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#### Administrative changes coming to your business

The Federal Government has recently announced the Modernising Business Registers (**MBR**) program. The MBR consists of a legislative package of five bills, collectively known as the Registries Modernisation Law (**RML**). It is expected that these changes will be implemented in early 2021, however with the impacts of COVID-19, we can expect that the regime may commence in 2022. The RML will:

1. centralise 31 commonwealth business registers into one register; and
2. introduce Director Identification Numbers (**DIN**) which will be required for all directors appointed to a registered body regulated by the Australian Securities and Investments Commission ASIC or the Office of the Registrar of Indigenous Corporations.

#### Centralised business registers

The RML will centralise 31 business registers that are currently maintained by ASIC and the Australian Business Register into a single register. Some of the more recognisable registers that will be consolidated include the Australian Business Register (i.e. the ABN register), the companies register and the business name register.

Provided the digital infrastructure is equipped to handle the combining of 31 business registers, the consolidation of the registers can only be a positive for businesses. The centralised register will deregulate business registers and negate businesses having to navigate multiple registers in order to comply with the law. The consolidated system will also make it easier for information to be more current and consistent and make it easier for regulatory authorities such as ASIC to fulfil its regulatory functions.

On the privacy front, the *Commonwealth Registers Act 2019 (CRA)* will regulate how information in the register may be disclosed. The CRA imposes strong privacy protections and strict requirements on the disclosure of register data, with a maximum penalty of two years imprisonment waiting for those who, without authorisation, disclose information in the register.

#### Director Identification Numbers

The second main change under the RML is the introduction of DINs. A DIN will be required for all directors appointed to a registered body regulated by ASIC or the Office of the Registrar of Indigenous Corporations.

Below are some important measures that directors need to be aware of:

1. prior to the issue of a DIN, directors will need to undertake a verification process. Once issued, the DIN will be indefinitely assigned to the director, in that the DIN survives the director ceasing or resigning as a director from their initial company;
2. existing directors will have a prescribed amount of time to apply for a DIN following the date that the RML commences operation. New directors appointed within the first 12 months of the date of operation will also have an additional 28 days following their appointment to apply for a DIN. After this transitional period, directors will need to apply for a DIN prior to being appointed;
3. DIN requirements will apply to registered foreign companies; and
4. failure to apply for a DIN within the applicable timeframe can attract civil and criminal penalties.

#### How will the centralisation of business registers and the DIN regime impact your company?

Ultimately, the centralisation of the business registers will simplify business interactions with the government. This is a positive across the board for business, allowing them to spend more time on building their business rather than spending time on ensuring that they comply with business registers.

For DINs, we encourage companies to take note of the measures listed. Companies will need to ensure that they remain agile to ensure that their transition to the DIN requirements is efficient. For example, companies may face potential challenges appointing a director on an urgent basis if the potential director does not have a DIN.

If you would like advice regarding the centralisation of business registers and how your business can prepare for the introduction of the DIN requirements, please contact Alison Rees on 02 8235 1211.

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