

24 June 2026

Regulatory Reform & Implementation
Australian Securities and Investments Commission
Level 7, 120 Collins Street, Melbourne, VIC 3000

By email: rrc.consultation@asic.gov.au

**Subject: ASIC Corporations (Horse Schemes) Instrument 2016/790
CS 53 Proposed remake of six legislative instruments relating to managed
investment schemes**

Dear ASIC,

Stable Connect Ltd welcomes the opportunity to provide feedback on the remake of ASIC Corporations (Horse Schemes) Instrument 2016/790. While our submission will address the two key questions raised in your call for feedback— is the Instrument fit for purpose and are the current thresholds appropriate - we will also provide some information that provides important context for ASIC's deliberations and some suggestions on how the Instrument can be improved.

Syndication and Australian Racing

The Australian thoroughbred racing sector is one of the largest in the world, with only the USA hosting more races, and an estimated workforce of some 78,000 people (Full Time Equivalents). The total prizemoney for all races across the last racing season in Australia was more than \$985 million.

The sums involved in racing thoroughbreds are also significant. For example, the average price for a yearling at the Magic Millions Gold Coast Yearling Sale and the Inglis Premier Yearling sale - the two most popular sales for racehorse syndicators to buy their stock - were \$270,000 and \$143,000 respectively in 2026.

Across all yearling sales in 2026 the average price was \$155,000, which compares to \$82,500 in 2016 when the Instrument was last remade.

After purchase, the ongoing costs of racehorse ownership are similarly substantial: it is not uncommon for major racehorse trainers to invoice \$10,000 a month per horse.

It is in this context that it should be understood that racehorse syndication has played an important role in broadening the ownership base across Australian racing; facilitating and encouraging small scale investment from people who are often new to the industry. Without ownership facilitated through syndication many people would not be able to participate in a sport they are passionate about.

Figures published by Racing Australia in their annual Fact Book demonstrate the increased popularity of syndication, with 59,471 individuals invested through 12,000 different syndicates in the past racing season (2025-26). These numbers have grown significantly in the past five years; up from 40,840 participants and 7200 syndicates in the 2019/20 racing season.

About Stable Connect

Our business has more than 15 years' experience as an AFSL (License 336964) holder in thoroughbred syndication and we currently license and support 36 Authorised Representatives. This requires us to ensure our Authorised Representatives understand and meet their compliance obligations under the Corporations Act.

The principals of our business are [REDACTED], an accountant with more than 25 years experience, and [REDACTED], who qualified as a solicitor in 1982. Both have specialised in the thoroughbred sector and also provide accounting and legal services to other participants in the industry such as racehorse trainers and breeders, providing them a deep understanding of all facets of the Thoroughbred industry.

Stable Connect is supported by a functioning board that meets quarterly and takes its responsibilities seriously. It is worth noting that Stable Connect:

- Is registered with AUSTRAC and operates under comprehensive AML/CTF policies.
- Has developed an industry-specific RG146 training program in partnership with Kaplan Professional.
- Requires all our Authorised Representatives to undertake this training, ensuring a consistent understanding of financial services obligations, disclosure requirements and compliance standards across the network.
- Has 36 licensed syndicators who operate under our banner generate about 170 Public Disclosure Statements (PDS) annually.
- Has syndicators operating across Australia, giving us an insight into how the current Instrument is administered in different states.

What has worked well with current Instrument

We believe the current Instrument has played an important role in growing investment in the racing industry by professionalising racehorse syndication through higher disclosure standards and transparency, creating greater consumer confidence and improving governance.

In particular:

- Owners have benefited from transparent fee structures and disclosures of conflicts.
- There are reduced risks of disputes; benefiting consumers, syndicators and racing authorities.
- The requirement for consumers' money to be held in a trust account until a horse can be purchased in full means a prospective investor's money is protected. This is typically not the case when racehorse trainers sell down shares in horses they have purchased at auction.
- Stable Connect maintains Professional Indemnity Insurance covering all Authorised Representatives. This provides protection for owners and syndicators, financial backing for legitimate claims, and promotes higher professional and compliance standards across the industry.

Concerns with Instrument and its administration

While there are amendments to the Instrument we believe will reduce complexity and compliance burdens, our main concern with the current regulation relates to how it is administered by individual Principal Racing Authorities (PRAs) or racing governing bodies in their roles as co-regulators with ASIC.

Firstly, there is a lack of consistency in what promoters and schemes PRAs are regulating in accordance with the Instrument. In particular, horseracing trainers have been largely exempted, even though many are advertising and promoting shares in racehorses in a manner that is often identical to licensed syndicators (for example, through advertising on social media).

As well as trainers, we are also aware of a handful of promoters that have been allowed to operate in a way that mirrors licensed syndicators, without undertaking the same compliance functions.

The only racing regulator that has been proactive in monitoring this space is the Queensland Racing Integrity Commission (QRIC), with other states only investigating matters after they have received complaints.

Racing authorities may be taking this two-tiered approach because of a lack of understanding of the current Instrument and the need to regulate consistently; alternatively, it may be because they are unwilling to provide the resources necessary to ensure each horse racing syndicate (as defined by the Instrument) is properly regulated. Either way, Stable Connect believes this inconsistency carries an increased risk to consumers, especially as trainers do not hold investors' money in a trust account until a horse has been paid for in full (with title flowing) and nor do they hold Professional Indemnity Insurance.

A second, lesser concern, are the inconsistencies in the processes of PRAs in the regulation of syndicates. For example, in relation to a PDS, Racing NSW requires it to cover 100% ownership of a horse, unless a breeder or syndicator is retaining an ownership interest. In all other states, a PDS is not required to cover the entire horse, allowing trainers to syndicate a percentage outside of the syndicators PDS.

Similarly, the standard validity period for a PDS is six months across all states. However, extension provisions vary, with Racing NSW allowing a one-month extension, while Racing Victoria allows a three-month extension.

Ideally, there would be a consistent approach to these matters across all of the PRAs, which would assist in licensed syndicators understanding their obligations.

Finally, while licensed syndicators are required to be AML/CTF compliant under current regulations, we believe this is poorly understood by some promoters who are not registered with AUSTRAC. Given the expansion of compliance rules to service providers in the imminent Tranche 2 reforms, emphasising the need to be AML/CTF compliant in a remade Instrument may be helpful.

Regulatory Improvements

Fundamentally, we believe the current Instrument has created a robust regulatory framework and improved governance, while also providing important relief from the Corporations Act to promoters and syndicators. However, to reduce unnecessary

compliance costs and administrative burden, while ensuring the Instrument remains fit for purpose in today's racing and syndication environment, we believe consideration should be given to the following amendments:

- Increasing the maximum syndication value from \$500,000 to \$750,000: as noted earlier, the average price of a yearling has almost doubled since the instrument was last remade. Increasing the total amount raised through the issue to \$750,000 would reflect the increasing costs and ensure that syndicators have the ability to buy the horses they believe will perform well on the racecourse.
- Increasing the maximum number of owners permitted in a syndicate from 50 to 100: syndication provides a pathway for many inexperienced investors to engage in racehorse ownership. As costs inevitably increase, raising the number of participants would enable racehorse ownership to remain affordable.
- Maintain the current six-month PDS fundraising period, but allow all syndicators to apply for a further 6 month extension where shares have not been fully sold down, subject to the submission of an updated veterinary certificate: at Stable Connect we are aware of occasions when an injury has prevented a promoter being able to sell down all shares in a horse, even if this issue has no long term impact on that thoroughbred's athletic performance.
- Removing the requirement to prepare and submit annual financial statements for individual syndications. These statements cost approximately \$500 per horse to prepare and provide limited practical benefits, as we are aware that some PRAs do not review them. Removing this requirement would reduce cost for Authorised Representatives without materially reducing consumer protection.
- Consider the introduction of an annual PDS template approval process for each syndicator. Under this model, the relevant PRA would approve the syndicator's standard PDS template once annually, supported by an annual statutory declaration from the Authorised Representative. For each new horse, only a PDS application or notification would then need to be submitted to the relevant PRA, confirming that an active PDS is being issued for that horse. This would significantly reduce approval turnaround times while retaining appropriate oversight.

Finally, as flagged above, we believe a remade Instrument needs to be consistently applied to all promoters whose actions constitute a managed investment scheme under the terms of the Act. This would improve consumer protections and ensure a level playing field for all promoters, whether they have their own AFSL license, are an Authorised Representative or a racehorse trainer.

To achieve this, we suggest ASIC work with the PRAs on an education program to improve awareness of what constitutes a managed investment scheme, which would ensure that trainers and other operators are compliant with the regulatory framework when necessary. At present there is a failure across the industry – from staff at racing regulatory bodies, to trainers, would-be promoters and down to potential investors – to understand an interest in a horse (syndicate) is a financial product under the terms of the Act.

To ensure consumers are protected, efforts to increase understanding of the regulatory framework need to be allied with a commitment by PRAs to monitor this space proactively, looking for operators acting outside the regulatory framework. To achieve this, there needs to be a commitment from PRAs to appropriately resource the teams they have working in this area.

Racing Australia Draft Proposal

Earlier this month Stable Connect was approached by Racing Victoria for feedback on a document entitled, “Preliminary Feedback to ASIC” (dated May 6), after this had been submitted to ASIC by Racing Australia (RA). We understand no PRA consulted with interested stakeholders before June 2.

After receiving the document we met with RV and raised a number of issues with this proposal, as well as putting those concerns in writing to both RV and Racing NSW.

While Racing Australia may make a further submission, based on our feedback and concerns raised by other participants, given this organisation represents the racing authorities that co-regulate this area, and given this document has already been submitted, we believe it is necessary to flag some of these concerns as part of our submission.

Firstly, if the requirement to hold an AFS license were removed we are concerned this would encourage unscrupulous operators to enter the syndication market. The current regulatory regime creates an important barrier to entry and there have been limited examples of licensed syndicators behaving inappropriately. Racehorse trainers, however, are regularly being sanctioned by officials or running into financial difficulties (their business model is particularly challenging for all but the most successful), so changes that encourage them to become promoters without appropriate guardrails could lead to many issues.

The RA submission is silent on whether promoters would be required to use trust accounts to protect their clients’ money. From our experience, we believe this is a cornerstone requirement of any regulatory regime and ensures protection for consumers.

Secondly, the RA submission states the current Instrument imposes “high costs” that are not “commensurate with the risk profile”. We do not agree with this characterisation: Stable Connect charges clients \$2200 to produce and register a PDS, which is a relatively minor expense when compared with the purchase price of most horses and their ongoing training costs.

The document also claims the current regulatory regime has “constrained participation”. Given the increase in both horses owned through syndicates and individuals participating in these schemes, we do not believe the evidence supports this assertion.

Concluding Comments

Stable Connect strongly supports the remaking of ASIC Corporations (Horse Schemes) Instrument 2016/790. As outlined above, we believe the thresholds in the relief can be adjusted to reflect increasing costs across the industry. Furthermore, some relatively minor adjustments to the regulation - relating to template PDS documents and production of financial statements - would streamline processes and create efficiencies.

We also encourage ASIC to work with the PRAs to improve the understanding of this regulatory framework across the industry. This should be with the aim to ensure consistency in approach, so that all racehorse syndication schemes that are required to comply with the regulations are properly monitored. Furthermore, ASIC should seek

assurances that PRAs are proactive in their approach to regulation, rather than waiting for complaints to identify rogue operators who are a high risk of harming investors.

Finally, we would welcome the opportunity to discuss this Instrument and any potential changes with ASIC. We work within this regulatory framework every day and understand and value its importance to ensuring continued confidence in the Thoroughbred industry.

Kind Regards

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