



Corporations Amendment Regulations 2011 (No. 2)

Select Legislative Instrument 2011 No. 128

I, QUENTIN BRYCE, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Corporations Act 2001*.

Dated 30 June 2011

QUENTIN BRYCE
Governor-General

By Her Excellency's Command

DAVID BRADBURY
Parliamentary Secretary to the Treasurer

1 Name of Regulations

These Regulations are the *Corporations Amendment Regulations 2011 (No. 2)*.

2 Commencement

These Regulations commence on 1 July 2011.

3 Amendment of Corporations Regulations 2001

Schedule 1 amends the *Corporations Regulations 2001*.

Schedule 1 Amendments

(regulation 3)

[1] After Part 1.1

insert

Part 1.2 Interpretation

Division 1 General

1.2.01 Remuneration recommendations (Act s 9B)

For paragraph 9B (2) (f) of the Act, a recommendation, or advice or information, provided in relation to one or more members of the key management personnel for a company by an employee of a company within the same consolidated entity, is not a remuneration recommendation.

[2] **After Part 2D.6**

insert

**Part 2D.7 Ban on hedging remuneration
of key management personnel**

2D.7.01 Hedging arrangements (Act s 206J (3))

- (1) For subsection 206J (3) of the Act, an arrangement in the following table is to be treated as an arrangement that has the effect of limiting the exposure of a member mentioned in subsection 206J (1) of the Act to the risk mentioned in that subsection.

Item	Arrangement
1	A put option on incentive remuneration
2	A short position on shares that forms part of incentive remuneration
3	An income protection insurance contract in which the insurable risk event affects the financial value of remuneration or equity or an equity-related instrument for the key management personnel

- (2) For subsection 206J (3) of the Act, an arrangement in the following table is not to be treated as an arrangement that has the effect of limiting the exposure of a member mentioned in subsection 206J (1) of the Act to the risk mentioned in that subsection.

Item	Arrangement
1	An income protection insurance contract in which the insurable risk event is the death, incapacity or illness of any of the key management personnel
2	A foreign currency risk arrangement

- (3) In this regulation, a *short position* is a position in relation to shares in a listed entity where the quantity of the shares that a person has is less than the quantity of the shares that the person has an obligation to deliver.

- (4) In subregulation (3), the person has the shares if:
 - (a) the person is holding the shares on the person's own behalf; or
 - (b) another person is holding the shares on the person's behalf; or
 - (c) the person has entered into an agreement to buy the shares but has not received the shares; or
 - (d) the person has vested title in the shares in a borrower, or in an entity nominated by the borrower, under a securities lending arrangement.

- (5) In subregulation (3), the shares that the person has an obligation to deliver are the shares that the person:
 - (a) has an obligation to deliver under a sale agreement where the shares have not been delivered; or
 - (b) has an obligation to vest title in a lender under a securities lending arrangement; or
 - (c) has any other non-contingent legal obligation to deliver.