



THE HON JOSH FRYDENBERG MP
Treasurer

MEDIA RELEASE

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REFORMS TO AUSTRALIA'S CONTINUOUS DISCLOSURE LAWS PASS PARLIAMENT

The Morrison Government has today passed legislation making permanent the temporary changes to Australia's continuous disclosure laws in May 2020.

The *Treasury Laws Amendment (2021 Measures No. 1) Bill* amends the *Corporations Act 2001* so companies and their officers will only be liable for civil penalty proceedings in respect of continuous disclosure obligations where they have acted with "knowledge, recklessness or negligence".

Introducing a fault element will more closely align Australia's continuous disclosure regime with that of the United States and the United Kingdom.

The Government's reforms follow a review by the Parliamentary Joint Committee on Corporations and Financial Services as part of its inquiry into litigation funding and the regulation of the class action industry.

These changes will mitigate the risk of companies and their officers being subject to opportunistic class actions under our continuous disclosure laws and in doing so, will support companies and their officers to release forward-looking guidance to the market.

Importantly, during the period the temporary fault element was in place, Treasury identified that there was an increase in the number of material announcements to the market, relative to the same period last year.

The changes strike the right balance between ensuring shareholders and the market are appropriately informed while also allowing companies to more confidently make forecasts of future earnings or provide guidance updates without facing the undue risk of class actions.

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