



Australian  
Shareholders'  
Association

Australian Shareholders' Association Limited



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Committee Secretary  
Economics Legislation Committee  
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Dear Committee members

## **INQUIRY INTO TREASURY LAWS AMENDMENT (REGISTRIES MODERNISATION AND OTHER MEASURES) BILL 2019**

The Australian Shareholders' Association (ASA) represents its members to promote and safeguard their interests in the Australian equity capital markets. The ASA is an independent not-for-profit organisation funded by and operating in the interests of its members, primarily individual and retail investors and self-managed superannuation fund (SMSF) trustees. ASA also represents those investors and shareholders who are not members, but follow the ASA through various means, as our relevance extends to the broader investor community.

ASA is supportive of the objectives of the Treasury Laws Amendment (Registries Modernisation and Other Measures) Bill 2019 (the Bill) which intends to create a whole-of-government platform to support businesses and companies to be established and regulated.

Our focus in this submission is Schedule 2 of the Bill which amends the Corporations Act and the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act) to introduce a director identification number (DIN) requirement. The DIN will require all directors to confirm their identity and it will be a unique identifier for each person who consents to being a director.

ASA strongly supports the introduction of DINs to assist in the deterrence of illegal phoenix activity. The effective implementation of DINs will make it easier for combat illegal phoenix behaviour as it will enable regulators, creditors and liquidators to trace the relationship of directors across companies and confirm their identity. The simpler and more effective tracking of directors and their corporate history will also reduce time and cost for administrators and liquidators, thereby improving the efficiency of the insolvency process.

The Bill provides that in order to hold a position as a company director, a person will need to undertake an identity verification check. ASA supports such an identity verification check. This should eliminate the appointment of dead or fictitious persons as directors. It also confirms the serious obligations attached to the role of director.

ASA also supports the application for a DIN taking place before a person becomes a director, as it then becomes part of the eligibility requirements of directorship. We further support the prohibition on a person from knowingly applying for multiple DINs, while also allowing for the registrar to require a director to apply or reapply for a DIN where it is desirable to do so (for example, the director's existing DIN profile has been lost or corrupted; or the registrar wishes to verify the director's identity).

In summary, ASA agrees that the new DIN requirement meets the objective of promoting good corporate conduct by directors and assists regulators to detect and address unlawful behaviour.

Yours sincerely



Judith Fox

Chief Executive Officer