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## **Stricter regulations not cause of companies delisting, experts say**

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THERE is no evidence that tougher regulation has encouraged more Australian companies to delist from the stock exchange although the surge in private equity activity is an extra "pull factor" that may tip more companies overboard, corporate law experts say.

A study by the Centre for Corporate Law and Securities Regulation and Melbourne University found no evidence in three decades to 2004 of companies delisting from the Australian Stock Exchange because of corporate law reforms or excessive reporting requirements.

There were 5952 delistings during the period. Forty per cent of companies delisted because they were changing their name, 19 per cent because they were being acquired, 19 per cent because of capitalisation changes and 8 per cent because they could not afford the listing fees.

Only 23 stated their reason for delisting was because the cost of being listed exceeded the benefits. This contrasts with the US, where the Sarbanes-Oxley Act of 2002, regarded as a much tougher corporate rule book, has been shown to drive more companies to delist.

Centre director Ian Ramsay said despite renewed interest in private equity, there had been relatively few related delistings. But the attentions of private equity buyers was another "pull factor" for companies weighing up going private.

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