



## 2018-19 ASIC Business Plan Summary by Sector Market Intermediaries

Key projects	Project Status	Focus
Change behaviours to drive good consumer and investor outcomes		
Improving conduct in capital raisings	Continuing 2015-16 project	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 <i>Report 486 Sell-side research and corporate advisory: Confidential information and conflicts</i> (REP 486)
Supervisory frameworks, risk management, compliance models and controls of market intermediaries	New project	<ul style="list-style-type: none"> <li>Review and enhancement of supervision, to encompass bespoke engagement at all levels, all business areas and periodic onsite reviews of Australian market intermediaries.</li> <li>Intensive supervision of highest risk and most complex firms</li> <li>Ongoing surveillance of key risk areas, including compliance with client money and trust account requirements, client onboarding practices and suspicious activity reporting obligations</li> </ul>
Last Look' practices in e-FX markets	New project	Examine the effects of 'last look' practices on the e-FX markets, including an examination of the risks and benefits to clients and the market as a whole, as well as potential inconsistency with fiduciary duties.
Mark-ups on FX trades	New project	Identify potential harms in relation to mark ups and margins applied to client FX transactions by investment banks.
FX Code of Conduct	Continuing 2017-18 project	Monitoring industry adoption of the industry code and guidelines in <i>Report 525 Promoting better behaviour: Spot FX</i> (REP 525)



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Act against misconduct to maintain trust and integrity in the financial system		
Retail OTC derivative markets	Ongoing	<ul style="list-style-type: none"> <li>Supervising retail OTC providers of high risk financial products to consumers through digital platforms and applications, including unlicensed providers. Ongoing series of intensive reviews of selected entities and focus on disrupting harms.</li> <li>Reviewing and monitoring of the application of client money provisions to OTC trading profits</li> <li>Integrate OTC equity derivatives into equity surveillance methodology.</li> </ul>
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 Court enforceable undertakings</li> </ul>
Whistle-blower protections and reforms*	New project	Implement reforms to the whistle-blower protection regime, analyse and identify trends in various data sources (Internal Dispute Resolution, External Dispute Resolution and Reports of Misconduct to ASIC) and conduct intelligence assessments.
Conflicts of Interest*	New Project	Surveillance, monitoring and enforcement activities in relation to conflicts of interest in managed funds, fixed income commodity and currency (FICC) markets and capital raising.
Promote strong and innovative development of the financial system		
Fixed Income, Commodity and Currency (FICC) markets	Continuing 2017-18 project	Broadening ASIC's supervision and enforcement approach for FICC markets, including international engagement on FICC market supervision



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Technology risk management practices*	Ongoing	Reviewing the adequacy of market intermediary technology governance, operational risk management arrangements and outsourcing arrangements.
Suitability of companies for listing*	New project	<ul style="list-style-type: none"> <li>Emerging market issuers – Identifying potential harms 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 2016-17 project	Finalising the policy settings for FFSPs that engage with Australian wholesale clients and are located outside Australia or regulated by certain foreign regulators.
RegTech Initiatives*	New Project	Drive the development and use of RegTech solutions by financial services firms and ASIC to deliver and better regulatory compliance and outcomes for consumers, through problem solving events, collaborative supervision trials, stocktake projects, and internal trials.
Competition*	New Project	Establish a framework and develop capability for ASIC to consider the effects of competition in ASIC's regulatory decisions. Engage with other government agencies to ensure ASIC's framework complements the whole of government approach to competition.
Cross border transactions	Ongoing	Enhanced cooperation and regulatory exercises with domestic and international peer regulators
Artificial Intelligence and Machine-based Learning	New project	Assess the use of machine learning technologies by market intermediaries and their potential impacts on markets
Market performance	Ongoing	Use data to test the core elements of Australian market performance including: <ul style="list-style-type: none"> <li>Measuring market integrity with a focus on insider trading and information leakage by retesting the 'cleanliness' of Australia's licensed market</li> </ul>



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		<ul style="list-style-type: none"><li>◆ Measuring the effect of high frequency trading in FX, equity and futures markets.</li></ul>
Market integrity	Continuing 2016-17 project	<ul style="list-style-type: none"><li>◆ Reform market integrity rules capital requirements and continue to monitor capital adequacy</li><li>◆ Continue comprehensive review of the market integrity rules with consultations on priority reforms.</li></ul>
Short selling	Continuing 2016-17 project	Extend, consolidate and revise the relief from short selling obligations in appropriate circumstances.
Decision making under Market Integrity Rules	New project	Determine if decision made in accordance with ASIC Market Integrity Rules should be subject to merits review.
Personal advice by market participants	New project	Review the structure of the personal advice businesses of market participants
Help Australians to be in control of their financial lives		
MoneySmart Website*	Ongoing	Update and maintain the MoneySmart website to enable Australian Consumers to access up-to-date information on a broad range of topics including managing your money, superannuation, retirement, and investing. The website includes information, online calculators and other resources.