



ASIC

Australian Securities & Investments Commission

ASIC's surveillance coverage of regulated populations in 2011-12

This chart provides a snapshot of ASIC's surveillance coverage in 2011-12. The chart shows the regulated population and the number of years it would theoretically take to cover the entire population through high intensity surveillances, based on the number of surveillances ASIC conducted in the 2011-12 financial year. In practice, ASIC's risk-based approach to surveillance means that some portion of the population would be touched multiple times while others would not be touched at all. This data is indicative only.

Only high intensity surveillances are shown. A surveillance is high intensity if it lasted for more than 2 days, and includes both on-site visits and desk-based reviews.

Staff numbers are shown as full-time equivalents and represent total staff for that team. However, not all the staff are engaged in surveillance work. Surveillance is only one aspect of the work that each team undertakes.

MARKETS

Corporations (including emerging mining and resources companies)

SURVEILLANCE COVERAGE

- ♦ **21,000 public companies, including 2,200 listed entities**
 - All control transactions for listed entities
 - A significant proportion of prospectuses
 - Small sample of entities in areas of emerging risk – every year
 - Remaining entities – reactive surveillances only

ASIC staff: 54

- ♦ Improving market integrity by influencing fair and transparent behaviour by companies in fundraising, mergers and acquisitions, and other key transactions, focusing on large and complex transactions by listed entities
- ♦ Promoting confident and informed market participation by ensuring appropriate disclosure for investors

Financial reporting and audit

SURVEILLANCE COVERAGE

- ♦ **86 audit firms**
 - Big 4 – audit 94% of listed entities by market capitalisation – 1.5 years on average
 - Next 10 – audit 5% of listed entities by market capitalisation – 2.5 years on average
 - Remaining 72 – audit 1% of listed entities by market capitalisation – 10.3 years on average
- ♦ **Financial reports of 2,000 listed entities (excludes foreign companies) and 26,900 unlisted entities**
 - Top 500 listed entities – 3 years on average
 - Remaining 1,500 listed entities – 12 years on average
 - 100 unlisted entities with larger numbers of users – every year
 - Remaining 26,800 unlisted entities – reactive surveillances only

ASIC staff: 40

- ♦ Promoting market confidence in quality of financial reports by ensuring that financial reports and auditors comply with the law

Insolvency practitioners

SURVEILLANCE COVERAGE

- ♦ **680 registered liquidators – 4 years on average**

ASIC staff: 24

- ♦ Ensuring that registered liquidators comply with the law
- ♦ Promote a fair and efficient insolvency market, confidence in insolvent company administration and ASIC's supervision of registered liquidators
- ♦ Implementing insolvency reforms and initiatives
- ♦ Administering the Assetless Administration Fund

Financial market infrastructure

SURVEILLANCE COVERAGE

- ♦ **17 authorised financial markets – every year**
- ♦ **5 licensed clearing and settlement facilities – every year**

ASIC staff: 28

- ♦ Promoting fair, orderly and transparent financial markets, and fair and effective clearing and settlement facilities, by supervising and annually assessing operators for compliance with statutory obligations
- ♦ Advising the Minister on applications for market and clearing and settlement licences, licence exemptions and operating rules

Market and participant supervision

SURVEILLANCE COVERAGE

- ♦ **Monitoring of the ASX, Chi-X, NSX and ASX24 markets – every day**
- ♦ **137 market participants – 3.3 years on average**
- ♦ **800 indirect market participants**
 - 100 larger entities (clients and volumes) – 4 years on average
 - 700 smaller entities – reactive surveillances only

ASIC staff: 54 (includes market supervision)

- ♦ Ensuring that market participants and indirect participants comply with the law and meet their obligations as AFS licensees and under the market integrity rules (for participants)
- ♦ Supervising equities and derivatives markets for instances of market misconduct that disrupt market integrity which include market manipulation, insider trading, breaches of continuous disclosure obligations, and abnormal algorithmic trading

INVESTORS AND FINANCIAL CONSUMERS

Financial advisers

SURVEILLANCE COVERAGE

- ♦ **3,343 Australian financial services licensees authorised to provide personal advice**
 - Top 20 – 26% of all advisers – 1.7 years on average
 - Next 30 – 10% of all advisers – 3.8 years on average
 - Remaining 3293 – primarily reactive surveillances
- ♦ **1,316 Australian financial services licensees authorised to provide general advice – reactive surveillances only**
- ♦ **3 external dispute resolution schemes – every year**

ASIC staff: 29

- ♦ Ensuring that research houses, financial advice licensees and their representatives comply with the law
- ♦ Implementing and assisting industry with the Future of Financial Advice law reforms
- ♦ Conducting projects on topical issues such as online advice, SMSFs and consumer issues
- ♦ Advising on and developing standards for internal/external dispute resolution schemes, and industry standards for advisers

Investment banks

SURVEILLANCE COVERAGE

- ♦ **24 investment banks – 1.3 years on average**
- ♦ **220 hedge fund investment managers / responsible entities – 6.6 years on average**
- ♦ **44 retail OTC derivative providers – every year**
- ♦ **6 credit rating agencies – every year**

ASIC staff: 26

- ♦ Ensuring that investment banks, hedge funds, OTC derivative providers and credit rating agencies comply with the law
- ♦ Monitoring disclosure for complex products

Investment managers and superannuation

SURVEILLANCE COVERAGE

- ♦ **589 Responsible entities**
 - Top 25 – 70% of funds under management – every year
 - 4 identified as most at risk of non-compliance – every year
 - 20 responsible entities in sectors where risks have been identified or where we have concerns – every year
 - Remaining 540 – reactive surveillances only
- ♦ **230 Super fund trustees**
 - 3 identified as most at risk of non-compliance – every year
 - Remaining 227 – reactive surveillances only
- ♦ **20 major custodians – 2.9 years on average**

ASIC staff: 43

- ♦ Ensuring that responsible entities, superannuation trustees and custodians comply with the law
- ♦ Regulation and registration of managed investment schemes, including managed funds, listed and unlisted property trusts, mortgage funds, infrastructure schemes and agribusiness schemes
- ♦ Managing implications of frozen funds
- ♦ Regulating exempted foreign financial service providers and foreign collective investment schemes and operators

Deposit-takers, credit and insurers

SURVEILLANCE COVERAGE

- ♦ **176 authorised deposit-taking institutions**
 - Big 4 – every year
 - Remaining 172 – 13 years on average
- ♦ **135 insurers – 7 years on average**
- ♦ **652 licensed non-cash payment facility providers – primarily reactive surveillances**
- ♦ **28 trustee companies – 14 years on average**
- ♦ **5,828 non-ADI credit licensees (lenders and intermediaries) with 24,000 credit representatives – 37 years on average**

ASIC staff: 64 (includes credit reform)

- ♦ Ensuring deposit-takers, credit providers, intermediaries and trustee companies comply with the law
- ♦ Implementing national consumer credit reforms