



## 2017–18 ASIC business plan summary

### Small business

ASIC’s vision is to allow markets to fund the economy and, in turn, economic growth —the regulation of small businesses, which are a key driver of the Australian economy, is an integral part of helping ASIC achieve its vision. The ASIC Office of Small Business focuses our efforts and initiatives for helping small business succeed.

Among the ASIC-registered Australian companies and businesses, 96% are considered to be small businesses, making the small business sector ASIC’s largest customer.

ASIC engages with small business and government bodies to understand and respond to challenges and opportunities faced by small business. We protect small business, including by ensuring all businesses comply with their obligations so that everyone is playing by the same rules, and assist small business through our registry services and by providing information and guidance.

Key projects	Project status	Focus
<b>Stakeholder engagement</b>		
Across sectors	Ongoing	<ul style="list-style-type: none"> <li>◆ Ongoing liaison with key stakeholders via:               <ul style="list-style-type: none"> <li>– Registry and Licensing Business Advisory Committee</li> <li>– Licensing Liaison Meetings.</li> </ul> </li> <li>◆ Participating in inter-agency and whole of Government programs concerning small business, including the Phoenix Taskforce</li> <li>◆ Meeting with and presenting to small business associations, small business advisers and small business owners.</li> </ul>
Deposit takers, credit and insurance (DCI)	Ongoing	Improving industry and market sector standards, including through adoption of best practice requirements, such as relating to unfair contract terms protections for small business customers.
Financial advice	Ongoing	<ul style="list-style-type: none"> <li>◆ Financial Advisers Consultative Committee (FACC): FACC is a consultative body established to contribute to our understanding of issues in the financial advice industry, improve our capacity to identify, assess and respond to emerging trends in the financial advice industry, and enhance our relationships with key stakeholders</li> <li>◆ Engaging with financial advisers on issues such as accountants providing financial advice, quality of self-managed super fund (SMSF) advice, professionalism and training standards and Financial Advisers Register updates.</li> </ul>
Superannuation and managed funds	Ongoing	Regular engagement to better understand sector approaches to issues such as leverage, liquidity, cyber risk, market-place lending and investment research.
Market intermediaries	Ongoing	Engagement through compliance and business liaison meetings and reviews.
Registration	Ongoing	<ul style="list-style-type: none"> <li>◆ Facilitating annual reviews of small companies and renewals of business names held by small businesses</li> <li>◆ Facilitating registry lodgements by small businesses</li> <li>◆ Providing ASIC information and inquiry management services, including</li> </ul>



		through the ASIC website, online services, outreach and the Customer Contact Centre
		◆ Enabling search of ASIC registers.
Indigenous Outreach Program	Ongoing	Working with industry to promote access to appropriate products and services for Indigenous Australian small businesses via targeted outreach work.
<b>Education</b>		
Financial literacy and consumer education	Ongoing	<ul style="list-style-type: none"><li>◆ Developing new resources for small businesses using appropriate communication and delivery channels (including by using financial literacy and behavioural insights), for example:<ul style="list-style-type: none"><li>- 'Running a small business in Australia: What you need to know' booklet in English and translated to Simple Chinese (published July 2017)</li><li>- First Business App</li><li>- Tailored resources for young people establishing their own small business.</li></ul></li><li>◆ Promoting and supporting financial literacy education for Indigenous Australian businesses with the Indigenous Outreach Program.</li></ul>
<b>Guidance</b>		
Across sectors	Ongoing	Updating regulatory guidance and publishing reports on surveillance outcomes and thematic reviews to articulate standards and expectations, and on minimising compliance burdens for small business (consistent with Regulatory Guide 51 <i>Applications for relief</i> ).
Financial advice - Accountants with limited licences	Ongoing	Improving accountants' understanding of their Australian Financial Services (AFS) licence and compliance obligations and to ensure proper transition to the AFS licensing regime.
Licensing and registration	Ongoing	<ul style="list-style-type: none"><li>◆ Rewriting Regulatory Guides 1–3 in relation to Licensing applications and assessments, including introducing a new Licensing application form that will make it easier for small business</li><li>◆ Guidance to small business on how to engage with the ASIC Registry, including on how to use ASIC services and meet ongoing compliance obligations.</li></ul>
ASIC's Innovation Hub	Ongoing	<ul style="list-style-type: none"><li>◆ Assisting fintech and regtech businesses, including small businesses, to navigate the regulatory framework and to assist their clients in meeting their regulatory requirements</li><li>◆ Administering the Regulatory Sandbox exemption where eligible businesses, including small businesses, may test products or services without a licence. (See <a href="#">Regulatory Guide 257 Testing fintech products and services without holding an AFS or credit licence for more information</a>).</li></ul>
Industry funding model	Ongoing	Guidance for small business on the industry funding model.
<b>Surveillance – Deposit taker, credit and insurance</b>		



Interest-only home loans	Continuing project from 2015–16	Responsible lending practices among brokers and lenders with high proportions of interest-only loans. We will release a public report by end of 2017.
Loan fraud	Continuing project from 2016–17	Loan fraud, particularly in the home loan market, to improve industry practices.
Unfair contract terms in small business loans	New project	Reducing the extent to which small businesses loan contracts contain potentially unfair contract terms, in partnership with the Australian Small Business and Family Enterprise Ombudsman. Covers entire agreement clauses, indemnification clauses, special events of default and non-monetary covenants.
Mis-selling to consumers	Ongoing	Review of advertising materials focusing on misleading and deceptive conduct and false and misleading representations.

#### Surveillance – Financial advice

Accountants with limited licences	Continuing project from 2016–17	Accountants that have entered the financial advice industry and are providing unlicensed financial advice.
Life insurers with high levels of declined or withdrawn claims	Continuing project from 2016–17	Driving changes to address unfair and unreasonable practices by life insurers with high levels of declined or withdrawn claims. This was identified through our work in Report 498 <i>Life insurance claims: An industry review</i> .
Quality of life insurance advice	Continuing project from 2016–17	Advisers with a higher likelihood of providing non-compliant advice, as identified through life insurers' exception reports.
SMSF surveillance and shadow shop	Continuing project from 2016–17	Testing the quality of SMSF advice by reviewing advisers' and accountants' legal compliance with their best interest duty in providing advice to consumers who set-up an SMSF.

#### Surveillance – Superannuation and managed funds

Employers and superannuation	Continuing project from 2016–17	Practices of superannuation trustees, including the provision of advice, fee-for-no service, disclosure, benefits and inducements and third party service providers.
Insurance in superannuation	Continuing project from 2016–17	Insurance offered through superannuation, including industry practices relating to disclosure, complaints handling, conflicts management and culture. The project builds on the work of our Member Experience and Effective disclosure projects, and the claims handling work in REP 498.
Risk-profiled responsible entities	Annual program	Proactive surveillance of risk profiled entities with a focus on culture, incentives and poor compliance systems that may result in losses to investors. We published Report 528 <i>Responsible entities' compliance with obligations: Findings from 2016 proactive surveillance program</i> in June 2017 and will be publishing results of subsequent work during the year.

#### Surveillance – Market intermediaries

Technology risk management capability and market innovation	Ongoing	<ul style="list-style-type: none"><li>◆ Supervisory and governance frameworks of market intermediaries that are expanding their business into unique product lines</li><li>◆ Small business capability to achieve cyber resilience at a reasonable cost</li></ul>
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- ◆ Potential impacts of disruptive business models on regulation and markets.

### Surveillance – Insolvency practitioners

High-risk small-to-medium enterprise (SME) registered liquidators	Ongoing	Misconduct due to conflicts of interest, incompetence and improper gain, with a view to removing rogue registered liquidators from the industry.
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### Surveillance – Across sectors

Illegal Phoenix Activity		See the Illegal Phoenixing Activity Business Plan for more information.
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Reporting obligations	Ongoing	<ul style="list-style-type: none"><li>◆ Non-compliant credit lenders who fail to lodge Annual Compliance Certificates</li><li>◆ Compliance with financial reporting obligations.</li></ul>
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Directors with dishonesty convictions	Ongoing	Identifying and removing directors with dishonesty-related criminal convictions from the industry.
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### Enforcement

Investigating and taking administrative, civil, criminal or other action	Ongoing	<p>Investigating and taking action, where appropriate, in relation to misconduct identified through the surveillance projects above and in response to reports of misconduct.</p> <p>This includes: unfair contract terms; illegal phoenix activity; failure to lodge Annual Financial Reports; failure to lodge Annual Compliance Certificate; directors with dishonesty convictions; SME registered liquidators' independence, competence and improper gain; unlicensed conduct by accountants providing financial advice; misconduct by life insurance advisers; and licensees that fail to correct or update information on the Financial Adviser Register.</p>
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### Policy advice

Supporting development and implementation of Government law reforms and initiatives	Ongoing	<p>We will contribute to reforms and government initiatives that directly or indirectly have an impact on small businesses, including the following:</p> <ul style="list-style-type: none"><li>◆ The new joint streamlined business registration service, in conjunction with the Department of Industry and the Australian Business Register</li><li>◆ The ePayments Code and changes to the payments framework</li><li>◆ Dispute resolution and unfair contract terms in small business loans</li><li>◆ Financial adviser professionalism and training requirements</li><li>◆ Extension of the crowd-sourced funding regime to proprietary companies</li><li>◆ Superannuation disclosure and other initiatives</li><li>◆ Safe harbour and <i>ipso facto</i> reforms</li><li>◆ Legislative reforms to address illegal phoenix activity.</li></ul>
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