

SUBMISSION TO THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Consultation Paper 387 — Enhanced Beneficial Ownership Disclosure:

Proposed Legislative Instrument, Form and Guidance

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1. Executive Summary

This submission provides peer-reviewed empirical evidence directly relevant to the Australian Securities and Investments Commission's proposals in Consultation Paper 387 (CP 387), with particular reference to Proposals B17 through B21, which concern the design and mandatory form of substantial holding disclosure notices. We write in our capacity as the authors of an academic study — currently under review at a peer-reviewed journal — that constitutes, to our knowledge, the first large-sample empirical investigation of strategic information concealment through the handwritten submission pathway for Form 604 substantial shareholder notices on the ASX.

Key Research Findings

Our study examines 32,138 Form 604 filings from 2,033 listed companies over a 15-year period (February 2003 to June 2018). The central findings, all statistically significant at the 1% level in multivariate regressions controlling for firm size, trading volume, industry, and year effects, are:

- Handwritten Form 604 filings are associated with cumulative abnormal returns of **3% over 30 days and 12% over 252 trading days** following their release date. Machine-readable (text-embedded) filings exhibit returns indistinguishable from zero over the same windows.
- Informed traders are **3.85 times more likely** to submit handwritten forms when trading stocks with higher information asymmetry, providing direct evidence that handwritten filing is a **deliberate strategic choice** rather than an administrative convenience.
- Handwritten filings take a mean of **7.98 days** to reach the public, compared to 5.82 days for printed and 4.15 days for text-embedded (machine-readable) filings — a processing lag that directly prolongs the disclosing party's information advantage.
- A statistically significant post-announcement price drift of **3% in the 10 days following handwritten filings** demonstrates that the market is unable to efficiently process the information content of handwritten filings, causing measurable and persistent harm to market quality.
- This market efficiency harm is **stable across time** — including during the 2013–2018 period of increased machine-based trading — demonstrating that the problem does not self-correct as markets modernise.
- The effect is concentrated in **mining and materials companies and small-capitalisation firms** (mean market cap of A\$249 million for handwritten filers versus A\$1,585 million for machine-readable filers) — precisely the segments with highest retail investor exposure.
- Critically, **72% of identifiable handwritten filings are submitted by companies, not individuals**, directly rebutting the argument that the handwritten pathway serves a legitimate convenience function for technologically unsophisticated filers.

These findings provide direct and quantified empirical support for ASIC's proposals — particularly the replacement of image-based substantial holding notice forms with a machine-readable, web-based equivalent (Proposals B17–B21) — and support ASIC proceeding with the strongest available form of the proposed reform.

2. About the Submitters and the Research

2.1 The Submitters

[REDACTED]

[REDACTED]

[REDACTED]

2.2 The Research

The empirical findings cited throughout this submission are drawn from the study:

Foley, S., Patel, V., Putniņš, T.J., and Rasel, A.R. “Obscure disclosures: strategic information concealment by informed traders.” *Currently under review at a peer-reviewed journal*.

The study uses a hand-collected dataset of 32,138 Form 604 substantial shareholder notices lodged with the ASX from 2,033 unique listed companies between 10 February 10, 2003 and June 29, 2018. Daily price and trading activity data are sourced from the Securities Industry Research Centre of Asia-Pacific (SIRCA). The study employs standard event-study methodology, multivariate panel regressions, and logistic regressions, with double-clustered standard errors by stock and by date. All key findings cited in this submission are statistically significant at the 1% level unless otherwise noted.

This research was featured in an article titled “How handwritten forms give big investors a 12pc hidden edge” in the Australian Financial Review on 25 March 2026 by journalist Peter Ker.

3. The Handwritten Filing Problem: Empirical Evidence

3.1 Background: Three Filing Types, Not Two

A critical threshold issue for ASIC’s reform design is the distinction between three — not two — categories of Form 604 filing currently accepted by the ASX. Our study classifies these as:

- Text-embedded filings: Forms completed as PDFs with embedded, selectable text and uploaded directly to the ASX server. These are the most machine-readable format and function as the benchmark in our analysis.
- Printed filings: Forms completed using a computer, printed, scanned, and emailed or faxed to the ASX. These are image-based but contain printed (rather than handwritten) text.

- **Handwritten filings:** Forms printed, completed in handwriting, scanned, and submitted by email or fax. These are the least machine-readable format and the subject of this submission.

Of the 32,138 filings in our sample, approximately 67% are printed, 29% are text-embedded, and 4% (1,161 filings) are handwritten. While 4% may appear modest, it represents over 1,000 filing events affecting more than 2,000 companies, concentrated in the segments of the market most susceptible to information asymmetry.

This three-way distinction matters because ASIC’s stated proposal — to replace “image-based substantial holding notice forms with a machine-readable web-based version” — would, if implemented fully, eliminate both handwritten and printed submission pathways in favour of a standardised digital form. Our evidence strongly supports this outcome. We address each in turn.

3.2 The Delay Differential

A foundational premise of the beneficial ownership disclosure regime is timely public dissemination. Our data show that the handwritten pathway systematically undermines this objective. The mean delay between the shareholding change date and public release of the Form 604 notice is:

Filing Type	Mean Delay (days)	Standard Deviation
Handwritten	7.98	13.18
Printed	5.82	11.14
Text-embedded (machine-readable)	4.15	6.73

Table 1: *Mean disclosure delay by filing type. Source: Foley, Patel, Putniņš and Rasel (2025), Table 1.*

The handwritten pathway introduces a delay of approximately two business days relative to text-embedded filings. This gap has two components: the intrinsic slowness of the physical submission pathway, and the additional processing time required by the ASX to manually interpret and release handwritten documents. Importantly, while processing delays for text-embedded and printed filings have declined over our sample period, the delay associated with handwritten filings, although falling from approximately 10–14 days in 2003–2005, stabilised at 6–8 days from 2015 onwards — a floor reflecting irreducible processing costs.

During this window, the disclosing party — who already holds an informational advantage over the broader market — retains that advantage for longer. The disclosure obligation exists precisely to eliminate this window. The handwritten pathway defeats that purpose.

3.3 Evidence of Strategic Intent

Our study goes beyond documenting the delay differential. We test directly whether the choice to file in handwritten form is strategic, rather than incidental or driven by technological unfamiliarity. We estimate a logistic regression model predicting the probability of handwritten submission as a function of characteristics associated with informed trading.

The results are unambiguous. Substantial shareholders are:

- **3.85 times more likely** to submit handwritten forms in stocks with below-median market capitalisation (our proxy for higher information asymmetry), with a log-odds coefficient of 1.58 (chi-square statistic: 369.81);
- Significantly more likely to submit handwritten forms during periods of **higher market volatility** (coefficient: 3.32; chi-square: 14.89), consistent with informed traders timing their concealment to coincide with periods of greater noise;
- Significantly more likely to submit handwritten forms when the **delay between shareholding change and filing is longer** (coefficient: 0.01; chi-square: 35.87), indicating a preference for extended information advantage; and
- Significantly more likely to submit handwritten forms for **larger changes in substantial shareholdings** (coefficient: 0.15; chi-square: 5.79), consistent with greater concealment motivation when the information value is higher.

The Materials sector (mining and resources) carries a statistically significant positive coefficient (0.15; chi-square: 4.09), consistent with the dominance of information-sensitive small mining stocks in Australia and their well-documented susceptibility to speculative trading on private information.

These determinants align precisely with the theoretical and empirical characteristics of strategic informed traders documented in the international literature (Kyle, 1985; Collin-Dufresne and Fos, 2016). Taken together, they provide compelling evidence that the handwritten filing pathway is exploited by parties who are aware of the informational value of their trades and who deliberately choose the submission format that minimises the speed of market dissemination.

This inference is further reinforced by the trader type analysis: of the handwritten filings in which the filer type can be identified, 72% are submitted by companies. In modern capital markets, a large listed company choosing to complete a regulatory disclosure form by hand, when digital alternatives are available, is an anomaly that is difficult to explain absent a deliberate intention to slow processing.

3.4 Return Evidence: Handwritten Filings Contain Valuable Private Information

If the handwritten pathway were a neutral administrative choice, filing format would not predict subsequent returns. Our evidence demonstrates the opposite. The controlled cumulative abnormal returns (CARs) following Form 604 release dates, from multivariate panel regressions including industry fixed effects, year fixed effects, and double-clustered standard errors, are:

Window	Handwritten	Printed	Text-Embedded
CAR[0,30]	+3%***	+1%**	~0%
CAR[0,60]	+4%***	+1%***	~0%
CAR[0,125]	+8%***	+2%**	~0%
CAR[0,252]	+12%***	+2%	~0%

Table 2: *Controlled cumulative abnormal returns following Form 604 release, by filing type.* *** $p < 0.01$; ** $p < 0.05$. Source: Foley, Patel, Putniņš and Rasel (2025), Table 3.

The monotonically increasing CARs from 3% at 30 days to 12% at 252 days are consistent with the information held by substantial shareholders being long-lived private information — the kind associated with activist positions, toehold accumulation ahead of M&A activity, and

private knowledge of future resource drilling results — rather than short-term trading signals. These returns are statistically and economically meaningful, and hold for both buy and sell transactions (approximately 12–13% one-year CARs in each direction).

The near-zero CARs for text-embedded machine-readable filings confirm the null hypothesis for that category: when information is disseminated promptly and efficiently, markets price it quickly and no persistent abnormal return is detectable.

3.5 Market Quality Harm: Post-Announcement Drift

The return evidence establishes that handwritten filings contain valuable information. The drift evidence establishes that markets fail to process that information efficiently when it arrives in handwritten form.

Our post-announcement drift measure ($\text{DRIFT}[2,T]$) captures the absolute price movement in the period following the initial announcement day, which reflects how much the market continues to react after the initial disclosure — a marker of inefficient price discovery. The controlled estimates of post-announcement drift, from multivariate regressions with industry and year fixed effects, are:

- $\text{DRIFT}[2,10]$: 2% for handwritten filings (t-statistic: 5.14); near-zero for text-embedded filings.
- $\text{DRIFT}[2,22]$: 3% for handwritten filings (t-statistic: 5.28); near-zero for text-embedded filings.

These findings are robust across buy and sell transactions (Tables 7) and across both company-submitted and individual-submitted handwritten filings (Table 8). They are also stable across three sub-periods: 2003–2007 (rise of high-frequency trading), 2008–2012 (global financial crisis), and 2013–2018 (rise of machine-based trading). In each sub-period, the drift coefficient for handwritten filings is approximately 3% — statistically significant at the 1% level — indicating that advancing machine-based trading has not ameliorated the problem.

This time-stability finding has important policy implications. One might argue that market participants will eventually develop the technical capacity to process handwritten disclosures efficiently, rendering regulatory intervention unnecessary. Our evidence directly contradicts this view. Despite significant advances in optical character recognition, natural language processing, and algorithmic trading over the 2003–2018 period, the market's inability to efficiently process handwritten disclosures has not diminished. The handwritten format creates a structural barrier to machine readability that technology has not overcome. Only regulatory elimination of the pathway will close the gap.

4. Responses to CP 387 Proposals and Questions

The following section responds to specific proposals and consultation questions in CP 387 where the empirical evidence summarised above is directly relevant. Our responses are limited to proposals within the scope of our research expertise; we do not comment on technical proposals concerning derivative calculation methods (Proposals B1–B10) or clearing and settlement facility exemptions (Proposals B11–B13), which are outside the scope of this submission.

4.1 Substantial Holding Disclosure Form (Proposals B17–B21)

Proposals B17–B21 concern ASIC’s power under s671BE of the Corporations Act 2001 (as amended by the Amending Act) to approve the manner and form of substantial holding disclosures. ASIC’s stated intention is to replace the current image-based forms (including both handwritten and printed PDF submissions) with a machine-readable, web-based substantial holding notice. Our empirical evidence directly and strongly supports this reform.

**B17Q1 /
B17Q2**

Do you agree with ASIC’s proposed approach to the design of the new Substantial Holding Notice form? Would you suggest any changes?

We strongly agree with ASIC’s proposal to replace image-based submission with a machine-readable, web-based form.

The empirical evidence from our study demonstrates that the current acceptance of image-based (and particularly handwritten) submissions is not a neutral administrative matter — it is an exploitable structural vulnerability. The existence of the handwritten submission pathway is associated with statistically and economically significant abnormal returns of 3% over 30 days and 12% over one year following handwritten filings, with no comparable effect for machine-readable submissions. This differential is not consistent with random variation; it is consistent with deliberate strategic concealment.

We propose that the new form design incorporate the following features to maximise the effectiveness of the reform:

- Mandatory online submission via a structured, standardised web interface — eliminating the possibility of PDF, fax, email, or any image-based submission pathway;
- Automated validation at point of entry to ensure completeness and accuracy before the notice is accepted; and
- Real-time or near-real-time public release of accepted notices, with a maximum processing lag target published by ASIC.

Critically, the reform should be designed so that no image-based pathway (handwritten or printed-PDF) remains available even as a fallback. Our evidence shows that even a residual handwritten pathway will be exploited, because the decision to use it is strategic rather than incidental. A mandatory digital form closes this gap entirely.

**B18Q1 /
B18Q2**

Do you agree with ASIC’s proposals on the information that must be provided in a substantial holding notice?

We support ASIC’s proposals on notice content. We offer two supplementary observations arising from our research.

First, our study finds that handwritten filings are associated with significantly fewer pages on average (mean 3.27 pages) compared to printed filings (7.96 pages) and text-embedded filings (9.43 pages). The compressed disclosure in handwritten filings may itself reflect a preference for brevity that limits the informational content available to markets. A standardised web-based form with mandatory completion of all fields — including transaction details, date of change, and consideration — would address this.

Second, our logistic regression analysis shows that the delay between the shareholding change date and the public release date is itself a determinant of the choice to file in handwritten form. Filers who intend to maximise their information advantage appear to select submission methods that lengthen

this delay. The new form should mandate electronic submission in a way that minimises the scope for delay between change date and public release, ideally requiring submission and release on the same business day as, or the business day immediately following, the triggering change.

**B19Q1 /
B19Q2**

Do you agree with ASIC's proposals on excluded standard form documents?

We support ASIC's proposals in this area and note that our evidence provides an additional rationale for limiting the attachments and standard form exclusions available to handwritten filers. The complexity and length of filings — measured by file size and page count — are negatively associated with post-announcement price reactions in our data, suggesting that more complex disclosures are harder to exploit strategically. The new standardised form should be designed so that complexity cannot be used as a substitute obfuscation tool once handwritten submissions are eliminated.

We would caution against any design that permits voluntary supplementary attachments in image or PDF format, as these could recreate a partial obfuscation pathway even after the core notice form is standardised.

4.2 Tracing Notice and Register Powers (Proposals B14–B16)

While the primary focus of our empirical research is Form 604 substantial holder notices, the evidence has implications for ASIC's expanded tracing notice powers.

B14–B16

Do you agree with ASIC's proposals on tracing notices and registers of relevant interests?

We support strengthened tracing notice powers as a complementary enforcement mechanism. Our research demonstrates that strategic information concealment through handwritten filings is concentrated in mining and small-capitalisation companies — precisely the segments where ownership structures are most opaque and where the ability to trace beneficial ownership through layers of corporate structure is most valuable.

The finding that 72% of identifiable handwritten filings are submitted by companies (rather than individuals) is relevant here. Corporate entities submitting handwritten filings may be doing so as part of a broader ownership concealment strategy that involves nominee structures or layered corporate vehicles. Enhanced tracing notice powers — including ASIC's proposed ability to issue notices to persons suspected on reasonable grounds of having relevant interests — would complement the form-based reform by enabling surveillance of the broader information environment in which strategic handwritten filings occur.

We recommend that ASIC consider using its expanded tracing powers to conduct targeted surveillance of substantial shareholder notice activity in the mining and materials sector and among small-capitalisation listed entities, given the demonstrated concentration of strategic handwritten filings in these segments.

4.3 The Case for Prompt Implementation

ASIC has indicated that the reforms will commence on 4 December 2026, with the new instrument, notice, and regulatory guides to be released in July 2026. We support this timetable and urge ASIC to adhere to it without extension. Several considerations from our research bear on the urgency of reform.

First, the scale of the problem is larger than its headline percentage suggests. Although handwritten filings constitute approximately 4% of all Form 604 submissions, the trades they disclose are materially larger: the mean substantial shareholder volume in handwritten filings is A\$25.13 million, compared to A\$23.28 million for printed and A\$7.52 million for text-embedded filings. The aggregate value of trades being strategically concealed through handwritten submissions is therefore disproportionately large relative to their numerical frequency.

Second, the harm is ongoing. The time-stability of our drift findings across the full 2003–2018 sample period, and the persistence of the effect into the most recent sub-period of our study, provides no basis to believe the problem is diminishing. Each month in which the handwritten pathway remains available is a month in which substantial shareholders may exploit it.

Third, the reform is straightforward to implement and has a clear international precedent. The US Securities and Exchange Commission’s Electronic Data Gathering Analysis and Retrieval (EDGAR) system requires all Schedule 13D filings — the US equivalent of Form 604 — to be submitted in standardised, machine-readable digital format. No handwritten or image-based pathway is permitted. The Australian reform would bring the ASX disclosure regime into alignment with established international best practice.

5. Additional Observations

5.1 Addressing the ‘Technological Convenience’ Argument

It may be submitted in response to this consultation that the handwritten filing pathway serves a legitimate purpose for filers who are less technologically capable, such as elderly individual investors who find digital submission systems difficult. We note this argument for completeness, and address it directly on the evidence.

Our study finds that for the subsample of handwritten filings in which filer type can be identified, approximately 72% are submitted by companies and 28% by individuals. In modern capital markets, a large listed company choosing to submit a regulatory disclosure form in handwriting rather than using a digital format available to it is acting anomalously. Our analysis confirms that these company-submitted handwritten filings are associated with one-year cumulative abnormal returns of approximately 11% — identical to the effect size for individually submitted handwritten filings. The evidence does not support the inference that company filers are choosing handwritten submission for reasons of technological convenience.

For individual filers who may genuinely face difficulty with digital submission systems, ASIC could consider providing a dedicated assistance pathway — for example, a telephone or assisted online lodgement service — that captures the information in a machine-readable format on the individual’s behalf. This would preserve accessibility without preserving the exploitable image-based submission pathway.

5.2 Retail Investor Exposure and Distributional Concerns

The distributional consequences of the current regime deserve explicit acknowledgement. Sophisticated institutional investors with access to algorithmic trading systems are better equipped to detect and trade on ownership disclosure information quickly. Retail investors, who cannot process high-volume disclosure feeds in real time, are disproportionately disadvantaged when that information is delayed and obscured by handwritten submission.

Our finding that handwritten filings are concentrated in mining and small-capitalisation companies is particularly concerning from this perspective. These are the companies in which retail investors are most heavily represented as a share of the investor base, and in which the information environment is already most opaque. The handwritten filing pathway exacerbates an existing information asymmetry that falls hardest on the participants least equipped to absorb it.

ASIC's proposed form reform directly addresses this concern. A machine-readable, standardised digital notice will be processable by the full range of market data services and algorithmic systems, ensuring that the information reaches all market participants simultaneously and in a usable form.

5.3 Sector-Targeted Surveillance

The reform to the notice form will eliminate the structural gap created by the handwritten pathway. We recommend that ASIC complement the form reform with targeted surveillance activity in the sectors and company types where strategic handwritten filings have been most prevalent. Based on our research, this surveillance should be prioritised in the mining and materials sector and among listed entities with market capitalisations below the median for the ASX.

Enhanced real-time monitoring of Form 604 filing patterns — including flagging of filings that arrive with unusually long delays between change date and submission date — would allow ASIC to identify potential non-compliance with the new regime promptly after its commencement.

6. Conclusion

The empirical evidence presented in this submission is consistent with the handwritten submission pathway for Form 604 substantial shareholder notices being strategically exploited by informed traders. The exploitation takes the form of deliberately slower, less machine-readable submissions that extend the disclosing party's information advantage over other market participants — an advantage that is reflected in abnormal returns of 3% over 30 days and 12% over one year, and a post-announcement price drift of 3% that persists even as markets have modernised.

ASIC's proposed replacement of image-based substantial holding notices with a mandatory machine-readable, web-based form (Proposals B17–B21) is the correct and proportionate regulatory response. It eliminates the structural gap created by the handwritten pathway without imposing material compliance costs on legitimate market participants. The US EDGAR system demonstrates that a fully digital mandatory regime for equivalent disclosures is operationally feasible and effective.

We strongly support ASIC's proposed reforms and encourage the Commission to implement them on the proposed timeline, with mandatory digital lodgement and real-time or near-real-

time public release as the core outcomes. We would be pleased to discuss the research findings with ASIC officers and can make the working paper available upon request.

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Appendix: Summary of Research Methodology

Research Question

Do substantial shareholder notices submitted in handwritten (non-machine-readable) form generate systematically different post-announcement returns and post-announcement drift compared to machine-readable notices, and is this pattern consistent with strategic information concealment by informed traders?

Data

The study constructs a comprehensive dataset of all Form 604 “Notice of change of interests of substantial holder” filings lodged with the ASX between February 10, 2003 and June 29, 2018. The start date corresponds to the introduction of ASX Listing Rule 14 requiring electronic submission. Filings are classified as handwritten, printed, or text-embedded based on their submission characteristics; handwritten forms are manually collected and processed. The final sample comprises 32,138 filings from 2,033 unique companies, after merging with daily price and trading activity data from SIRCA and requiring continuous price observations.

Method

The study employs three principal empirical approaches. First, standard event-study methodology is used to calculate cumulative abnormal returns (CARs) over windows of 30, 60, 125, and 252 trading days following the Form 604 release date, using daily market-adjusted returns. Second, panel regressions with industry fixed effects, year fixed effects, and double-clustered standard errors (by stock and by date) are used to estimate the relationship between filing type and CARs, controlling for substantial shareholder volume, filing delay, page count, file size, market capitalisation, and daily dollar volume. Third, logistic regressions are used to model the determinants of the choice to file in handwritten form, with information asymmetry, volatility, delay, trade size, and sector as key explanatory variables.

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