



ASIC
Australian Securities &
Investments Commission

REPORT 650

Overview of licensing and professional registration applications: July 2018 to June 2019

December 2019

About this report

This report is for AFS licensees, Australian credit licensees, lawyers, application service providers and professionals working in financial services that are interested in the licensing and professional registration functions of ASIC. It outlines ASIC's decisions on applications for the period from 1 July 2018 to 30 June 2019 (relevant period) for:

- new AFS licences and licence variations;
- new Australian credit licences and licence variations;
- the registration of liquidators, company auditors and approved SMSF auditors; and
- financial markets licences, CS facilities licences and derivative trade repositories licences.

This report also outlines key regulatory issues and activities related to licensing and professional registration.

About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

Consultation papers: seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

Regulatory guides: give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Reports: describe ASIC compliance or relief activity or the results of a research project.

Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

The statistical information provided in this report is sourced from a range of ASIC databases and includes both objective data (e.g. date of a decision) and subjective data (e.g. whether an amendment to an authorisation was recorded as an additional condition or a change in an authorisation). We have not undertaken individual verification of each figure in this report, and the statistical information should be regarded as approximate only. Examples are for illustration only; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

Previous reports on ASIC licensing and professional registration applications

Report number	Report date
REP 611	28 February 2019
REP 553	30 November 2017
REP 503	7 December 2016
REP 478	31 May 2016
REP 448	24 September 2015
REP 433	20 May 2015

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Overview

- 1 The purpose of this report is to provide information about ASIC's licensing and professional registration activities. The report is intended to give you a better understanding of how ASIC works to maintain the standards of financial services and credit products that licensees may seek to offer over the lifetime of their licence.
- 2 We are keen to foster a better understanding by licensees, registrants and prospective applicants of the nature of ASIC's decision making, what it considers when receiving an application and what is likely to result in an additional regulatory outcome for an application.
- 3 For this reason, the report has been refocused to communicate the key issues ASIC wants you to be aware of when considering and making an application for a new licence, licence variation or professional registration.
- 4 The report also provides an overview of the key changes to the licensing process that occurred in 2018–19 (relevant period) or are expected to be implemented shortly, as well as information on other work undertaken by ASIC that affects existing licensees.
- 5 This report is divided into four sections. A description of each section is outlined in Table 1.

Table 1: Overview of this report

Section	Description
Section A: Licensing and registration activity	This section contains information about our licensing and registration activity during 2018–19, including Australian financial services (AFS) licensing, credit licensing and market licensing, and the registration of liquidators, company auditors and approved self-managed superannuation fund (SMSF) auditors.
Section B: Information for applicants regarding issues recently identified by ASIC	This section contains information for applicants who are applying for new licences, licence variations or professional registration. It explains issues we identified when considering applications in 2018–19.
Section C: New and proposed changes to licensing processes	This section contains information about recent and proposed changes to ASIC's licensing processes.
Section D: Other licence-related issues	This section contains information about other work undertaken by ASIC that affects licensees.

- 6 Key points to note include:
 - (a) we received fewer AFS and credit licensing applications in the relevant period (1,504) than the previous financial year (1,819);
 - (b) our performance against our service charter timeframes in the relevant period has generally improved, although we did not meet our

performance target for the number of new AFS licence applications finalised within 240 days;

- (c) we have introduced new requirements to provide additional information about responsible officers and directors of AFS licence applicants that are also regulated by the Australian Prudential Regulation Authority (APRA); and
- (d) we are continuing to progress our work to migrate more licence application and professional registration transactions onto the new ASIC Regulatory Portal.

A Licensing and registration activity

Key points

In the relevant period:

- we received a total of 1,504 AFS and credit licence applications, of which 439 related to new AFS licences, 589 related to variations to existing AFS licences, 243 related to new credit licences and 233 related to variations to existing credit licences;
- we approved 327 new AFS licences and varied 495 AFS licences, of which 467 were approved with additional regulatory outcomes;
- we cancelled 342 AFS licences and suspended 11 AFS licences;
- we approved 216 new credit licences and varied 140 credit licences, of which 244 were approved with additional regulatory outcomes;
- we cancelled 546 credit licences and suspended 5 credit licences;
- we registered 87 company auditors, received withdrawal requests from 27 applicants and rejected 1 application, and cancelled the registration of 340 company auditors and 10 authorised audit companies;
- we registered 61 approved SMSF auditors, received withdrawal requests from 31 applicants and cancelled the registration of 218 SMSF auditors; and
- 12 liquidators were registered, 3 determinations were made not to register an applicant and 1 liquidator's registration was cancelled.

Licensing activity

Number of applications considered and finalised

- 7 During the relevant period, we:
- (a) considered 1,592 AFS licence applications (comprising 564 received during the relevant period and 1028 received before the relevant period) and finalised 71.4% (1,137) of these applications; and
 - (b) considered 681 credit licence applications (comprising 476 received during the relevant period and 205 received before the relevant period) and finalised 84.7% (577) of these applications.
- 8 Table 2 shows the number of AFS and credit licence applications under consideration (i.e. those available for assessment) and the number that were finalised during the relevant period. These are arranged in the table according to the period in which they were lodged (i.e. either before or during the relevant period).

Table 2: Licensing applications available for assessment (1 July 2018 to 30 June 2019)

Type of application	Received or initiated before July 2018	Received or initiated July 2018– June 2019	Finalised— approved	Finalised— not approved	Not finalised as at 30 June 2019
New AFS licence	245	439	327 (47.8%)	161 (23.5%)	196 (28.7%)
Variation of AFS licence	319	589	495 (54.5%)	154 (17.0%)	259 (28.5%)
New credit licence	147	243	216 (55.4%)	114 (29.2%)	60 (15.4%)
Variation of credit licence	58	233	140 (48.1%)	107 (36.8%)	44 (15.1%)
Total licence applications	769	1,504	1,178 (51.8%)	536 (23.6%)	559 (24.6%)

Note 1: The 'Finalised—approved' column includes all applications that were approved during the relevant period.

Note 2: The 'Finalised—not approved' column includes applications that were rejected, withdrawn or refused during the relevant period. For more details, see Table 3 and Table 4.

Outcomes of finalised applications

9 The licensing and professional registration outcomes in this report relate to:

- (a) **Pre-lodgement rejections:** These are applications that we reject after a preliminary assessment following lodgement and before we formally accept them for detailed assessment. These applications are manifestly defective and do not include the minimum content and information we require to conduct a detailed assessment.
- (b) **Withdrawals:** A withdrawal occurs when an applicant withdraws an application after considering our feedback and/or requisitions during the assessment process.
- (c) **Approvals (without additional regulatory outcomes):** These are applications that we assess as meeting the requirements for a licence or licence variation, or for professional registration.
- (d) **Approvals (with additional regulatory outcomes):** These are applications that we grant with different authorisations from those applied for, or with additional conditions. For example, we might:
 - (i) grant a licence with a narrower range of financial services or financial products than what was applied for;
 - (ii) impose a key person condition on the licence or require a compliance consultant to be appointed; or
 - (iii) tailor a special condition to limit the scope of the activity authorised under the licence.

- (e) Refusals: Applications are refused because we are not satisfied that the applicant has met the statutory requirements for granting a licence or registration.

10 These licensing and registration outcomes provide objective metrics as to the quality of applications, and the administrative decisions that ASIC makes in relation to applications for AFS licences, credit licences and professional audit related registrations. Table 3 and Table 4 outline the outcomes of finalised AFS licence and credit licence applications.

Table 3: Outcomes of AFS licence applications finalised (1 July 2018 to 30 June 2019)

Outcomes of applications finalised 1 July 2018 to 30 June 2019	New licence applications received before July 2018	New licence applications received July 2018–June 2019	Licence variation applications received before July 2018	Licence variation applications received July 2018–June 2019
Approved (with and without additional regulatory outcomes)	171	156	222	273
Rejected for lodgement (pre-lodgement)	9	73	8	44
Withdrawn before start of assessment (pre-lodgement)	3	29	4	44
Withdrawn after start of assessment (post-lodgement)	31	15	29	17
Withdrawn after hearing	0	0	0	0
Refused after assessment	0	0	7	1
Refused after hearing*	1	0	0	0
Total applications finalised	215	273	270	379

Note 1: Only variation applications that are partially refused have recourse to a hearing by an ASIC delegate.

Note 2: For all AFS licence applications approved in the relevant period, 467 were approved with additional regulatory outcomes and 355 were approved without additional regulatory outcomes (i.e. as they were applied for).

Table 4: Outcomes of credit licence applications finalised (1 July 2018 to 30 June 2019)

Outcomes of applications finalised 1 July 2018 to 30 June 2019	New licence applications received before July 2018	New licence applications received July 2018–June 2019	Licence variation applications received before July 2018	Licence variation applications received July 2018–June 2019
Approved (with and without additional regulatory outcomes)	107	109	35	105
Rejected for lodgement (pre-lodgement)	6	37	2	22

Outcomes of applications finalised 1 July 2018 to 30 June 2019	New licence applications received before July 2018	New licence applications received July 2018–June 2019	Licence variation applications received before July 2018	Licence variation applications received July 2018–June 2019
Withdrawn before start of assessment (pre-lodgement)	6	48	8	63
Withdrawn after start of assessment (post-lodgement)	12	5	6	6
Withdrawn after hearing	0	0	0	0
Refused after assessment	0	0	0	0
Refused after hearing (see note)	0	0	0	0
Total applications finalised	131	199	51	196

Note 1: Only variation applications that are partially refused have recourse to a hearing by an ASIC delegate.

Note 2: For all credit licence applications approved in the relevant period, 244 were approved with additional regulatory outcomes and 112 were approved without additional regulatory outcomes (that is, as they were applied for).

- 11 In 2018–19, we refused nine AFS licence applications. A total of 172 AFS licence applications and 154 credit licence applications were voluntarily withdrawn before we made a formal determination. For both AFS licences and credit licences, we believe the number of applications refused would have been much higher if applicants had not withdrawn their applications in response to our feedback.

We remind applicants that being granted a licence is a privilege and not a right, and we cannot grant a licence unless we are satisfied about each of the matters that we are required to consider under the relevant legislation. For this reason, applicants should be aware that we cannot grant a licence, or approve a variation, unless an applicant provides all relevant information requested and we are satisfied that the applicant meets all standards imposed by law.

Applications approved with regulatory outcomes

- 12 When we approve an application, we may apply additional regulatory outcomes, which reflect the exercise of our delegated power to grant an AFS licence only if s913B of the *Corporations Act 2001* (Corporations Act) is satisfied, and a credit licence only if s37 and 38 of the *National Consumer Credit Protection Act 2009* (National Credit Act) are satisfied.

- 13 For ASIC to be satisfied to grant an applicant a new licence, or a licence variation, we may:
- (a) impose additional licence conditions;
 - (b) impose a requirement for additional or alternative responsible managers; and/or
 - (c) modify the standard licence authorisations to limit:
 - (i) the financial products that a licensee may offer; or
 - (ii) the financial services or credit activities that a licensee may undertake.
- 14 It is important to note that a single application may have more than one regulatory outcome and an application is reported as approved even if only some aspects are approved.
- 15 During the relevant period:
- (a) 467 AFS licence applications (both new licences and variations) were approved with additional regulatory outcomes; and
 - (b) 244 credit licence applications (both new licences and variations) were approved with additional regulatory outcomes.
- 16 The number and type of regulatory outcomes are outlined in Table 5.

Table 5: Number and type of additional regulatory outcomes for AFS and credit licence (new and variation) applications (1 July 2018 to 30 June 2019)

Type of additional regulatory outcome	AFS licence: Number of additional regulatory outcomes	Credit licence: Number of additional regulatory outcomes
Key person condition imposed—generally imposed if the applicant or licensee is heavily dependent on the competence of one or more responsible managers	398	240
Authorisations changed—authorisations granted that were different from those sought by applicant, or authorisations refused	102	3
Authorisations changed—authorisations granted that were specific to that applicant (tailored authorisations)	65	0
Additional responsible manager appointed	29	6
Additional conditions imposed	20	1
Responsible manager rejected	6	0

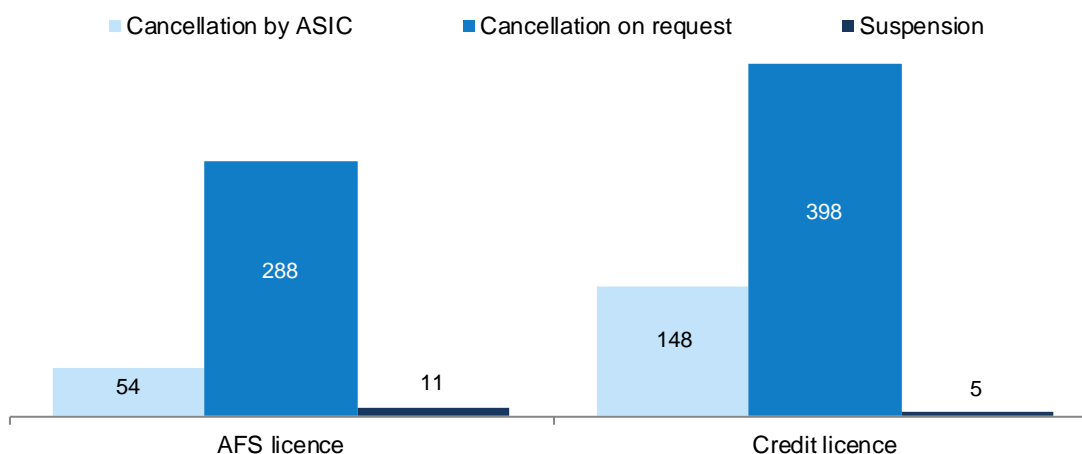
Note 1: A single application may have more than one regulatory outcome. For example, we may grant a licence application and impose a key person condition, require the appointment of an additional responsible manager, and refuse to provide one of the authorisations sought. In such a case, while there is a single approved licence application, we consider that we have achieved three beneficial regulatory outcomes.

Note 2: When we declined to accept responsible managers nominated by the applicant, we were concerned that they did not have the knowledge and skills to meet the organisational competence obligations.

Suspension and cancellation of licences

- 17 We can suspend or cancel an AFS or credit licence for a number of reasons, including where the licensee:
- enters into external administration;
 - becomes deregistered;
 - has not complied with the conditions on its licence;
 - ceases to carry on a financial services business/does not engage in, ceases to engage in, credit activities; or
 - applies to ASIC for a suspension or cancellation.
- 18 When a cancellation or suspension occurs, we may still specify that statutory obligations remain in place. Such obligations may include the continuation of professional indemnity insurance, continuation of membership with an external dispute resolution scheme and continuation of the obligation to lodge accounts.
- 19 Figure 1 shows the number of, and reasons for, suspensions and cancellations of AFS and credit licences during the relevant period.

Figure 1: Number and reasons for suspensions and cancellations of AFS and credit licences (1 July 2019 to 30 June 2019)



Note 1: See Table 10 in Appendix 2 for the data shown in this figure (accessible version).

Note 2: Cancellation by ASIC relates to non-enforcement related action initiated by ASIC.

Note 3: The main reason for ASIC initiating the cancellation of an AFS licence was because the licensee entered into external administration or was deregistered by ASIC.

Note 4: The main reasons for ASIC initiating the cancellation of a credit licence were because the licensee was insolvent or that the licensee had ceased engaged in credit activities.

Note 5: Of the five ASIC-initiated suspensions during the relevant period, the reasons for the suspensions included insolvency and not having a responsible manager with the required competence.

Applications referred to ASIC hearing delegate and AAT

ASIC hearing delegate decisions

- 20 During the relevant period, licensing analysts referred two applications for an AFS licence to an ASIC hearing delegate, with a recommendation that the applications be refused.
- 21 The applications were referred because of concerns that:
- (a) in the first matter, an officer of the applicant had findings of systemic failures by an external dispute resolution scheme and was likely to contravene the obligations that would apply under s912A of the Corporations Act if the licence was granted; and
 - (b) in the second matter, the applicant failed to provide full disclosure to queries raised by ASIC and was likely to contravene the obligations that would apply under s912A if the licence was granted.
- 22 In the first matter the application was withdrawn prior to the hearing. In the second matter the hearing delegate determined that the application should be refused.
- 23 After the relevant period, one applicant sought a review of ASIC's decision from the Administration Appeals Tribunal (AAT).

AAT decisions

- 24 Two decisions by the AAT during the relevant period highlighted the importance of providing full and frank disclosures to ASIC during the licence application process.
- 25 On 31 January 2019, the AAT found that the sole director and nominated Responsible Manager of Superannuation Warehouse Australia Pty Ltd (SWA):
- (a) failed to demonstrate an adequate understanding of the general obligations that would apply to a licensee; and
 - (b) failed to disclose matters that the AAT considered were materially relevant, including a failure to disclose past breaches of other laws to ASIC.
- 26 Further information is available in [Media Release \(19-046MR\)](#) *AAT upholds ASIC decision to refuse an application for a limited AFS licence* (28 February 2019).

Our performance against the ASIC service charter

- 27 The [ASIC service charter](#) sets out the standards you can expect when you deal with ASIC in the course of performing our regulatory functions.

- 28 In relation to our licensing function, we aim to decide whether to grant or vary an AFS licence or credit licence within 150 days of receiving a complete application in at least 70% of cases, and within 240 days in at least 90% of cases.
- 29 Table 6 sets out our results for 2018–19 compared to the same measures in 2017–18.

Table 6: Applications finalised within service charter timeframes

Application type	Finalised in 150 days: 2017–18	Finalised in 150 days: 2018–19	Finalised in 240 days: 2017–18	Finalised in 240 days: 2018–19
New AFS licence	74%	73%	88%	86%
AFS licence variation	75%	80%	86%	90%
New credit licence	87%	92%	93%	96%
Credit licence variation	90%	96%	94%	98%

- 30 We did not meet our performance standard for the number of new AFS licence applications finalised within 240 days. This was in part due to a need to finalise an atypically large volume of cancellation applications as a result of the introduction of the industry-based funding model.
- 31 However, across the board, our performance has improved, and we will continue to focus on improvements to meet our service charter standards.

Registration activity

Liquidator registrations

- 32 While ASIC ceased assessing liquidator applications on 1 March 2017, ASIC still maintains the register and provides administrative support to the committee that is responsible for registering liquidators (the Committee). The Committee includes an ASIC Hearing Delegate as a member.
- 33 The Committee determined that, in a total of 15 applications for registration as a liquidator:
- 10 applicants ought to be registered without conditions;
 - two should be registered with conditions imposed; and
 - three should not be registered—of these, one has sought a review at the AAT.
- 34 There was one cancellation of a registration of a liquidator and no suspensions of registered liquidators during the same period.

SMSF auditor registration

- 35 We finalised 92 SMSF auditor registration applications, of which 62 were received during the relevant period and 30 were received before the relevant period. Of these, we approved 61 applications and 31 applications were withdrawn by the applicant. An additional five SMSF auditor registration applications were received in the relevant period but not finalised.

Company auditor registration applications

- 36 We finalised 115 company auditor registration applications, of which 106 were received during the relevant period and nine were received before the relevant period. Of these, we approved 87 applications, while 27 applications were withdrawn by the applicant and one application was rejected by ASIC. An additional five company auditor registration applications were received in the relevant period but not finalised.

Referrals to Companies Auditors Disciplinary Board

- 37 During the 2018–19 financial year, we referred one matter to the Companies Auditors Disciplinary Board (CADB). The practitioner's registration was cancelled by the CADB as it was satisfied that the practitioner failed to carry out or perform adequately and properly the duties of an auditor within the meaning of s1292(1)(d)(i) of the Corporations Act.
- 38 On 5 December 2018, the practitioner applied to the AAT for a review of the CADB decision. The AAT placed a temporary stay on the operation and implementation of the CADB decision. The AAT's stay order lapsed on 26 March 2019.

Table 7: Outcomes of registration applications (1 July 2018 to 30 June 2019)

Type of registration	Rejected for lodgement	Withdrawn	Approved	Refused	Suspended	Cancelled
Liquidators	0	0	12	3	0	1
Company auditors (including audit companies)	1	27	87	0	0	350
SMSF auditors	0	31	61	0	2	218

Licensing and registration activity over time

- 39 This section provides information on the AFS licence, credit licence and the registered professional population since commencement of the regime for financial services in 2002 and credit activities in 2010.

- 40 The latest information reflects the work carried out by ASIC to date. Key observations include the following:
- (a) For the first year since inception, the total number of approved AFS licensees has fallen (from 6,170 in June 2018 to 6,159 in June 2019). Given the generally consistent number of new AFS licences approved each year, the decrease reflects an increase in the number of cancellations. However, the total number of AFS licensees is still significantly higher than at the commencement of the regime.
 - (b) The number of credit licensees has continued to decline and remains lower than the first year of the regime, suggesting a continued consolidation in the industry.
 - (c) The number of registered liquidators, registered company auditors and SMSF auditors has continued to decline.
- 41 Figures outlining the change in the regulated population over time are provided at Appendix 1.

Licensed financial markets, CS facilities and trade repositories

- 42 ASIC has the power to grant Australian financial market licences, clearing and settlement (CS) facility licences and derivative trade repository licences: see Pts 7.2, 7.3 and 7.5A of the Corporations Act.
- 43 As at 30 June 2019 there were:
- (a) 34 market licensees (19 domestic operators and 15 overseas operators);
 - (b) seven CS facility licensees (five domestic operators and two overseas operators); and
 - (c) two Australian derivative trade repository licensees.

Financial market licences

- 44 In May 2018, ASIC introduced a two-tiered market licence regime that allowed us to tailor our licences to assist the operation of specialised and emerging financial markets. This regime was implemented during the relevant period and resulted in the application for licences by most of the previously exempt professional market platforms in the commodities, foreign exchange and fixed income sectors. As of 30 June 2019, the Minister's delegate had granted the first two licences for these platforms, with most of the outstanding applications being in the final stages of processing. Seven market licence exemptions were revoked during the financial year.
- 45 In March and April 2019, 'Brexit' posed a potential issue about access to trading venues by Australian participants. In response, we processed an

application to grant Bloomberg Tradebook Facility B.V. an overseas Australian market licence and received other applications that were in progress at the end of the financial year. ASIC also amended prescribed trading determinations to include DTCC Data Repository (Ireland) PLC and UnaVista TRADEcho B.V. so that entities reporting over-the-counter (OTC) derivatives under Australian law could readily use new trade repositories created in response to Brexit.

- 46 In addition, during the relevant period we granted licences to two large overseas futures markets (NYMEX and COMEX) and effected several licence variations to account for changes in the circumstances of these markets, such as change of name or product scope.

CS facility licences

- 47 The overseas CS facility licence of the Chicago Mercantile Exchange (CME) was varied to authorise it to provide central counterparty services to the licensed exchange-traded derivatives market to be operated by FEX Global Ltd. This varied authorisation facilitates greater competition in the Australian financial system by permitting a US-based central counterparty (CCP) to provide CCP services to a licensed domestic market. CME is licensed as an overseas CS facility because of the regulatory equivalence of the US and Australian CS facility regimes.

B Information for applicants regarding issues recently identified by ASIC

Key points

This section contains information for applicants who are applying for a new licence, a licence variation, or professional registration. The information relates to issues we identified when considering applications in the relevant period.

The information is intended to help applicants to understand the licensing process and provide complete applications.

In summary, applicants should ensure that they:

- understand the licensing and registration process;
- provide full and frank disclosure during the application process;
- apply for appropriate authorisations;
- understand that ASIC may impose additional conditions on a licence and why it may do so;
- obtain Australian Financial Complaints Authority (AFCA) membership;
- obtain or make inquiries about obtaining professional indemnity insurance (where they are seeking to provide licensed services to retail clients); and
- advise ASIC of changes to responsible managers and, where the responsible manager is a key person, apply for a licence variation.

Understand the licensing and registration process

- 48 ASIC's licensing functions serve an important gatekeeping role for ASIC. Applicants should note that the assessment of applications is not an automatic process; each application is subject to a risk rating and assessed on its particular facts.
- 49 While an applicant may consider their application to be straightforward, there are factors that we may need to consider that could result in an application taking longer to assess. These factors include the quality of an applicant's responses, the complexity of an applicant's business model and the authorisations they are seeking, the existence of any adverse intelligence in relation to personnel associated with the licence (e.g. controllers, officers and responsible managers), and the volume of applications under consideration.
- 50 We aim to keep applicants informed about the progress of their applications during our assessment. We will advise applicants when an application has been accepted for lodgement.

- 51 In considering an application, our analysts will often consult internally (e.g. other ASIC stakeholder and enforcement teams) and externally (e.g. from other local or international regulators). We note that under s127 of the *Australian Securities and Investments Commission Act 2001*, ASIC can disclose confidential information externally to a range of specified entities if it will enable or assist the entity receiving the information to perform a relevant function or exercise a relevant power.

Provide full and frank disclosure

- 52 It is important that applicants provide all information requested by ASIC, in full, and as soon as possible to enable ASIC to assess the application as expeditiously as possible.
- 53 When assessing applications and an applicant's likelihood of complying with licensing obligations, ASIC will consider a range of factors including relevant past conduct. Past conduct is not limited to conduct relating only to financial services and credit laws.
- 54 The recent AAT decision, outlined in Section A, relating to Superannuation Warehouse Australia Pty Ltd highlights the importance of providing full and frank disclosure.
- 55 ASIC has the right to request additional information that was not requested in the application form, where we believe it is relevant to making a decision on the application.
- 56 Applicants should be aware that a failure to disclose all relevant information may result in an application being refused.

Apply for appropriate authorisations

- 57 Applicants are responsible for applying to ASIC for new or varied licences with appropriate authorisations for their proposed licensed business. ASIC is responsible for determining the scope and limits of a licence.
- 58 We will provide feedback to applicants when we are not satisfied that a particular authorisation is required.
- 59 It is important that applicants think about the authorisations they are applying for, and how these relate to their business model. ASIC must not grant an authorisation if we are not satisfied that the authorisation (or a licence) is required. In doing so, ASIC will take into account the objects of the Corporations Act or National Credit Act, including those relating to consumer protection. An example includes when a person may seek a licence because business dealings require the person to hold a licence for

contractual purposes only, but the person does not intend to provide a financial product or service.

- 60 Additionally, adding unnecessary authorisations may unnecessarily increase the amount a licensee is required to pay under the annual industry levy (see Section D of this report for further information).

Imposition of additional and tailored conditions on a licence

- 61 ASIC has the power to impose additional licence conditions under the Corporations Act and the National Credit Act.

- 62 ASIC will exercise this power based on:

- (a) the authorisations the applicant is seeking;
- (b) what we know about the applicant and its controllers, officers and responsible managers; and
- (c) whether we have no reason to believe that the applicant is likely to contravene its licence obligations if we grant the licence.

- 63 Two examples that highlight ASIC's approach are the additional conditions imposed on the AFS licence of AMP Financial Planning Pty Ltd (AMPFP) and IOOF Investment Services Limited (IISL) during the relevant period.

AMP Financial Planning Pty Ltd

- 64 ASIC imposed additional conditions when ASIC granted AMPFP's application to vary its licence to provide managed discretionary account (MDA) services.

- 65 ASIC had conducted surveillance of AMPFP's business, involving on-site interviews with AMPFP compliance personnel about processes and systems, and with the advisers who provide MDA services and advice. It also included reviews of AMPFP's documented processes and systems, its client advice files and adviser audit files.

- 66 ASIC imposed the licence conditions to ensure that AMPFP had adequate arrangements in place to comply with obligations related to the provision of MDA services and were specifically tailored to AMPFP. Further information is available in [Media Release \(19-078MR\) ASIC imposes additional licence conditions on AMP Financial Planning](#) (4 April 2019).

IOOF Investment Services Limited

- 67 ASIC also imposed additional conditions on IISL when ASIC granted its application to vary its licence to facilitate the transfer of managed

investment scheme, investor director portfolio services (IDPS) and advice actives from IOOF Investment Management Ltd (IIML).

- 68 These additional conditions required:
- (a) IISL to have a majority of independent directors with a breadth of skills and background relevant to the operation of managed investment schemes and IDPS platforms;
 - (b) the establishment of an adequately resourced Office of the Responsible Entity, reporting directly to the IISL board, with responsibility for oversight of IISL's compliance with its AFS licence obligations, ensuring IISL's managed investment schemes are operated in the best interests of members and overseeing the quality and pricing of services provided to IISL by all service providers; and
 - (c) the appointment of an independent expert, approved by ASIC, to report on their assessment of the implementation of the additional licence conditions.
- 69 Further information is available in [Media Release \(19-292MR\)](#) ASIC imposes additional licence conditions on IOOF Investment Services Ltd to improve governance and conflicts management (28 October 2019).
- 70 New licence applicants and licensees seeking variations can expect to see ASIC impose additional and tailored conditions more often.

Obtain AFCA membership

- 71 On 1 November 2018, the law was changed to replace the two existing ASIC-approved external dispute resolution schemes—the Financial Ombudsman Scheme (FOS) and the Credit and Investments Ombudsman (CIO)—and the statutory Superannuation Complaints Tribunal (SCT) with AFCA.
- 72 All financial firms that are required to be members of an external dispute resolution scheme to deal with complaints from consumers and small businesses must now be members of AFCA. This includes trustees of regulated superannuation funds.
- 73 We will not finalise a new licence application unless the applicant is a member of AFCA.
- 74 We check AFS and credit licensees' compliance with their AFCA membership obligations when assessing licence applications. ASIC can take action to suspend or cancel a licence if a licensee is not a member of AFCA.
- 75 During the relevant period, ASIC cancelled or suspended four AFS licences and 48 credit licences for a failure to obtain membership of the AFCA scheme.

Professional indemnity insurance

- 76 Certain licensees and registrants are required to have adequate arrangements in place for compensating retail clients (AFS licensees) or consumers (credit licensees).
- 77 The primary way licensees comply with this obligation is to have professional indemnity insurance (PI insurance) in place, although ASIC may approve alternative arrangements.
- 78 Before we issue a licence, it must assess that proposed PI insurance is adequate under the relevant legislation. Licensees must continue to maintain adequate PI insurance while they remain a licensee.
- 79 For further information see [Regulatory Guide 126 Compensation and insurance arrangements for AFS licensees](#) (RG 126) and [Regulatory Guide 210 Compensation and insurance arrangements for credit licensees](#) (RG 210).
- 80 We are aware that some applicants are experiencing difficulty in obtaining PI insurance that meets the requirements specified in our regulatory guidance. Problems we have identified include:
- (a) policies involving a significant excess compared to the premium;
 - (b) complexity in PI policy terms and unacceptable exclusions to coverage.
- 81 Given the difficulty some applicants are experiencing in obtaining adequate PI insurance, ASIC encourages applicants to engage with their proposed insurer as early as practicable to minimise potential delays associated in finalising a licence application.

Advise ASIC of changes to responsible managers and other changes

- 82 While obtaining a licence marks the commencement of a financial services or credit business, the obligations imposed by the licence continue throughout (and in some cases after) the life of the licence. We may take action against licensees who fail to comply with financial services laws.
- 83 For example, on 27 May 2019, we cancelled the AFS licence of Guarded Pty Ltd for a failure to comply with financial services laws. The licensee failed to maintain competence to provide the financial services authorised by its licence after its responsible manager, who had been appointed as a key person, resigned.
- 84 Licensees are required to advise ASIC of changes to responsible managers and to notify and put forward suitable replacements for any responsible

managers subject to a key person condition imposed during the licensing process.

- 85 We provide guidance to assist licensees and potential licensees to meet their ongoing licence obligations: see, for example, [Regulatory Guide 104](#) *Licensing: Meeting the general obligations* (RG 104). However, compliance with licence obligations and financial services laws is the responsibility of each licensee, and we remind licensees to be vigilant about their compliance obligations.

C New and proposed changes to licensing processes

Key points

This section contains information about recent and proposed changes to ASIC's licensing processes.

It includes information about:

- new licensing requirements for certain AFS licence applicants;
- the ASIC Enforcement Review Taskforce;
- proposed new standards regarding internal dispute resolution processes; and
- a new home for our regulatory stakeholders.

New licensing requirements for certain AFS licence applicants

- 86 In December 2018, ASIC reviewed its AFS licensing requirements and now requires additional information to be provided by certain applicants for an AFS licence or variation.
- 87 These requirements are set out in [Information Sheet 240](#) *AFS licensing—Requirements for certain applicants to provide further information* (INFO 240). The requirements relate to the provision of additional information by applicants that are body corporates, applicants that are APRA-regulated bodies and applicants that are proposing to offer certain financial services or to operate in specific circumstances.
- 88 Licensees and prospective applicants are encouraged to review the information sheet before applying for an AFS licence or variation.

ASIC Enforcement Review Taskforce

- 89 The Australian Government established the ASIC Enforcement Review Taskforce in October 2016 in response to a recommendation of the Financial System Inquiry. The taskforce was asked to review ASIC's enforcement regime and to assess the suitability of the existing regulatory tools available to ASIC to perform its functions adequately.
- 90 In September 2019, the Australian Government began consultation on exposure draft legislation to implement a number of the taskforce's recommendations.

- 91 In relation to licensing, the draft legislation:
- (a) strengthens ASIC's licensing powers by replacing the AFS licence requirement that a person be of 'good fame and character' with an ongoing requirement that they be a 'fit and proper person';
 - (b) aligns the penalties for false and misleading statements in AFS and credit licence applications; and
 - (c) extends ASIC's powers so that they may ban a person from performing functions in a financial services or credit business. The legislation also expands the grounds on which ASIC can issue banning orders.
- 92 Consultation on the draft legislation closed in October 2019.
- 93 The proposed legislation provides ASIC with additional powers in relation to the assessment of licence applications. We will provide additional guidance to applicants and licensees regarding these changes when the legislation is implemented.

Proposed new standards for internal dispute resolution

- 94 Financial firms will be required to meet new standards set by ASIC when they deal with consumer complaints through their internal dispute resolution arrangements.
- 95 In May 2019, ASIC commenced consultation on new standards about how financial firms handle consumer and small business complaints. The proposed standards will improve the way consumer complaints are dealt with across the financial system and make firms' complaints handling performance transparent.
- 96 This proposal followed research by ASIC highlighting the need for an improved consumer complaints experience: see [Report 603](#) *The consumer journey through the Internal Dispute Resolution process of financial service providers* (REP 603).
- 97 Consultation on the new standards closed in August 2019. ASIC aims to release the new standards in early 2020. See [Consultation Paper 311](#) *Internal dispute resolution* (CP 311) for more details.

A new home for our regulatory stakeholders

- 98 The ASIC Regulatory Portal is where our regulated community can access our increasing suite of digital services. Over time, it will replace many existing online channels and is an important step in improving how stakeholders interact with ASIC.

- 99 The portal allows you to:
- (a) define user access levels that control what others can do on behalf of an entity;
 - (b) correspond with us through the portal about submitted applications or transactions;
 - (c) pay online using your credit card;
 - (d) track the status of your applications and transactions;
 - (e) act on behalf of multiple entities (individuals or organisations); and
 - (f) load forms that have been pre-filled with your information.
- 100 From 2020, we intend to add more portal transactions to allow entities to apply, vary, cancel or suspend their licence or registration, update their details and lodge forms. These transactions will provide services to:
- (a) existing or potential licensees or managed fund operators and their representatives—AFS licensees, credit licensees and managed fund operators;
 - (b) existing or potential registered professionals—liquidators, auditors and authorised audit companies; and
 - (c) organisations—officeholders, agents or employees who lodge documents and applications with ASIC on behalf of regulated entities.

D Other licence-related issues

Key points

This section contains information about other work undertaken by ASIC that affects licensees.

Specifically, the section includes information about:

- ASIC's industry funding model;
- the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission);
- share sale fraud;
- a new regime for whistleblowers;
- initial coin offerings and crypto assets;
- ASIC's product intervention power and the design and distribution obligations;
- incorrect dual authorisation of AFS licence holders and how this was rectified;
- foreign financial services providers; and
- reports published during the period that are relevant to you.

ASIC's industry funding model

- 101 In January each year, ASIC issues levy invoices to industry to recover some of the regulatory costs incurred by ASIC.
- 102 To provide transparency of ASIC's costs and how these costs are allocated to industry under the industry funding model, ASIC publishes an annual Cost Recovery Implementation Statement—or CRIS. The CRIS outlines ASIC's forecast regulatory costs and activities by subsector for each financial year and provides details on how ASIC allocated its costs in the previous year. The CRIS also provides industry with indicative levies for the following year to help them plan.
- 103 Licensees can use the data in the CRIS to estimate their invoice for next year, noting that the figures are likely to change.
- 104 Further information about the [industry funding model](#) is available on ASIC's website.

Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

- 105 The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission) was established by the Australian Government in December 2017.
- 106 The purpose of the Royal Commission was to inquire into and report on whether:
- (a) Australian financial services entities (including their officers and representatives) engaged in conduct that might amount to misconduct;
 - (b) the conduct of these entities falls below community standards and expectations; and
 - (c) the conduct of these entities is attributable to their internal practices in relation to culture, governance, recruitment and remuneration.
- 107 The Royal Commission also inquired into and reported on the adequacy of existing Commonwealth financial services laws, and the effectiveness and ability of financial services regulators to identify and address misconduct. This included considering whether any further changes were necessary to the legal framework, to practices within financial services entities, and to Australia's financial regulators.
- 108 The [final report](#) of the Royal Commission was submitted to the Governor-General on 1 February 2019.
- 109 In September 2019, ASIC provided its [second update](#) on its actions in response to the recommendations of the Royal Commission.

Share sale fraud

- 110 ASIC has provided guidance for AFS licensees that deal in securities about how they can mitigate the risks to their clients and businesses of share sale fraud.
- 111 Share sale fraud refers to the fraudulent activity of a person who is not who they claim to be and sells shares that do not belong to them. ASIC has identified a rise in the instance of share sale fraud, primarily in connection with issuer-sponsored holdings.
- 112 See [Information Sheet 237](#) *Protecting against share sale fraud* (INFO 237) for more details.

New regime for whistleblowers

- 113 From 1 July 2019, whistleblowers who report misconduct about companies and company officers can access stronger rights and protections under the Corporations Act.
- 114 The Corporations Act now better protects corporate whistleblowers, including current and former company employees, officers and external service providers. There are stronger requirements to maintain a whistleblower's confidentiality and to protect them from detriment and from being threatened with detriment. Whistleblowers can also seek compensation if they suffer loss, damage, or injury for making their disclosure. These protections are important to ensure and encourage whistleblowers to come forward to the company or to ASIC to raise their concerns.
- 115 ASIC has updated information on our website and issued two new information sheets:
- (a) [Information Sheet 238](#) *Whistleblower rights and protections* (INFO 238), available on our website;
 - (b) [Information Sheet 239](#) *How ASIC handles whistleblower reports* (INFO 239), available on our website.

Initial coin offerings and crypto assets

- 116 ASIC has published information to help businesses involved with initial coin offerings and crypto-assets to understand their legal obligations and consider whether they are operating lawfully: see [Information Sheet 225](#) *Initial coin offerings and crypto-assets* (INFO 225) for more details.
- 117 For entities who are thinking about applying for a licence authorisation, please note:
- (a) we will assess the application under relevant laws and policy and, based on our risk-targeted framework, take into account the considerations that apply to financial products of that type generally;
 - (b) applications for crypto-asset-related financial products are more likely to be novel applications—our experience to date indicates that assessment of those applications may take a significant period of time; and
 - (c) we will work with applicants to identify the issues to be addressed in the application, and we will issue additional guidance if we think that doing so may be helpful to industry.

Product intervention power and the design and distribution obligations

- 118 In April 2019, two key reforms for financial services were enacted:
- (a) a product intervention power for ASIC; and
 - (b) a new governance regime for the design and distribution of financial products.
- 119 The product intervention power strengthens ASIC's consumer protection toolkit by equipping us with the power to intervene where there is a risk of significant consumer detriment.
- 120 The design and distribution obligations will bring accountability for issuers and distributors to design, market and distribute financial and credit products that meet consumer needs.
- 121 ASIC's ability to exercise the product intervention power came into force in April 2019, and ASIC will be able to exercise its powers in relation to the design and distribution obligations from April 2021.
- 122 ASIC consulted on ASIC's proposed administration of the product intervention power in [Consultation Paper 313 Product intervention power \(CP 313\)](#).
- 123 The consultation period for CP 313 concluded in August 2019 and we are currently considering the submissions received in response.
- 124 We are currently preparing draft guidance on the design and distribution obligations and expect this will be released for consultation later this year.
- 125 ASIC made a product intervention order in relation to the provision of short-term credit on 12 September 2019. This has been [appealed](#) in the Federal Court (but remains in force while the matter is before the court).
- 126 In addition, ASIC has consulted on using the product intervention power to ban OTC binary options and limit the distribution of contracts for difference (CFDs), and has also consulted on using the power in relation to add-on financial products sold through car yard intermediaries.

Note: See [Media Release \(19-220MR\)](#) *ASIC proposes ban on the sale of binary options to retail clients, and restrictions on the sale of CFDs* (22 August 2019) and [Media Release \(19-267MR\)](#) *ASIC consults on reforms to sale of add-on financial products sold with cars* (1 October 2019).

Incorrect dual authorisation of AFS licence holders rectified

- 127 In May 2019, ASIC took action against 58 AFS licensees who were in breach of the law because they were also authorised representatives of other AFS licensees.
- 128 We revoked the relevant authorisations that were in breach of the law.
- 129 Under s916D of the Corporations Act, an AFS licensee cannot be the authorised representative of another AFS licensee, unless they are a general insurance underwriting agent or broker operating under a binder given by an insurer.
- 130 We expect AFS licensees to check ASIC's AFS licence register prior to granting an authorisation to new representatives to ensure that they do not authorise a person or entity that already holds an AFS licence. AFS licensees are advised to adopt this practice as part of their onboarding process.
- 131 AFS licensees seeking to become authorised representatives of another AFS licensee must cancel their licence to avoid breaching s916D of the Corporations Act.

Foreign financial services providers

- 132 ASIC has consulted with foreign financial services providers (FFSPs) and other relevant stakeholders about ongoing consideration of the relief provided to FFSPs from the requirement to hold an AFS licence when providing financial services to wholesale clients in Australia (see [Consultation Paper 315](#) *Foreign financial services providers: Further consultation* (CP 315)). We are currently considering the submissions received in response.
- 133 The current 'limited connection' relief has been extended until 31 March 2020 while consideration continues.
- 134 FFSPs who intend to rely upon relief should be aware of an update to [Information Sheet 157](#) *Foreign financial services providers—practical guidance* (INFO 157), made in April 2019.

Relevant ASIC publications from 2018–19

- 135 During 2018–19, we have published a number of reports containing relevant information for licensees. These are summarised in Table 8.

Table 8: Relevant ASIC publications from 2018–19

Report	Description
Report 599 <i>Market integrity report: January to June 2018</i> (REP 599)	A report highlighting the activities of the Market Integrity Group of ASIC and its priorities for the relevant period
Report 602 <i>Overview of decisions on relief applications (April 2018 to September 2018)</i> (REP 602)	A report on ASIC's decisions to grant relief, including relief from licensing requirements
Report 607 <i>Audit inspection program report for 2017–18</i> (REP 607)	A report summarising the observations and findings identified by ASIC's audit inspection program in the 18 months to 30 June 2018
Report 610 <i>ASIC regulation of registered liquidators for January 2017 to June 2018</i> (REP 610)	A report providing an overview of ASIC's supervision of registered liquidators
Report 615 <i>ASIC enforcement update: July to December 2018</i> (REP 616)	A biannual overview of enforcement outcomes, priorities and cases during the relevant period
Report 619 <i>Market integrity report: July to December 2018</i> (REP 619)	A report highlighting the activities of the Market Integrity Group of ASIC and its priorities for the relevant period
Report 620 <i>Overview of decisions on relief applications (October 2018 to March 2019)</i> (REP 620)	A report on ASIC's decisions to grant relief, including relief from licensing requirements

Appendix 1: The regulated population over time

136 This appendix provides information on the regulated population over time.

Licensing

137 The *Financial Services Reform Act 2001* (FSR Act) amended the Corporations Act by introducing the AFS licensing regime on 11 March 2002, with a transitional period of two years (to 10 March 2004).

138 Since then, ASIC’s AFS and credit licensing and registration responsibilities have expanded as noted in Table 9.

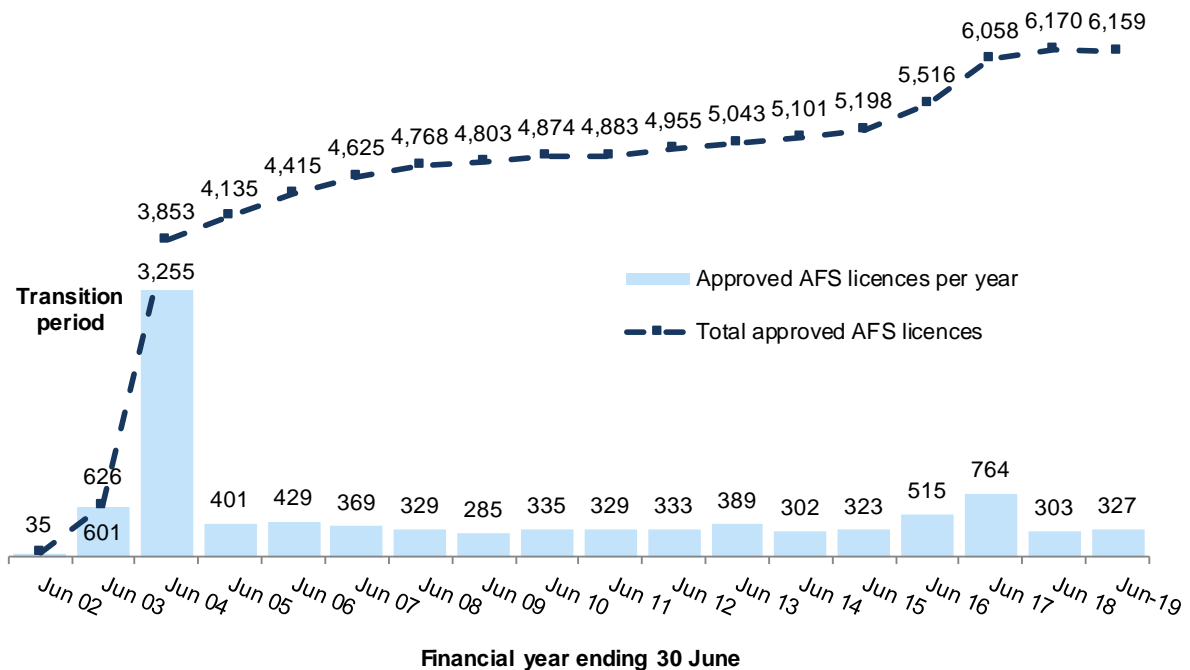
Table 9: ASIC’s AFS and credit licensing and registration responsibilities

Activity	Date ASIC assumed responsibility
Liquidator and company auditor registration	14 July 1989
AFS licensing	11 March 2002 (transition period ended 10 March 2004)
Credit licensing	1 July 2010
Approved SMSF auditor registration	1 January 2013

Note: ASIC’s predecessor (the Australian Securities Commission) assumed responsibility for liquidator and company auditor registration under the *Corporations Act 1989*.

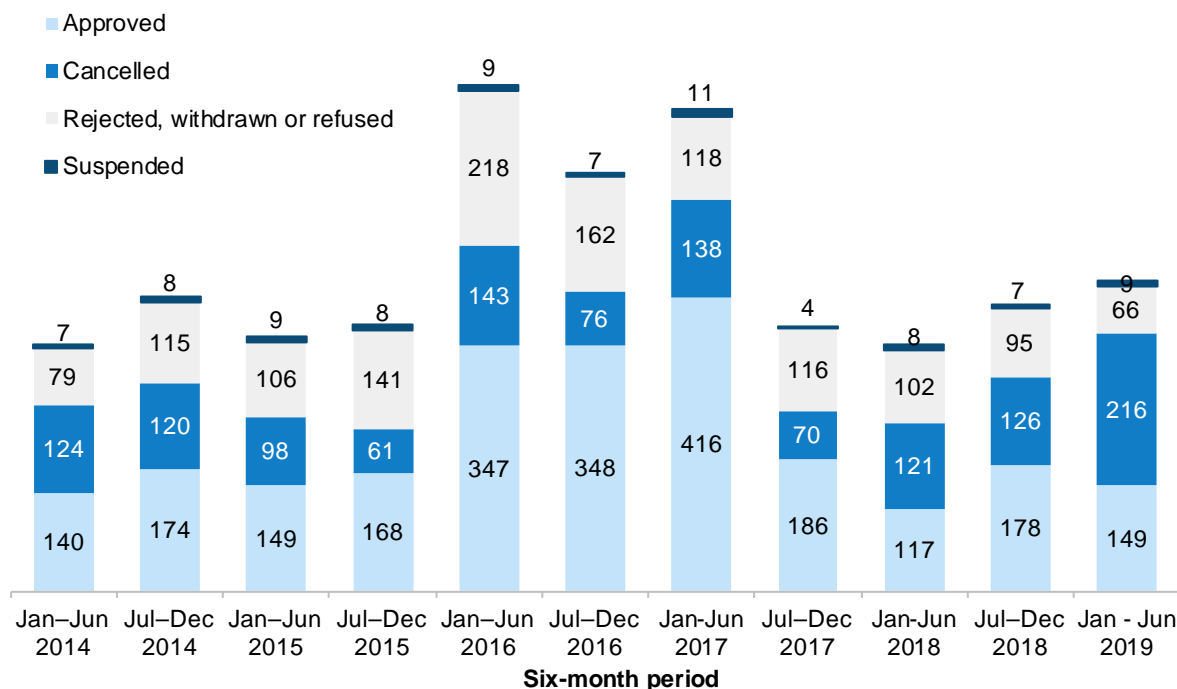
AFS licensees

Figure 2: AFS licences approved per financial year and total number of approved licences



Note: See Table 11 in Appendix 2 for the complete data used in this figure (accessible version).

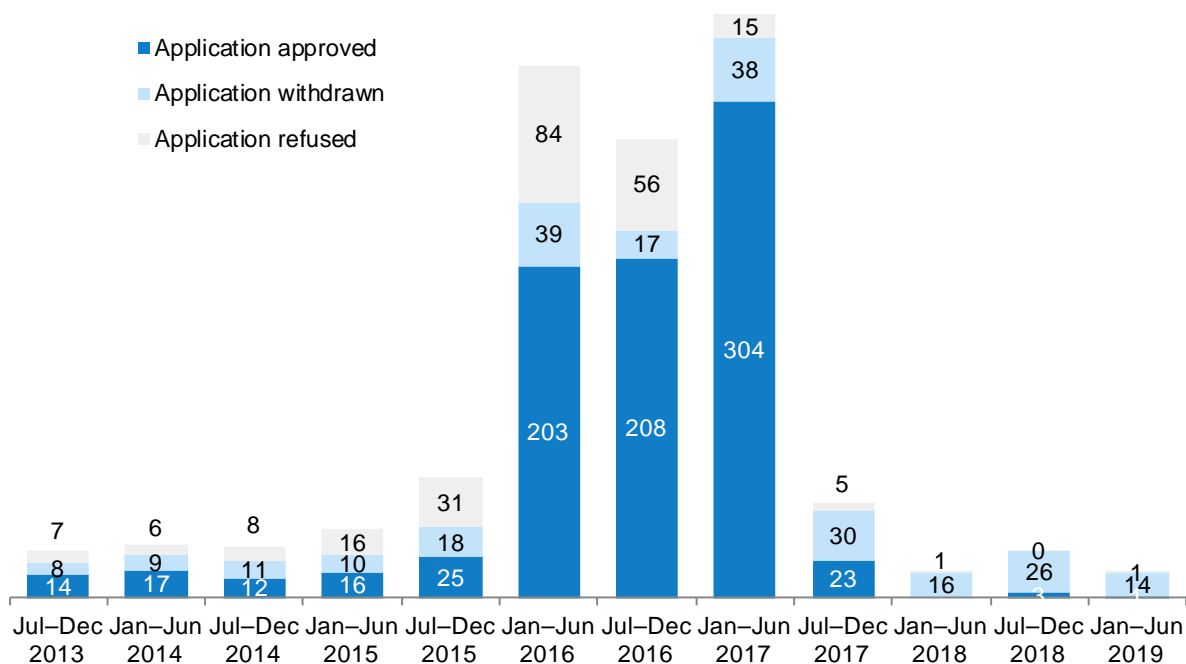
Figure 3: AFS licence applications by status per half year (1 January 2014 to 30 June 2019)



Note 1: See Table 12 in Appendix 2 for the complete data used in this figure (accessible version).

Note 2: The vast majority of limited AFS licence applications were received in the last six months of the three-year transition. Figure 4 shows that most of the decisions on these applications (i.e. approvals, withdrawals and rejections) were made in 2016–17 and in the second half of 2015–16.

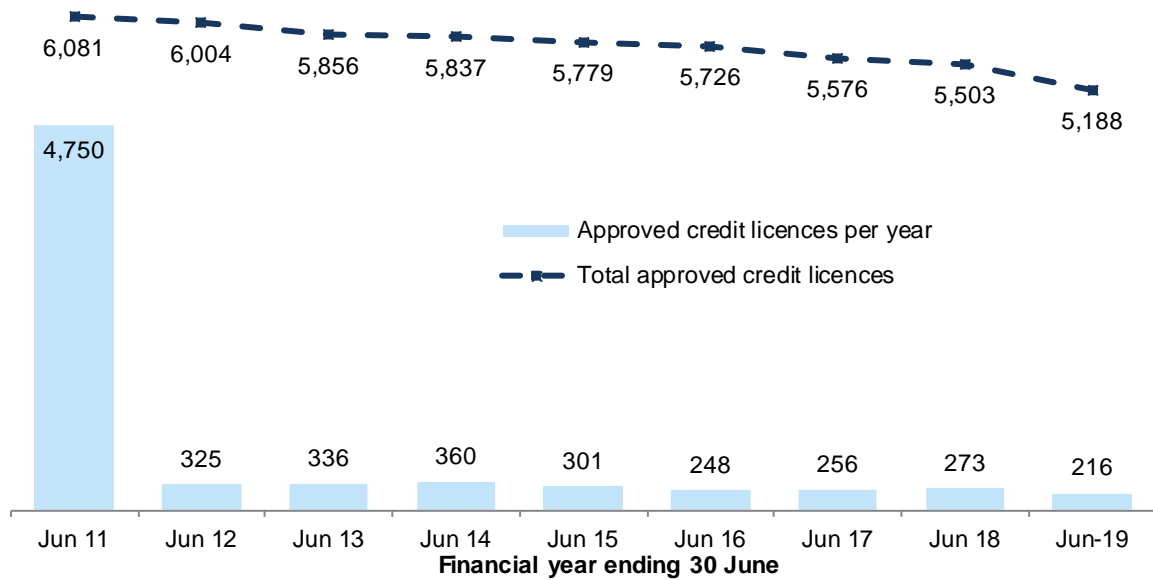
Figure 4: Finalised limited AFS licence applications by status (1 July 2013 to 30 June 2019)



Note: See Table 13 in Appendix 2 for the complete data used in this figure (accessible version).

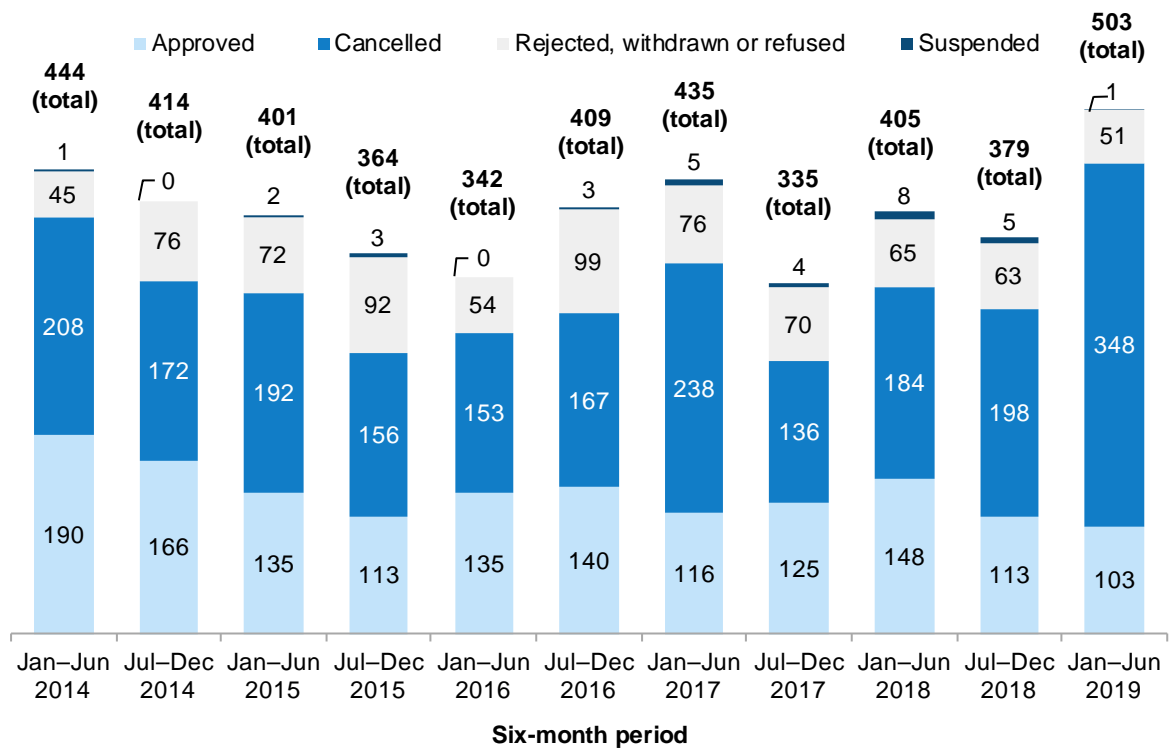
Credit licensees

Figure 5: Credit licences approved per financial year and total number of approved credit licences



Note: See Table 14 in Appendix 2 for the complete data used in this figure (accessible version).

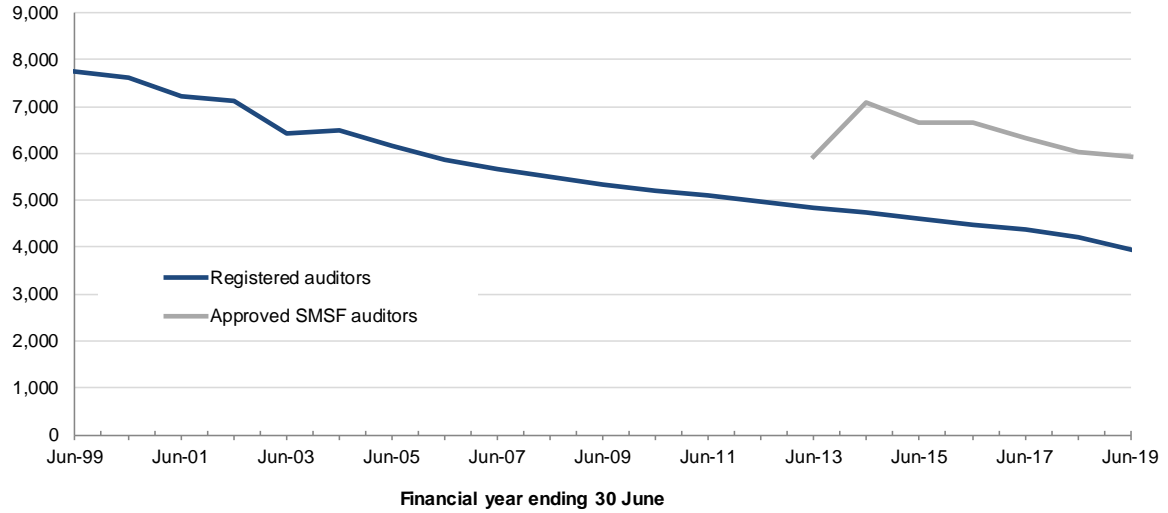
Figure 6 Credit licence applications by status per half year (1 January 2014 to 30 June 2019)



Note: See Table 15 in Appendix 2 for the complete data used in this figure (accessible version).

Auditors

Figure 7: Number of registered company auditors and approved SMSF auditors to 30 June 2019



Note 1: See Table 16 in Appendix 2 for the complete data used in this figure (accessible version).

Note 2: From 1 July 2013, SMSF auditors must be registered with ASIC.

Appendix 2: Accessible versions of figures

This appendix provides accessible table data for the figures presented in this report.

Table 10: Number and reasons for suspensions and cancellations of AFS and credit licences (1 July 2019 to 30 June 2019)

Licence type	Cancellation by ASIC	Cancellation on request	Suspension
AFS	54	288	11
Credit	148	398	5

Note: This is the data contained in Figure 1.

Table 11: AFS licences approved per financial year and total number of approved AFS licences

Financial year ending 30 June	Approved AFS licences per year	Total approved AFS licences
June 2002	35	35
June 2003	601	626
June 2004	3,255	3,853
June 2005	401	4,135
June 2006	429	4,415
June 2007	369	4,625
June 2008	329	4,768
June 2009	285	4,803
June 2010	335	4,874
June 2011	329	4,883
June 2012	333	4,955
June 2013	389	5,043
June 2014	302	5,101
June 2015	323	5,198
June 2016	515	5,516
June 2017	764	6,058
June 2018	303	6,170
June 2019	327	6,159

Note 1: The data for the period ending 30 June 2004 reflects the end of the AFS licensing transition period on 10 March 2004.

Note 2: This is the data contained in Figure 2.

Table 12: AFS licence applications by status per half year (1 January 2013 to 30 June 2019)

Six-month period	Approved	Cancelled	Rejected, withdrawn or refused	Suspended	Totals
January to June 2013	179	136	55	5	375
July to December 2013	163	128	72	7	370
January to June 2014	140	124	79	7	350
July to December 2014	174	150	115	8	417
January to June 2015	149	98	106	9	362
July to December 2015	168	61	141	11	381
January to June 2016	347	143	218	9	721
July to December 2016	348	76	162	7	593
January to June 2017	416	138	118	11	683
July to December 2017	186	70	116	4	376
January to June 2018	117	121	102	8	348
July to December 2018	178	126	95	7	406
January to June 2019	149	216	66	9	440

Note: This is the data contained in Figure 3.

Table 13: Number of finalised limited AFS licence applications by status (1 July 2013 to 30 June 2019)

Six-month period	Applications approved	Applications withdrawn	Applications rejected
July to December 2013	14	8	7
January to June 2014	17	9	6
July to December 2014	12	11	8
January to June 2015	16	10	16
July to December 2015	25	18	31
January to June 2016	203	39	84
July to December 2016	208	17	56
January to June 2017	304	38	15
July to December 2017	22	29	5
January to June 2018	23	46	6
July to December 2018	3	26	0
January to June 2019	1	14	1

Note: This is the data contained in Figure 4.

Table 14: Credit licences approved per financial year and total number of approved credit licences

Financial year ending 30 June	Approved credit licences per year	Total approved credit licences
June 2011	4,750	6,081
June 2012	325	6,004
June 2013	336	5,856
June 2014	360	5,837
June 2015	301	5,779
June 2016	248	5,726
June 2017	256	5,576
June 2018	273	5,503
June 2019	216	5,188

Note: This is the data contained in Figure 5.

Table 15: Credit licence applications by status per half year (1 January 2013 to 30 June 2019)

Six-month period	Approved	Cancelled	Rejected/with-drawn/refused	Suspended	Totals
January to June 2013	169	272	34	3	478
July to December 2013	170	188	75	7	440
January to June 2014	190	208	45	1	444
July to December 2014	166	172	76	0	414
January to June 2015	135	192	72	2	401
July to December 2015	113	156	92	3	364
January to June 2016	135	153	54	0	342
July to December 2016	140	167	99	3	409
January to June 2017	116	238	76	5	435
July to December 2017	125	136	70	4	335
January to June 2018	148	184	65	8	405
July to December 2018	113	198	63	5	379
January to June 2019	103	348	51	1	503

Note: This is the data contained in Figure 6.

Table 16: Number of registered company auditors and approved SMSF auditors to 30 June 2019

Financial year ending 30 June	Registered auditors	Approved SMSF auditors
June 1999	7,736	Not applicable
June 2000	7,623	Not applicable
June 2001	7,221	Not applicable
June 2002	7,109	Not applicable
June 2003	6,440	Not applicable
June 2004	6,506	Not applicable
June 2005	6,163	Not applicable
June 2006	5,848	Not applicable
June 2007	5,658	Not applicable
June 2008	5,495	Not applicable
June 2009	5,345	Not applicable
June 2010	5,207	Not applicable
June 2011	5,114	Not applicable
June 2012	4,985	Not applicable
June 2013	4,852	5,935
June 2014	4,729	7,073
June 2015	4,596	6,669
June 2016	4,483	6,671
June 2017	4,365	6,639
June 2018	4,226	6,039
June 2019	3,962	5,917

Note: This is the data contained in Figure 7.

Key terms

Term	Meaning in this document
AAT	Administrative Appeals Tribunal
AFCA	Australian Financial Complaints Authority—AFCA is the operator of the AFCA scheme, which is the external dispute resolution scheme for which an authorisation under Pt 7.10A of the Corporations Act is in force
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services Note: This is a definition contained in s761A.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act
approved SMSF auditor	Has the meaning given in s10(1) of the <i>Superannuation Industry (Supervision) Act 1993</i> after 31 January 2013
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ASIC Regulatory Portal	The internet channel that allows authenticated regulated entities to interact securely with ASIC, which can be accessed at the portal landing page
Australian derivative trade repository licence	An Australian derivative trade repository licence under s905C of the Corporations Act that authorises a person to operate a trade repository
authorised representative	A person authorised by an AFS licensee, in accordance with s916A or 916B of the Corporations Act, to provide a financial service or services on behalf of the licensee Note: This is a definition contained in s761A.
CADB	Companies Auditors Disciplinary Board, formerly known as the Companies Auditors and Liquidators Disciplinary Board (CALDB)
CFD	A contract for difference
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
CP 311 (for example)	An ASIC consultation paper (in this example numbered 311)
credit licence	An Australian credit licence under s35 of the National Credit Act that authorises a licensee to engage in particular credit activities

Term	Meaning in this document
credit licensee	A person who holds a credit licence under s35 of the National Credit Act
CS facility	A clearing and settlement facility as defined by s768A of the Corporations Act
CS facility licence	An Australian CS facility licence under s824B that authorises a person to operate a CS facility in Australia
financial service	Has the meaning given in Div 4 of Pt 7.1 of the Corporations Act
limited AFS licence	An AFS licence that only includes authorisations to provide one or more limited financial services.
liquidator	A person registered by ASIC under s1282 of the Corporations Act
managed investment scheme	Has the meaning set out in s9 of the Corporations Act
MDA	A managed discretionary account
MDA service	<p>A managed discretionary account service where:</p> <ul style="list-style-type: none"> • the client gives the MDA provider money or money's worth (client contributions); • the MDA provider has the discretion to invest in financial products using client contributions without prior reference to the client for each transaction; and • the MDA provider manages the client's investments as a discrete portfolio belonging to that client <p>Note: A detailed definition is contained in ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968.</p>
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>
OTC	Over the counter
relevant period	1 July 2018 to 30 June 2019
REP 603 (for example)	An ASIC report (in this example numbered 603)
RG 126 (for example)	An ASIC regulatory guide (in this example numbered 126)
SMSF	A self-managed superannuation fund
trade repository	Derivative trade repository—A facility to which information about derivative transactions, or about positions relating to derivative transactions, can be reported

Related information

Headnotes

AAT; Administrative Appeals Tribunal; AFCA; AFS licensee; application; approved SMSF auditor; ASIC Enforcement Review Taskforce; ASIC hearing delegates; Australian credit licence; Australian Financial Complaints Authority; Australian financial services licence; authorisation; cancellation; company auditor; credit licensee; design and distribution obligations; FFSP; foreign financial service provider; financial market; industry funding; internal dispute resolution; licence variation; licensing relief; limited AFS licence; liquidator; managed discretionary account; managed investment scheme; marketplace lending; MDA; official liquidator; product intervention power; professional standards; refusal; registration; regulatory portal; rejected for lodgement; responsible manager; Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry; self-managed superannuation fund; service charter; share sale fraud; suspension; withdrawal; whistleblowers

Regulatory guides

[RG 104](#) *Licensing: Meeting the general obligations*

[RG 126](#) *Compensation and insurance arrangements for AFS licensees*

[RG 210](#) *Compensation and insurance arrangements for credit licensees*

Information sheets

[INFO 157](#) *Foreign financial services providers—practical guidance*

[INFO 225](#) *Initial coin offerings and crypto-assets*

[INFO 237](#) *Protecting against share sale fraud*

[INFO 238](#) *Whistleblower rights and protections*

[INFO 239](#) *How ASIC handles whistleblower reports*

[INFO 240](#) *AFS licensing—Requirements for certain applicants to provide further information*

Consultation papers and reports

[CP 311](#) *Internal dispute resolution*

[CP 313](#) *Product intervention power*

[CP 315](#) *Foreign financial services providers: Further consultation*

[REP 603](#) *The consumer journey through the Internal Dispute Resolution process of financial service providers*

Legislation

Australian Securities and Investments Commission Act 2001, s127

Corporations Act, Pts 7.2, 7.3, 7.5A; 912A, 913B, 916D, 1292

National Credit Act, s37, 38

Media releases

[19-046MR](#) *AAT upholds ASIC decision to refuse an application for a limited AFS licence*

[19-078MR](#) *ASIC imposes additional licence conditions on AMP Financial Planning*

[19-220MR](#) *ASIC proposes ban on the sale of binary options to retail clients, and restrictions on the sale of CFDs*

[19-264MR](#) *Cigno seeks judicial review of ASIC decision to make short term credit product intervention order*

[19-267MR](#) *ASIC consults on reforms to sale of add-on financial products sold with cars*

[19-292MR](#) *ASIC imposes additional licence conditions on IOOF Investment Services Ltd to improve governance and conflicts management*

Other documents

[ASIC update on implementation of Royal Commission recommendations](#), September 2019

Royal Commission, [Final report: Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry](#), February 2019