Law Council OF AUSTRALIA

Business Law Section

14 July 2026

Australian Securities and Investments Commission
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By email:

Dear Colleagues

Implementation of the enhanced beneficial ownership regime

1. In April 2026, the Corporations Committee of the Business Law Section of the Law Council of Australia (the **Committee**) responded to the Australian Securities and Investments Commission's (**ASIC**) release of Consultation Paper 387, draft ASIC Corporations (Listed Entities Enhanced Beneficial Ownership) Instrument and draft Substantial Shareholding Notice with a submission, which can be accessed here.

2. In addition to that submission, the Committee wishes to make a more general submission relating to the timing of the implementation of the regime, and its impact on the quality and comprehensibility of information provided to investors, and on compliance costs.

Submissions

3. As noted in the earlier submission, it is imperative, given the significant changes proposed to listed entity beneficial ownership disclosure practices that have existed for decades, that market participants, investors and their advisers have sufficient time to adapt to the new regime.

4. ASIC was given limited time to develop the details that will underpin compliance with the new regime (in terms of “how to count” rules, associated guidance and the proposed form for disclosure) and, as we said in our earlier submission, we commend ASIC for the work it has undertaken to consult on draft materials.

5. However, given that, as at the date of this submission, ASIC has not yet released finalised materials following the consultation process, we believe that market participants, investors and advisers will have insufficient time to adapt if the current intended date for implementation (December 2026) is maintained.

6. The Committee urges ASIC to consider deferring the implementation of these reforms—by at least one year, or longer if necessary—to mitigate the impact of the changes.

7. The new regime will require system design changes to be made by investment entities which may hold both derivative and physical positions, and this may involve them incurring significant costs. Clients have generally not yet been able to start meaningful work on such system changes, given the complexity of the new regime and the fact that some areas remain to be finalised.

8. In providing feedback to the Law Council on the cost, complexity and resourcing involved with the reform, one industry participant who has a material presence acting as both an agent and principal in Australia’s equity market, as well as acting as a writer and market-maker in relation to equity derivative contracts, informed us that it could take up to 12 months to make the necessary changes to adapt to the new regime (including rule interpretation, data identification and gathering and systems development and testing) from the point at which ASIC settles on the content of the substantial holder notice form and the calculation methodology and expects they will require the addition of potentially two full-time equivalent employees (**FTE**s) in connection with design and implementation of the changes, and depending on the final calculation methodology selected by ASIC, possibly up to two an additional FTEs to support ongoing maintenance (including to assist with daily monitoring and reporting).

9. In addition, as outlined below, we are concerned about the impact of the new form on market users and consider that further consultation is appropriate to ensure that important information made available to investors, issuers and others is simple and comprehensible.

10. Members of the Committee who are legal practitioners have consulted with clients on the new regime and believe that these concerns are held widely in the market and that a delay would be welcomed.

11. This would also have the benefit of deferring the imposition of a new layer of business costs at a time when, as discussed further below, one of the Government's priorities is to critically assess the need for current high levels of regulation and proposed regulation, and associated compliance costs, in circumstances where the economy faces productivity challenges.

12. We appreciate that the form of a proposed revised substantial holding notice was appended to CP 387, and that certain questions were raised about the new form, including whether a simplified version should be made available. However, in the context of such complex and extensive changes, we also think that further targeted consultation would be appropriate to ensure that the form and its underlying concepts can be readily understood and used by investors, issuers and other market users.

13. More broadly, the Committee notes that the Productivity Commission's public inquiry in 2025 found that businesses were increasingly spending their resources on regulatory compliance, rather than productivity-increasing measures. The results of that inquiry included a call from the Productivity Commission for increased scrutiny of new regulations from the perspective of the trade-off between their regulatory objectives and their impact on broader economic growth.[1]

14. In this context, the Committee queries whether the additional complexity of regulation that will come with the new regime is necessary or to the benefit of issuers, investors and other market users. We are strongly of the view that changes this extensive and complex should be further tested before implementation through further consultation as outlined above. At the very least (and appreciating that the substance of the reforms has already been legislated), a material delay to the implementation of this regime will allow investment entities and practitioners time to adapt and for the regulatory burden of the reforms to be better understood.

15. A delay would not leave disclosure of derivative positions unregulated, since the Takeovers Panel's current guidance would continue to apply.

16. We also note that a delay would be very easily implemented, through an ASIC instrument.

Further contact

17. The Committee would be pleased to discuss any aspect of this submission.

18. Please contact the Committee Chair, Philippa Stone if you would like to discuss this submission with representatives of the Committee.

Yours sincerely

Adrian Varrasso
Chair, Business Law Section

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[1] The final report is available here.