



Local companies not prone to delisting

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There was no evidence of companies "going dark" or delisting from the Australian Stock Exchange to avoid increasing regulation, a study of data going back 30 years has found.

The University of Melbourne's centre for corporate law and securities regulation said the result of its research was consistent with Australia's reporting framework, which was not conducive to a "going dark culture".

"Australian listed and public companies cannot avoid the obligation to prepare and lodge financial reports in the same manner their US counterparts are able to do," yesterday's report said.

Centre director professor Ian Ramsay said the research indicated Australia was well placed in the intensifying international competition for listings, given changes affecting listed companies have not been overly prescriptive — especially when compared with the US.

"Australia does look like a more

conducive environment than the US in terms of compliance costs," he said.

"However, the study doesn't purport to show that there's too much or too little regulation; companies may choose not to list because of those costs and we will never capture that."

In recent months, the Australian Institute of Company Directors and several company chairmen have blamed the "overregulation" of public companies, in part, for the boom in private equity.

While many US companies have deregistered to avoid the cost of complying with laws like Sarbanes-Oxley, only the smallest private companies can avoid reporting obligations.

The study found the extent of delisting was significant; only one in five of the 1990 top 150 companies remained listed in an unchanged form in 2005, and in theory, every listed entity will delist at least once in 10 years.

In the past decade, delistings have also outpaced growth in the ASX board and are the equivalent of nearly two ASX boards.