Australian Shareholders' Association

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Mr Joseph Longo
Chair
Australian Securities and Investments Commission

Submitted: Online via markets.consultation@asic.gov.au

Dear Mr Longo,

Australia's evolving capital markets: A discussion paper on the dynamics between public and private markets

As the leading independent voice of retail investors, the Australian Shareholders' Association (ASA) welcomes ASIC's timely consultation on the shift from public to private capital markets.

ASA supports ASIC's commitment to enhancing transparency, accountability, and fair access for all Australians—whether investing through public markets, managed funds, superannuation, or increasingly, private assets. With over $150 billion now allocated to unlisted investments, this trend raises urgent concerns around investor protection, governance, and market integrity.

These risks are no longer theoretical. Superannuation funds are directing growing allocations into private assets, exposing everyday Australians to investments that often lack transparency, liquidity, and effective oversight. ASA's 2025 Investor Sentiment Survey found the top three concerns about private market investments were: (1) lack of transparency or preferential treatment of some investors; (2) poor conflict of interest management (e.g. related-party transactions); and (3) challenges in valuing illiquid assets.

ASA believes the solution lies in reinforcing transparency and protections in private markets, while preserving the accessibility and efficiency of public markets. This submission outlines ASA's key concerns, sets out five reform priorities and responds to ASIC's questions and Appendix 1.

Five Reform Priorities

1. Preserve the Strength of Public Markets

Public markets offer transparency, price discovery, and continuous disclosure. However, regulatory and cost burdens are discouraging new listings and limiting retail access. ASA recommends that ASIC:

- Investigate barriers to listing for small and mid-cap companies
- Review compliance costs to ensure proportionality
- Work with the ASX and industry to stimulate new listings
- Reinforce disclosure and financial literacy standards

2. Extend Protections to Private Markets

Retail investors increasingly access private markets via super, ETFs, and managed funds—

without equivalent safeguards. ASA recommends:

- Strengthening gatekeeper obligations for advisors and product issuers
- Requiring baseline disclosure on performance, fees, risk, liquidity, and valuation, including transparency around how private assets are valued. Valuations are often subjective and lack market-based verification. Investors should be informed of the limitations of audit processes in determining fair value.
- Ensuring investor classification thresholds reflect actual financial literacy
- Mandating clear warnings about liquidity risks and fund redemption limits

3. Improve Listing Pathways and Investor Access
Fewer IPOs and reduced retail participation limit access to early-stage growth. ASA recommends:

- Simplifying listing processes for small and mid-cap companies
- Exploring transitional regimes for companies preparing to list
- Providing clear guidance on ESG and governance expectations
- Expanding retail access to capital raisings

4. Promote Comparability Through Better Data
The lack of standardised data in private markets undermines comparability and informed decision-making. ASIC should:

- Mandate core metric reporting (NAV, fees, liquidity, performance)
- Collaborate with APRA, ATO and ABS to map unlisted market exposures
- Benchmark Australian data practices against global best standards

5. Uphold the Voice and Rights of Retail Investors
Retail investors are central to a healthy market. ASA recommends:

- Involving retail investor groups in policy development
- Safeguarding access to meaningful disclosure and enforceable rights
- Monitor marketing practices that promote complex or illiquid private market products to retail investors, especially where disclosure is insufficient or risks are downplayed
- Ensure equitable treatment of smaller investors in private market structures—particularly in capital raisings and liquidity events—so that institutional and insider interests do not dominate governance or access

Responses to Appendix 1 Questions

1. Structural or cyclical changes?
Both. The growth of superannuation, private capital, and offshore listing options is structural. Cyclical factors, such as global volatility and geopolitical tensions, exacerbate this trend. Regulatory imbalance between markets further accelerates the shift.

2. Superannuation fund impacts?
With assets exceeding the value of the ASX, super funds significantly shape capital markets. Yet members often lack clarity over exposures, risks, and alignment with their preferences. The search for yield may push funds further into opaque or illiquid investments. In addition, retail investors are indirectly exposed through widely held institutions such as banks and super funds, which themselves face rising exposure to private markets and associated systemic risks.

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3. Do regulators have sufficient data?
No. As one ASA member put it: *"It's hard to take a look under the bonnet of private equity."* Without standardised disclosures, neither regulators nor retail investors can assess the systemic risks of private assets.

4. Data under stress scenarios?
Very limited. Private assets lack disclosure requirements, impeding risk modelling and crisis planning. ASIC should mandate regular, consistent data to strengthen market oversight.

5. Market integrity in private capital raising?
Without disclosure standards and accountability, capital raising may become fee-driven and opaque. True market integrity requires transparency, comparability, and effective enforcement.

6. Are retail investors at greater risk?
Yes. Retail investors have reduced access to IPOs and increasing indirect exposure to private assets with limited transparency or safeguards. Many do not fully understand the risks or lack avenues for redress.

7. Is greater regulatory harmonisation needed?
Yes. Consistent standards across public and private markets would protect all investors, especially those gaining exposure via intermediated vehicles like super or ETFs.

8. How can capital markets meet future needs?
Maintain a strong public market framework while extending protections in private markets. Provide IPO pathways for emerging businesses and reduce unnecessary red tape to foster confidence and access.

9. Global influences on Australian markets?
Australia has remained resilient due to the resources sector and retail participation. However, global trends—such as fewer IPOs, the rise of private capital, and growing use of ETFs—are evident locally. This is contributing to a shrinking pool of listed entities.

ASA anticipates continued growth in private markets, particularly private credit, and reduced transparency for retail investors. Infrastructure, once widely held, is now primarily accessible through private institutional channels—excluding individual investors. Without reform, we risk entrenching a two-tiered market.

10. What makes private markets attractive?
Issuers benefit from fewer disclosure obligations and faster capital access. For high-net-worth investors, private markets offer diversification and yield. Retail investors are increasingly drawn in via platforms or marketing—often without understanding the risks or lack of governance protections.

11. Convergence of public and private markets?
Through listed investment structures such as LICs, LITs and ETFs. This convergence demands regulatory calibration to ensure investor protections are upheld across both domains.

12. Future regulatory focus?
ASIC should prioritise:
- Preventing misleading conduct and poor valuation practices
- Managing conflicts of interest in fund structures
- Improving exit mechanisms from illiquid products
- Enhancing transparency around institutional capital allocation

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13. How to attract new listings while maintaining protections?
Reduce compliance barriers, clarify governance expectations, and improve research and fundraising access for retail investors. Consider innovation-friendly regimes (e.g. regulatory sandboxes) to support listings.

14. Will declining listings harm the economy?
Yes. Fewer listings reduce investor choice and increase concentration risk. Supporting small-to-mid caps and improving the appeal of public listing—particularly in underrepresented sectors—can mitigate this.

15. Why are public companies held to higher expectations?
Both regulation and community standards play a role. Investors increasingly expect transparency, accountability, and ethical leadership. ASA supports the ASX Corporate Governance Principles and Recommendations as a flexible 'if not, why not' framework, rather than a prescriptive code. However, without comparable expectations in private markets, founder-controlled or institutionally dominated firms may lack accountability, with smaller investors at risk of being overlooked.

Conclusion

The shift to private markets is accelerating, bringing with it increasing risks to investor protection and market transparency. ASA supports ASIC's efforts to respond to this trend with sensible, proportionate regulation.

To maintain confidence and fairness in Australia's capital markets, we recommend that ASIC:

- Reinforce public market integrity and reduce unnecessary listing barriers
- Introduce consistent disclosure and oversight in private markets
- Ensure retail investors' interests remain central to policy reform

We appreciate the opportunity to contribute to this important consultation and would welcome continued engagement as the policy response develops.

Please don't hesitate to contact me at [redacted]**@asa.asn.au** to discuss any aspect of our submission.

Yours sincerely

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Chief Executive Officer
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For more information about ASA's policy priorities, click [here](#).

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