



ASIC

Australian Securities & Investments Commission

Senate Estimates: Opening statement

*Greg Medcraft, Chairman,
Australian Securities and Investments Commission*

22 October 2014

CHECK AGAINST DELIVERY

Introduction

Good morning, Chairman.

Thank you for this opportunity to address the Committee.

Representing ASIC today are all of our Commissioners

- Deputy Chairman Peter Kell, and
- Commissioners:
 - Cathie Armour
 - John Price, and
 - Greg Tanzer.

Supporting the Commission are Senior Executive Leaders:

- Joanna Bird
- Greg Kirk
- Warren Day
- Chris Savundra, and
- Tim Mullally.

First, I would like to congratulate you, Senator, on your appointment as Chair of this Committee.

Next, I would like to briefly address our response to this Committee's Inquiry into ASIC's performance.

Consistent with my statement to the PJC in June, ASIC has welcomed the Senate Inquiry and we have used our lessons from the Inquiry to do a better job.

We have been improving our processes and procedures to address the concerns raised. This involves three main elements:

- first, improving our communication across the board
- second, a focus on identifying emerging risks, and
- third, a commitment to strong and swift enforcement action.

Chairman, in my statement I usually give a brief update on ASIC's achievements against our three strategic priorities.

Our strategic priorities are:

- investor and financial consumer trust and confidence
- fair, orderly and transparent markets, and
- efficient and accessible registration.

This update is not exhaustive but gives the Committee a feel for our ongoing work.

Investors and financial consumer trust and confidence

Financial Literacy Strategy 2014–17

In August, ASIC launched the new National Financial Literacy Strategy for 2014–17.

It provides a national framework for action for stakeholders across the government, business, community and education sectors and has been led and coordinated by ASIC.

It follows 12 months consultation with more than 200 stakeholders and is shaped by our consumer and investor research.

As part of this National Financial Literacy Strategy, ASIC will continue to provide clear, practical information for consumers and financial investors through our MoneySmart website.

Holding gatekeepers to account – Macquarie

The Senate Inquiry into ASIC's performance raised the issue of Macquarie Private Wealth and its advice to clients.

In mid-August 2014, ASIC announced Macquarie Equities would write to around 160,000 clients – past and present – about possible remediation for flawed financial advice.

This remediation is part of ASIC's January 2013 enforceable undertaking with Macquarie Equities, which was the result of surveillance that identified concerns about Macquarie Private Wealth's compliance processes and its risk framework.

Fair, orderly and transparent markets

Now, moving on to ASIC's second priority, fair, orderly and transparent markets.

Hanlong

ASIC continues its pursuit of insider traders and market manipulation. This month former Hanlong Mining managing director Steven Xiao appeared in court charged with 104 counts of insider trading.

This followed a long-running ASIC investigation which resulted in Mr Xiao being extradited to Australia.

Since ASIC last appeared before this Committee in June we have taken action against eight people for insider trading or market manipulation.

Newcrest

In July, the Federal Court imposed a \$1.2 million penalty on Newcrest Mining for contravening its continuous disclosure obligations.

This followed ASIC proceedings which alleged that in analyst briefings Newcrest disclosed expected gold production and capital expenditure.

Efficient and accessible registration

ASIC's third priority is efficient and accessible registration.

Currently, we are assisting the Government with its scoping study around the possible sale of ASIC's registry business.

Last week, we released a series of videos to help business owners use our business names register and other online services. This is part of our work to make it easier for customers to do business with us.

ASIC's Strategic Outlook

Last, I'd like to mention our Strategic Outlook for 2014–15, which was published earlier this week.

It sets out the key risks ASIC sees in the markets we regulate, and how we will respond.

ASIC has identified risks around:

- gatekeeper conduct
- innovation-driven complexity
- globalisation, and
- the different expectations and uncertainty the public may have about what ASIC can achieve.

Chairman, we are now happy to take questions.