

MEDIA RELEASE

Tuesday, 14 May 2024

Continuous Disclosure Review Tabled

The Australian Institute of Company Directors (AICD) notes that the independent review into Australia's continuous disclosure regime has been tabled today in the Federal Parliament.

The review has examined important aspects of the continuous disclosure obligations contained in the Corporations Act.

While finding that not enough time has elapsed to comprehensively assess the impact of reforms introduced in 2021, the report finds meritorious continuous disclosure class actions are likely to proceed and concludes there is no evidence of an urgent or compelling need to repeal the 2021 amendments. We support this central finding of the review.

The AICD has been a strong supporter of the reforms, which have brought Australia more into line with other international jurisdictions and provided better balance and greater certainty to the market.

The AICD believes the reforms have struck the right balance and the retention of a fault element is entirely appropriate, ensuring that directors and companies should only be liable in private proceedings for breaches of continuous disclosure law where they are found to have acted with 'knowledge, recklessness or negligence'.

The challenges facing Australian companies have only been amplified since 2021.

The planned introduction of a complex new mandatory climate reporting regime and the increasing prevalence of cyber security and data breach incidents are examples of the heightened liability risks faced by directors and boards.

We note the review's recommendation in respect of ASIC's role in enforcing continuous disclosure laws which we will consider further.

The AICD looks forward to engaging with Treasury and the Federal Government on all the review's recommendations over the coming months.

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The Australian Institute of Company Directors is committed to strengthening society through world-class governance. We aim to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. Our membership of more than 52,000 includes directors and senior leaders from business, government and the not-for-profit sectors