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Simplification team  
Australian Securities and Investments Commission (ASIC)  
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Dear Sir/Madam,

### [ASIC report on regulatory simplification](#)

#### **About ACSI**

Established in 2001, ACSI exists to provide a strong voice on financially material environmental, social and governance (ESG) issues. Our members include Australian and international asset owners and institutional investors with more than \$1.9 trillion in funds under management.

Through our research, engagement, advocacy and voting recommendations, ACSI supports members in exercising active ownership, which enhances the long-term value of the retirement savings entrusted to them to manage. ACSI members can achieve value for their beneficiaries through genuine and permanent improvements to the ESG practices of the companies in which they invest.

#### **Summary of ACSI's position**

ACSI welcomes ASIC's regulatory simplification report (Report 813). Efficient and effective regulation of Australia's corporations and financial services laws is in the long-term interests of asset owners with financial exposures across the Australian economy.

We support the approach outlined in ASIC's report. We also highlight the ongoing importance of regulatory frameworks that promote strong corporate governance and uphold investor protections, on the basis that that effective corporate governance supports long-term financial outcomes for superannuation fund members.

Key corporate governance provisions ultimately contribute to healthy capital markets that encourage the participation of institutional investors and support strong returns.

#### **ACSI supports the focus on regulatory simplification**

ACSI supports the specific direction outlined in the regulatory simplification report. The priorities identified are appropriately focused on improvements that ASIC can make to its operations and its administration of the existing law.

In particular, we support ASIC's proposed work to:

- Redesign its website,
- Reconsider the structure of regulatory guidance documents,
- Develop sector-specific regulatory roadmaps,
- Improve processes for developing regulatory instruments, and
- Address difficulties that stakeholders may face when interacting with ASIC.

### Exploring law reform opportunities

While not the primary focus of the report, we note the section which includes that ASIC is considering broader law reform opportunities. In this context, ACSI emphasises the importance of key regulatory frameworks which uphold strong corporate governance and investor protections in Australia. The weakening of these rights and obligations would introduce governance risks and therefore would not be in the interests of investors or listed entities.

We highlight the importance of:

- **'One share, one vote'** which is the principle that a shareholder's voting power should be equivalent to its financial exposure, supporting companies' accountability to their shareholders. It is currently upheld in Australia by a prohibition on dual class share structures in the ASX Listing Rules.
- **Shareholder votes on companies' remuneration reports and the 'two strikes rule'** which enhance company directors' accountability to shareholders on remuneration issues. They have contributed to long-term trends in Australia which have generally avoided egregious executive pay practices seen in other markets and have set executive incentives which are aligned with the delivery of shareholder value.
- **Directors' duties** which (among other things) require company directors to act with due care and diligence and in the best interests of the company, which supports accountability and broader market confidence.
- **Continuous disclosure obligations** which support market integrity, informed investment decisions and investors' confidence in Australia's public markets.

These frameworks are ultimately a strength of Australia's capital markets and help to attract the investment that companies need to grow, innovate and compete. As noted in [ASIC Report 807](#), "consideration should be given not just to the costs of a rigorous governance framework but also the benefits of additional monitoring for strategic decision making". Our view is that fit for purpose governance frameworks support strategic decision making, effective oversight, and therefore productivity.

I trust our comments are of assistance. Please contact me or [REDACTED], Executive Manager – Policy and Research [REDACTED] should you require any further information.

[REDACTED]

[REDACTED]  
Chief Executive Officer  
Australian Council of Superannuation Investors