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Subject: Enhancing Australia's Evolving Capital Markets: A Collaborative Approach

Dear [REDACTED]

Dr. Judith MacCormick, Founder and CEO of BoardFocus, and Claudia Nemeth de Bikal, Advisor with BoardFocus, appreciate the opportunity to provide feedback on the ASIC discussion paper 'Australia's evolving capital markets' (February 2025). We are particularly interested in the synergies between ASIC's focus areas and BoardFocus's research on transformative corporate governance.

Our perspective is rooted in the Minimal Viable Governance (MVG) framework, developed by Dr MacCormick, which offers a unique lens through which to address key challenges and opportunities in Australia's capital markets. Dr MacCormick created the MVG as an easily understandable governance framework that can be tailored to any organisation – from start-ups to established listed entities. When situated within a dynamic, fit-for-purpose regulatory environment, synergies are available from the nexus of compliance and performance with the potential to deliver even greater positive outcomes for a wide range of key stakeholders.

Rather than presenting MVG as a solution, MVG provides a macro and micro lens, based on decades of research, board consulting and practice, through which to explore the discussion questions raised,

Addressing ASIC's Key Discussion Points:

- **Private Market Risks & Market Efficiency (Question 8):** We recognise the critical need for regulatory settings and oversight to support efficient capital raising while maintaining confidence in private markets. Our research, through the lens of MVG, suggests that essential governance elements – like clear purpose, well-defined stakeholder indicators (KSIs), and cultural alignment, can lead to better decision making. When regulation is fit-for-purpose, decision making can better integrate compliance AND performance play a pivotal role in shaping better outcomes impacting multiple stakeholders. At a macro, structural level, we believe that ASIC has a role in developing:
 - **Proportional Regulatory Approaches** that scale requirements based on company size, risk profile, and development stage could create more equitable access to capital markets. Applying identical requirements to multinational corporations and early-stage startups creates disproportionate burdens.
 - **International Regulatory Harmonisation** is also needed to reduce cross-jurisdictional compliance burdens. As startups increasingly operate globally from their earliest stages, navigating multiple regulatory regimes creates substantial friction in capital raising activities.
 - **Regulatory Sandboxes and Innovation Hubs** could provide controlled environments for testing new approaches to capital raising and listing. These frameworks allow for supervised experimentation with modified regulatory requirements, generating valuable data on which adaptations effectively balance innovation and protection.
- **Transparency & Market Integrity (Question 14):** We agree that additional transparency measures are desirable to support market integrity and better inform investors and regulators. In our view, at the micro, organisational level, ASIC can facilitate a change in orientation away from box ticking, and towards governance mindset that encourages:

- **Purpose-Driven Regulation:** Encourage aligning governance systems with organisational purpose rather than compliance checklists. This reorientation can streamline regulations that focus on fostering transparency and investor confidence while supporting economic growth within regulatory guardrails.
- **Customisable Frameworks:** Instead of a one-size-fits-all approach, tailoring governance processes to the specific needs of private market participants can help balance transparency requirements with the flexibility needed for innovation and growth in private capital markets.
- **Cultural Alignment:** Encouraging private market entities to embed cultural alignment into their governance practices can reduce risks like conflicts of interest and valuation uncertainty.
- **Transparency Through Simplification:** Decluttering governance processes to focus on what matters most can make reporting requirements more accessible and meaningful for investors without overburdening private entities.
- **Governance mindset enacted in behaviours:** We believe that the board sets the tone for what is considered to be appropriate behaviour within their organisations. The board culture and how the board prioritises and makes decisions filters through the whole organisation. Compliance and regulation need to be framed as enablers of performance (avoiding risk as well as embracing opportunities) not just codified into pages of regulation and governed as compliance checklists.
- **Conflict of Interest management:** Simple MVG tools can guide decisions around whether, how and to what extent private equity are represented on boards of companies they invest in. By specifying who has decision-making authority, role clarity as to who has decision making authority can assist all parties objectively navigate potential conflicts of interest.
- **Retail Investor Participation:** Simplified and dynamic governance in turn can encourage more constructive retail investor engagement and indeed attract higher quality potential Directors to want to serve (not sit) on boards.

To enable a line of sight to these conditioning factors, the MVG principle is that governance should be simple, at its essence a clear purpose and strategy and identification of what success looks like for the key stakeholders, that can be adopted and understood by all market participants.

Potential Areas for Collaboration:

We believe there are several opportunities for BoardFocus to contribute to ASIC's efforts, offering a perspective grounded in both practical experience and the MVG framework:

- **Sharing Research Insights:** We can share findings from our ongoing research on governance practices and their impact on decision-making and organisational culture.
- **Participating in Roundtables/Workshops:** We would be happy to participate in discussions around regulatory reform and contribute our expertise on governance best practices.
- **Developing Educational Materials:** We can assist in developing guidance and education materials for private market stakeholders on effective governance practices.

We are eager to engage in a dialogue with ASIC to explore these ideas further and offer our unique perspective on enhancing Australia's capital markets. Thank you for considering our feedback. We would welcome the opportunity to be involved in ASIC's feedback and engagement approach to support its strategic priority to drive consistency and transparency across markets and products.

Kind regards,



Founder and CEO, BoardFocus Advisory



BoardFocus Advisory

APPENDIX 1 – Biography

Judith S. MacCormick, PhD, MBA (USyd & UNSW), Grad Dip Sci (ANU), BA, FAICD

Dr. Judith MacCormick is the founding Partner and Managing Director of a specialist board advisory firm. Judith **advises leading public and private company Boards** and their Chairs on issues related to strategic corporate governance, Board effectiveness, Board culture and development, and leadership development and succession. With a PhD in organisational behaviour Judith is a regular commentator and speaker in Australia and internationally on issues related to Board Effectiveness, Strategy, Leadership, organisational culture, and most recently **MVG “minimal viable governance©”**.

Judith is widely published academic and has been a senior executive in national and global companies and a consultant advising Australian Government bodies, NFPs as well as multiple ASX 100 and Fortune 500 companies globally. She has served on boards as both **Director and Chair**.

Judith was also an inaugural Corporate Governance and Board Effectiveness **Faculty Advisor for the AICD**. For more than 15 years, she has been facilitating many of their flagship governance programs, such as 'Leading the Board', 'Evaluating the Board,' 'Reporting to the Board' and 'Mastering the Boardroom', as well as their globally recognised Company Directors Course and International Company Directors Course, specialising in the 'Role of the Board and the Practice of Directorship', 'Decision Making in the Boardroom', 'Achieving Board Effectiveness.' She also authors a number of AICD publications.

Prior to establishing her firm, Judith was a Partner in the CEO and Board of Directors practice of the global executive search firm, Heidrick & Struggles with primary responsibility for Board Advisory. This followed her role as a program director with AGSM at the University of NSW, consulting to government and leading companies. Before that, she was a chief consultant with both **US and UK global consulting firms**, consulting throughout Australia and Asia. Judith lived in Singapore and Jakarta for many years, consulting and facilitating across **many jurisdictions**.

Judith is an internationally published expert in organisational culture and business effectiveness, writing for Boards and the impact of technology on work. Most recently, she launched the concept of MVG 'Minimal Viable Governance' for start-ups at the Entrepreneurship Conference at INSEAD, France, and was invited to speak on opening night at the Lean Start-up Conference in San Francisco and at the Eurasian Higher Education Conference in Kazakhstan. Judith is a highly awarded facilitator who is recognised for her **outstanding teaching of MBA** programs at UNSW. Recognized by the University of NSW as an **Alumni Leader** for her **contribution to Corporate Governance**, her expertise was also recognised by AICD in being appointed an inaugural **Faculty Advisor on Governance and Board Effectiveness**. Judith has also been invited to judge submissions to the **Integrity Project** Initiative by university students in Central Asia over the last three years since the project's inception.

Minimal Viable Governance (MVG)

Our perspective is informed by the Minimal Viable Governance (MVG) framework, which is founded on the idea that governance, when optimised, can strategically and practically frame solutions for ASIC's goals in streamlining their regulatory approach. Rather than a prescribed model, MVG represents a way of thinking about governance – focusing on essential elements and adaptability to improve decision-making. It is applicable to ASIC itself as well as to the public and private companies that ASIC oversees from a regulatory perspective.

Links to selection of Publications by Dr MacCormick

BOARD REPORTING

Reporting to the Board – Improving Quality Without Increasing the Quantity

<https://www.aicd.com.au/board-of-directors/meeting/paper/board-reporting-improving-the-quality-without-increasing-the-quantity.html>

Effective Board Report Writing

<https://www.aicd.com.au/board-of-directors/meeting/paper/effective-board-reporting-writing.html>

CULTURE

Governing Organisational Culture

<https://www.aicd.com.au/organisational-culture/business-ethics/change/governing-organisational-culture.html>

Influencing an Ethical Culture

<https://www.aicd.com.au/organisational-culture/business-ethics/change/creating-a-moral-culture-by-influencing-moral-climate.html>

MVG - MINIMAL VIABLE GOVERNANCE

MVG – Getting Governance Back to the Basics That Matter

<https://www.aicd.com.au/board-of-directors/meeting/paper/board-reporting-improving-the-quality-without-increasing-the-quantity.html>

Claudia Nemeth de Bikal, BA, Cert Gov Prac & Risk Mgt, GAICD

Claudia Nemeth de Bikal is an Advisor with BoardFocus and has worked on board review engagements for a range of not-for-profit, government and for-profit organisations.

Claudia's board roles as a company secretary and director have been in the not-for-profit sector.

Prior to her governance roles, Claudia had over 20 years' experience in financial services in digital transformation, marketing, project management and regulatory reform.