



For Immediate Release
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INTERNATIONAL LEGAL FINANCE ASSOCIATION STATEMENT ON AUSTRALIAN PARLIAMENTARY COMMITTEE INQUIRY ON LITIGATION FUNDING

Washington, D.C. – Today, the International Legal Finance Association (ILFA) — the global voice of the commercial legal finance industry — issued a statement in response to Australia’s Parliamentary Joint Committee on Corporations and Financial Services Inquiry on Litigation Funding and the Regulation of the Class Action Industry. The Committee issued its findings and recommendations to the full Parliament today.

“Australia’s current balanced approach between securities law, class action procedure, and legal funding provides a model for the world, and reinforces its strong position as a destination for global investment.

However, today’s report attempts simultaneously to water down Australia’s securities law, and to apply new regulatory burdens to class action procedures and legal funding.

The Committee’s recommendations would place undue burdens on shareholders seeking access to justice by driving up compliance costs and increasing the cost of capital.

There is no evidence, in Australia or elsewhere, that class actions or litigation funding needs the kind of intrusive regulation proposed by the Committee. It appears that the Committee has relied on dubious claims from those opposed to these free market activities in proposing these regulations.

It is, of course, for each jurisdiction to determine the rigor of its own regulatory regimes. But jurisdictions that impose onerous barriers on the enforcement of shareholders’ rights risk seeing global capital flow elsewhere, impacting the level and vitality of commercial activity.

The deliberations of the Committee and its recommendations have been infected by an entirely false premise that “exploding” numbers of shareholder class actions have

caused “skyrocketing” D&O insurance premiums which threaten the future of ASX companies.

Misconceptions about legal finance have been deliberately advanced by a small group of vocal opponents. These falsehoods threaten to upset the balance between law, procedure, and the funding of these fundamental market activities by those pursuing justice in the legal system and undermine regulatory review processes that should be grounded in facts, not hyperbole.

The legal finance community operates responsibly and within well-established best practice frameworks, including those required for ILFA membership.

ILFA is committed to playing an active and constructive role to promote transparency and confidence in the marketplace by striking an appropriate balance between protecting stakeholders and fostering growth and innovation.”

ILFA represents the industry’s interests before governmental bodies, international organizations and professional associations and serves as a clearinghouse of relevant information, research and data about the uses and applications of commercial legal finance.

Details of the false premise referred to above are to be found at paragraphs 17.12 to 17.24 inclusive and paragraph 17.119 of the Report by the Joint Committee.

For additional information, including ILFA’s industry best practices and member obligations, please visit www.ilfa.com

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