

## **Comments in relation to the Director ID Draft Data Standard**

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### **General Comments**

#### **MBR Project & Director ID**

We believe that the priority of the Director ID project ahead of the larger MBR project (especially the Companies Register) is causing significant compromises to the Director ID project.

The Director IDs that are created prior to the implementation of the new companies register are not going to be useful in line with their purpose, as the directors will have been identified personally, however they are in no way linked to the companies they are directors of.

Going forward newly appointed directors are 'required' to complete a Director ID process within 28 days, however the newly appointed directors can still be appointed without a director ID as the data will be stored in two different systems with no linking.

In the absence of the new companies register, we believe that all directors should be required to provide the ACN's of the companies they are going to be a director of. This will at least provide some information about which companies they are directors of, and allow for some protection from phenoxing.

### **Agents**

The role and usage of registered company agents has been ignored in these documents.

Registered Company Agents are a key pillar of the driving adoption of Director IDs. Today Registered Company Agents handle the compliance requirements of the majority of companies in Australia. The majority of Company Directors today are not communicating with regulators directly, this is done on their behalf by their nominated Registered Company Agents.

In practice it will be the registered company agents that will be communicating with the company directors about this new legislative requirement. It will also be the registered company agents that will be given the responsibility of ensuring that all company directors under their agent registration have completed their Director ID registration. This is an existing commercial relationship between the Company and the Registered Company Agent.

Going forward the registered company agents will be required to communicate changes to the directors information (i.e residential address) to the registrar. This is an existing service that registered company agents provide today.

## **Agent Authentication**

As part of the Director ID project there is no way for an agent to authenticate or show that they are the registered agent for a specific company. This again causes significant roadblocks as agents are not catered for, and are essentially ignored.

Including agents is the only way this project will have a successful uptake, and the existing agent needs to be included in the Director ID project.

## **Legislative restrictions**

As mentioned above placing the Director ID project ahead of the larger MBR project (especially the Companies Register) is further restricted by the legislation and strict standards placed on the project.

The legislation needs to allow the registrar to collect the information they need, and then to be able to use this information to assist the companies or registered company agents to ensure they have met their requirements. At the moment this is a significant roadblock.

A company or registered company agent needs to have a clear path to be able to check if directors have or have not completed their Director ID requirements. This process is critical in ensuring that the legislation is to be useful in line with its purpose, and critical to ensure the success of the Director IDs in Australia.

## **Specific notes and comments**

### Data Standard #6

Items that should be included

- Registered Company Agent information
- Communication Preference

### Notes

Company directors should be able to nominate registered company agents to be able to view/share their information

Company directors should be able to set a communication preference including the ability to have the communication distributed to their agent

### Explanatory Statement #12

As noted above the 'traceability of a directors relationships across companies' cannot be achieved until the Companies register project is complete. So Director ID has no traceability until then. Therefore it is not useful in line with its purpose.

#### Explanatory Statement #38

While a registered company agent cannot complete an application for Director ID on behalf of a director, the registered company agent should be able to request that the registrar update any of their clients details via a change request. This is allowed for company information as part of the Corporations Act

This is an existing business process - the company director will inform their agent of a change in their information (for example their residential address) the agent then prepares the necessary legal documentation, and the directors signs off on the change, and then the agent will submit this information to the regulator. Implementation of an additional step that will require the director to complete this themselves just adds more processes and red-tape.

#### Explanatory Statement #39-#40-#41

There is nothing mentioned here about registered company agents, who will be assisting the directors. The registered company agents need information about the success of application, information in the application and if changes are made to the information. This is an existing commercial relationship that needs to be factored in.

#### Explanatory Statement #49

Fundamentally the information that the Registrar collects needs to be used to help facilitate the intended purpose of the legislation.

Registered Company Agents need to be able to use the information collected by the registrar to ensure that their clients are complying with the legislation. This is the reason they exist.

#### Explanatory Statement #55 (similar to ES #38)

Registered Company Agents should also be able to request updates on behalf of the clients.

This is an existing business process - the company director will inform their agent of a change in their information (for example their residential address) the agent then prepares the necessary legal documentation, and the directors signs off on the change, and then the agent will submit this information to the regulator. Implementation of an additional step that will require the director to complete this themselves just adds more processes and red-tape.

#### Explanatory Statement #57-#60

A key part of the communication strategy will be registered company agents, however there is no mention of them in the communication section.

Registered Company Agents will inform more company directors of the Director ID requirements than any other group, including the registrar.