

## Article Information

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# Treasury Laws Amendment Bill 2024 Enhanced Disclosure of Ownership of Listed Entities

*On 14 November 2024, Treasury released an exposure draft of the Treasury Laws Amendment Bill 2024: Enhanced Disclosure of Ownership of Listed Entities (Bill). The Bill, if passed, will introduce significant changes to the Corporations Act 2001 (Cth) (Corporations Act), specifically targeting Chapters 6 and 6C.*

*These amendments aim to enhance the transparency and disclosure of ownership in listed entities, aligning Australia's regulatory framework with international standards and improving market integrity.*

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In 2022, the Government announced that it would implement a public registry of beneficial ownership as part of its commitment to increasing corporate transparency and combating financial crimes such as tax evasion and money laundering, which has prompted these amendments addressed under the Bill.

The Bill, as outlined in the Explanatory Memorandum, proposes to amend the Corporations Act to:

- include equity derivatives in the Chapter 6C disclosure rules and other relevant Corporations Act requirements;
- broaden the definition of 'relevant interest' to cover more instruments and arrangements that can influence securities and an entity's direction;
- clarify when disclosure requirements are triggered;
- require foreign-listed entities and their shareholders to meet the same disclosure standards as Australian-listed entities;
- improve access to and usability of existing registers of relevant interests collected via tracing notices; and
- give the Australian Securities and Investments Commission (ASIC) the necessary powers to enforce compliance with the new disclosure rules and protect market participants.

The Bill seeks to include the following changes to achieve such goals:

- **Expansion of 'Relevant Interest' Definition**

The Bill broadens the definition of 'relevant interest' to encompass a wider range of instruments and arrangements. This includes equity derivatives, which can confer material influence over securities and, consequently, the direction of an entity. By capturing these interests, the amendments aim to close loopholes that previously allowed certain influential positions to go undisclosed.

- **Enhanced Disclosure Requirements**

The amendments clarify when disclosure obligations are triggered and extend these requirements to foreign-registered entities listed on Australian financial markets. This ensures that both domestic and international entities adhere to the same standards of transparency.

The Bill also mandates the disclosure of substantial holdings at the time of listing and requires ongoing updates for any significant changes in ownership.

- **Improved Access to Information**

To facilitate better access to beneficial ownership information, the Bill enhances the usability of existing registers. This includes making it easier for interested parties, such as journalists and academics, to obtain and analyse data on ownership structures. The amendments also empower ASIC to enforce compliance more effectively.

- **Equity Derivatives and Tracing Notices**

One of the notable changes is the inclusion of equity derivatives within the Chapter 6C disclosure regime. This means that substantial holdings involving equity derivatives must be disclosed in a standardised format, improving data quality and consistency. Additionally, the Bill expands ASIC's powers to issue tracing notices, which require entities to disclose detailed information about their ownership structures.

- **Alignment with International Standards**

The amendments bring Australia's disclosure requirements in line with those of comparable jurisdictions, enhancing the country's compliance with Financial Action Task Force recommendations. This alignment is crucial for maintaining Australia's reputation as a transparent and well-regulated market.

For listed entities, these amendments mean increased scrutiny and a greater burden of compliance. These companies will need to ensure that their ownership disclosures are accurate and up-to-date, reflecting any changes in substantial holdings promptly. The expanded definition of 'relevant interest' will require entities to review their existing arrangements and identify any new disclosure obligations.

Foreign entities listed on Australian markets will also need to adapt to these changes, ensuring that their disclosure practices meet the new standards. This may involve significant adjustments to their reporting systems and processes to capture the required information.

The Bill represents a significant step forward in enhancing the transparency and integrity of Australian entities. The amendments, if passed, will create a more transparent and accountable corporate environment.

The consultation period for the Bill closed on 13 December 2024.