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Interim report lights way for tech to play greater role in corporate regulation in wake of COVID-19

The Law Council of Australia notes that the Interim Report of the financial and regulatory technology inquiry, tabled today in the Senate, has lit a path toward enabling technology to play a greater role in corporate regulation in the wake of the COVID-19 pandemic.

Crucially, the Committee on Financial Technology and Regulatory Technology recommends a number of temporary reforms introduced in response to the pandemic should be made permanent so that technology gains are not lost when restrictions subside. To this end, the Interim Report makes several recommendations which align with the submissions the Law Council has put to the Committee, particularly in relation to technological neutrality in corporations law and the use of technology to execute critical documents.

Law Council President Pauline Wright said the national legal profession supported the Interim Report's call for technology enablers to have greater prominence in corporate regulation, as long as implementation considers those who may be exposed to digital exclusion.

"The Interim Report rightly acknowledges the critical role of technology enablers in supporting the continued operation of businesses and other entities throughout the COVID-19 pandemic," Ms Wright said.

"The crisis has forced consideration of alternative methods for commercial activity to continue. This has included a particular reliance on new technologies in the context of social distancing measures.

"There are significant opportunities presented by a greater reliance on technology in areas such as virtual annual general meetings, electronic signatures and remote witnessing of documents.

"Challenges associated with a default dependence on face-to-face interaction will likely re-surface during future crises, and is a persistent issue in regional, remote and rural areas. The recommendations of the Committee as they relate to technology neutral corporations law are a welcome step towards ensuring that we maintain pace with modern global business practices.

"The implementation of these recommendations should be conditional on safeguards to ensure that access to corporate communications and virtual meetings do not unduly exclude the many Australians who feel detached from the digital environment. There must also be measures in place to protect against fraudulent activities that may accompany an increased reliance on the electronic execution of documents, including the need to protect those that may be vulnerable to exploitation."

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