt defeasance first evolved in Australia as companies began to see the benefit of replacing their long-term, low-interest-bearing debentures by making a payment into a trust or to a third party which invested in higher-yielding government securities to cover the future principal and interest obligations under the debentures.

The company would be relieved of its primary obligation under the debenture deed (although not its legal obligation) and would result in an immediate economic gain that was normally reflected in the company’s profit-and-loss account for the period. This technique would often help a company’s gearing ratios and make sound commercial sense on the basis of significant differences in long-term interest rates.

Split-defeasances soon became popular. Companies would defease only the principal portion of the debt by a payment into the trust or through the assumption by a third party, while remaining responsible for the future interest payments over the remaining life of the debt. In some circumstances the future interest stream on the debt was defeased while the company remained responsible for the future payment of the principal on maturity.

These techniques allowed companies to gain certain commercial and economic advantages; they were also seen to be a tax-effective financing tool. In defeasing principal-only, companies were generally advised that they would be making untaxed gains on the transaction offset by tax-deductible payments of future interest.

Instantaneous in-substance defeasance transactions began to evolve as financial advisers saw their advantage in providing funds to a company at a competitive cost. instantaneous defeasance transactions involve the creation of a debt followed by its immediate defeasance through the assignment of the principal and/or interest portions of the debt to a third party or a trust.

These techniques became more common, and eventually began to develop complex financial structures which took advantage of both the tax benefits and the accounting and reporting advantages that were available. In many cases the techniques were tantamount to off-balance-sheet financing. Companies were able to raise considerable amounts of cash with no offsetting liability. The cost, of course, was in the form of higher future interest payments.

It soon became apparent that interest-rate differentials of different currencies could also be used to achieve immediate gains in the company’s profit-and-loss account. Loans would be taken in one currency and defeased in another, providing a future income stream at
higher interest rates but in a different currency denomination. Currency swaps could be utilised to convert the foreign currency income stream into the currency denomination of the original borrowing. Companies would recognise an immediate profit or a deferred profit, being recognised over time, on such transactions. But was there in fact a real profit or gain on these complex series of transactions? There was often the hidden risk of unhedged currency movement which, over the long term, could eliminate any immediate profit recognised, or even produce a loss.

With the proliferation of these transactions, corporate advisers were beginning to become concerned about the negative taxation consequences and the potential of an assessment on the gains resulting from such defeasances. As a consequence, defeasance transactions began to move offshore. Companies began to use chains of subsidiaries, which would eventually result in the defeasance transaction taking place in a tax haven, with the transaction denominated in a foreign currency and using foreign banks to facilitate the deal, in an effort to remain outside the reach of the Commissioner of Taxation.

But the questions that must be asked by analysts are whether these transactions are outside the reach of the commissioner and, if not, what is the effect on the subject company?

**Taxation pitfalls**

It is quite evident that the Commissioner of Taxation means business. It can be safely assumed that tax auditors will be looking closely at every major debt defeasance transaction undertaken in Australia in the past five years. The commissioner has indicated that gains on defeasance transactions will be considered to be assessable income. He also questions whether the deductibility of interest payments on some (principal-only) defeasances will be allowed, although this will depend on the circumstances of each transaction.

The Tax Office has armed itself with its success in the Myer case in the High Court of Australia in June, 1987. In this case, Myer Emporium Limited made a loan to its subsidiary of $80 million bearing interest of 12.5 per cent a year for a term of 7.25 years. The total interest payable was $72.5 million. Myer assigned the future interest payments on this loan to a third party for a payment of $45 million which effectively represented the future interest stream discounted at a rate of 16 per cent a year. Myer realised a gain on this transaction of $45 million and the High Court held that this amount was assessable under Section 25 (1) of the Income Tax Assessment Act. Myer argued unsuccessfully that a gain made as a result of a business transaction or venture in the nature of trade is not income unless it is made in the ordinary course of carrying on a business, and that the realisation of a capital asset, which they considered the receipt to be, is not income.

The Commissioner of Taxation is applying the principles set down in this case to other defeasance transactions. While the Myer case represents an instantaneous in-substance defeasance, the commissioner has already issued at least one other assessment on the gain realised by a public listed company that had completed a relatively simple defeasance of long-term debentures from its balance sheet. We will no doubt see, over the next few years, other cases being taken to the High Court to test the law in this area.

The other significant area of concern to companies which have undertaken principal-only defeasance transactions is the deductibility of future interest payments on the principal that has been extinguished. The commissioner has indicated that this area would be reviewed closely and would be assessed on the basis of individual transactions and circumstances. The writer is already aware of assessments disallowing a deduction for interest payments following the defeasance of the principal portion of a debt.

The effect of the Taxation Commissioner’s stance on a typical defeasance transaction will be to place the company which completed a defeasance in a materially worse position than if no defeasance had been effected. This point is illustrated in the simple example set out in the table, which shows the net present value after tax of obligations associated with a company’s debt before defeasance and after a defeasance, using both the previous taxation treatment commonly assumed to apply and the taxation treatment now proposed by the commissioner.

The example also illustrates the potential impact of the commissioner’s re-assessment of an existing transaction. In this example the present value of the obligations the Tax Office is now seeking to impose is some 45 per cent higher than the value implied by the taxation treatment commonly assumed to apply previously. This represents an impost of some 34 per cent of the original amount defeased. The implications of this for

---

**WHAT THE INSTITUTE SAID**

The Securities Institute of Australia appointed a subcommittee to consider the proposals on extinguishment of debt put forward by the Accounting Standards Review Board. In June the subcommittee reported, in a submission to the board: “Overall, the subcommittee warmly supports the thrust of the proposed standard, but believes there are some areas which can be improved.

1. **Risk-free assets transferred to an independent trust**: The subcommittee believes the standard should be tightened to be an independent trust administered by an independent trustee (such as a public trustee company).

2. **Rates of interest implicit in the arrangements**: The standard should require the disclosure of whether the interest rate implicit in the defeasance is variable or fixed. Also, if the rate is variable, the basis of its determination should be disclosed; e.g., 2 per cent above 90-day bank bill rate.

3. **Gains and losses on defeasance of debt**: The ASRB has not yet approved a standard on extraordinary items vs abnormal profit/loss items. This should be done with haste since clarification is needed on whether to treat the gain or loss on defeasance above or below the line. Also, the subcommittee believes that in cases of materiality the gain or loss on defeasance (other than for financial institutions) should be treated as an extraordinary gain or loss.

4. **Carrying amounts of assets and liabilities**: The standard introduces a new approach to the valuing of long-term liabilities; i.e., discounting the future cash flows. This technique is inconsistent with the conceptual framework established in other accounting standards which value monetary liabilities at face value.”
companies who have completed large defeasances and their advisers are clearly onerous.

With the changes announced by the Treasurer in the May Economic Statement, it will also become difficult for companies to avoid being assessable in Australia on defeasance gains from undertaking the transactions offshore. The taxation of foreign-source income of subsidiaries of Australian companies resident in designated tax haven countries is expected to thwart any attempt by companies to escape tax that would have applied if they had performed defeasances in Australia.

Those companies that had undertaken defeasance transactions using subsidiaries in tax havens before the May Economic Statement may also be in jeopardy because such transactions often relied upon a continuing ability to accumulate funds offshore, earning tax-free investment returns to repay future obligations. In addition, the commissioner may deem offshore companies to be residents of Australia for the purposes of the Income Tax Assessment Act if it can be shown that central control and management of those companies was in Australia. The commissioner may also seek to invoke the use of Part IVA of the Act in respect of these transactions.

While all seemed clear a number of years ago, this is no longer the case. Many defeasance transactions were commercially viable due to the taxation benefits they incorporated. If those benefits are now removed, companies may suffer significant losses.

Unravelling a defeasance

The first step that companies and their advisers need to take is to re-examine past defeasance transactions with particular attention to:

- the downside taxation consequence that may arise as a result of the commissioner’s ruling; and
- the impact on the companies’ accounts on application of AAS 23.

Companies must then assess whether in the light of these developments, the defeasance transactions have actually achieved the commercial objectives which were originally intended. If the answer to this question is no, then companies must assess whether such defeasances can be unwound and at what cost or commercial benefits.

The greatest problems will arise in situations where principal-only defeasances have been undertaken and it is subsequently held that the interest payments on the original defeased debt are not an allowable deduction for tax purposes. In these situations, companies will be at a tax disadvantage.

In a situation where assets have been placed into a trust by a company to satisfy the future payment of the principal only of the original debt, the trust deed can be reviewed to determine whether the assets placed in the trust were done so irrevocably. It may be possible for the company to re-assume the entitlement to those assets and to record the off-setting primary obligation to the original debt that has been re-assumed.

This would, in effect, be a reversal of the treatment currently being adopted by the Commissioner.

### Cash flow comparison of principal-only debt defeasance ($000)

<table>
<thead>
<tr>
<th></th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal repayment</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Interest payment</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Tax effect</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>NPV @ 6.5% p.a.</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

### Profit and Loss Table

<table>
<thead>
<tr>
<th></th>
<th>Year 0</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal repayment</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Interest payment</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>Tax effect</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td>NPV @ 6.5% p.a.</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
</tbody>
</table>

### General Assumptions

- Principal amount of debentures defeased: $10,000,000
- Remaining term: 5 years
- Debenture coupon rate: 10% p.a. payable annually in arrears
- Tax rate: 50%
- After-tax discount rate applicable: 13% x 0.50 – 6.5% p.a.

### Notes

1. Tax on defeasance of principal calculated as 50% x (10,000 – 5,428). This is consistent with the treatment currently being adopted by the Commissioner.
2. Tax deduction disallowed on future interest payments in respect of the proportional amount of capital withdrawn to principal defeased.

### Calculation

- **Prima facie tax deduction**: $1,000
- **Tax deduction disallowed**: (5,428/10,000) x 1,000 = 543
- **Revised tax deduction**: 457
- **Tax effect at 50%**: 229

This is consistent with the treatment currently being adopted by the Commissioner.
argue that gains on defeasances are taxable, then it could be argued by the taxpayer that these gains should be offset with the losses arising on the re-assumption of the defeased liability.

In addition, it could be argued that the future interest payments for which the company remains responsible should be an allowable deduction on the basis that the original debt obligation has been re-assumed by the company. A similar scenario could be applied to defeasance transactions that were structured with the primary obligation for the liability being assumed by a third party.

The question is: can a company that has previously defeased debt assume a future debt obligation from another party, without actually re-assuming its original principal debt obligation? In other words, can future principal payment obligations be assumed by a company from a third party and the future interest payment obligations of the original defeased debt matched against the principal debt obligation being assumed? Must it be shown, from a tax viewpoint, that the interest payments relate to the obligation assumed, or must the company re-assume its original debt obligation in order to gain an allowable deduction for the interest payments?

The transactions described above would obviously be costly and the gains or losses arising would depend on the movement of long-term interest rates between the original defeasance and the re-assumption of that obligation. It will be necessary for a company and its advisers to weigh the costs of such transactions against the costs of likely tax assessments. It must also be noted that the recent change in corporate tax rates from 49 per cent to 39 per cent will have the effect of reducing the potential benefits from such transactions.

After experiencing the evolution of defeasance transactions in Australia over the past five years in a vacuum of both accounting and taxation regulations, we have suddenly seen a rapid awareness of this financing technique by the Australian accounting bodies and the Commissioner for Taxation.

We will no doubt see, within the next year, a large number of companies that are adversely affected by the current developments turning to their corporate advisers in an attempt to mitigate their effect. Analysts will need to be alert to the potential impact of defeasance transactions on the financial position of affected companies.

---

**VIEWPOINT**

**THE CASE FOR THE CORPORATE SENATE**

Sir,

Readers of JASSA may be interested in details of a proposal I have made to the National Companies and Securities Commission on the adequacy of the law and the Australian Stock Exchange listing rules on protecting the interests of the shareholders when a substantial shareholder disposes of his interest.

The submission, made in July, followed a public invitation by the NCSC and was based on a presentation I made in September 1987 to a privatisation seminar organised by the Company Directors' Association of Australia Limited.

I said in the submission that the law and listing rules provide inadequate protection to shareholders. At the same time, they are too cumbersome to facilitate and expedite changes in substantial shareholdings and structure. Greater investor protection and corporate flexibility could be achieved by introducing various elements of self-governance.

A key proposal is a requirement that all listed corporations establish an elected audit/shareholders' committee which I describe as a corporate senate.

It is already a requirement in the US that corporations with publicly traded securities have audit committees. But audit committees in the US are not independent of the board and so cannot be effective in either overseeing or controlling directors. Nor do the US audit committees represent the interest of the small shareholders.

A corporate senate would be elected on the basis of one vote per shareholder rather than one vote per share. The senate would be under the control of the small shareholders. It would thus be a suitable body to delegate the approval of changes in controlling interests. However, any decision of the senate could be overruled by a 75 per cent vote by shareholders at a general meeting with the traditional one vote per share.

In my submission to the NCSC I propose changes to the ASX listing rules so that:

- all listed companies have a corporate senate; and
- the articles of listed corporations require that the corporate senate approve the registration of changes in substantial shareholdings.

If corporate senates were required for all listed corporations, then they could be used to facilitate and expedite changes in corporate structure in cases which now require meetings of shareholders. The senate would, however, provide greater protection for small investors.

A three-member elected corporate senate was established earlier this year by JAC Tractor Limited (JTL), with which I am associated. The duties and powers which the senate exercises on behalf of the shareholders include:

- nominating auditors for election by shareholders and nominating any advisers whose advice is to be used in any report to shareholders;
- approving any issues of shares except pro-rata bonus issues;
- determining accounting policies to be used in any report to shareholders;
- approving the form and content of all reports to shareholders or the public;
- stating views on any proposal by the directors to change the articles of the company, authorised capital, issued capital, or the number of directors, or any proposal by the directors in relation to mergers, take-overs, reconstruction or the issue of options or shares;
- approving all matters in which a director has a conflict of interest including all contracts in which a director has an interest.

It should be noted that the senate has no power to initiate any action which affects management. It has veto powers only in those situations where the directors could have a conflict, or in matters which directly affect the rights of shareholders or the information provided to shareholders.

I would be happy to provide, to anyone interested, further details of the JTL initiative.

Shann Turnbull
Principal
M.A.I. Services Pty Ltd
Sydney

JASSA welcomes letter to VIEWPOINT on any matters of interest to the securities industry.