

Regulation of Litigation Funding

Summary

- **The Australian Senate has yesterday voted on a disallowance motion in respect of the Corporations Amendment (Litigation Funding) Regulations 2020, with the motion lapsing and the Regulations continuing to operate in respect of Litigation Funding.**
- **The Australian Parliamentary Joint Committee on Corporations and Financial Services has today announced that the tabling of a report on its inquiry into class actions and litigation funding will be delayed until 21 December 2020.**

Omni Bridgeway Limited (**Omni Bridgeway**) refers to its previous announcements concerning the Federal Government's changes to the regulation of litigation funding in Australia and the ongoing Parliamentary Joint Committee hearing into class actions and the role of litigation funding. On 22 May 2020, the Federal Government announced regulations to require all litigation funders operating new class actions in Australia to hold an Australian Financial Services Licence (**AFSL**) and to conduct class actions in compliance with the managed investment scheme (**MIS**) regime. The Corporations Amendment (Litigation Funding) Regulations 2020 (**Regulations**) which implemented these changes came into force on 22 August 2020. The Senate voted on a motion to disallow the Regulations, the motion was unsuccessful, and the Regulations will continue to require litigation funders to hold an AFSL and provide funding to retail participants via a registered Managed Investment Scheme.

In accordance with the Regulations, Omni Bridgeway was granted an AFSL by ASIC on 15 September 2020, and has been in advanced discussions with ASIC on preparing to register future funded class actions under the MIS regime.

As an industry leader, Omni Bridgeway has been a longstanding advocate for appropriate industry regulation, including licensing. Regulation offers important protection for consumers as well as benefits for the industry in terms of its credibility and standing.

Omni Bridgeway also notes that the report of the Parliamentary Joint Committee will be delayed and is now due to be released on 21 December 2020, the recommendations of which will be considered by the Federal Government in due course.

Authorised by the Disclosure Committee

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