

MEMO# 20109

June 15, 2006

Proposals for Reforming Australia's Foreign Portfolio Investment Screening Regime

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [20109] June 15, 2006 TO: INTERNATIONAL COMMITTEE No. 16-06 INTERNATIONAL INVESTING SUBCOMMITTEE No. 11-06 RE: PROPOSALS FOR REFORMING AUSTRALIA'S FOREIGN PORTFOLIO INVESTMENT SCREENING REGIME As you know, Australia has undertaken a review of its policy of requiring preapproval of foreign portfolio investment that would exceed certain ownership thresholds.¹ The Australian Treasury, which is responsible for the review, has developed and is now considering four possible reform proposals, which are described in the attached documents that we received from the U.S. Treasury Department. The two proposals most relevant to our members would: 1. Raise the general threshold at which the Australian Foreign Acquisitions and Takeovers Act (FATA) applies to a proposed foreign acquisition of shares in a corporation from 15 to 20 per cent (so that holdings of up to 19.9 per cent in Australian companies would be exempt from FATA screening); and 2. Make available aggregation relief on a case-by-case basis to foreign portfolio investors who can demonstrate that they operate independently within corporate groups. We view these proposals very favorably and have communicated our support for them informally to the U.S. Treasury, which will be discussing the proposals with the Australian Treasury. Please contact me at 202.326.5837 if you have any additional questions. Glen S. Guymon
Assistant Counsel - International Affairs Attachment no. 1 (in .pdf format) 1 See Memorandum No. 19916, dated April 3, 2006.