



**ASIC**  
Australian Securities &  
Investments Commission



# ASIC's Corporate Plan 2018–22

Focus 2018–19



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# Message from the Chair

On behalf of ASIC's Commissioners, I am pleased to present our 2018–19 to 2021–22 Corporate Plan and our enhanced vision and mission statements.

- › Our vision – *A fair, strong and efficient financial system for all Australians* – reflects our purpose as Australia's conduct regulator for corporate, markets, financial services and consumer credit, and highlights the important role we play on behalf of all Australians.
- › Our regulatory and registry mission statements articulate the way we will realise our vision.

Corporate Australia needs to build trust among the broader community. The financial sector is facing unprecedented scrutiny.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Financial Services Royal Commission) has highlighted the harms that unlawful and unethical conduct can inflict on consumers and investors.

As a starting point to establishing trust, individuals, firms and industry need to improve their conduct by demonstrating greater levels of professionalism.

Cultural change and better governance are also vital. Industry needs to address systemic issues, such as conflicts of interest. Firms need to ensure they adopt a culture of professionalism and make sure it is cascaded through the entire firm and sector.

ASIC is a core part of the financial system. We have an important role in driving the behaviours that will build and restore trust. We will do this by being a strategic as well as forceful regulator, and by:

- › proactively identifying harms to consumers (including vulnerable consumers such as Indigenous Australians), investors and markets
- › prioritising and addressing the most significant harms
- › accelerating enforcement outcomes
- › implementing new supervisory approaches
- › promoting adoption of regulatory technology (regtech) by industry.

We will continue to work with Government on the significant upgrade to ASIC's enforcement powers and penalties, and the proposed financial product governance obligations and intervention powers. We will also continue to support the whistleblower reforms and continue to implement the ASIC competition mandate.

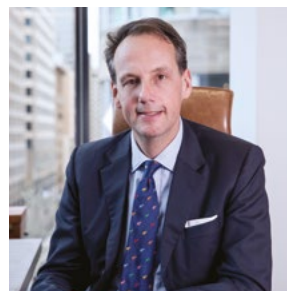
In addition, we look forward to the recommendations from the important work of the Financial Services Royal Commission.

As an organisation, we will adapt and evolve in responding to the rapid changes in the financial sector. For this purpose, we have enhanced our internal governance frameworks to better support strategic decision making.

ASIC welcomes the additional funding recently announced by Government to progress our strategic priorities. This includes implementing a new and more intensive supervisory approach by regularly placing ASIC staff onsite in major financial institutions to more closely monitor their governance and compliance with laws.

We are committed to transparency, and the introduction of industry funding in 2017–18 makes this all the more important.

ASIC's values – accountability, professionalism and team work – guide the way we work and make decisions. We do not exclude our organisation and our people from the same standards we expect of industry.



James Shipton  
Chair

## Our vision and mission

ASIC is Australia's corporate, markets, financial services and consumer credit regulator. ASIC's vision and mission statements reflect our role under the *Australian Securities and Investments Commission Act 2001* (ASIC Act).

Our statutory role under the ASIC Act is to:

- › maintain, facilitate and improve the performance of the financial system and the entities in it
- › promote confident and informed participation by investors and consumers in the financial system
- › administer the law effectively, and with minimal procedural requirements, enforce and give effect to the law
- › receive, process and store information that is given to us efficiently and quickly
- › make information about companies and other bodies available to the public as soon as practicable
- › take whatever action we can, and which is necessary, to enforce and give effect to the law.

### Our vision

A fair, strong and efficient financial system for all Australians.

#### Our regulatory mission

To realise our vision we will use all our regulatory tools to:

- › change behaviours to drive good consumer and investor outcomes
- › act against misconduct to maintain trust and integrity in the financial system
- › promote strong and innovative development of the financial system
- › help Australians to be in control of their financial lives.

#### Our registry mission

To realise our vision we will:

- › provide efficient and accessible business registers that make it easier to do business.

# Strategic planning framework

ASIC's integrated strategic planning framework and process guide the development of our corporate plan.

## Our updated strategic planning framework

ASIC's Commissioners set our vision and mission statements. They are also responsible for ASIC's strategic planning framework and process.

We have enhanced our strategic planning process by introducing a new threat, harm and behaviour framework to better identify, describe and prioritise actual and potential harms that need to be addressed.

This framework guides how we identify and prioritise threats of harm, the behaviours that underpin them, and actual and potential harms to consumers, investors and fair and efficient markets.

The framework includes our approach to:

- › monitoring our operating environment to understand key trends
- › identifying and prioritising areas of focus by understanding the behaviours that drive misconduct and the harms that result from them
- › testing the threats and harms that we have identified by consulting independent external advisory panels and experts.

The ASIC Emerging Threat and Harm Committee analyses, monitors and responds to changes in our operating environment, including changes to threats of harm and any emerging threats that may cause harm.

Our framework also supports how we plan our regulatory actions and allocate our resources – staff and budget (see regulatory approach on page 12 and budget on page 31).

In addition, our framework supports how we evaluate the outcomes of our work and report on our performance.

## Our corporate plan

ASIC's corporate plan covers the period from 2018–19 to 2021–22 and has been prepared as required by s35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

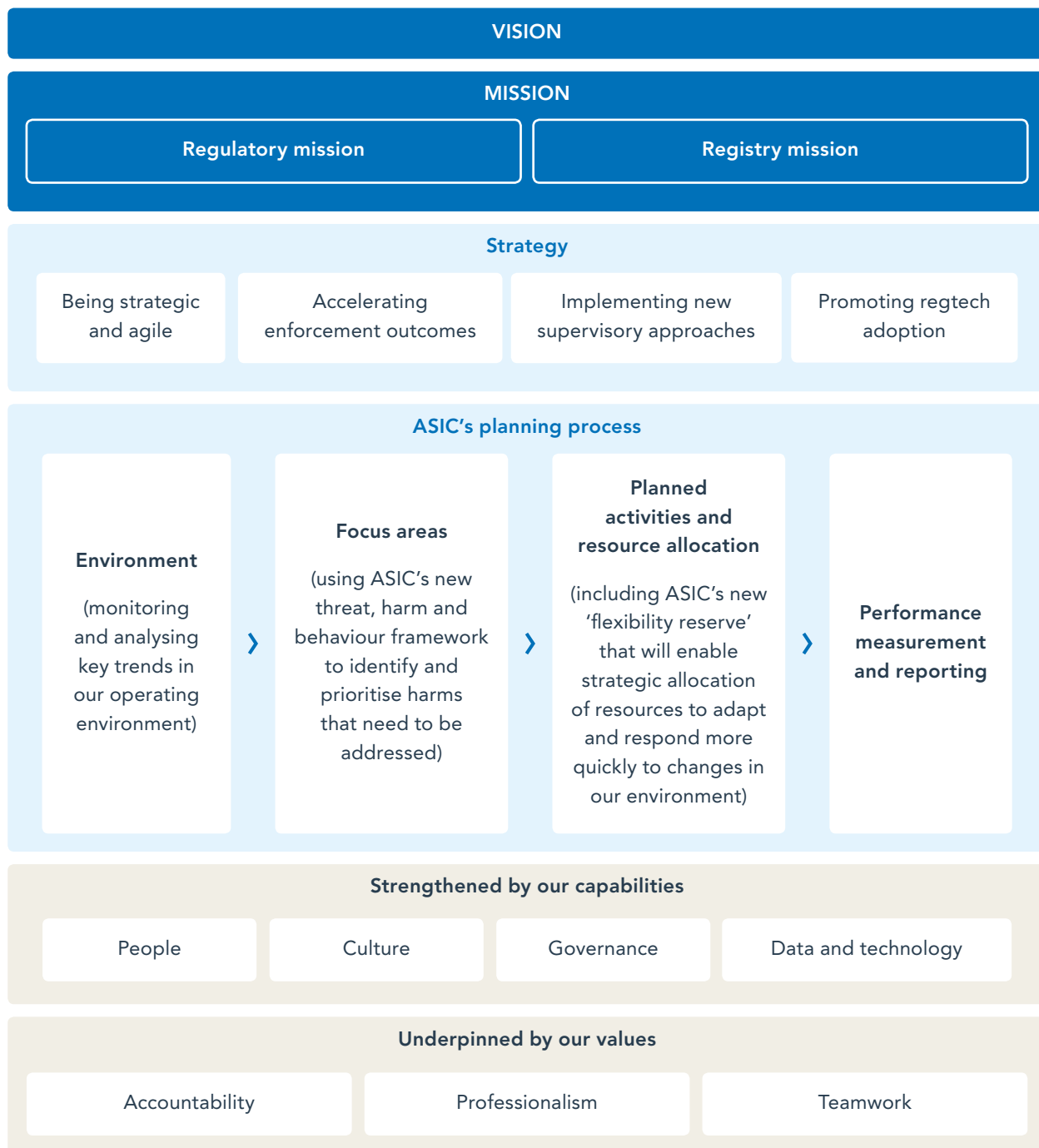
It is ASIC's primary planning document and was developed in accordance with ASIC's integrated strategic planning framework and process.

ASIC's corporate plan:

- › describes our operating environment
- › identifies our focus areas over the medium term and in 2018–19
- › explains our strategy and regulatory approach to realise our vision
- › explains the regulatory actions we will take over the medium term and in 2018–19 (which we have aligned to ASIC's regulatory and registry mission statements)
- › outlines how we will strengthen our capabilities to realise our vision
- › outlines our performance evaluation framework (which we have aligned to ASIC's regulatory and registry mission statements).

As we are expecting rapid changes to ASIC's operating environment over the next four years, updates to the plan will be needed. These updates include addressing recommendations from the Financial Services Royal Commission, and from other inquiries such as the Productivity Commission's review of the competitiveness and efficiency of the Australian superannuation system.

ASIC’s integrated strategic planning framework guides how we identify and prioritise threats and harms that need to be addressed, how we plan our regulatory actions, and how we evaluate and report on our performance.



# Environment

ASIC evaluates the key environmental trends to better understand the challenges to realising our vision over the four years to 2021–22.

## The financial system and the Australian economy

The financial system plays a critical role in supporting economic growth and the well-being of all Australians.

- › There are over 200,000 businesses providing financial and insurance services – 9% of Australian businesses.<sup>1</sup>
- › 443,600 Australians work in financial and insurance services – 3.5% of all jobs.<sup>2</sup>
- › 8.8% of the economic activity in 2016–17 was contributed by financial services.<sup>3</sup>
- › There is \$2.8 trillion in total credit – equivalent to 156% of Gross Domestic Product (GDP).<sup>4</sup>
- › 14.8 million Australians are saving for their retirement through superannuation.<sup>5</sup>

## Structural changes in financial services

The financial services industry faces a period of continued structural change.

- › Recent divestments of life insurance and wealth management businesses (as firms move away from vertically integrated business models) will result in a new competitive dynamic in these sectors.
- › Competition in the financial system will come into renewed focus following the Productivity Commission’s recent inquiry into competition in the Australian financial system and the proposed new requirement for ASIC to consider competition issues as part of our functions.<sup>6</sup>
- › Open banking reforms will give customers greater access to, and control over, their own data. We expect this will allow customers to obtain better products and services – e.g. savings accounts and mortgages.

## The economy

Globally, the outlook for major economies is robust. The International Monetary Fund forecasts global economic growth to be 3.9% in 2018 and 2019 – slightly higher than the 3.8% achieved in 2017.<sup>7</sup>

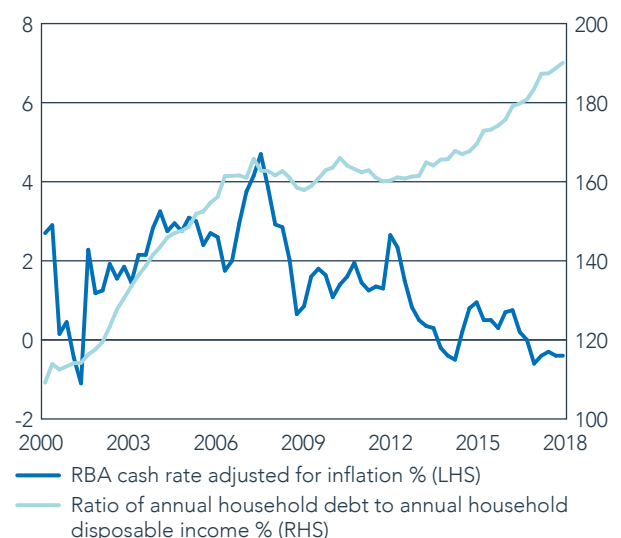
The positive global outlook is supported by low interest rates, low unemployment, and benign inflation.

The main risks to the global outlook are predominantly geopolitical:

- › heightened international trade restrictions
- › geopolitical risks, such as the management of Brexit.

The outlook for the Australian economy remains positive. GDP was 3.1% in the year to March 2018, and the Reserve Bank of Australia (RBA) is forecasting a similar growth rate of a little above 3% for 2018 and 2019.<sup>8</sup>

**Figure 1: Inflation-adjusted cash rate and Australian household indebtedness**





This outlook is supported by:

- › an historically low RBA cash rate of 1.5% (since August 2016)
- › strong business confidence across most sectors, except retail.<sup>9</sup>

However, risks remain from:

- › the ongoing weakness in the consumer sector due to low wage growth
- › high levels of debt.

The macroprudential measures implemented by the Australian Prudential Regulation Authority (APRA) have been effective in helping cool the \$6.9 trillion property market.<sup>10</sup> The value of housing finance grew by 5.6% in the year to June 2018, restrained by investor-lending growth of 1.6%.<sup>11</sup>

In the period ahead, housing investment will likely be a smaller contributor to economic growth compared to the past few years.

## Financial markets

Financial markets in Australia are expected to remain robust due to generally positive macroeconomic conditions. Debt capital markets have been resilient against geopolitical tension and the prospect of substantial unwinding of quantitative easing in the United States and Europe.

- › The S&P/ASX 200 Index rose 8.3% in 2017–18.
- › Turnover in Australian over-the-counter (OTC) foreign exchange and interest rate derivatives exceeded \$49 trillion in 2016–17.<sup>12</sup>
- › Outstanding debt securities issued in Australia by Australian non-financial corporations grew by 5.8% in the year to June 2018 to \$235.6 billion.<sup>13</sup>

Australia remains an attractive investment location. In addition, the Australian superannuation sector has performed strongly because of supportive financial market conditions.

- › Foreign direct investment into Australia totalled \$3.3 trillion in 2017, increasing by 2.7% compared with 2016 (albeit the slowest growth rate since at least 2002).<sup>14</sup>
- › Superannuation assets totalled \$2.6 trillion as at March 2018, increasing by 6.8% over the previous 12 months.<sup>15</sup>

Nevertheless, global monetary tightening is increasing funding pressure on Australian banks, which are critical conduits for the supply of credit to the rest of the economy. This could reduce access to credit and is a notable tail risk for domestic markets and the economy.

## Social and demographic trends

Australia has experienced significant population growth in recent years, buoyed by immigration. The Australian population, having risen nearly 20% in the last decade to 25 million, is projected to reach 26.9 million by 2022.<sup>16</sup>

Although Australia's population will continue to age over the coming years, several factors are offsetting the impact on the nation's work force:

- › greater labour force participation rates among females and older males (which is supported by policy settings and social expectations)<sup>17</sup>
- › greater labour force participation rates among new migrants (which is skewed towards younger and skilled migrants).

By 2025, 75% of the global workforce will be millennials.<sup>18</sup> They are the most educated and technologically literate generation and have increasingly fragile perceptions of business – e.g. the opinion of business' motivation and ethics among millennials is at its lowest level in four years.<sup>19</sup>

Looking ahead:

- › The ageing of Australia's population will continue to place increased focus on the importance of superannuation.
- › The financial sector will likely face heightened scrutiny and community expectations as a result of the Financial Services Royal Commission. This will include pressure on firms to change their culture and conduct, address conflicts of interest and better support consumer and investor outcomes.

## Consumer and investor trends

The general sentiment among consumers has been conservative over the past year, which is consistent with the weakening in household consumption.

The majority of consumers continue to favour safe options such as deposits, superannuation and paying down debt as the 'wisest place for savings', with only around 20% of consumers preferring real estate or shares.<sup>20</sup>

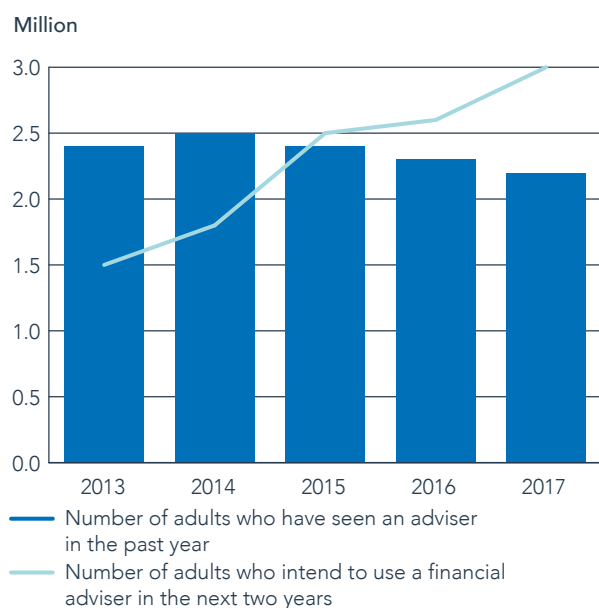
More investors are engaging with financial markets.

- › Over 11 million Australians hold investments outside their institutional superannuation funds, and there are more active younger investors.
- › Over the five years to 2017, the proportion of 18- to 24-year-olds investing has risen significantly (from 10% to 20%).<sup>21</sup>

Investment trends vary depending on the age group.

- › Older generations continue to focus on saving for retirement and supplementing income, while 18- to 24-year-olds are saving for a home deposit or for travel.
- › The 18- to 24-year-olds have lower expectations on returns, are less likely to seek financial advice, and are more receptive to using robo-advice.<sup>22</sup>

**Figure 2: Demand for financial advice**



The demand for financial advice among Australian adults is growing strongly – around 9.4 million people (52%) had unmet advice needs in 2017.<sup>23</sup> However, the number of Australians who have seen an adviser has declined during the past decade. Factors that inhibit consumers from seeking advice include insufficient wealth and high cost of advice.<sup>24</sup>

Trust in the financial services sector remains a concern. The 2018 Edelman Trust Barometer found Australians distrust the financial service sector, with levels of trust falling from 50% to 49% over the past year. Australia joins 10 other jurisdictions that distrust the financial services sector, including Hong Kong, the UK, and Germany.<sup>25</sup>

## Technology

Technological changes will continue to reshape financial services, markets and the regulatory landscape. Innovations like crowdfunding, peer-to-peer lending, and digital currencies and tokens have created greater choice for consumers and increased competition within the sector.

The adoption of financial technology (fintech)<sup>26</sup> in Australia has been high compared to global markets.

- › Australia is ranked fifth out of 22 markets, with 37% of our digitally-engaged population having used two or more fintech services in the past 6 months.<sup>27</sup>
- › Fintech investments in Australia have grown strongly, from US\$53 million in 2012 to US\$675 million in 2016.<sup>28</sup>

Blockchain or distributed ledger technology (DLT) is anticipated to bring significant change to the Australian financial services industry.

- › Innovations in blockchain are expected to increase efficiencies in settlements, data reconciliation and other middle- and back-office functions. For example, the Australian Securities Exchange (ASX) is expected to replace its Clearing House Electronic Sub-register System (CHES) with a DLT solution by 2021.<sup>29</sup>
- › The use of initial coin offerings (ICO) to raise funds has proliferated globally with more being raised in 2018 than in all previous years combined.<sup>30</sup> While the crypto-asset sector still represents a very small portion of global assets, the fast growth is resulting in increased regulatory monitoring.

The financial sector is also increasingly using data analytics to address regulatory and compliance requirements more effectively. Global investment in regtech totalled \$591 million from 60 deals during the first half of 2017.<sup>31</sup>

Due to increasing consumer digital engagement and use of technology by the financial sector, there will be a need for stronger cyber resilience – particularly among firms that provide critical infrastructures e.g. exchanges and payment systems – to mitigate systemic vulnerabilities. The World Economic Forum acknowledged that cyberattacks and data theft or fraud were among the five most likely global risks in 2018.<sup>32</sup>

## Focus areas

### We have identified areas with the potential to cause the most significant harms.

Over the four years to 2021–22, we will work to realise ASIC’s vision for a fair, strong and efficient financial system for all Australians by delivering on our regulatory and registry mission.

For 2018–19, we have identified several areas that need our particular attention – based on our understanding of our operating environment and ASIC’s strategic planning framework.

Our medium-term and 2018–19 focus areas underpin our planning process. They enable us to better plan our regulatory actions.

Our regulatory system is not designed to eliminate market risk, prevent all wrongdoing, or ensure compensation for all investors who lose money as a result of misconduct.

Consistent with the principles on which our regulatory system is based, we work to achieve the best we can with the resources we have.

### Focus areas 2018–19



**Potential harms from technology** driven by the growing digital environment and structural changes in financial services and markets. We will continue to focus on monitoring threats of harm from emerging products (e.g. ICOs and crypto currencies), cyber resilience, the adequate management of technological solutions by firms and markets, and misconduct that is facilitated by or through digital and/or cyber-based mechanisms.



**Poor culture and professionalism** in financial services and credit, particularly in the provision of consumer credit and financial advice, the fair treatment of small business, and the use of consumer data by firms (including data governance).



**Culture, governance and incentives that can harm markets.** We will focus on corporate governance and disclosure, the quality of financial reporting and audit, phoenix activity, and misconduct in wholesale markets.



**Practices that target financially vulnerable consumers** – such as those on low income and older Australians – by exploiting behavioural biases and adopting practices that affect informed decision making. We will also focus on issues around access to appropriate tools and information and on improving financial knowledge.



**Misalignment of retail product design and distribution with consumer needs.** We will focus on inadequate and misleading disclosure, unnecessary product complexity, and conflicts of interest resulting from sales driven incentive structures.



**Increased global uncertainty** may lead to inconsistent international regulation and policy settings. We will focus on testing cross-border businesses’ compliance with domestic regulation, managing international developments that affect market infrastructure, and acting where cross-border transactions affect fair and efficient markets.

# Strategy and approach for realising our vision

Our strategic priorities and our regulatory approach will enable us to realise our vision.

## Strategic priorities 2018–19 to 2020–22

|                       |  |  |
|-----------------------|--|--|
| Internal priority     | <b>Being strategic and agile</b>               | <ul style="list-style-type: none"> <li>› Enhancing ASIC’s vision and mission to better reflect our purpose as Australia’s conduct regulator for corporate, markets, financial services and consumer credit, and highlight the important role we play on behalf of all Australians</li> <li>› Enhancing ASIC’s strategic planning framework to focus on addressing harms to consumers, investors and markets</li> <li>› Enhancing ASIC’s internal governance frameworks to better support strategic decision making</li> <li>› Allocating resources – including staff and budget – more strategically to adapt and respond more quickly to changes in our operating environment.</li> </ul>   |
| Regulatory priorities | <b>Accelerating enforcement outcomes</b>       | <ul style="list-style-type: none"> <li>› Accelerating ASIC’s enforcement activities and ASIC’s capacity to pursue actions for serious misconduct through greater use of external expertise and resources*.</li> </ul>  |
|                       | <b>Implementing new supervisory approaches</b> | <ul style="list-style-type: none"> <li>› Implementing a new and more intensive supervisory approach by regularly placing ASIC staff onsite in major financial institutions to closely monitor their governance and compliance with laws*</li> <li>› Strengthening our supervision and enforcement focus of the superannuation sector*</li> <li>› Establishing a dedicated taskforce to conduct a review to identify and pursue corporate governance failings in large listed companies*</li> <li>› Implementing reforms to whistleblower protection laws*</li> <li>› Improving consumer access to the Financial Advisers Register (FAR) and fostering better compliance in the financial advice industry*</li> <li>› Investigating and enforcing cases of unfair contract terms involving small businesses*</li> <li>› Enhancing cooperation with other regulators, particularly APRA</li> <li>› Increasing collaboration through internal cross-team working groups – e.g. focusing on conflicts of interest – with an intention to expand to other areas.</li> </ul> |
|                       | <b>Promoting regtech adoption</b>              | <ul style="list-style-type: none"> <li>› Promoting Australia as a world leader in the development and adoption of regtech solutions*</li> <li>› Assisting and collaborating with the regtech industry – e.g. by supporting trials and proofs of concept.</li> </ul>  |

\* Funded as part of the \$70.1 million in additional funding from Government to accelerate and expand ASIC’s enforcement and supervisory work.

## Regulatory approach

ASIC proactively identifies and mitigates harms to consumers, investors and markets.

We have a number of regulatory tools for addressing harms. They include:

- › enforcement action
- › supervision and surveillance
- › engagement with industry and other stakeholders
- › guidance
- › education
- › policy advice.

For most of the issues in our remit, we will use a combination of these tools to achieve the solution, including:

- › supervising entities on an ongoing basis
- › undertaking risk-based surveillances that target specific incidents or transactions
- › reviewing particular entities
- › undertaking thematic reviews that focus on issues across a particular sector.

When we identify a potential breach of the law or a potential harm, we will determine the most appropriate response.

Broadly, we consider the following factors in deciding which regulatory tool or tools to use:

- › the strategic significance – i.e. the seriousness of the misconduct or harm and taking into account our strategic priorities
- › the likelihood of success from using one or more of the tools available to us
- › the issues specific to the case – e.g. availability of evidence
- › the potential results from pursuing misconduct – e.g. obtainable remedies to punish or deter misconduct and protect or compensate consumers
- › the availability of resources.

ASIC will use whatever regulatory tools are necessary to address harms.

The proposed upgrade to ASIC's enforcement powers and penalties, following the recommendations from the Enforcement Review Taskforce, will significantly transform our regulatory work. They include:

- › significantly stronger and clearer rules about the obligation of licensees to report breaches to ASIC honestly and in a timely manner
- › a stronger ability for ASIC to take regulatory action against senior managers or controllers of financial services businesses where they are found to be unfit, improper, or incompetent
- › a stronger power to refuse, revoke or cancel financial services and credit licences where the licensee is not fit or proper
- › a power to direct licensees to take particular remedial actions, such as consumer compensation programs
- › enhanced search warrant powers, including ability to use seized materials and telecommunications intercepted materials
- › stronger criminal and civil penalties for licensees, including a new penalty for a breach of the important 'efficiently, honestly and fairly' obligation by licensees, and a new ASIC power to seek additional remedies to strip wrongdoers of profits that have been illegally obtained.

In addition, the proposed financial product design and distribution obligations will bring accountability for issuers and distributors to provide products that meet consumer needs. The proposed product intervention power will better enable ASIC to mitigate significant harms.

# Actions

We will realise our vision by taking specific regulatory actions over the medium term and in 2018–19.

## Change behaviours to drive good consumer and investor outcomes

### Action 2018–19 to 2021–22

Over the next four years, we will drive positive behaviours – by individuals and firms in the sectors we regulate – to help improve consumer and investor outcomes.

The positive behaviours include:

- › **professionalism** – by showing high standards of competency, integrity, care, ethics and conscientiousness
- › **fair treatment of consumers and investors** that meets community standards and expectations, including acting in consumers’ and investors’ interests and not exploiting decision biases
- › **strong levels of compliance** with financial services and consumer credit laws
- › **providing products and services with features that meet consumer needs and deliver value for money**
- › **healthy competition** between providers with different business models and structures
- › **disclosure and reporting practices that are accurate, transparent, timely, and meet consumers’ and investors’ needs**
- › **sound corporate governance practices**
- › **timely breach reporting to ASIC**
- › **efficient handling of complaints and dispute resolution**
- › **appropriate and timely consumer compensation** if they suffer losses from poor conduct.

We will foster positive behaviours by:

- › applying and maintaining standards. This includes ensuring only suitable persons and entities are licensed or registered – e.g. licensing of Australian benchmark administrators. It also includes monitoring the adoption of standards – e.g. FX Code of Conduct, the Banking Code of Practice, and the Insurance in Superannuation Voluntary Code of Practice
- › setting and revising standards – e.g. standards relating to capital raising allocations, and design and distribution practices for warranties sold in car dealerships
- › issuing new and revised guidance – e.g. revised Regulatory Guide 209 *Credit licensing: Responsible lending conduct* (RG 209)
- › providing policy advice and supporting government initiatives, such as:
  - › working with Treasury on product design and distribution obligations, mandatory comprehensive credit reporting regime, and beneficial tracing register and related substantial holding notice reforms
  - › contributing to and implementing the changes resulting from the recommendations of the Financial Services Royal Commission
  - › undertaking research on the use of products and services – e.g. general versus personal advice – to inform future law reform
  - › monitoring the effectiveness of changes under the *Insolvency Law Reform Act 2016* and the insolvency safe harbour and ipso facto clause law reforms
  - › introducing registry processes to receive, process and make publicly available new information that are required to be submitted to the FAR

- › establishing data reporting regimes to facilitate the monitoring of trends for potential issues – at the individual, firm and sector level – e.g. life insurance claims data
- › reviewing the practical limitations of financial services disclosure, in collaboration with the Netherlands Authority for the Financial Markets
- › undertaking thematic reviews to better understand the structure and dynamics of specific sectors or market segments and to help identify potential harms – e.g. buy-now-pay-later credit facilities that are available in retail outlets
- › incorporating behavioural insights and decision sciences in our regulatory work – e.g. information to consumers and creditors about corporate insolvency processes.

## Action 2018–19

In 2018–19, we will drive positive behaviours – by individuals and firms in the sectors we regulate – to help improve consumer and investor outcomes through the projects below.

| Project  | Project status                  | Focus  |
|--|---------------------------------|--|
| <b>Cross-sector</b>  |                                 |  |
| Corporate governance   | New project                     | › Establishing a dedicated taskforce to conduct a review to identify and pursue corporate governance failings in large listed companies  |
| Small business   | Ongoing                         | › Providing policy advice to Treasury on allowing crowd-sourced funding by proprietary companies<br>› Refreshing ASIC’s online resources for small business  |
| <b>Financial advice</b>  |                                 |  |
| Approved product list (APL) reporting regime   | New project                     | Developing an APL reporting regime for firms that issue products and provide advice, after considering which entities it should apply to, how they will report their data, and how we can ensure data is reliable and consistent   |
| Quality of self-managed super fund (SMSF) financial advice following Future of Financial Advice (FOFA) reforms | Continuing project from 2016–17 | Providing information and support to guide consumers’ decisions about setting up SMSFs and engaging where poor advice has been provided to consumers. This follows our regulatory action over the past several years and the publication of our review findings in July 2018 |
| <b>Credit</b>  |                                 |  |
| Responsible lending and consumer credit  | New project                     | › Publishing the revised guidance on responsible lending conduct (RG 209) by June 2019<br>› Continuing to monitor and respond to industry practices to improve consumer outcomes, including piloting a data collection project for home loans                                |



| Project  | Project status                  | Focus   |
|--|---------------------------------|---|
| Buy-now-pay-later                                | New project                     | Reviewing industry structure, dynamics, composition and potential issues – e.g. size, consumer demographics and potential harms. We will publish our review findings and guidance, and release consumer messages on MoneySmart in 2018–19   |
| Mandatory comprehensive credit reporting regime  | New project                     | Monitoring the implementation of the new regime and providing input to the future legislative review  |
| Credit cards                                     | Continuing project from 2016–17 | Finalising the legislative instrument for responsible lending assessments of new credit card contracts and for credit limit increases by September 2018. We will undertake follow-up work to our findings in Report 580 <i>Credit card lending in Australia</i> (REP 580)   |
| <b>Insurance</b>                                 |                                 |   |
| Direct sale of life insurance                    | Continuing project from 2017–18 | Publishing the findings from our review of life insurance direct sales and distribution to promote better practices – e.g. sales, training, incentives and targets – that will inform future product design and oversight obligations. This is a follow up to Report 498 <i>Life insurance claims: an industry review</i> (REP 498), which found higher rates of declined claims for life insurance sold through the direct channel |
| Sale of add-on insurance through car dealerships | Project expanded from 2017–18   | <ul style="list-style-type: none"> <li>› Consulting on a deferred sales model for add-on insurance and other financial products sold through car dealerships</li> <li>› Extending improvements to the design, value and sales practices of add-on insurance to warranties sold in car dealerships</li> </ul>  |
| Handling of life insurance claims                | Continuing project from 2017–18 | Establishing a reporting regime with APRA for the regular publication of life insurance claims and claims-related disputes data – at industry and insurer-specific levels – to improve transparency and accountability across the sector  |
| <b>Superannuation and managed funds</b>          |                                 |   |
| Promotion practices for new super products       | New project                     | Monitoring promotion practices, intervening in misleading promotions, and communicating with industry about good and poor practices   |
| Disclosure of fees and costs                     | Continuing project from 2016–17 | Updating guidance for fee- and cost-disclosure in product disclosure statements and periodic statements to ensure disclosure is clear, practical and meet the needs of consumers. This follows an external review of the regulatory framework that was completed in mid-2018  |

| Project  | Project status                  | Focus   |
|--|---------------------------------|---|
| <b>Corporations</b>                            |                                 |   |
| Crowd-sourced funding (CSF)                    | New project                     | <ul style="list-style-type: none"> <li>› Reviewing the disclosure in the CSF offers of a sample of companies, including offer documents and advertising on each intermediary's platform and elsewhere, with a focus on compliance with specific disclosure obligations and misleading and deceptive statements</li> </ul>   |
| Climate-related disclosure                     | New project                     | <ul style="list-style-type: none"> <li>› Publishing a report on our findings on current disclosure practices</li> <li>› Reviewing existing guidance in Regulatory Guide 170 <i>Prospective Financial Information</i> (RG 170) and Regulatory Guide 247 <i>Effective disclosure in an operational and financial review</i> (RG 247)</li> <li>› Engaging with Treasury on ASIC actions to address the Government's response to the recommendations in the Senate Economics References Committee's report <i>Carbon risk: a burning issue</i></li> </ul> |
| <b>Market infrastructure</b>                   |                                 |   |
| Licensing significant benchmark administrators | New project                     | Licensing key Australian benchmark administrators, such as the ASX and its administration of the bank bill swap rate (BBSW), following changes to the law in 2017–18  |
| FX Code of Conduct                             | Continuing project from 2017–18 | Monitoring industry adoption of the industry code and guidelines in Report 525 <i>Promoting better behaviour: Spot FX</i> (REP 525)   |
| Financial market licensing regime              | Continuing project from 2015–16 | Transitioning over 20 professional financial market platforms (that were exempt from holding an Australian markets licence) to the recently revised regime  |
| <b>Market intermediaries</b>                   |                                 |   |
| Improving conduct in capital raisings          | Continuing project from 2015–16 | Monitoring practices for determining capital raising allocations, including onsite inspections of retail and wholesale market intermediaries and review of policies and procedures, specific transactions and communications. This is a follow-up to Report 486 <i>Sell-side research and corporate advisory: Confidential information and conflicts</i> (REP 486)  |

| Project   | Project status | Focus  |
|---|----------------|--|
| <b>Insolvency practitioners</b>   |                |  |
| Assetless Administration Fund (AA Fund)   | New project    | Engaging with industry to improve outcomes from AA Fund applications, including by communicating best practice through workshops   |
| Reviewing liquidators panel   | New project    | <ul style="list-style-type: none"> <li>› Implementing a panel of reviewing liquidators funded through the AA Fund (which ASIC administers) to target facilitation of illegal phoenix behaviour by registered liquidators</li> <li>› Appointing reviewing liquidators and approving assetless administration funding where illegal phoenix activity is suspected</li> </ul>   |
| Handling of external administration funds   | New project    | Consulting with industry to understand the level of protection for funds held to minimise harms from misappropriation  |
| Improving the conduct of the insolvency practitioners' industry through guidance and engagement | New projects   | <ul style="list-style-type: none"> <li>› Contributing to the revision and reissue of Regulatory Guide 16 <i>External administrators – Reporting and lodging</i> (RG 16)</li> <li>› Delivering a revised and enhanced Form EX01 – <i>Schedule B of Regulatory Guide 16 Report to ASIC under s422, s438D or s533 of the Corporations Act 2001</i> or for statistical purposes</li> <li>› Delivering a revised and enhanced Form 507 – <i>Report as to Affairs</i></li> </ul> |

## Act against misconduct to maintain trust and integrity in the financial system

### Action 2018–19 to 2021–22

Over the next four years, we will identify the most significant harms to consumers, investors and markets. Where we identify misconduct, we will take regulatory action.

We will pay particular attention to:

- › **poor professionalism** resulting in poor outcomes, such as:
  - › inappropriate products and services being provided, including those that offer poor value and/or provide consumers with very little or no benefit
  - › people being sold products and services that are not aligned with their risk appetite or their financial capacity
  - › people being misled about a product's expected outcomes – e.g. fund performance, fees and costs, and scope and extent of insurance policy cover
- › **unfair treatment of consumers** e.g. inappropriate sales practices, unfair terms in consumer and small business loan contracts, and unfair borrower financial hardship practices by lenders
- › **corporate culture driving poor conduct**, such as:
  - › remuneration, rewards, incentives and promotions
  - › recruitment and training policies
  - › whistleblower policies
  - › corporate governance frameworks – e.g. relating to handling of complaints and client remediation
- › **professionalism, competence, independence and ethical issues affecting markets**, including the quality of financial reporting and audit and insolvency practices
- › **poor corporate governance practices** that undermine market integrity, such as management of conflicts of interest by market intermediaries, market infrastructure providers, corporations, accountants, auditors, and insolvency practitioners
- › **poor and ineffective disclosure practices** misleading investors and consumers, or affecting their understanding of the risks, fees, costs, features and performance of financial products and services
- › **issues affecting the accuracy and timeliness of disclosure and reporting of financial information** to investors and the market, including exchange market operators' monitoring and enforcement of listed entities' compliance with their continuous disclosure obligations
- › **market misconduct** across wholesale and retail financial markets
- › **market developments that undermine trust and confidence and market integrity** – e.g. emergence of offshore activist firms and unlicensed providers of retail OTC derivatives.

We will support and drive the implementation of government initiatives, including:

- › **product intervention powers** – providing policy advice and developing clear guidance on how ASIC will administer the new powers
- › **whistleblower reforms** – working with Treasury on implementing the reforms to whistleblower protection laws, including developing guidance in relation to internal whistleblower policies
- › **credit card reforms** – providing policy advice on the ban of credit limit increase offers, changes to responsible lending assessments, and new obligations for the reduction and cancellation of credit limits
- › **dispute resolution**
  - › **external dispute resolution** – supporting the implementation of the Australian Financial Complaints Authority (AFCA), including approving the new rules and consulting with the AFCA about data reporting
  - › **internal dispute resolution (IDR)** – implementing new ASIC standards and rules and developing a framework for collecting and publishing IDR data on a recurrent basis

- › **phoenix activity** – working with Treasury on the introduction of the unique Director Identification Number and measures for tackling phoenix activity, such as preventing backdating of director appointments and preventing directors from being able to resign where this would leave the company without a director.

Internally, we are:

- › adopting a different approach for reviewing prospectuses so we can undertake more high-intensity surveillances
- › developing a new approach for reviewing merger and acquisition transaction documents so we can better focus on those with a higher risk of unequal treatment of investors or adverse impact on market integrity
- › trialing different approaches for prioritising our enforcement work, which includes trialing a more thematic approach and a new workflow process.

## Action 2018–19

In 2018–19, we will act against misconduct to maintain trust and integrity in the financial system through the projects below.

| Project                                       | Project status                  | Focus   |
|---|---------------------------------|---|
| <b>Cross-sector</b>                           |                                 |   |
| Quality of financial advice in superannuation | New project                     | <ul style="list-style-type: none"> <li>› Improving conflicts of interest management for advice provided to existing retail and industry super fund members. This covers advice channels such as advisers employed by or authorised by the fund (or a related entity) and advisers with a referral arrangement with the fund</li> <li>› Reviewing samples of advice provided, including relating to fund consolidation and intra-fund advice – i.e. advice where the cost is borne by all fund members</li> </ul>  |
| Timeshare advice and sales                    | New project                     | Reviewing ASIC's approach for regulating timeshare holiday schemes, including samples of advice that have been provided to potential members  |
| Insurance in superannuation                   | Continuing project from 2016–17 | Claims and complaints handling, member engagement, and disclosure practices relating to group cover in superannuation, including monitoring the adoption of the Insurance in Superannuation Voluntary Code of Practice, in conjunction with APRA  |
| Illegal phoenix behaviour                     | Continuing project from 2016–17 | <ul style="list-style-type: none"> <li>› Targeted market surveillance of promoters and facilitators (which include registered liquidators, directors and advisers) and using data analytics to identify and respond to misconduct and facilitation of illegal phoenix activity</li> <li>› Monitoring and assessing reports of alleged misconduct and taking appropriate enforcement action</li> <li>› Continuing to collaborate with Government agencies through cross-agency taskforces – e.g. Phoenix Taskforce, Black Economy Taskforce and Serious Financial Crime Taskforce – to share intelligence and minimise the effect of illegal phoenix activity</li> </ul> |

| Project                                   | Project status                  | Focus  |
|---|---------------------------------|--|
| Breach reporting practices in large banks | Continuing project from 2016–17 | Publishing our review findings on how the big four banks discharge their breach reporting obligations in 2018–19   |
| Small business                            | Ongoing                         | <ul style="list-style-type: none"> <li>› Reviewing compliance with the unfair contract terms legislation by lenders outside the big four banks – including in the context of reforms – and driving changes to align with the enhancements that have been made by the big four lenders as a result of ASIC’s review</li> <li>› Small business compliance, including illegal phoenix behaviour, non-compliance with financial reporting obligations and director misconduct</li> </ul> |
| Vulnerable consumers                      | Ongoing                         | <ul style="list-style-type: none"> <li>› Taking action for unconscionable or unfair sales of products to vulnerable consumers – e.g. sale of funeral and life insurance products to Indigenous communities</li> <li>› Taking action to address poor responsible lending practices for products provided to vulnerable consumers, such as car finance, small amount credit contracts – e.g. payday loans and consumer leases for household goods or products</li> </ul>               |

#### Financial advice

|  |                                 |  |
|--|---------------------------------|--|
| Conflicted payments in the financial advice industry                       | New project                     | Analysing data on the extent and aspects of allowable conflicted remuneration e.g. grandfathered commissions and conflicted remuneration allowed by FOFA   |
| Compliance with the fee disclosure statement (FDS) and opt-in arrangements | New project                     | Testing industry compliance with the FDS and renewal notice obligations, including reviewing samples of documentation provided to clients by licensees   |
| Quality of life insurance advice   | Continuing project from 2016–17 | Identifying and banning advisers who have provided poor advice – or taking other regulatory action where appropriate – following our analysis of advisers with a higher likelihood of providing non-compliant life insurance advice  |
| Advice compliance at the big five financial advice firms                   | Continuing project from 2015–16 | <ul style="list-style-type: none"> <li>› Banning non-compliant advisers who have been identified as part of previous reviews – or taking other regulatory action where appropriate</li> <li>› Monitoring firms’ consumer remediation programs for customers who received non-compliant advice between 1 January 2009 to 30 June 2015, including remediation results and the amount paid to clients by each firm</li> <li>› Monitoring supervision process improvements at licensees; we anticipate settling agreed actions with each firm by 2019–20, with ongoing monitoring until 2020–21</li> </ul> |

| Project   | Project status                  | Focus   |
|---|---------------------------------|---|
| Fee-for-no-service                                  | Continuing project from 2015–16 | Monitoring firms' remediation programs for fee-for-no-service breaches, as a follow-up to Report 499 <i>Financial advice: Fees for no service</i> (REP 499). We will continue to investigate misconduct and take enforcement action   |
| <b>Credit</b>                                       |                                 |   |
| Home loans  | Continuing project from 2017–18 | Shadow shopping of the home lending market. We will publish our findings by 30 June 2019  |
| Loan fraud  | Continuing project from 2017–18 | Reviewing loan fraud in the consumer credit market, including the home loans market. We will publish our findings by 31 March 2019. We anticipate follow-up work in 2019–20, including monitoring of compliance with obligations, such as responsible lending and monitoring of complaints  |
| Car finance   | Continuing project from 2017–18 | Reviewing compliance with responsible lending obligations in the car finance industry. A report is anticipated to be published by June 2019   |
| <b>Insurance</b>                                    |                                 |   |
| Consumer credit insurance                           | Continuing project from 2017–18 | <ul style="list-style-type: none"> <li>› Reviewing banks' compliance with the recommendations in Report 256 <i>Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions</i> (REP 256). We will publish our findings and recommendations by March 2019</li> <li>› Undertaking follow-up work, including targeted surveillances of banks' sales, distribution, compliance monitoring and complaints handling practices, and monitoring of data trends – e.g. loss ratios and declined and withdrawn claims</li> </ul> |
| Total and permanent disability (TPD) claims         | Continuing project from 2016–17 | Examining TPD claims practices – e.g. timeframes and evidence. This is a follow-up to REP 498, which found TPD insurance had higher rates of declined and withdrawn claims, disputes and issues with restrictive definitions  |
| <b>Superannuation and managed funds</b>             |                                 |   |
| Improving outcomes for superannuation members       | New project                     | Boosting supervision of the superannuation sector by strengthening audit and enforcement action to improve transparency and outcomes for superannuation members   |
| Managed discretionary accounts (MDAs) and platforms | New project                     | Reviewing the market practice of MDAs and platforms to identify issues affecting consumer outcomes – e.g. transparency, conflicts of interest   |

| Project   | Project status                    | Focus   |
|---|-----------------------------------|---|
| Employers and superannuation  | Continuing project from 2016–2017 | Reviewing practices of superannuation trustees, including provision of advice, fee-for-no-service, disclosure, benefits and inducements, and third party service providers  |
| Risk-profiled responsible entities                                  | Annual program                    | Undertaking surveillances of higher risk responsible entities and superannuation entities – including those offering services for hire – covering culture, incentives and poor compliance arrangements  |
| <b>Corporations</b>   |                                   |   |
| Independent expert reports (IER)                                    | Ongoing                           | <ul style="list-style-type: none"> <li>› Reviewing the processes, policies and procedures of independent experts, and taking action where compliance and competency concerns are identified</li> <li>› Updating Regulatory Guide 6 <i>Takeovers: Exceptions to the general prohibition</i> (RG 6) and Regulatory Guide 111 <i>Content of Expert Reports</i> (RG 111)</li> </ul>   |
| Fundraising and control transactions                                | Ongoing                           | <ul style="list-style-type: none"> <li>› Real-time oversight of public fundraising and control transactions, including achieving changes to transactions where we identify issues</li> <li>› Reviewing mining company prospectuses and ASX announcements to ensure market observance of the Joint Ore Reserves Committee requirements and Information Sheet 214 <i>Mining and resources: Forward-looking statements</i> (INFO 214)</li> <li>› Updating our ‘truth in takeovers’ guidance</li> </ul> |
| <b>Market infrastructure</b>  |                                   |   |
| Evaluating markets to identify potential harms                      | New project                       | Reviewing the effectiveness of existing market settings, including for dark liquidity and high frequency trading in equities and futures markets, reviewing market cleanliness of foreign currency markets, and monitoring OTC derivatives trade repository data  |
| Providers of market infrastructure in Australia’s financial markets | Ongoing                           | Supervising market infrastructure providers’ compliance with their obligations, including their management of conflicts of interest and financial risk. This covers providers in equities, futures and OTC markets (such as foreign exchange (FX) and fixed income) and includes market operators, clearing and settlement facility providers, trade repositories, credit rating agencies, and benchmark administrators   |



| Project   | Project status                  | Focus   |
|---|---------------------------------|---|
| <b>Market intermediaries</b>                          |                                 |   |
| Retail OTC derivative markets                         | New project                     | Supervising retail OTC providers of high risk financial products to consumers through digital platforms and applications, including unlicensed providers  |
| Market intermediaries' compliance and conduct         | Ongoing                         | <ul style="list-style-type: none"> <li>› Supervising market intermediaries' (including market participants and investment banks) compliance with their obligations and culture and conduct, such as quality of advice and client money reconciliations</li> <li>› Enhancing the supervision of intermediaries in the fixed income, currency and commodities (FICC) markets to address poor compliance</li> </ul>  |
| Financial markets supervision                         | Ongoing                         | <ul style="list-style-type: none"> <li>› Real-time surveillance and monitoring of trading activities across Australia's equities, futures and OTC markets</li> <li>› Monitoring compliance and remediation work required by court enforceable undertakings, including the FX and BBSW enforceable undertakings</li> </ul>   |
| <b>Financial reporting and audit</b>                  |                                 |   |
| Financial reporting quality                           | Ongoing                         | › Reviewing financial reports of listed and other public entities, including directors and auditors' governance and responsibility in supporting quality and transparency of reporting to the market  |
| Audit quality   | Ongoing                         | <ul style="list-style-type: none"> <li>› Inspecting audit firms, including reviewing selected quality control areas at large audit firms, and reviewing the effectiveness of action plans for improving audit quality at the six largest firms</li> <li>› Reviewing auditors' role and responsibilities, including culture, behaviours, risk appetite, governance, accountability and quality control, in supporting financial reporting quality and companies' transparency to the market</li> </ul> |
| <b>Insolvency practitioners</b>                       |                                 |   |
| Registered liquidators' independence and remuneration | Continuing project from 2016–17 | <ul style="list-style-type: none"> <li>› Identifying independence issues by reviewing information in the mandatory declaration of independence, relevant relationships and indemnities forms lodged by registered liquidators</li> <li>› Identifying remuneration issues by reviewing the way work is charged and disclosed, including encouraging improved industry guidance</li> </ul>  |



## Promote strong and innovative development of the financial system

### Action 2018–19 to 2021–22

Over the next four years, we will promote strong and innovative development of the financial system while mitigating harms to consumers, investors and markets.

We will **facilitate innovation to enable consumers, investors and markets to benefit from ongoing advancements in technology**, including by:

- › supporting the development of the fintech and regtech industries through the Innovation Hub – e.g. providing informal assistance to firms, operating the regulatory sandbox trial environment, and issuing tailored guidance
- › engaging and collaborating with the local and international fintech and regtech community, regulators and other bodies to keep abreast of and act on developments – e.g. contributing to discussions at fintech meetups, hosting a quarterly regtech liaison forum, and participating in international initiatives, such as the global sandbox and the various networks of the International Organization of Securities Commissions (IOSCO)
- › collaborating with domestic and international regulators – e.g. through innovative business referrals and implementing the enhanced fintech cooperation agreement between ASIC and the UK Financial Conduct Authority.

At the same time, we will **mitigate the potential harms from ongoing advancements in technology, digital disruption and innovation**, by:

- › monitoring the use of emerging technologies by the financial services industry – and providing policy advice as required – including:
  - › reviewing new products, services and business models that fall outside the current regulatory settings (and where ASIC cannot take action)
  - › reviewing new promotions and delivery channels – e.g. social media, comparison websites, peer-to-peer platforms, technologies utilising artificial intelligence, machine learning, and cloud computing

- › reviewing practices for disseminating company research through social media and online public forums
- › conducting research to understand the implications of open banking on consumers
- › monitoring the impact of technology on financial reporting and audit quality, including:
  - › monitoring the impact of digital disruption on established businesses and the timeliness of their earnings forecast and asset valuation disclosures to the market
  - › reviewing revenue recognition practices adopted by businesses, particularly listed technology-based businesses
  - › monitoring the impact of new tools on the quality of audits
- › incorporating cyber threats into the real-time monitoring of Australia’s financial markets
- › reviewing our regulated populations’ risk management arrangements – e.g. the cyber resilience and technology controls of market infrastructure providers and market intermediaries
- › monitoring market misconduct that is facilitated by or through digital and/or cyber-based mechanisms.

We will **support and implement government initiatives**, by:

- › implementing an ASIC decision making framework for considering competition matters in the financial services industry, which includes collaborating with the Australian Competition and Consumer Commission (ACCC) and updating the ACCC and ASIC memorandum of understanding (MOU)
- › supporting the introduction of an open banking regime as part of a broader consumer data right in Australia by working closely with the ACCC, the Office of the Australian Information Commissioner, and Data61 – the Data Standards Body.
- › contributing towards mandating the ePayments Code, which includes participating in the Council of Financial Regulators’ working group on the payments regulatory perimeter.

We will **facilitate cross-border transactions and capital flows** by:

- › enabling the development of cross-border financial services and new investment vehicles through the Asia Region Funds Passport and the introduction of Corporate Collective Investment Vehicles
- › promoting the development and application of consistent standards and requirements across borders through supporting equivalence assessments with counterpart regulators
- › engaging and collaborating with international regulatory bodies by:
  - › focusing on strengthening relationships with key regulators in the Asia-Pacific region, including supporting regulatory-capability-building
  - › hosting the 2019 IOSCO Conference
  - › contributing to the work of international organisations, such as IOSCO, the International Association of Insurance Supervisors, Financial Stability Board, and the Organisation for Economic Co-operation and Development
  - › negotiating and implementing bilateral and multilateral agreements and understandings on regulatory, supervisory and enforcement matters
  - › exchanging enforcement information under IOSCO's multilateral memoranda.

At the same time, we will be:

- › **monitoring trends domestically and abroad to identify emerging and/or market-wide harms**
- › **monitoring upcoming and/or potential changes**, such as changes to international financial market regulatory requirements and changes flowing from Brexit
- › **taking action to address the potential harms flowing from the global financial system**, including:
  - › the increased risk and incidence of misconduct across borders
  - › poor conduct by global businesses, accounting and audit firms
  - › fundraising and control transactions on Australia's financial markets involving cross-border transactions that may increase harms to investors
  - › the potential loss for investors resulting from foreign issuers participating in local markets
  - › the increased operational complexity of businesses that operate in multiple jurisdictions, hold multiple licences and are subject to different requirements and standards
  - › the increased interconnectedness of markets, which may heighten the impact of market risk events and, in turn, undermine confidence in the global financial system.

## Action 2018–19

In 2018–19, we will promote strong and innovative development of the financial system while mitigating harms to consumers, investors and markets through the projects below.

| Project                                    | Project status                  | Focus  |
|--|---------------------------------|--|
| <b>Cross-sector</b>                        |                                 |  |
| Crypto currencies                          | New project                     | <ul style="list-style-type: none"> <li>› Developing our approach for applying the principles for regulating market infrastructure providers to crypto exchanges</li> <li>› Monitoring emerging products, such as ICOs, and intervening where there is poor behaviour and potential harm to consumers and investors</li> </ul>  |
| Suitability of company for listings        | New project                     | <ul style="list-style-type: none"> <li>› Emerging market issuers – Identifying threats of harm associated with the growth in issuers with substantial assets or operations in emerging economies, including listing standards and gatekeepers for capital raising</li> <li>› Smaller initial public offerings – Reviewing pre-selling practices and adviser selling and distribution practices</li> </ul>  |
| Foreign financial service providers (FFSP) | Continuing project from 2016–17 | Finalising the policy settings for FFSPs that engage with Australian wholesale clients and are located outside Australia or regulated by certain foreign regulators  |
| Innovation Hub                             | Ongoing                         | <ul style="list-style-type: none"> <li>› Managing informal assistance requests and licensing applications from fintech start-up businesses, including the regulatory sandbox licensing exemption and individual relief applications</li> <li>› Driving regtech networking and collaboration between stakeholders – such as firms, third party service providers and regulators – through involvement in trials and problem-solving events</li> </ul> |
| <b>Superannuation and managed funds</b>    |                                 |  |
| Asia Region Funds Passport                 | Continuing project from 2017–18 | <ul style="list-style-type: none"> <li>› Implementing the regulatory arrangements to give effect to this government initiative</li> <li>› Developing new registry processes for participating operators of Australian and foreign passport funds and their customers</li> </ul>  |
| Corporate Collective Investment Vehicles   | Continuing project from 2017–18 | Supporting and influencing the development of the regulatory framework, standards and guidance with Treasury and other external stakeholders   |
| <b>Financial reporting and audit</b>       |                                 |  |
| Digital financial reporting                | Ongoing                         | <ul style="list-style-type: none"> <li>› Encouraging Australian listed entities with mandatory digital financial reporting requirements in the United States and Europe to voluntarily lodge digital financial reports with ASIC</li> <li>› Exploring opportunities for the adoption of digital financial reporting in Australia</li> </ul>  |

| Project   | Project status                  | Focus  |
|---|---------------------------------|--|
| <b>Corporations</b>                             |                                 |  |
| Review of foreign investment transactions       | Ongoing                         | Advising the Foreign Investment Review Board on any ASIC issues relevant to their applications   |
| <b>Market infrastructure</b>                    |                                 |  |
| Technology standards                            | New project                     | Developing market integrity rules for market operators' technology governance and operational risk management  |
| Share registries                                | New project                     | Assessing and addressing harms associated with share registries – including off-market transfer activities and potential gaps in governance controls – and setting standards   |
| Complex exchange-traded products                | Continuing project from 2017–18 | Assessing ASX's quoted funds and structured products market, including admission standards, governance and strategy  |
| ASX CHES replacement                            | Continuing project from 2016–17 | Monitoring the implementation of the CHES replacement, in conjunction with the ACCC and RBA  |
| Competition in equities clearing and settlement | Continuing project from 2015–16 | Implementing legislative reforms and ASIC rules to support safe and effective competition outcomes   |
| Cyber resilience and technology controls        | Continuing project from 2015–16 | Publishing a report on our monitoring and assessment of the technological resilience of market entities, and engaging with market entities to recommend improvements to their controls   |
| Substituted compliance from foreign regulators  | Ongoing                         | <ul style="list-style-type: none"> <li>› Enabling Australia's market infrastructure providers – including operators of financial markets, clearing and settlement facilities, trade repositories and benchmark administrators – to obtain and maintain substituted compliance recognition from foreign regulators. This enables providers to use their Australian authorisation to offer services to the international market</li> <li>› Obtaining equivalence from the European Union on Australia's regime for financial benchmark administrators</li> </ul> |
| <b>Market intermediaries</b>                    |                                 |  |
| FICC markets                                    | Continuing project from 2017–18 | Broadening ASIC's supervision and enforcement approach for FICC markets, including international engagement on FICC market supervision   |
| Technology risk management practices            | Ongoing                         | Tailoring the ASIC framework for reviewing market infrastructure providers' technology governance, operational risk management arrangements and outsourcing arrangements to the review of market intermediaries  |



## Help Australians to be in control of their financial lives

### Action 2018–19 to 2021–22

Over the next four years, we will help Australians to be in control of their financial lives through:

- › **implementing policies to promote informed financial decision making** by:
  - › launching and implementing the 2018 National Financial Capability Strategy, which outlines the priorities for the government, community, business and education sectors to collaborate in strengthening Australians' financial capabilities
  - › driving a national financial capability research plan to foster a more connected research community, identify current research initiatives, and highlight areas for future research to support evidence-based policy decisions
  - › ensuring our regulatory work is informed by evidence about consumer needs and behaviours
- › **delivering educational programs** by:
  - › collaborating with the primary, secondary and tertiary education sectors to develop resources for students
  - › growing the capabilities of the teaching workforce through professional learning
- › **providing up-to-date information, tools and resources** by:
  - › upgrading the MoneySmart website
  - › providing free and impartial information, including tailored support for specific groups such as women and small business
- › **providing outreach services to the Indigenous community**
- › **promoting targeted messages that address specific and emerging issues affecting consumers and investors.**

We will address the growing importance of retirement issues by:

- › working closely with the Government and APRA on the Products for Retirement initiative
- › participating in the cross-agency working group on retirement products to explore innovations that achieve good consumer outcomes
- › contributing to the work of IOSCO on senior investor vulnerability to learn from international experiences
- › having a stronger internal focus on policy issues relating to older Australians, including by establishing a dedicated superannuation team
- › encouraging women to engage more with their finances, including superannuation.

## Action 2018–19

In 2018–19, we will help Australians to improve their financial lives through the projects below.

| Project  | Project status | Focus  |
|--|----------------|--|
| <b>Cross-sector</b>                            |                |  |
| National Financial Capability Strategy         | Ongoing        | Launching the strategy in August 2018, and growing engagements among stakeholders from the business, community, government and education sectors   |
| National financial capability research plan    | Ongoing        | Launching the plan, and promoting a central online hub for knowledge sharing and for disseminating research findings   |
| Tools and guidance for investors and consumers | Ongoing        | <ul style="list-style-type: none"> <li>› Continuing to deliver and maintain resources for primary and secondary schools, including the broader school community – e.g. by offering new maths teaching resources and working closely with the Australian Curriculum, Assessment and Reporting Authority</li> <li>› Launching the MoneySmart universities program</li> <li>› Funding the 2018 Programme for International Student Assessment initiative for surveying financial literacy of 15-year-olds</li> <li>› Providing professional development modules for teachers and initial teacher education university students</li> <li>› Developing a new MoneySmart website, including:               <ul style="list-style-type: none"> <li>› reviewing and refreshing the MoneySmart brand</li> <li>› rebuilding the technology platform, content, features, and workflows</li> </ul> </li> </ul> |
| Older Australians                              | Ongoing        | <ul style="list-style-type: none"> <li>› Publishing a report on our review of the reverse mortgages industry in 2018</li> <li>› Monitoring promotions of retirement products</li> <li>› Engaging early with product developers to influence the development, disclosure and marketing of retirement products to ensure they meet consumers' needs</li> <li>› Engaging with industry to promote consistent consumer education messages and informed decision making by consumers about retirement products</li> </ul>   |
| Indigenous Australians                         | Ongoing        | <ul style="list-style-type: none"> <li>› Growing evidence and understanding of the issues affecting Indigenous Australians to support the Indigenous Outreach Program</li> </ul>   |
| Women  | Ongoing        | <ul style="list-style-type: none"> <li>› Launching a series of videos with influential and inspiring Australian women to encourage all women to have money conversations with friends and family</li> </ul>  |



## Provide efficient and accessible business registers that make it easier to do business

### Action 2018–19 to 2021–22

Over the next four years, we will **continue to provide valuable services to all Australians by administering ASIC's registers**, including:

- › registering companies and business names
- › maintaining company, business name, professional and other registers – e.g. updating and removing registry information, facilitating company annual reviews and business name renewals
- › promoting register integrity through company and business name deregistrations and other activities
- › providing accessible information on ASIC registers – including through our website, information brokers, our NZAU Connect search app and data.gov.au – consistent with the Government's open data policy
- › managing inquiries received through telephone, email, web, webchat, social media and mail channels
- › managing registry lodgment channels and services, including portals, inter-agency, web, direct access, social media and mail
- › administering the unclaimed money register
- › managing the collection of fees and charges.

We will also **continue to improve and adapt** by:

- › identifying and implementing initiatives for improving efficiency and customer service
- › applying the International Organization for Standardization quality certification framework across our registry business
- › implementing government policy and reforms that impact the registry.

In addition, we will **contribute to the program to modernise government business registers** by:

- › developing proposals for the Government
- › moving ASIC registers to the Australian Business Register within the Australian Taxation Office, subject to legislation.

### Action 2018–19

In 2018–19, we will:

- › increase online invoicing and review key services, such as company annual reviews and search services
- › streamline back office functions – e.g. by centralising workload management and technical support and knowledge functions
- › implement the changes to the structure of our registry business and changes arising from workforce planning
- › develop and multi-skill our staff.

We will **implement new registry processes to support the implementation of Government initiatives**, including:

- › crowd-sourced funding – to 'flag' companies participating in the new regime
- › Asia Region Funds Passport – for registering, updating, renewing and searching for participating passport fund operators and their customers
- › Corporate Collective Investment Vehicles – for registering, updating, renewing and searching for participating companies and their customers
- › professional standards of financial advisers – for receiving and making publicly available new information that are required to be submitted to the FAR.

In addition, we will **continue to inform and support other key government initiatives**, including:

- › the introduction of a unique Director Identification Number and other work arising from proposed phoenix reforms
- › the program of work arising from the government's response to the Black Economy Taskforce Final Report
- › regulation of financial reporting and audit for APRA superannuation funds.



# Capabilities

## We will strengthen our capabilities to support our vision.

Over the next four years, we will strengthen our capabilities by:

- › enhancing our internal governance frameworks to better support strategic decision making
- › enhancing the skills of our staff – focusing on developing best in class regulatory practices through our School of Regulation initiative, developing data management and analytics skills, and building leadership competencies
- › fostering collaboration through internal cross-team working groups and inter-agency working groups and taskforces
- › assisting and collaborating with the regtech industry
- › developing an ASIC-specific code of conduct (as part of the transfer of ASIC outside the *Public Service Act 1999* (PS Act)) to drive a culture of integrity and accountability towards realising ASIC's vision
- › enhancing enforcement by focusing further on the highest priority harms, refining early triage of matters, better communicating the reasons we are taking action, and better communicating outcomes.

These initiatives are part of ASIC's strategic priorities – being strategic and agile, accelerating enforcement outcomes, and implementing new supervisory approaches: see page 11.

## Budget

ASIC welcomes the recent additional funding from Government to accelerate and expand our enforcement and supervisory work.

This year, we have established a flexibility reserve to enable us to allocate resources – including staff and budget – more strategically so we can adapt and respond more quickly to changes in our operating environment.

- › The objective of the flexibility reserve is to enable ASIC to support appropriate initiatives and projects more quickly to address the harms we have identified.
- › The flexibility reserve will be embedded in ASIC's resource allocation process to provide a means for funding projects that we are implementing in response to developments in our operating environment after ASIC's annual budget process.
- › This initiative will enable ASIC teams to backfill staff in business-as-usual roles who have been assigned to work on prioritised harm-reduction projects.
- › It will also provide ASIC staff with opportunities for professional development through cross-skilling.

New industry funding laws that changed the way ASIC is funded took effect on 1 July 2017, following extensive industry consultation.

Regulated entities will pay a share of the costs related to the regulation of their subsector. The first invoices, which will be issued in January 2019, will reflect ASIC's actual costs of regulating each subsector for the prior year (i.e. 2017–18).

We are engaging with regulated entities to help them meet their reporting requirements under industry funding.

Although government will continue to determine ASIC's total budget through the annual fiscal budget process, industry funding will provide ASIC with greater stability and certainty of funding, ensuring ASIC is adequately resourced to carry out its regulatory mandate.

## ASIC's 2018–19 budget

|   | 2017–18<br>Actual<br>(\$000s) | 2018–19<br>Budget<br>(\$000s) | 2019–20<br>Forward<br>estimate<br>(\$000s) | 2020–21<br>Forward<br>estimate<br>(\$000s) | 2021–22<br>Forward<br>estimate<br>(\$000s) |
|---|-------------------------------|-------------------------------|--|--|--|
| <b>Operating expenditure funded by:</b> | \$355,944                     | \$350,950                     | \$335,995                                  | \$328,591                                  | \$330,584                                  |
| Departmental appropriation              | \$348,041                     | \$342,428                     | \$327,415                                  | \$320,011                                  | \$321,607                                  |
| Revenue from independent sources*       | \$7,903                       | \$8,522                       | \$8,580                                    | \$8,580                                    | \$8,977                                    |
| <b>Capital appropriations</b>           | \$39,449                      | \$29,844                      | \$20,760                                   | \$20,918                                   | \$21,040                                   |
| <b>Total budgeted resources</b>         | \$395,393                     | \$380,794                     | \$356,755                                  | \$349,509                                  | \$351,624                                  |

\* Excludes Enforcement Special Account related recoveries of \$33 million in 2017–18

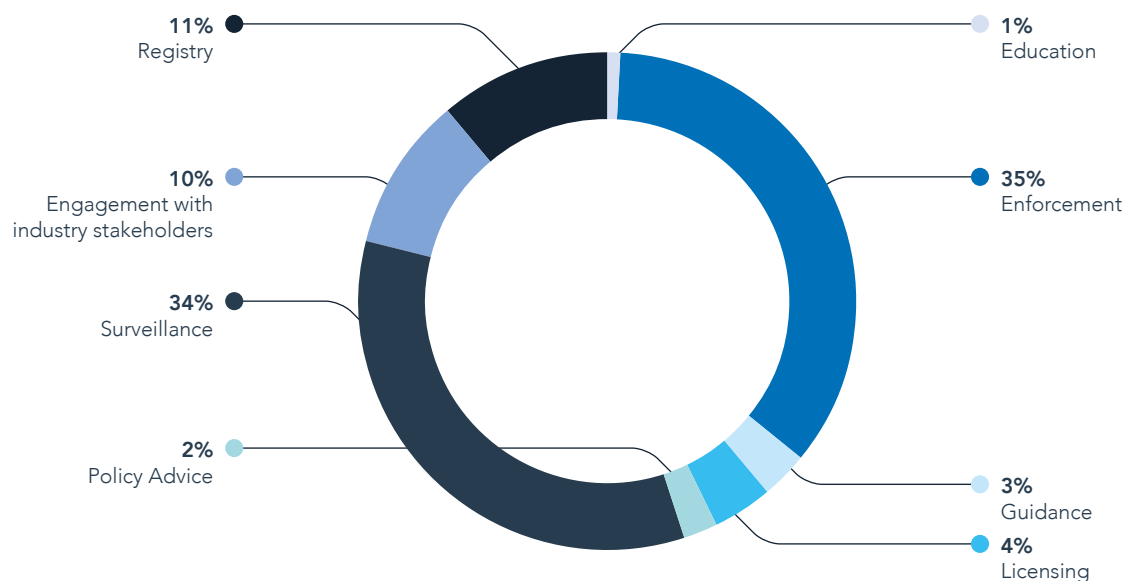
Source: ASIC Financial Statements 2017–18; Portfolio Budget Statements 2018–19 to 2021–22

### New budget measures announced by Government:

|   |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
| Accelerating enforcement outcomes   | –                | \$15,217         | \$19,970         | –                | –                |
| Implementing new supervisory approaches <sup>+</sup>                                | –                | \$14,866         | \$14,039         | –                | –                |
| Advancing the adoption of regulatory technology for the financial services industry | –                | \$3,002          | \$2,954          | –                | –                |
|   | –                | \$33,085         | \$36,963         | –                | –                |
| <b>Revised total budgeted resources</b>   | <b>\$395,393</b> | <b>\$413,879</b> | <b>\$393,718</b> | <b>\$349,509</b> | <b>\$351,624</b> |

<sup>+</sup> Includes capital expenditure of \$1.2 million in 2018–19 and \$0.3 million in 2019–20

**Figure 3: Proportion of 2018–19 estimated effort by activity**



## People

We are strengthening our long-term capabilities by investing in our people – around 1,700 full-time equivalent positions.

We are establishing a School of Regulation to support the ongoing professional development of ASIC regulators and apply best in class regulatory practices.

In addition, we are building a new leadership competency framework. The framework will be integrated into ASIC's human resources practices, including recruitment, leadership induction, training and development, talent identification, promotions, and performance management.

As part of the transfer of ASIC outside the PS Act, we are implementing several changes by 2019–20 to align with market best practice and to attract and retain talented staff, including:

- › revised human resource policies and procedures and recruitment practices
- › a new remuneration strategy, policy and framework
- › an enhanced employee value proposition by refreshing the branding, recruitment collateral and website, and participating in the Employer of Choice Index.

In 2018–19, we will continue to enhance our capabilities by:

- › recruiting and developing staff from disciplines such as commerce, finance, law, economics, information technology, social sciences, and accounting
- › developing expertise in data management, analytics and applying new technology-based regulatory techniques and tools, and behavioural insights
- › supporting staff development through:
  - › structured learning frameworks on regulatory practice, enforcement, accounting and auditing, legal, and data analysis
  - › knowledge sharing through ASIC's internal professional networks e.g. Data Analysts Network
  - › mentoring, coaching and secondments
  - › sharing resources and ways for building analytical skills with other Australian Government agencies

- › promoting diversity across ASIC
- › promoting an adaptable and flexible working environment.

We will also continue to foster cross-team and inter-agency collaboration.

- › We have formed internal cross-team working groups to better coordinate the work across ASIC on implementing new supervisory approaches – e.g. our new approach for regularly placing ASIC staff onsite in major financial institutions – and in relation to illegal phoenix activity, poor practices in the insurance sector, crypto currencies, corporate governance, older Australians, small business, and foreign financial service providers.
- › We participate in several cross-agency working groups and taskforces, such as those relating to retirement products, the payments regulatory perimeter, illegal phoenix activity, serious financial crime, and the black economy.

We will also focus on enhancing staff wellbeing by aligning our work, health and safety system to AS/NZS 4801:2001.

This year, we will commence the work towards implementing a staff enterprise agreement for 2019–22.

## Culture

Our values – accountability, professionalism and teamwork – underpin everything we do.

Our values:

- › provide staff with a shared understanding of what we do and why we do it
- › guide the way we work, make decisions and interact with each other
- › define what our stakeholders and customers can expect when they deal with us.

As part of ASIC's transition outside the PS Act we will develop an ASIC-specific code of conduct to drive a culture of integrity and accountability towards realising ASIC's vision.

In developing the code of conduct, we will:

- › benchmark it against those adopted by domestic and international regulatory agencies
- › conduct focus groups and discussions with a cross-section of ASIC staff (at all levels and geographies), the community, the public sector union, a range of external stakeholders, and the Treasury.

The new code of conduct will be in place by 2019–20.

## Governance

ASIC is an independent Australian Government body, set up under the ASIC Act. We operate under the direction of commissioners appointed by the Governor-General.

We are accountable to the Commonwealth Parliament and to our responsible ministers.

The Parliamentary Joint Committee on Corporations and Financial Services has oversight of ASIC. We also appear before other parliamentary committees and inquiries as required.

Internally, we are updating our governance frameworks to better support strategic decision making by:

- › establishing a new Management Committee for making significant operational (i.e. non-regulatory) decisions. This committee will report on key decisions and issues, and escalate matters where necessary, to ASIC's commissioners
- › establishing a new Regulatory Issues Committee to consider significant supervision issues that affect multiple sectors – e.g. addressing conflicts of interest. This committee will complement the existing ASIC Regulatory Policy Committee and ASIC Enforcement Committee
- › streamlining decision-making bodies and reporting.

## Data and technology

We are committed to transforming our regulatory business by:

- › making better use of data through continued enhancements to the way we capture, govern and share data, and through the use of analytics
- › making it simpler and easier to interact with us
- › streamlining our processes to facilitate compliance.

We are continuing to build an integrated digital platform, which includes:

- › a unified repository of internal and external regulatory information
- › a consistent approach to managing and recording ASIC activities and processes
- › digitised portals and forms that are aligned with the Government's digital transformation agenda.

The platform will give us the flexibility to meet our future needs and those of our stakeholders.

We will leverage ASIC's recently completed, strengthened data analytics solutions to undertake more efficient and diverse data analytics.

In addition, we will continue to develop our data management and data analytics capabilities by:

- › maintaining governance forums, such as the Digital Governance Board and the Data Governance Council
- › continuing to enhance our data management practices, including governance, across the data lifecycle
- › better using information from various external sources to identify trends and potential misconduct – e.g. credit card usage, life insurance claims handling, add-on insurance distribution, funds management flows, and dispute resolution
- › facilitating more streamlined data sharing with other domestic and international agencies – e.g. by developing multi-agency data exchange frameworks
- › promoting knowledge sharing on analytics practices and processes within ASIC – e.g. ASIC Data Analytics Community of Practice – and with domestic and international stakeholders

- › supporting emerging technologies that deliver positive risk management and compliance outcomes, such as cognitive learning, natural language processing, predictive analytics
- › promoting opportunities for regtech-related networking and collaboration, including trials and proofs of concepts
- › using behavioural insights across our regulatory work.

This year, we will undertake an independent assessment of the development of our data management and analytics capabilities, including our progress against the targets outlined in the ASIC data strategy.

In terms of our processes and technology, we will continue to enhance them by:

- › ensuring the integrity of ASIC's processes, data and systems, in light of the threat of cyber-attacks and the need to maintain the privacy and confidentiality of our data
- › improving our cyber resilience practices and solutions to ensure early detection and prevention
- › providing new tools and services to improve workplace flexibility, collaboration and productivity – e.g. upgrade to Microsoft Outlook and expansion of mobile device offerings
- › adopting cloud-based technologies to provide ASIC with a secure and scalable infrastructure while reducing operational complexity and maintenance (in line with the Government's secure cloud strategy)
- › monitoring emerging trends and technologies to identify opportunities to increase ASIC's effectiveness and efficiency.

## Operating risk and audit

We have embedded operational risk management throughout the organisation to support our vision.

Our enterprise risk management framework is consistent with the Commonwealth Risk Management Policy and ISO 31000, and is overseen by the ASIC Operational Risk Committee.

We actively focus on continuous improvement of our framework and capability for managing operational risk across the organisation.

ASIC's Audit Committee, comprising three independent members and a Commissioner, provides independent assurance to the Commission. It reviews the appropriateness of ASIC's financial and performance reporting, system of risk oversight and management, and system of internal control.

The Audit Committee is supported by our Internal Audit team, which completes an annual, risk-based assessment program on the effectiveness of business processes and controls.

# Measuring and evaluating our performance

## We are committed to evaluating our performance.

ASIC has a performance evaluation framework that sets out how we will measure and evaluate our performance over the period covered by this corporate plan.

Our performance framework has been aligned to our regulatory and registry mission statements.

The table below provides a sample of outcomes we will use to measure our performance and the evidence of those outcomes.

We use qualitative and quantitative measures to evaluate our performance over time.

- › Market outcomes reflect the impact of our regulatory work on the markets and sectors we regulate, including on investors and consumers.
- › Regulatory outcomes include the direct results from using our suite of regulatory tools.

We report our performance using these measures in our annual performance statement, which forms part of our annual report.

ASIC is a law enforcement agency, therefore the volume and results of our surveillance and enforcement activities will remain an important measure of our performance and will continue to be of significant interest to our stakeholders and to the wider community.

To allow us to evaluate and report on the outcomes of some of our most significant projects, we will identify and specify measures of success when planning these projects and may report on them in our annual performance statement.

We will continue to monitor available information and will refine our approach to external performance reporting. This refinement includes reviewing the performance reporting of equivalent regulators locally and overseas to identify best practice.

## Outcomes – aligned to ASIC’s regulatory and registry mission statements

| Mission  | Outcomes  | Evidence of outcomes  |
|--|---|---|
| Change behaviours to drive good consumer and investor outcomes | <b>Market outcomes</b>  |   |
|  | › Investors and consumers have trust and confidence in the financial system | › Stakeholder feedback  |
|  | › Fair and efficient processes are in place for the resolution of disputes  | › External data – e.g. the Australian Financial Attitudes and Behaviour Tracker, dispute resolution data and other benchmarking survey data |
|  | › Financial markets are fair, orderly and transparent                       | › Measures of the cleanliness of the Australian listed equity market  |

| Mission   | Outcomes   | Evidence of outcomes   |
|---|--|--|
| <b>Change behaviours to drive good consumer and investor outcomes (continued)</b>     | <b>Regulatory outcomes</b>   |  |
|   | <ul style="list-style-type: none"> <li>› Financial firms and individuals providing financial services act professionally, meet their obligations and treat their clients fairly</li> <li>› Entities improve their business practices in response to identified areas of improvement</li> </ul>   | <ul style="list-style-type: none"> <li>› Operational data – e.g. meetings and other engagement with stakeholders, consultation papers, feedback statements, regulatory guidance and industry reports published, and licences granted, varied and refused</li> <li>› External committees and panels, such as the External Advisory Panel, Consumer Advisory Panel</li> <li>› ASIC reports on progress in remediation of identified breaches</li> <li>› Case studies of key matters where we have used our regulatory tools to change behaviour in the financial system</li> </ul>   |
| <b>Act against misconduct to maintain trust and integrity in the financial system</b> | <b>Market outcomes</b>   |  |
|   | n/a  | n/a  |
|   | <b>Regulatory outcomes</b>   |  |
|   | <ul style="list-style-type: none"> <li>› We identify, address and deter misconduct in the financial system</li> <li>› We take successful enforcement or other regulatory action – including court enforceable undertakings and infringement notices – in response to identified misconduct</li> <li>› We appropriately sanction individuals who commit misconduct including, where warranted, banning them from providing financial services or taking civil or criminal action against them</li> <li>› Our published reports on surveillance and enforcement outcomes and industry messages that are delivered to stakeholders articulate our standards and expectations</li> </ul> | <ul style="list-style-type: none"> <li>› Operational data – e.g. surveillance and enforcement action undertaken and results achieved, reports of misconduct made to ASIC, and ASIC actions in response to misconduct reports received</li> <li>› Compensation for wrongdoing provided to investors and consumers</li> <li>› Public outcomes – e.g. civil, criminal and administrative actions taken, including bannings</li> <li>› Published ASIC reports – including the enforcement report and market integrity report</li> <li>› Case studies on where we have used our regulatory tools to identify, address and deter misconduct</li> </ul> |

| Mission   | Outcomes   | Evidence of outcomes   |
|---|--|--|
| <p><b>Promote strong and innovative development of the financial system</b></p> | <p><b>Market outcomes</b></p>  |  |
|   | <ul style="list-style-type: none"> <li>› The regulatory system supports the work of innovative start-ups and the market testing of novel products and services</li> <li>› We promote improved efficiency and reduced compliance costs among our regulated population</li> </ul>  | <ul style="list-style-type: none"> <li>› Use of the ASIC Innovation Hub by innovative financial firms, including the regulatory sandbox</li> <li>› Reported compliance cost savings based on ASIC’s activities</li> </ul>  |
| <p><b>Help Australians to be in control of their financial lives</b></p>        | <p><b>Regulatory outcomes</b></p>  |  |
|   | <ul style="list-style-type: none"> <li>› We exercise our discretionary powers to grant relief or make a legislative instrument appropriately, where there is a net regulatory benefit</li> <li>› We advise the Government on policy issues and law reform options and support the Government’s financial services reform agenda</li> <li>› We propose and support international policy initiatives that improve regulatory outcomes for Australia and support cross-border activity</li> </ul> | <ul style="list-style-type: none"> <li>› Operational data – including relief applications assessed and legislative instruments made</li> <li>› Meetings with, and advice to, Treasury and relevant Ministers</li> <li>› Submissions made to government policy consultation processes</li> <li>› Publication of reports by international regulatory bodies to which ASIC has contributed</li> <li>› Case studies on where we have used our regulatory tools to promote the strong and innovative development of the financial system</li> </ul> |
| <p><b>Help Australians to be in control of their financial lives</b></p>        | <p><b>Market outcomes</b></p>  |  |
|   | <ul style="list-style-type: none"> <li>› People can take action based on ASIC’s educational materials</li> <li>› We support better financial education across Australia’s education system</li> </ul>  | <ul style="list-style-type: none"> <li>› ASIC MoneySmart accessibility and usage</li> <li>› External survey data – e.g. the ANZ Survey of Adult Financial Literacy in Australia</li> <li>› Collaboration with the formal education sector to support better financial literacy education</li> </ul>  |
| <p><b>Help Australians to be in control of their financial lives</b></p>        | <p><b>Regulatory outcomes</b></p>  |  |
|   | <ul style="list-style-type: none"> <li>› We provide a range of tools and resources to help people understand money and how to manage it</li> <li>› We coordinate with stakeholders to support the National Financial Capability Strategy</li> </ul>  | <ul style="list-style-type: none"> <li>› Personal financial capability tools and resources produced</li> <li>› Case studies on where we have helped Australians to be in control of their financial lives</li> </ul>   |



| Mission  | Outcomes   | Evidence of outcomes  |
|--|--|---|
| Provide efficient and accessible business registers that make it easier to do business | <b>Market outcomes</b>   |   |
|  | <ul style="list-style-type: none"> <li>› Registration is cost-effective and easy for businesses to manage</li> <li>› Businesses comply with their ongoing registration obligations</li> <li>› The public has easy access to information in ASIC registers</li> </ul> | <ul style="list-style-type: none"> <li>› Stakeholder feedback</li> <li>› Performance against the ASIC service charter</li> <li>› Progress in migrating registry services online</li> </ul>  |
|  | <b>Regulatory outcomes</b>   |   |
|  | <ul style="list-style-type: none"> <li>› Information in our registers is accurate and up-to-date</li> </ul>  | <ul style="list-style-type: none"> <li>› Operational data – e.g. volume and efficiency of registry activity</li> <li>› Case studies on where we have provided efficient and accessible registration to make it easier for Australians to do business</li> </ul> |

## Additional performance reporting

We also use more specific tools to evaluate our performance and communicate with stakeholders.

### Service charter

Our service charter covers:

- › our most common interactions with stakeholders, such as applications for licences, relief from the law and registration
- › how we respond to reports of alleged misconduct, including timeframes for our response.

We report against our service charter performance in each annual report and, if we have not met service standard levels, explain why.

### Enforcement report

The regular enforcement report:

- › provides a high-level overview of our enforcement priorities
- › highlights important cases and decisions during the period it covers.

### Market integrity report

The regular market integrity report:

- › highlights achievements in market surveillance and market integrity enforcement during the period it covers
- › outlines short-term priorities.

In addition, we publish quarterly data on:

- › market characteristics, including volatility
- › measures of market concentration
- › measures of market efficiency.

## Regulatory reform

We report regularly on our work to minimise the regulatory burden, including the total compliance cost savings achieved.

We also publish a regular report on examples of situations where we have exercised, or refused to exercise, our exemption and modification powers under the *Corporations Act 2001*.

### Regulator performance framework

In January 2018, we published our latest self-assessment under the Regulator Performance Framework (RPF) for 2016–17. The RPF is a Government initiative that consists of the following six key performance indicators:

- › KPI 1: Regulators do not unnecessarily impede the efficient operation of regulated entities
- › KPI 2: Communication with regulated entities is clear, targeted and effective
- › KPI 3: Actions undertaken by regulators are proportionate to the regulatory risk being managed
- › KPI 4: Compliance and monitoring approaches are streamlined and coordinated
- › KPI 5: Regulators are open and transparent in their dealings with regulated entities
- › KPI 6: Regulators actively contribute to continuous improvement of regulatory frameworks.

We will continue to publish annual self-assessments under the RPF. Before publication, we will consult a panel of stakeholders on our self-assessment against each of these performance indicators.

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