



2017–18 ASIC business plan summary by sector

Market intermediaries

Key projects	Project status	Focus
Stakeholder engagement		
Promoting good conduct practices	Ongoing	Engaging with industry and market intermediaries, including through compliance and business liaison meetings.
Cyber resilience	Ongoing	Encouraging firms operating in Australia's financial markets to improve their cyber resilience practices.
Engagement on international developments	Ongoing	<ul style="list-style-type: none"> ◆ Assisting stakeholders to manage changing international regulation (e.g. MiFID II and Dodd-Frank) and support their understanding of Australian Financial Service (AFS) licence obligations and market integrity rule requirements ◆ Engaging with global regulators and working groups that set standards for financial markets.
Guidance		
Client money	Continuing project from 2015–16	<ul style="list-style-type: none"> ◆ Implementing new reporting and reconciliation rules to ensure more formal and consistent standards across the retail derivatives sector ◆ Working with AFS licensees during the transition period to ensure adequate record keeping and timely and robust review processes.
Sell-side research	Continuing project from 2015–16	Consulting on and publishing guidance on managing conflicts of interest and material, non-public information involving sell-side research.
Financial benchmarks regime	Continuing project from 2016–17	<ul style="list-style-type: none"> ◆ Publishing guidance on the regulation of financial benchmark administrators and participants in the rate-setting regime ◆ Improving intermediaries' understanding of and compliance with their regulatory obligations.
Surveillance		
Handling of confidential information and management of conflicts of interest	Continuing project from 2015–16	Reviewing industry practices on allocation practices for capital raisings. We will review policies, procedures and specific transactions. We will also conduct ongoing reactive reviews on capital raisings and staff trading.
Foreign Financial Service Providers (FFSPs)	Continuing project from 2016–17	Ensuring FFSPs comply with legislative instrument (class order) requirements.
Retail OTC derivatives and complex products	Continuing project from 2016–17	<ul style="list-style-type: none"> ◆ Reviewing retail OTC derivative issuers of margin foreign exchange (FX), contracts-for-difference (CFDs) and binary options. Developing a better understanding of the nature, scale and complexity of the industry and risks posed to investors ◆ Broadening focus to include secondary market distribution practices of



		other complex products.
Surveillance and supervision of Australia's over-the-counter (OTC) markets	New project	<ul style="list-style-type: none">◆ Post-trade surveillance of derivatives, ASX 24 futures, exchange-traded funds and Commonwealth Government Securities◆ Reviewing market activity in OTC markets, primarily fixed income, currencies and commodities, and equity derivatives◆ Building on our existing market surveillance capabilities, including data collection and analysis for over-the-counter (OTC) markets◆ Working with the Australian Securities Exchange (ASX) and industry to develop a framework for supervision of liquidity, price formation and behaviour in OTC markets◆ Engaging with industry on the implementation of the FX global code of conduct and establish new best practice.
Hybrids distribution	New project	<ul style="list-style-type: none">◆ Reviewing sales and distribution practices of hybrids, including investors' understanding of the risks involved.
Supervising Australia's listed markets	Ongoing	Supervision of Australia's listed markets through real-time surveillance. Analysis of market activity through specialist technology, data analytics and thematic reviews.
Risk measurement	Ongoing	Undertaking risk ratings of market intermediaries, including the modular risk-based assessment detection and response (RADAR) program and annual compliance liaison visits to identify, understand and respond to risks in our markets.
Supervisory frameworks, risk management and controls	Ongoing	<ul style="list-style-type: none">◆ Ensuring market intermediaries have appropriate supervisory, risk management and compliance controls in place, including adequate human, technological and financial resources◆ Consider the risk management practices and risk limit settings for principal traders in equities and futures markets.
Cyber resilience	Ongoing	<ul style="list-style-type: none">◆ Measuring and assessing the cyber resilience of our regulated population and identifying common areas for improvement◆ Continuing compliance reviews of technology-dependent offerings, such as crossing systems, order management systems and outsourcing of technology.
Assess market intermediaries' technology risk management practices	Ongoing	Developing ASIC's market surveillance and enforcement capabilities to deal with misconduct enabled by: <ul style="list-style-type: none">◆ Digital and/or cyber-based mechanisms◆ Increased automation and interconnectedness of systems on wholesale platforms (i.e. FX, fixed income, credit and commodities).
Technology innovation and disruption	Ongoing	Assessing disruptive business models and their potential impacts on regulation and markets.
Quality of advice	Ongoing	<ul style="list-style-type: none">◆ Reviewing the quality of advice provided to retail clients, focusing on the implementation of the Future of Financial Advice reforms◆ Monitoring the compliance, risk and adviser supervision frameworks



designed to identify and address process deficiencies, knowledge gaps and inappropriate advice.

Enforcement

Investigating and taking enforcement action	Ongoing	Investigating market misconduct identified through our market surveillance and other intelligence, and taking enforcement action where appropriate.
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Policy advice

Supporting the development and implementation of Government law reforms and other initiatives	Ongoing	<p>We will contribute to reforms and initiatives, including in relation to:</p> <ul style="list-style-type: none">◆ Product intervention powers and distribution obligations◆ Industry's use of the FFSP relief and relief for foreign providers with limited connection to wholesale clients (<i>Instruments 2016/396 ASIC Corporations (Repeal and Transitional)</i>); <i>2016/1109 ASIC Corporations (CSSF-Regulated Financial Services Providers)</i>; and <i>2017/182 ASIC Corporations (Foreign Financial Service Providers—Limited Connection)</i>).
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