

28 April 2025

Australian Securities and Investments Commission
Level 5, 100 Market Street
Sydney NSW 2000

By Email

Dear Sir/Madam

Re: Discussion paper on the dynamics between public and private markets

This submission is provided by Greenwich Capital Partners (Greenwich), an Investment Manager operating in Australia's private market. The purpose of this submission is to contribute to ASIC's discussion paper on 'The dynamics between public and private markets'.

As dedicated investors in the Australian private market, Greenwich relies fundamentally on access to accurate, timely, and comprehensive data. This information is critical for conducting thorough due diligence, performing robust valuations, assessing investment risks, and ultimately making informed capital allocation decisions. The current method for accessing private companies presents significant obstacles for Greenwich and others operating in the private markets. These include prohibitive access costs, cumbersome retrieval processes often requiring navigation through approved information brokers, and limitations in the scope and granularity of the data itself. These factors collectively increase transaction costs, introduce delays, create information asymmetries, and potentially stifle investment activity, particularly for smaller to mid-sized firms. This ultimately impacts the efficient allocation of capital and hampers potential economic growth for the small and medium investment markets.

Overview of Recommendations

This submission advocates for a fundamental change in Australia's private company data regime, aligning it with established international best practices that foster transparency and efficiency. The core recommendations proposed are:

1. Implement no-cost, open access to ASIC's digital repository of company data, removing existing financial and logistical barriers. This will require additional support from the Australian Government to plug ASIC'S cost recovery gap caused by the removal of incumbent fee collection systems.
2. Enhance the detail and scope of data required from private companies lodging information with ASIC, particularly concerning financial performance and ultimate beneficial ownership.
3. Strengthen compliance monitoring and enforcement mechanisms to ensure the data is lodged in a timely and accurate manner, thereby increasing its reliability and utility.

Recommendation 1: Implement No-Cost, Open Access to Private Company Data

Current Challenges in Australia

The current system for accessing private company data held by ASIC presents considerable friction for investors. As outlined previously, data submitted to the Commission is often subject to access fees, making routine checks or large-scale analysis costly. The process of retrieval can be cumbersome, frequently requiring engagement with ASIC approved information brokers. This intermediary model adds another layer of complexity and cost, further distancing the end-user from the source data.

From an investor's standpoint, these barriers have direct, negative consequences. They inflate transaction costs associated with due diligence and market screening. They introduce delays into investment processes, potentially causing missed opportunities. The cost barrier creates information asymmetry, favouring larger, established players or those with the resources to absorb high data access fees, disadvantaging smaller entities, new entrants, and potentially hindering broader market participation. This environment can ultimately have a stifling impact on investment activity, reducing the overall efficiency of capital allocation within the Australian economy.

International Benchmark: The UK Companies House Model

The UK's Companies House made all its digital data free starting in 2015, aiming to boost the economy by increasing transparency and efficiency. Previously, accessing this data cost £8.7 million in 2013/14. The data is now accessible via:

1. Companies House Service (CHS): A free, easy-to-use web portal for searching company records.
2. RESTful API: A free tool for developers to access data programmatically, enabling integration into other applications.

Available data includes company details (name, number, status, address, etc.), filing history, director/officer information, and Persons of Significant Control. This open-data model is a successful example that could be adopted domestically.

Evidence of Success and Impact in the UK

The transition to free, open access in the UK has yielded demonstrable positive results:

- **Increased Usage:** Free access to Companies House data led to a surge in searches, from 300 million in 2014/15 to 2.2 billion in 2017/18, with paid searches dropping to 0.04%. This shows fees were a major barrier.
- **Economic Benefits:** Independent analysis estimated £1-3 billion in annual benefits for users in 2018, far exceeding the £8.7 million in foregone fees. This likely underestimates total economic value, as it excludes broader societal impacts.
- **Innovation Boost:** Free data with over half of smaller intermediaries accessing bulk data only after fees were removed. This enabled new services like compliance tools and market analysis platforms.
- **Public Good:** Free data supports government, law enforcement, and transparency efforts, aiding policy-making, anti-corruption, and fraud prevention, while reducing costs for public sector operations like Office of National Statistic surveys.

Proposal for Australia

Greenwich recommends that ASIC adopts a similar open data model for its company register. This would involve providing free, digital-first access to ASIC filed company information via:

1. A modern, user-friendly web portal comparable to the UK's CHS.
2. A robust, well-documented, free access for investors, businesses, researchers, and innovators.

Implementing such a model in Australia would significantly reduce transaction costs and administrative burdens for investors and other data users in the private market. It would level the playing field by removing cost barriers, stimulate innovation in financial technology and data analysis, enhance market efficiency through improved information flow, and deliver substantial public good benefits. While embracing transparency, it is also important to learn from the UK's experience in balancing openness with individual privacy. The UK is actively refining its approach to protect personal information where necessary (e.g., suppressing certain sensitive details under specific criteria) due to concerns about potential misuse like fraud or identity theft. Australia should proactively consider incorporating appropriate safeguards into its open data framework from the outset, ensuring that transparency goals are achieved responsibly.

Impact on ASIC

ASIC's fees would decrease when compared to the current model but this could be partly offset by higher enforcement fees for non-compliance, as detailed later in this response. Furthermore, given the federal government's interest in improving market efficiency, additional funding should be provided to ensure ASIC is adequately resourced, replacing the lost revenue under a no-cost approach.

Recommendation 2: Enhance the Detail and Scope of Required Data

Current Data Gaps in Australia

For private capital investors, ASIC's data on Australian private companies is often inadequate. Filings provide only basic corporate details, potentially outdated or summarised financials (especially for smaller firms), and lack detailed operational data. There is no centralised, public source for ultimate beneficial ownership (UBO), complicating due diligence, risk assessment, and understanding complex corporate structures, which adds uncertainty to investment decisions.

International Standards for Financial Data

Globally, leading jurisdictions recognise the need for detailed and reliable financial disclosures from private companies, often tailoring requirements based on company size to balance transparency with compliance burden.

- **Granularity and Scope:** Jurisdictions like New Zealand require 'large' companies (defined by specific asset and revenue thresholds, including those with significant foreign ownership) to file comprehensive, audited financial statements. These must include a Profit and Loss, Balance sheet, statement of cash flows, statement of movements in equity, accounting policies, and detailed notes. Smaller companies face reduced requirements.
- **Standardised Formats:** Singapore mandates filing financial statements in XBRL (eXtensible Business Reporting Language) format for most companies. XBRL is a global standard for digital reporting, primarily used for financial and accounting data, but also other business-related information. This structured data format allows for efficient automated processing, analysis, and comparison by regulators and data users. Singapore utilises different XBRL templates (Full or Simplified) depending on the company's size and public accountability status. Required statements include the balance sheet, P&L, statement of changes in equity, cash flow statement, and notes. The adoption of structured data formats like XBRL is crucial for maximising the usability and analytical

value of company data, particularly within an open data framework where machine-readability facilitates large-scale analysis and integration. Simple PDF filings inherently limit these possibilities.

- **Tiered Requirements:** Several jurisdictions employ tiered reporting requirements based on company size. In Germany, the reporting obligations for a private limited company vary based on thresholds for total assets, sales revenue, and employee numbers. Small businesses benefit from simplified requirements (e.g., potentially no employee numbers, reduced notes, no management report) and longer filing deadlines (6 months vs 3 for larger companies). This approach acknowledges the potentially disproportionate compliance burden on smaller enterprises while demanding greater transparency from larger, potentially more systemically important entities. New Zealand and Singapore also implement size-based differentiation. This pragmatic approach appears more effective than a one-size-fits-all mandate.
- **Profit & Loss Data:** The UK experience highlights the high value placed on financial information by data users, accounting for 55% of the total perceived benefit. Notably, recent UK reforms under the Economic Crime and Corporate Transparency Bill mandate that even micro-entities and small companies must file a profit and loss account, driven by the rationale of protecting creditors, consumers, and reducing fraud risk.

Proposal for Australia

1. Mandate more comprehensive financial reporting for Australian private companies, moving beyond basic filings for companies above a certain threshold (e.g. \$5 million revenue).
2. Implement a tiered system based on clear size thresholds (e.g., revenue, assets, employee numbers) similar to NZ, Singapore, or Germany, defining the specific statements required at each tier (e.g., P&L, Balance Sheet, Cash Flow, Notes).
3. Strongly consider mandating the submission of financial statements in a structured data format like XBRL, following Singapore's lead, to enhance data usability, comparability, and analytical potential.
4. Require the filing of Profit & Loss statements even for smaller private companies, aligning with the direction taken in the UK to improve creditor protection and fraud detection.

Recommendation 3: Improve Compliance and Enforcement

The significant benefits of open and detailed company data are fundamentally contingent upon the reliability of that data. Inaccurate, incomplete, or significantly delayed information loses value for investment decision-making, market analysis, and public scrutiny. Late filings can obscure financial distress or prevent the timely identification of risks, while inaccurate filings can actively mislead stakeholders. Furthermore, failures in compliance can be exploited to mask illicit activities such as money laundering or fraud. Therefore, a robust compliance and enforcement regime is not merely an administrative adjunct but a critical component of a transparent and trustworthy corporate data ecosystem.

International Enforcement Models

Leading jurisdictions use multiple strategies to ensure timely and accurate company filings:

- **United Kingdom:** The Companies House imposes automatic late filing penalties (£150-£1,500 for private companies, higher for public) that double for repeated delays. Late or non-filing is a criminal offence, with directors facing fines up to £5,000, disqualification, or company dissolution. The recent 2023 reforms added penalties for late confirmation statements (£250-£2,000+)
- **Singapore:** ACRA enforces late filing with fines up to SGD 5,000 or prosecution. Non-compliance may lead to company dissolution. ACRA monitors compliance and penalizes filing agents for breaches.
- **Canada (Federal):** Non-compliance with significant control filings can result in corporate fines up to CAD 100,000, dissolution, or certificate refusal, and directors' fines up to CAD 1 million and/or 5 years imprisonment.
- **OECD Context:** Effective regimes penalize non-filing, late filing, and inaccuracies, often for transparency rules like Country-by-Country Reporting.

Key Features: Combining escalating financial penalties, director liability, and company dissolution is more effective than single measures. Proactive monitoring and reminders help reduce non-compliance and improve data quality.

Proposal for Australia

ASIC's compliance and enforcement framework should be amended:

1. Implement a clear, publicly documented, and automatic penalty structure for the late or inaccurate filing of all mandatory documents, including financial statements and beneficial ownership information.
2. Ensure penalties escalate significantly based on the duration of the delay and the frequency of non-compliance, mirroring the UK model.
3. Introduce meaningful director liability for persistent or deliberate non-compliance, including the potential for personal fines and disqualification orders, making accountability clear.
4. Maintain company strike-off as the ultimate sanction for prolonged or egregious non-compliance.
5. Adequately resource ASIC for proactive monitoring of filing deadlines and data quality checks, shifting beyond a purely reactive stance.
6. Establish clear grounds for appeal against penalties, focusing on genuinely exceptional circumstances.
7. Complement penalties with proactive communication

Potential Benefits of the Recommendations

Making these changes would generate substantial public good for Australian companies operating in the private markets, and provide significant economic and social benefits.

Economic Benefits

- **Improved Market Efficiency:** Transparency is fundamental to efficient markets. By reducing

information asymmetry between companies and investors, or between different classes of investors, readily accessible and comprehensive data allows capital to be allocated more effectively to its most productive uses. Opaque financial reporting can lead to mispricing of assets, with investors potentially undervaluing companies due to uncertainty or overpaying for hidden risks. Studies on bank transparency, for instance, show that opacity can allow riskier institutions to obtain unduly cheap funding, a market failure corrected by disclosure.

- **Lower Cost of Capital / Funding Costs:** Increased transparency can directly translate into lower costs for businesses. When investors have greater confidence in the accuracy and completeness of information, perceived risk decreases. Empirical studies have linked financial reporting transparency and supervisory disclosure to a lower cost of capital and lower bank funding costs, particularly benefiting firms and institutions with stronger fundamentals. Conversely, a lack of transparency increases uncertainty and risk perception, potentially leading markets to apply a discount to a company's valuation. Improving transparency can therefore directly address investment risk, implying that companies operating under a more transparent Australian regime could command higher valuations or lower risk premia, enhancing the overall value of private capital investments.
- **Better Investment Decisions:** High-quality, easily accessible data empowers investors, like Greenwich Capital Partners, to conduct more rigorous due diligence, perform more accurate valuations, and make better-informed investment decisions. This leads to more efficient capital allocation and potentially better returns, contributing to a stronger overall economy.
- **Fostering Innovation and Competition:** Open data is crucial for driving competitiveness. Freeing up access to company data enables businesses to develop new products, services, and analytical tools. It also helps fuel growth in private markets by increasing confidence in available information. The UK's experience demonstrates this clearly, with new intermediaries emerging post-reform and an estimated economic benefit far exceeding foregone revenue. McKinsey estimated in their 2013 report 'Open data: Unlocking innovation and performance with liquid information' that the economic value of open data can be substantial, potentially adding between 0.1% and 2.5% or 3 to 5 trillion (USD) to global GDP. The scale of these indirect and induced economic impacts, often estimated to be 10 to 50 times greater than the direct benefits to data holders, underscores that open company data generates significant positive externalities. This justifies public investment in making the data freely available, as cost-recovery models fail to capture the vast majority of the potential economic value.
- **Increased Efficiency:** Open data reduces data acquisition costs and search times for a wide range of users, including investors, government agencies, researchers, and other businesses, thereby improving overall economic efficiency.

Social Benefits

- **Enhanced Corporate Accountability & Governance:** Making company information, including ownership structures and financial performance, publicly accessible increases scrutiny from the media, academics, civil society organisations, and the general public. This heightened visibility fosters greater corporate accountability and encourages better governance practices. Transparency regarding beneficial ownership is particularly potent in revealing ultimate control and potential conflicts of interest.
- **Facilitating Research:** Accessible company data provides an invaluable resource for academic and

policy research into corporate behaviour, market dynamics, economic trends, and the effectiveness of regulations.

- Improving Public Services & Trust: Open data initiatives can lead to more efficient government operations (e.g., reduced survey costs) and improved public service delivery through better data access and citizen engagement. Increased transparency can also help build public trust in government institutions and the business sector.

Alignment with Global Standards

Adopting these reforms would bring Australia's private company data regime closer alignment with international best practices and standards implemented by key trading partners and comparable economies (such as the UK, EU members, Canada, Singapore, and New Zealand). This includes commitments in international forums like the G8/G20 regarding corporate transparency and adherence to standards set by bodies like the Financial Action Task Force. Such alignment enhances Australia's reputation as a transparent, well-regulated, and attractive destination for international investment and business.

Greenwich Capital Partners appreciates the opportunity to provide this submission and stands ready to engage further with ASIC and other stakeholders on these critical reforms. These changes will significantly enhance the transparency, efficiency, and integrity of the private market in Australia, benefiting investors, businesses, and the public.

Yours sincerely



[Redacted Name]

Greenwich Capital Partners