



**ASIC**  
Australian Securities &  
Investments Commission



# ASIC Corporate Plan 2020–24

Focus 2020–21



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## Our Corporate Plan

This corporate plan covers the period from 2020–21 to 2023–24. It 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 process.

## Message from the Chair

On behalf of the Commission, I am pleased to present ASIC's Corporate Plan for the period 2020–21 to 2023–24. The Corporate Plan outlines how we aim to achieve our vision through our strategic priorities and actions over the next four years.

As the COVID-19 pandemic continues to challenge the nation, ASIC is committed to maintaining a fair, strong and efficient financial system for all Australians.

Our work is vital to ensuring that Australians have confidence in the financial system, and that the system has the resilience to endure and recover from the challenges of the pandemic.

We are striving for **greater fairness** by working with regulated entities, particularly banks, insurers and managed investment scheme operators, in relation to the treatment of customers.

We are making the system **strong** by protecting consumers from harm amid an increase in predatory behaviours such as scams. We are also providing consumers and businesses with enhanced financial information to make well-informed decisions, with our [Moneysmart](#) website receiving more than a million visits each month during the pandemic.

We are making the system more **efficient** through our market supervision work, and our relief efforts to help Australian businesses get the capital they need to withstand economic pressures. This has helped listed companies raise more than \$31 billion since the pandemic began.

As outlined in our [Interim Corporate Plan 2020–21](#) (interim plan), published in June 2020, our five strategic priorities to address the impact of the COVID-19 pandemic are:

- › protecting consumers from harm at a time of heightened vulnerability
- › maintaining financial system resilience and stability
- › supporting Australian businesses to respond to the effects of the COVID-19 pandemic
- › continuing to identify, disrupt and take enforcement action against the most harmful conduct
- › continuing to build our organisational capacity in challenging times.

We expect these priorities will remain a central focus for us in the near term.

In conjunction with our pandemic-related work, we remain committed to progressing other core priorities and workstreams to address threats and harms in our regulatory environment over the longer term. We have resumed many of our workstreams that were temporarily disrupted by the pandemic, including our work to implement the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Financial Services Royal Commission).

Over the next four years, our areas of focus will include:

- › promoting confident participation in the financial system to support long-term economic recovery
- › deterring poor behaviour and misconduct through our 'Why not litigate?' discipline and driving cultural change using all of our regulatory tools
- › improving entities' management of key risks to prevent and mitigate harms to consumers and promote a healthy financial system and economic growth
- › addressing consumer harm as a result of elevated debt levels and hardship, with a focus on predatory lending
- › reducing poor product design and restricting mis-selling
- › reducing misconduct by company directors and professional service providers
- › delivering as a conduct regulator for superannuation.

These long-term focus areas are discussed on page 19.

We will continually assess and prioritise our focus areas as threats and harms evolve across our regulated sectors. We will also continue to engage constructively with the regulated population, other regulators, governments and consumers to help maintain the proper functioning of the financial system.



**James Shipton**  
Chair

## Our vision and mission

ASIC is Australia's corporate, markets, financial services and consumer credit regulator. ASIC's vision and mission 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
- › 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.

ASIC has the function of monitoring and promoting market integrity and consumer protection in relation to the Australian financial system.

It also has the function of monitoring and promoting market integrity and consumer protection in relation to the payments system, by promoting the adoption of approved industry standards and codes of practice, the protection of consumer interests, community awareness of payments system issues, and sound customer–banker relationships.

### 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 priorities: The COVID-19 pandemic and beyond

We are focused on both the impact of the COVID-19 pandemic and longer term threats and harms to achieve our vision.

A significant portion of our work in the near term will be to address the impact of the COVID-19 pandemic. This work is guided by five strategic priorities as outlined on pages 9–18, and in our interim plan.

At the same time, we continue to focus on other important priorities and workstreams that must progress alongside our pandemic-related activities.

We are now progressing a large number of projects that were initially disrupted by the outbreak of the pandemic: see our [revised timetable of ongoing work](#).

We are committed to addressing the longer term threats and harms in the financial system by:

- › changing poor behaviours
- › acting against misconduct
- › promoting strong and innovative developments in the financial system
- › helping Australians to be in control of their financial lives.

Significant uncertainties surround the trajectory of the pandemic. As such, we will continually assess our priorities, and the interactions between them, as circumstances evolve in our regulatory environment.



## Strategic priorities responding to the COVID-19 pandemic:

- › Protect consumers from harm at a time of heightened vulnerability
- › Maintain financial system resilience and stability
- › Support Australian businesses to respond to the effects of the COVID-19 pandemic
- › Continue to identify, disrupt and take enforcement action against the most harmful conduct
- › Continue to build our organisational capacity in challenging times

The trajectory of the pandemic will influence how long these priorities remain in force.

## Focus areas beyond the COVID-19 pandemic include:

- › Promote confident participation in the financial system to support long-term economic recovery
- › Deter poor behaviour and misconduct through our 'Why not litigate?' discipline and driving cultural change using all of our regulatory tools
- › Improve entities' management of key risks to mitigate consumer harm and promote a healthy financial system and economic growth
- › Address consumer harm in an environment of elevated debt levels and hardship, with a focus on predatory lending
- › Reduce poor product design and restrict mis-selling
- › Reduce misconduct by company directors and professional service providers
- › Deliver as a conduct regulator for superannuation

Long-term focus areas will be continually reassessed based on prevailing conditions.

# Strategic planning framework

ASIC's strategic planning framework guides the development of our priorities and actions.

## Our planning process

We develop and review our priorities and program of work through our annual strategic planning process.

The process begins with an analysis of key trends in our operating environment. We then apply our threats, harms and behaviours framework, which identifies, describes and prioritises actual and potential harms to consumers, investors and markets. The framework includes the following stages:

- › analysing our external operating environment, including key economic and sectoral trends
- › identifying and prioritising a broad range of threats and behaviours that are causing, or could potentially cause, harm. This includes the work of our Emerging Threats and Harms Committee, which monitors, analyses and responds to changes in our operating environment
- › testing the rigour of our results with independent external advisory panels and experts.

Our strategic priorities are set according to the types of harms we see as most significant, and what we view as the most effective way of taking action against them. These priorities drive the development of business plans for the coming year and the allocation of resources.

The planning process provides the basis on which we evaluate and report on our performance.

from the pandemic. We published these strategic priorities, and related workstreams, in our interim plan and have set them out in this plan on pages 9–18.

At the same time, we have committed to progressing other priorities that target long-term threats and harms within our regulated environment. This two-pronged approach recognises that, in order to achieve our vision over the longer term, a wide range of regulatory work needs to progress in parallel to our pandemic responses, including our work to implement the recommendations of the Financial Services Royal Commission.

Our work beyond addressing the immediate impact of the pandemic is outlined on pages 19–34.

## Expanded approach to address the COVID-19 pandemic

In response to the COVID-19 pandemic's swift impact on the financial system, we adjusted our annual strategic planning process for 2020–21.

As the COVID-19 pandemic emerged, we focused our efforts on assessing the key vulnerabilities of our regulated sectors in the changing environment, and on developing strategic priorities to underpin our regulatory responses to the immediate risks arising



# Environment

We examine key trends in the environment to better understand our challenges over the next four years.

Widespread illness, travel disruptions and mandatory shutdowns due to the COVID-19 pandemic have led to contractions in the global economy. This has resulted in a rise in unemployment and underemployment as well as sharp declines in consumer and business confidence.

The Australian and state governments have delivered significant levels of support for households and businesses, including financial support in the form of the JobKeeper and JobSeeker programs, early release of superannuation, support for first home builders and retirees, guidelines on commercial and residential rent relief, and moratoriums on evictions and insolvency actions.

The Australian Government's economic support package so far is equivalent to more than 13% of annual gross domestic product (GDP). The Reserve Bank of Australia has cut the cash rate to 0.25% and launched a government bond buying program.

Financial markets have experienced periods of extreme volatility and high volumes of trading since the outbreak of the pandemic. The Australian equity market finished 2019–20 with its worst return in eight years.

There are significant uncertainties over the pace at which Australia and its economy can recover from the pandemic, particularly as infections continue to hit parts of the country. Concerns remain over increased consumer and corporate vulnerabilities.

Globally, governments and regulators have enhanced their coordination efforts to manage the impact of, and responses to, the pandemic on financial markets and consumers through the G20, the Financial Stability Board (FSB) and international standard setting bodies.

## Consumer vulnerabilities

Heightened economic uncertainty and widespread job losses have increased the risk of harm for many consumers.

There has also been a marked increase in scams, false or misleading advertising (particularly targeting retail investors), and reports of unlicensed financial advice. The number of reports of misconduct we received between April and June 2020 was 20% higher than for the same period in the previous year.

Consumer susceptibility to unscrupulous activities is exacerbated by financial stress or hardship that many consumers are already experiencing.

Financial stress could become more pronounced in the community, especially when Government assistance ends. This, in turn, could drive further poor conduct by product and services providers. In the credit space, there is a risk that consumers could become increasingly reliant on high-cost, short-term credit products that may not suit them. The Government stimulus package, hardship arrangements and repayment deferral provisions have provided temporary relief for some consumers, where deferrals have suited their particular circumstances. But issues may arise if the fallout from the pandemic is protracted.

In the insurance market, any rise in premiums and fall in consumer and small business income levels may lead to policyholders reducing their coverage, allowing their policies to lapse, or being attracted to more affordable but less suitable cover. Insurers may introduce cover exclusions and limitations into new insurance policies in response to current and emerging risks. There is a risk that some products may not meet policyholders' needs or expectations, particularly if these are not designed to suit the target market.

Under the COVID-19 early superannuation access provisions, a significant number of consumers have drawn down on their superannuation balances. In doing so, they may have improved their short-term cash flow, but have reduced their retirement balances.

## Corporate sector resilience

The COVID-19 pandemic is disrupting and impacting Australian businesses in significant ways. There is wide variation in the capital positions of Australian corporations. Overall, capital raising activities have been significantly higher since the pandemic escalated and there has been broad support from investors to date.

Australian and state government relief, including commercial rental holidays, cheaper credit, loan repayment deferrals and the insolvent trading moratorium, is expected to help businesses to continue to operate in the short term. However, some may struggle to survive extended shutdown periods.

As the number of registered liquidators has declined over the last few years, the sector may lack the capacity to respond to a significant increase in insolvencies, should it occur. This may be particularly evident with large and complex appointments and high-volume assetless appointments.

## Technology

The rapid increase in remote working has the potential to expose gaps in the digital infrastructures and cyber security systems of financial services entities. Entities without appropriate systems in place are increasingly vulnerable to cyber attacks, data breaches, technology failures and system outages.

While the COVID-19 pandemic has brought many technological challenges, it has also presented new opportunities, with many financial services entities increasing their online and remote service offerings. For instance, corporations are conducting annual general meetings virtually, and various financial technology initiatives are being deployed.

# Actions responding to the COVID-19 pandemic

## We continue to focus on addressing the impact of the COVID-19 pandemic.

Our interim plan outlined five strategic priorities and related workstreams to address the immediate fallout from the COVID-19 pandemic.

We will continue to dedicate our resources to this work while the pandemic poses a significant risk to the financial system and the threats and harms arising from it persist.

As lockdown measures targeting the virus continue to be enforced in parts of the country, we anticipate that this work will account for a substantial part of our regulatory activities throughout 2020–21.

The five strategic priorities and related workstreams are set out below.

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## Protect consumers from harm at a time of heightened vulnerability

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At a time when the COVID-19 pandemic is causing significant anxiety for many consumers, there is a greater risk of exploitation by unscrupulous operators. Our consumer protection work is focused on:

- › taking swift and effective action against predatory lending, including to borrowers adversely affected by the COVID-19 pandemic
- › disrupting the mis-selling of harmful products and the provision of poor advice to consumers affected by pandemic-related investment losses or hardship
- › acting against scams, including cyber-enabled ones, in a coordinated way
- › taking action to help ensure firms offer appropriate support and services to consumers, hardship assistance is provided fairly, and insurance claims are processed efficiently and with utmost good faith
- › engaging proactively and regularly with industry stakeholders to ensure fair business standards are maintained
- › providing consumers with information to help them manage their finances through the pandemic
- › taking action to ensure that entities give accurate information to consumers, particularly on accessing early release of superannuation
- › working with superannuation trustees, advisers and other stakeholders to minimise member harms and inappropriate advice.

We will participate in global dialogue on issues affecting consumers and retail investors via multilateral forums such as the International Financial Consumer Protection Organisation (FinCoNet), the Organisation of Economic Cooperation and Development (OECD), and the International Organization of Securities Commissions (IOSCO). We will also continue to lead the IOSCO Retail Market Conduct Task Force focused on identifying consumer-related conduct issues, assessing appropriate regulatory responses and sharing effective tools.

Our key workstreams are listed in the table on page 10.

Focus	Key actions
<b>Cross-sector</b>	
False and misleading advertising	<ul style="list-style-type: none"> <li>› Monitor proactively and reactively the increased risk of consumers being exploited through misleading or fear-based advertising. A new ASIC-wide working group will monitor a range of product and service sectors, including credit and insurance</li> <li>› Take swift enforcement action, where appropriate, against wrongdoing</li> <li>› Issue public warnings to alert consumers to risks</li> </ul>
Scams	<ul style="list-style-type: none"> <li>› Disrupt and deter scams such as cyber misconduct and crypto-related scams in the COVID-19 environment. A new ASIC-wide working group will undertake this work, which includes conducting environmental scans and monitoring ASIC data access points to collect and analyse intelligence identifying technology-enabled offending</li> <li>› Take swift enforcement action, where appropriate, against wrongdoing</li> <li>› Issue public warnings, where appropriate, to protect consumers</li> </ul>
<b>Financial advisers</b>	
Unlicensed advice	Identify unlicensed advice and take swift action, including enforcement action, against misconduct. A new ASIC-wide working group will undertake this work
Relief surveillance	<ul style="list-style-type: none"> <li>› Conduct surveillance of financial advice to ensure that our temporary relief measure to improve access to timely and affordable financial advice for consumers is not abused (see <a href="#">ASIC Corporations (COVID-19—Advice-related Relief) Instrument 2020/355</a>)</li> <li>› Take enforcement action where appropriate</li> </ul>
<b>Investment managers</b>	
Hardship and rolling withdrawal relief for frozen funds	<p>Deal with an expected increase in applications for hardship and rolling withdrawal relief for frozen funds by:</p> <ul style="list-style-type: none"> <li>› establishing eligibility criteria and standard relief</li> <li>› exploring a potential industry-wide solution, such as making a legislative instrument</li> <li>› communicating changes to responsible entities and consumers</li> <li>› processing all hardship and rolling withdrawal relief applications in a timely and efficient manner</li> <li>› collecting and publishing statistics on frozen funds for ongoing monitoring of liquidity issues</li> </ul>
Labelling of funds	<p>Ensure funds are true-to-label so that consumers are accurately informed by:</p> <ul style="list-style-type: none"> <li>› monitoring advertising and website promotions of managed funds</li> <li>› testing advertising and promotions against funds' formal disclosure documents, constitutions and underlying assets (e.g. comparing redemption offers against fund liquidity)</li> <li>› taking regulatory action as necessary when the advertising and promotions to investors are not consistent with the underlying documents and assets of the fund</li> </ul>

Focus	Key actions
<b>Superannuation</b>	
Insurance in superannuation	<ul style="list-style-type: none"> <li>› Monitor the impact of the COVID-19 pandemic on the insurance offerings of superannuation trustees</li> <li>› Review trustee public communications about insurance and encourage clear and balanced communications by trustees to consumers</li> <li>› Review a sample of policy documents for insurance in superannuation and monitor policy renegotiations</li> <li>› Engage with the Australian Financial Complaints Authority (AFCA) to monitor poor claims and complaints handling processes</li> <li>› Engage with trustees when we identify issues and take appropriate regulatory action, including working with the Australian Prudential Regulation Authority (APRA) as appropriate</li> <li>› Publish information on the Moneysmart website to assist consumers understand the impact of early release of superannuation on insurance coverage</li> </ul>
Intra-fund advice review	<ul style="list-style-type: none"> <li>› Conduct surveillance to ensure that our temporary relief measure to allow trustees to provide more affordable and accessible advice to members about the early release of superannuation is not abused (see <a href="#">ASIC Corporations (COVID-19—Advice-related Relief) Instrument 2020/355</a>)</li> <li>› Take enforcement action where appropriate</li> </ul>
Trustee communications	<ul style="list-style-type: none"> <li>› Conduct a thematic surveillance of trustee communications to members about the impact of the COVID-19 pandemic and resultant legislative measures on superannuation funds and member benefits</li> <li>› Take appropriate regulatory action, including enforcement action</li> </ul>
<b>Credit, retail banking and payments</b>	
Predatory high-cost lending	<ul style="list-style-type: none"> <li>› Communicate with payday lenders, lessors and industry bodies to set expectations about maintaining fair practices</li> <li>› Assess changes to lending practices in light of the COVID-19 pandemic</li> <li>› Use data from industry and commercial sources to identify trends in lending patterns</li> <li>› Conduct active targeted surveillance on entities when there is a heightened risk, or evidence, of poor conduct</li> <li>› Increase the use of rapid and disruptive enforcement action (e.g. injunction and product intervention orders) to prevent predatory lending and punish breaches of the law</li> </ul>
Hardship assistance	<ul style="list-style-type: none"> <li>› Monitor the options provided by lenders to consumers experiencing hardship, with a focus on large and high-risk lenders (e.g. high-cost lenders and consumer lease providers)</li> <li>› Engage with lenders about the terms under which hardship assistance is provided and messaging of what happens once assistance ceases</li> <li>› Consider appropriate regulatory action to ensure that credit providers deal with hardship requests in accordance with general credit licensee obligations and/or hardship request processes under the <i>National Consumer Credit Protection Act 2009</i></li> </ul>

Focus	Key actions
<b>Insurance</b>	
Claims handling	<ul style="list-style-type: none"> <li>› Monitor claims processes and outcomes in the general and life insurance sectors to ensure consumers are not unfairly disadvantaged due to the effects of the COVID-19 pandemic on claims handling processes</li> <li>› Engage with industry about collecting data on COVID-19 claims when the immediate operational effects of the pandemic subside</li> <li>› Use our regulatory tools, including enforcement action, to deter claims handling-related misconduct and ensure insurance claims are processed with utmost good faith</li> </ul>
Mis-selling	<ul style="list-style-type: none"> <li>› Analyse the risk of inappropriate product design and distribution in the current environment by monitoring: <ul style="list-style-type: none"> <li>› the design and sale of poor value insurance products</li> <li>› the use of potentially unfair contract terms</li> <li>› the distribution practices that may lead to poor outcomes for consumers and may breach the law (e.g. outbound sales calls)</li> <li>› the mis-selling of unsuitable insurance products</li> </ul> </li> <li>› Take swift action to deter misconduct and punish breaches of the law</li> </ul>
Hardship assistance	<ul style="list-style-type: none"> <li>› Engage with industry to set expectations on providing flexibility for consumers experiencing financial hardship so that consumers can retain insurance that protects their key assets during a period of increased vulnerability</li> <li>› Develop communications to consumers about the risks of cancelling or reducing insurance, and other options that may be available for reducing their premiums</li> </ul>
Small business insurance cover	<p>Work with AFCA, APRA, general insurers and other stakeholders to help:</p> <ul style="list-style-type: none"> <li>› clarify business interruption policy cover for small businesses with COVID-19-related losses</li> <li>› maintain, facilitate and improve the performance of the general insurance market</li> </ul>
<b>Market infrastructure and supervision</b>	
Retail investor trading in market volatility	<ul style="list-style-type: none"> <li>› Monitor retail investor participation in the current environment, including identification of harms</li> <li>› Issue consumer communications, where appropriate, to raise awareness of risks</li> </ul>
Safeguarding client money	<ul style="list-style-type: none"> <li>› Continue proactive surveillance to ensure compliance with client money handling obligations, particularly when intermediaries demonstrate high financial risk or stress</li> <li>› Undertake early intervention strategies to enhance protection of client money</li> <li>› Take enforcement action when serious misconduct has been identified</li> <li>› Communicate with stakeholders to encourage better practices and consumer messaging</li> </ul>
Retail over-the-counter (OTC) derivatives	<ul style="list-style-type: none"> <li>› Monitor client detriment</li> <li>› Conduct proactive surveillance of client money reconciliations and adequacy of financial resources</li> <li>› Conduct surveillance of any serious misconduct identified in breach reports, reports of misconduct and AFCA referrals relating to retail OTC derivatives</li> </ul>
Mis-selling	<ul style="list-style-type: none"> <li>› Continue to monitor advertising in the exchange-traded and retail OTC derivatives sectors to deter mis-selling</li> <li>› Take action against inappropriate sale of investment products</li> </ul>

## Maintain financial system resilience and stability

We are committed to help ensure the Australian financial system is resilient and stable by, for example:

- › responding promptly to market dislocation or disorder
- › supervising market infrastructure providers and participants to ensure smooth and continuous operation of markets, including monitoring their cyber resilience
- › supporting the efficient administration of companies in insolvency
- › continuing to monitor for market abuse (including 'rumourtrage') and taking quick action in response to it
- › continuing to monitor and enforce adherence to continuous disclosure requirements to help ensure the market is accurately informed
- › enabling the sound and fair operation of managed investments, including liquidity management and winding up, where necessary.

Recognising that the pandemic has placed greater demand on technological infrastructure in some areas, we will work with entities to mitigate potential harms as a result of technology disruptions and cyber risks.

We are working closely with Government and other agencies to respond quickly to challenges arising from the COVID-19 pandemic. This includes our participation in the Council of Financial Regulators to support the financial system through the pandemic. We are also actively engaged with our Trans-Tasman counterpart to explore and implement common approaches to address pandemic-related impacts.

Our key workstreams are described in the table below.

Focus	Key actions
<b>Cross-sector</b>	
False and misleading advertising	<ul style="list-style-type: none"> <li>› Monitor false and misleading promotional statements on the listed market for COVID-19-related products</li> <li>› Take action, including enforcement action, to address breaches of the law where appropriate</li> </ul>
Continuous disclosure	<ul style="list-style-type: none"> <li>› Monitor false or misleading disclosures, with particular focus on:               <ul style="list-style-type: none"> <li>› withdrawal of earnings guidance</li> <li>› capital raisings</li> <li>› sectors operationally impacted by the COVID-19 pandemic</li> <li>› opportunistic disclosure conduct</li> </ul> </li> <li>› Take regulatory action, including enforcement action, where appropriate</li> </ul>
Close and continuous monitoring (CCM) program	Continue to engage with the chief and senior executives of the financial institutions we monitor under the CCM program (while onsite supervisory work is deferred) to gather information on trends, identify risks and respond to requests by the entities
Governance	<ul style="list-style-type: none"> <li>› Monitor changes in governance practices in response to the current circumstances, including risk oversight, holding of member meetings, payment of dividends, executive pay decisions and executive share trading</li> <li>› Engage with firms and provide guidance, where appropriate, to avoid adverse impacts on investors and other stakeholders</li> </ul>

Focus	Key actions
International engagement	<ul style="list-style-type: none"> <li>› Coordinate market issues and regulatory responses through the IOSCO Board and the IOSCO Financial Stability Engagement Group</li> <li>› Monitor emerging risks and cross-border impacts</li> </ul>
<b>Investment managers</b>	
Resilience of managed funds	<ul style="list-style-type: none"> <li>› Continue work on contingency plans that allows us to respond effectively in the event of a collapse of a responsible entity or managed investment scheme</li> <li>› Monitor the liquidity challenges of responsible entities and engage with industry stakeholders to ensure fair business standards and that responsible entities comply with their obligations</li> <li>› Help responsible entities in distress, with a key focus on protecting and promoting the interests of members</li> <li>› Take regulatory action and exercise our powers, where appropriate, against responsible entities no longer fit or able to operate managed investment schemes (e.g. through licence suspension)</li> <li>› Work with administrators and liquidators of insolvent responsible entities</li> <li>› Take enforcement action, where appropriate, to address breaches of the law</li> </ul>
Valuation practices	<ul style="list-style-type: none"> <li>› Identify schemes where assets are not being appropriately valued or there is misconduct arising from valuations</li> <li>› Identify areas for potential revision of existing guidance on valuation practices</li> </ul>
<b>Financial reporting and audit</b>	
Financial reporting and audit quality	<ul style="list-style-type: none"> <li>› Have frequent contact with audit firms, industry bodies and other regulators to monitor the impact of the COVID-19 pandemic on businesses, markets, financial reporting and audit</li> <li>› Continue to conduct financial reporting surveillance and audit file reviews for listed entities and other public interest entities using risk-based targeting</li> <li>› Monitor the impact of the pandemic on audit firms and their ability to conduct timely and effective audits</li> <li>› Monitor the approach to modified audit opinions and emphasis of matter paragraphs</li> </ul>
<b>Insolvency practitioners</b>	
Corporate insolvency	<ul style="list-style-type: none"> <li>› Contribute to pandemic-related policy responses, including monitoring the number of insolvencies, publishing relevant statistics and responding to Government initiatives</li> <li>› Coordinate an appropriate ASIC-wide response where large or strategically important entities are in external administration</li> <li>› Refine the assessment process for the Assetless Administration Fund</li> </ul>
Registered liquidators	Support registered liquidators with guidance, information and stakeholder engagement in the current environment, with particular focus on registered liquidator independence, remuneration and competency



Focus	Key actions
<b>Market infrastructure and supervision</b>	
Operational resilience	<ul style="list-style-type: none"> <li>› Identify risks to the operational resilience of financial markets, including enhanced monitoring of market infrastructure providers and intermediaries (e.g. in relation to financial stress, conduct under business continuity plan arrangements, and technology and operational risks)</li> <li>› Take action to intervene when required</li> <li>› Consider operational challenges from cross-border activities</li> </ul>
Clearing and settlement (CS) facility stability	<ul style="list-style-type: none"> <li>› Conduct enhanced monitoring of licensed CS facilities' management, governance and mitigation of operational and financial risks</li> <li>› Engage with other service providers such as share registries on COVID-19 pandemic planning and operational capabilities</li> </ul>
Trade count and order size	<p>Take action to prevent excessive trade counts in the current volatile environment threatening the operational integrity of market infrastructure, including:</p> <ul style="list-style-type: none"> <li>› conducting data analysis on average trade sizes</li> <li>› reviewing the broader trends in trading activity (including small order and trade size)</li> <li>› consulting, where appropriate, with industry on any proposed regulatory changes and interventions</li> </ul>
Equity market real-time and post-trade surveillance	<ul style="list-style-type: none"> <li>› Intensify monitoring of trading, capital raisings and company announcements for integrity and orderliness</li> <li>› Engage in real time with companies, participants, market operators and investors on suspicious activity</li> <li>› Monitor short selling and securities lending volumes and take action against misconduct or conduct leading to disorderly trading</li> <li>› Take quick regulatory action, including enforcement action, against COVID-19-related misconduct (e.g. through disruption, behavioural change and interventions)</li> </ul>
Wholesale markets and derivative trade surveillance	<ul style="list-style-type: none"> <li>› Monitor primary and secondary market orderliness and integrity across listed and OTC derivative markets, including signs of market dislocation, dysfunction and information asymmetry</li> <li>› Monitor wholesale market liquidity, including implications for debt capital markets of credit rating changes</li> <li>› Take regulatory action, including enforcement action, where appropriate</li> <li>› Consider whether policy change or guidance is needed to further improve practices in fixed income, currency and commodity markets</li> </ul>

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## Support Australian businesses to respond to the effects of the COVID-19 pandemic

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When the COVID-19 pandemic escalated, we took immediate steps to defer some non-time critical work to help businesses respond to the impact of the pandemic. We also took steps to provide various forms of relief on a temporary basis to facilitate the operations of businesses at a time of potential financial stress. This included relief in the following areas:

- › equity capital raisings, to help listed companies raise capital quickly by enabling certain ‘low doc’ offers (including rights offers, placements and share purchase plans) to be made to investors, even if they do not meet all the normal requirements
- › shareholder meetings, by providing a ‘no-action’ position on upcoming annual general meetings that need to be deferred or held online
- › lodgement of financial reports, by extending the deadlines for lodgement for listed and unlisted entities.

See our website for more information about [changes to our regulatory work and priorities](#), including our relief measures, in response to the COVID-19 pandemic.

We will continue to monitor the COVID-19 pandemic and assess the need to provide further relief. In equity capital markets, this will include the close monitoring of capital raising activities to understand prevailing conditions, the extent to which our relief is being relied upon, and the extent to which entities remain vulnerable due to a need for capital.

We are maintaining frequent contact with audit firms, industry bodies, standard setters and other regulators to monitor the impact of the COVID-19 pandemic on businesses, markets and financial reporting and audit.

We are also committed to processing and expediting individual relief applications in an efficient manner to support the operational activities of regulated entities. We will contribute to any policy response and law reform that may be required to facilitate business.

We will continue to efficiently respond to industry requests for guidance. We will also communicate with entities more broadly about our expectations of what is good and transparent conduct (e.g. in the context of conducting capital raisings and virtual shareholder meetings).

We have published, and will update as appropriate, frequently asked questions for our regulated sectors, including financial advisers, superannuation trustees and responsible entities. We also publish [frequently asked questions](#) on the financial reporting and audit implications of the COVID-19 pandemic to help directors, preparers of financial reports and auditors meet their reporting and audit obligations.

In the insolvency space, we are focused on providing guidance to registered liquidators amid an expected increase in corporate insolvencies and changes to processes and procedures.

We will also assist the Government in implementing the new regulatory arrangements for litigation funders.

In the small business sector, we will engage with credit providers and intermediaries to set our expectations that public commitments and statements are honoured in practice, including those connected with Government initiatives. We will continue to provide guidance to the sector through our various communication channels (e.g. on getting trusted advice early). Our work to address existing issues in the small business sector, such as those relating to unfair contract terms and illegal phoenixing activity, is ongoing.

As the COVID-19 pandemic evolves, we will continue to put in place measures to help Australian businesses. We will focus on:

- › facilitating the timely completion of recapitalisations and other urgent transactions
- › operating our business registers and associated services, which are a key part of Australia's economic infrastructure, efficiently and without interruption to access
- › using our information-gathering powers (such as compulsory notices) in an efficient manner, taking into account that many of the entities we regulate are facing significant disruption as a result of the COVID-19 pandemic

- › identifying innovative solutions to maintain efficient and effective supervision of firms and markets despite the limitations imposed by the COVID-19 pandemic
- › participating as a key member agency of the wider Australian Government response to the COVID-19 pandemic (including through our active participation in the Council of Financial Regulators).

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## Continue to identify, disrupt and take enforcement action against the most harmful conduct

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We continue to use all of our regulatory tools to quickly and effectively identify and disrupt misconduct.

We also continue to receive and act on reports of misconduct and whistleblower reports, including those related to the COVID-19 pandemic, paying particular attention to reports of scams and misleading conduct, including in advertising and unlicensed behaviour.

We remain committed to our 'Why not litigate?' discipline to seek court-based outcomes against wrongdoers. During the COVID-19 pandemic, we are focusing our enforcement activities on the most egregious misconduct, and conduct that harms vulnerable consumers. In particular, we are targeting:

- › misconduct arising from behaviour seeking to exploit the COVID-19 environment, including predatory lending practices, mis-selling of unsuitable insurance or investment products and poor claims handling
- › opportunistic conduct, such as scams, unlicensed conduct, and misleading or deceptive advertising
- › failure to disclose material negative information
- › opportunistic and misleading market announcements made to ASX
- › egregious governance failure within corporations, schemes and superannuation funds.

These priorities complement our longer term enforcement priority areas, which are set out on pages 25–27.

We continue to ensure that individual accountability is given appropriate attention in our investigations (e.g. in relation to company directors and officers).

We are continuing to work on previously prioritised enforcement matters such as those arising from the Financial Services Royal Commission, and other high-deterrence matters. Our work also continues on matters currently in court, and on existing investigations, particularly those that are time critical.

We are continuing our work in preparing for important future reforms including those stemming from the Financial Services Royal Commission. We also continue to work with financial firms to seek opportunities to accelerate the payment of remediation to consumers.

We are currently participating in numerous interagency forums to address the risks of breaches and misconduct, including the Senior Officers Fraud Forum and the Serious Financial Crimes Taskforce.

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## Continue to build our organisational capacity in challenging times

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The experiences we gather through the COVID-19 pandemic provide valuable insight into how and where we can improve or expand our organisational capacity. We will identify and address operational vulnerabilities within our organisation during these exceptional times. We will also continue to build capacity to meet the increasing demands on our work, such as exploring innovative ways to identify threats and harms (e.g. through the use of data analytics and social media tools).

Our internal focus includes:

- › ensuring our internal culture continues to reflect our core values of accountability, professionalism and teamwork
- › putting systems in place to continue to operate effectively while our staff work remotely, especially our critical functions
- › supporting staff engagement, managing productivity and enhancing wellbeing and resilience in a work-from-home environment
- › effectively mobilising staff and other resources around our organisation as priorities change and some of our work is suspended
- › coordinating quickly and effectively with domestic and international regulators to respond to crisis impacts as they develop
- › continuing to build longer term capacity, including in data, communications and the responsiveness of our organisation, and being informed by the lessons learnt from operating under the COVID-19 restrictions
- › ensuring we are ready to resume or adjust paused or suspended work (where still relevant) as circumstances develop in the months to come.

To support our enforcement work, we have moved quickly to provide our staff with the means to effectively conduct investigations and litigation in a COVID-19 environment, including by establishing a secure way to conduct confidential examinations and interviews remotely.

We are working to improve the way we measure and assess our performance and illustrate the impacts and outcomes of our work. In particular, we will examine, and be informed by, the lessons learnt during this period to further improve our crisis response plans for the future.

We will also work to ensure we are well positioned to influence the reform agenda in the post-COVID-19 environment.

# Actions beyond the COVID-19 pandemic

We will take regulatory action to address longer term threats and harms over the next four years.

Alongside our work to address pandemic-related impacts, we will look to target longer term threats and harms in our regulated sectors over the next four years.

A key consideration across all of our work will be the extent to which we are supporting the long-term recovery of the Australian economy, and the appropriate level of regulation required to achieve our statutory objectives.

To promote a fair, strong and efficient financial system for all Australians, our work will centre on:

- › changing behaviours to drive good consumer and investor outcomes
- › acting against misconduct to maintain trust and integrity in the financial system
- › supporting strong and innovative development of the financial system
- › helping Australians to be in control of their financial lives.

As part of this, our longer term focus areas will include:

- › promoting confident participation in the financial system to support long-term economic recovery
- › deterring poor behaviour and misconduct through our 'Why not litigate?' discipline and driving cultural change using all of our regulatory tools

- › improving entities' management of key risks to prevent and mitigate harms to consumers and promote a healthy financial system and economic growth
- › addressing consumer harm as a result of elevated debt levels and hardship, with a focus on predatory lending
- › reducing poor product design and restricting mis-selling
- › reducing misconduct by company directors and professional service providers
- › delivering as a conduct regulator for superannuation.

We will continually assess the appropriateness of these focus areas as conditions evolve in our environment and give rise to new and changed emerging threats and harms.

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## Change behaviours to drive good consumer and investor outcomes

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### Action 2020–21 to 2023–24

Over the next four years, we are committed to promoting positive behaviour in the entities and individuals we regulate to improve financial outcomes for consumers and investors.

The key characteristics of positive behaviours include:

- › **fairness**, which requires that regulated entities treat their customers fairly, including by providing services and products that are accessible, perform in a way that consumers are led to expect and take into account their interests
  - › **professionalism**, which demands the actions of entities and individuals accord with a high standard of competence, independence, integrity, care, ethics and conscientiousness
  - › **strong governance controls**, which promote sound decision-making and foster a positive culture of achieving fair and efficient outcomes
  - › a commitment to **design and distribute products that meet the needs of consumers and provide value for money**
  - › **healthy competition** between product and service providers based on differing business models and structures
  - › **robust disclosure and reporting practices** that provide clear, accurate and timely information to consumers based on their needs
  - › **timely and accurate breach reporting to ASIC**
  - › **efficient handling of complaints and dispute resolution**
  - › **appropriate and timely consumer compensation** where losses have resulted from poor conduct.
- › continuing to engage with regulated entities through our CCM program and governance work
  - › preparing for and implementing the Financial Accountability Regime and co-regulating the regime with APRA
  - › taking high deterrence-based enforcement action, particularly using ASIC's powers or provisions that carry new or higher penalties
  - › continuing to effectively and efficiently assess applications for Australian financial services and credit licences and professional registrations (e.g. under the *Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Act 2020*) to ensure only fit and proper persons and their relevant personnel are granted a licence
  - › ensuring financial services providers satisfy appropriate standards of resources, competence and systems to operate efficiently, honestly and fairly
  - › engaging with stakeholders and consumers
  - › continuing to engage and exchange information with other regulators (e.g. through greater coordination and cooperation with APRA under the terms of our updated Memorandum of Understanding, our active participation in the Council of Financial Regulators and Trans-Tasman Banking Council, and our liaison with other counterparts via global standard setting bodies such as IOSCO, FSB, the International Association of Insurance Supervisors, the OECD, the International Forum of Independent Audit Regulators, and the International Organisation of Pension Supervisors)
  - › improving and maintaining standards by working with industry to develop robust standards of practice and monitoring the adoption of those standards
  - › issuing new and revised guidance
  - › using regular communications, including websites and media channels, as a way to promote better practices.

We will change behaviours to drive good outcomes for consumers and investors by:

- › providing policy advice and supporting and implementing government initiatives, such as law reforms relating to the recommendations of the Financial Services Royal Commission
- › using new tools and powers (e.g. use of the product intervention power if there is a significant consumer detriment)

## Action 2020–21

Focus	Project status	Key actions
<b>Cross-sector</b>		
CCM program	New and continuing	<ul style="list-style-type: none"> <li>› Regularly engage with the chief and senior executives of the financial institutions we monitor under the CCM program about governance and non-financial risk matters to ensure they are giving priority to improving consumer outcomes</li> <li>› Monitor how these institutions are responding to the findings of reviews into breach reporting practices and internal dispute resolution</li> <li>› Recommence targeted thematic reviews of how the systems, processes and behaviours in these institutions affect consumer outcomes in Australia</li> </ul>
Governance	New and continuing	<ul style="list-style-type: none"> <li>› Prepare for the implementation of the Financial Accountability Regime and co-regulation of the regime with APRA</li> <li>› Conduct a targeted governance review of a select company to assess shortcomings in culture, governance and accountability frameworks</li> <li>› Review a sample of whistleblower policies and engage with selected companies to review effectiveness of whistleblower programs</li> <li>› Examine whether disclosures in corporate governance statements are effective in promoting a more informed market and better and transparent governance practices</li> </ul>
Product intervention power	Continuing	Consult and decide on the use of the product intervention power, where appropriate, if there is a significant risk of consumer detriment (e.g. in relation to continuing credit contracts and in relation to the sale of add-on financial products by car yards)
Product design and distribution obligations	Continuing	Provide guidance to industry to help issuers and distributors to design, market and distribute financial and credit products that meet consumer needs
Financial Services Royal Commission recommendations  3.4 No hawking in superannuation  4.1 No hawking of insurance	Continuing	Consult on changes to <a href="#">Regulatory Guide 38</a> <i>The hawking prohibitions</i> (RG 38) relating to the expansion of the hawking prohibition as it applies to superannuation and insurance products
Fees and costs disclosure in managed investments and superannuation (RG 97)	Continuing	Amend the transitional arrangements for Product Disclosure Statements (PDSs) to allow entities to come into the new disclosure regime from 30 September 2020 and require any PDS given on or after 30 September 2022 to comply with the new disclosure regime

Focus	Project status	Key actions
Internal dispute resolution (IDR)	Continuing	<ul style="list-style-type: none"> <li>› Publish new <a href="#">Regulatory Guide 271</a> <i>Internal dispute resolution</i> (RG 271), outlining updated IDR standards and requirements, before it commences on 5 October 2021 to give entities time to make necessary changes to their IDR systems</li> <li>› Commence the second phase of targeted consultation on IDR data collection and reporting to build on the feedback provided in response to <a href="#">Consultation Paper 311</a> <i>Internal dispute resolution: Update to RG 165</i> (CP 311)</li> </ul>
Remediation policy	Continuing	Consult on our proposals to extend the application of our remediation policy in <a href="#">Regulatory Guide 256</a> <i>Client review and remediation conducted by advice licensees</i> (RG 256) beyond financial advice
Licensing new entrants seeking to provide new financial services	Continuing	Assessing new and variation applications to provide new financial services for foreign financial services providers (FFSPs), superannuation trustees, funeral expenses facilities, claims handling and litigation funding services
<b>Financial advisers</b>		
Financial Services Royal Commission recommendations	Continuing	Publish an update to <a href="#">Regulatory Guide 245</a> <i>Fee disclosure statements</i> (RG 245) and make the relevant legislative instrument, subject to passage of legislation
2.1 Annual renewal and payment		
2.2 Disclosure of lack of independence		
3.2 No deducting of advice fees from MySuper accounts		
3.3 Limitations on deducting advice fees from choice accounts		
Unmet advice needs	Continuing	<ul style="list-style-type: none"> <li>› Consult with industry and seek feedback on the practical steps that industry or ASIC could take to remove impediments impacting on industry's ability to provide scaled and affordable advice</li> <li>› Conduct research into the financial decisions that Australian consumers make, the factors contributing to the cost of personal advice, and the types of information an adviser must gather and analyse when advising a consumer to switch products</li> </ul>
Life risk insurance review	Continuing	<ul style="list-style-type: none"> <li>› Conduct a review of personal advice on life insurance to determine its quality and assess the extent to which the life risk insurance reforms have improved the quality of life insurance advice</li> <li>› Collect aggregate level data from life insurers to help with our review</li> </ul>



Focus	Project status	Key actions
<b>Investment managers</b>		
Platform fees	Continuing	Develop proposals on standardised fees and costs disclosure for platforms
Managed discretionary account (MDA) policy	Continuing	Develop proposals on financial requirements for MDA operators
Timeshare	Continuing	<ul style="list-style-type: none"> <li>› Develop proposals on selling practices in timeshare (cooling off versus deferred sale) and on secondary sales</li> <li>› Update and release regulatory guidance and make a legislative instrument to introduce the remainder of proposed amendments to the policy settings for timeshare schemes</li> </ul>
<b>Superannuation</b>		
Insurance in superannuation	Continuing	<ul style="list-style-type: none"> <li>› Continue to review industry's progress on improving insurance outcomes for consumers, particularly default insurance</li> <li>› Publish a report of findings about value metrics to promote better measurement by industry of consumer outcomes</li> </ul>
<b>Credit, retail banking and payments</b>		
Financial Services Royal Commission recommendations <i>1.2 Mortgage broker best interests duty</i>	Continuing	<ul style="list-style-type: none"> <li>› Following the publication of <a href="#">Regulatory Guide 273 Mortgage brokers: Best interests duty</a> (RG 273), continue to engage with industry before reforms commence on 1 January 2021</li> <li>› Monitor compliance with reforms from January 2021</li> </ul>
Buy now pay later	Continuing	<ul style="list-style-type: none"> <li>› Review and report on industry performance and regulation of buy now pay later services</li> <li>› Engage with the sector on its responses to the COVID-19 pandemic</li> <li>› Engage with consumer representatives and closely monitor the use of small amount and alternative credit products, especially by vulnerable consumers</li> </ul>
Debt collection review	Continuing	Consult on the oversight and compliance auditing practices by credit providers of contingent collectors and debt purchasers to determine best practice models and guidelines
Guarantee and co-debtor loans	Continuing	Monitor and analyse developments in guarantee and co-debtor loans

Focus	Project status	Key actions
<b>Insurance</b>		
Natural disaster working group	Continuing	Monitor insurers' responses (e.g. claims handling and claims outcomes) to recent natural disasters, including severe bushfires, storms and hailstorms affecting parts of Australia
Total and permanent disability (TPD) insurance	Continuing	<ul style="list-style-type: none"> <li>› Report on insurers' responses to <a href="#">Report 633 Holes in the safety net: A review of TPD insurance claims</a> (REP 633)</li> <li>› Monitor trustees' progress in making meaningful improvements to insurance in superannuation</li> </ul>
Review of unfair contract terms in insurance	Continuing	<ul style="list-style-type: none"> <li>› Review potential unfair contracts terms in general and life insurance contracts</li> <li>› Update <a href="#">Information Sheet 210 Unfair contract term protections for consumers</a> (INFO 210) and <a href="#">Information Sheet 211 Unfair contract term protections for small businesses</a> (INFO 211)</li> <li>› Hold industry roundtables to establish our expectations with industry, monitor progress and promote compliance</li> </ul>
Financial Services Royal Commission recommendations	Continuing	Consult on guidance about the deferred sales model for add-on insurance
<i>4.3 Deferred sales model for add-on insurance</i>		

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

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### Action 2020–21 to 2023–24

Over the next four years, we will conduct intensive surveillance and enforcement work to deter poor behaviour and misconduct and punish wrongdoers. In particular, we will continue to focus on cases of high-deterrence value and those involving egregious harm or misconduct.

Our Office of Enforcement will continue to identify, prioritise and be accountable for the most important enforcement matters across ASIC. We continue to be guided by our ‘Why not litigate?’ discipline, which addresses the community expectation that unlawful conduct should be punished and publicly denounced through the courts. Our priorities include:

- › case studies and referrals arising from the **Financial Services Royal Commission**
- › misconduct relating to **superannuation and insurance**
- › matters that engage ASIC’s powers or provisions that carry **new or higher penalties**
- › **illegal phoenix activity**
- › **auditor misconduct**
- › **new and emerging types** of misconduct (e.g. using new technologies)
- › **significant market misconduct** such as insider trading, market manipulation and continuous disclosure matters
- › misconduct that is **serious in nature** or extent of harm, or that involves a **large market participant or entity**
- › misconduct that involves a high risk of **significant consumer harm**, particularly involving **vulnerable consumers**
- › misconduct by individuals, particularly criminal conduct or governance failures, at a **board or executive level**.

Where required, ASIC will take a taskforce approach to ensure that dedicated resources are available to address the most serious or prevalent types of misconduct. This is consistent with the approach ASIC has taken to address misconduct within major financial institutions and to deal with referrals and case studies from the Financial Services Royal Commission.

While we continue to work towards our expanded role as the primary conduct regulator for superannuation, we will focus on areas such as:

- › provision of inappropriate products to superannuation fund members that either provide little benefit or offer poor value for money
- › inappropriate disclosures or practices concerning fees
- › trustees failing to act in the best interests of members.

We will continue to cooperate and exchange information with other regulatory and law enforcement agencies both domestically and internationally, and support and implement law reforms, including those arising from the Financial Services Royal Commission.

## Action 2020–21

Project	Project status	Focus
<b>Cross-sector</b>		
High deterrence enforcement	Continuing	<p>Focus on cases with high deterrence value and that involve the most serious misconduct, including cases that:</p> <ul style="list-style-type: none"> <li>› involve the exploitation of vulnerable consumers</li> <li>› involve misconduct by large market participants or entities</li> <li>› engage ASIC's powers or provisions that carry new or higher penalties</li> <li>› hold individuals accountable for poor governance or conduct that results in harm</li> <li>› involve large market participants</li> </ul>
Financial Services Royal Commission referrals and case studies	Continuing	Continue to prioritise enforcement matters arising from the Financial Services Royal Commission
Illegal phoenix activity	Continuing	<ul style="list-style-type: none"> <li>› Continue to work with Phoenix Taskforce members to target illegal phoenix activity</li> <li>› Continue to fund registered liquidators through the Assetless Administration Fund to investigate and report on serious misconduct including illegal phoenix activity</li> </ul>
Reports of misconduct	Continuing	Continue to monitor and assess reports of misconduct to effectively target matters for surveillance and enforcement action
Whistleblower reports	Continuing	Continue to gather, monitor and assess whistleblower reports and take action against breaches of the whistleblower protections, including refer matters to appropriate agencies
Financial Services Royal Commission recommendations  <i>1.6 Misconduct by mortgage brokers</i>  <i>2.7 Reference checking and information sharing for financial advisers</i>	Continuing	Consult on a draft legislative instrument and information sheet on a reference checking protocol for mortgage brokers and financial advisers
Financial Services Royal Commission recommendations  <i>1.6 Misconduct by mortgage brokers</i>  <i>2.8 Reporting compliance concerns</i>  <i>2.9 Misconduct by financial advisers</i>	Continuing	<p>Consult on:</p> <ul style="list-style-type: none"> <li>› an update to <a href="#">Regulatory Guide 78 Breach reporting by AFS licensees</a> (RG 78) on revised breach reporting requirements</li> <li>› a new information sheet about new requirements for financial advisers and mortgage brokers to investigate misconduct and notify and remediate affected clients</li> </ul>

Project	Project status	Focus
Financial Services Royal Commission recommendations <i>1.15 Enforceable code provisions</i>	Continuing	Consult on a draft update to <a href="#">Regulatory Guide 183</a> . Approval of financial services sector codes of conduct (RG 183), including early targeted consultation on appropriate content to be included
International supervisory cooperation	Continuing	Continue to engage with overseas regulators and international bodies to enhance supervisory cooperation efforts and best practice, including through information sharing and collaboration via bilateral channels, and regional forums and multilateral platforms such as supervisory colleges to identify and address transnational and cross-sectoral risks and responses
<b>Superannuation</b>		
ASIC's role as conduct regulator – law reform	Continuing	Implement any legislative reforms that increase ASIC's role as conduct regulator for superannuation trustees
<b>Insurance</b>		
Financial Services Royal Commission recommendations <i>4.8 Removal of claims handling exemption</i>	Continuing	Issue a new information sheet on how to apply for or vary an Australian financial services licence to cover claims handling and settlement
<b>Financial reporting and audit</b>		
Audit quality	Continuing	<ul style="list-style-type: none"> <li>› Conduct inspections of audit files</li> <li>› Consider robustness of post-audit review and root cause analysis processes undertaken by audit firms</li> <li>› Review of oversight of financial reports by board audit committees</li> <li>› Conduct reviews of conflicts, culture, talent, governance and accountability</li> </ul>
<b>Insolvency practitioners</b>		
Surveillance of registered liquidators	Continuing	Conduct surveillance of high-risk registered liquidators
<b>Market infrastructure and supervision</b>		
Allocation practices in equity and debt capital markets	Continuing	Undertake periodic reviews of transactions to test compliance with the law and best practice
Enhanced market surveillance capability	Continuing	Upgrade ASIC's real-time surveillance system and expand and automate its capability to monitor wholesale OTC markets
Enhanced supervision for market intermediaries and infrastructure	Continuing	Continue to closely supervise the most high-risk and complex market intermediaries and infrastructure providers, while adapting our supervisory approach in the COVID-19 environment

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## Promote strong and innovative development of the financial system

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### Action 2020–21 to 2023–24

Over the next four years, we will promote the strong and innovative development of our financial system, particularly as the COVID-19 pandemic has accelerated a shift to the digital economy. At the same time, we will also address harms to consumers, investors and markets that may arise as a result of technological shifts.

#### **We will facilitate advancements in technology that are beneficial to consumers, investors and markets by:**

- › supporting the fintech, suptech and regtech sectors through the Innovation Hub (which provides assistance and tailored guidance to firms and facilitates the Government's enhanced regulatory sandbox), including in the context of new technology adoption necessitated by the COVID-19 pandemic
- › contributing to domestic and international discussions on innovation (e.g. by attending fintech meetups and quarterly Regtech Liaison Forum and Digital Finance Advisory Panel meetings, engaging with relevant IOSCO committees and participating in cross-border initiatives such as the Global Financial Innovation Network)
- › cooperating and coordinating with domestic and international regulators (e.g. through our referral and information sharing agreements)
- › promoting the application of regtech to deliver better regulatory compliance and consumer outcomes (e.g. through collaborative trials with industry on voice analytics, and suptech tools for monitoring financial promotions)
- › assessing and understanding the effect of new technologies on the competitive landscape of markets.

#### **We will mitigate potential harms of technological change by:**

- › conducting surveillance of established and emerging markets where there may be threats of digital disruptions and harm, particularly where the risk has increased (e.g. as a result of the COVID-19 pandemic)

- › identifying and addressing technology, security and operational failures that result in harmful outcomes for consumers, investors and markets, or expose them to fraud
- › identifying and addressing potential technological failures that may have a systemic impact on the market or the capacity of intermediaries and operators to comply with their obligations
- › raising industry standards (e.g. market integrity rules for market operators and participants for managing systems and controls, including business continuity, disaster recovery, testing and incident management)
- › reviewing potential risk concentrations
- › supervising ASX's implementation of new infrastructure to replace the existing CHES cash equities clearing and settlement system to minimise risks and promote competition.

We will monitor domestic and global trends to identify potential threats to market stability and integrity, including any enduring economic or financial implications arising from the COVID-19 pandemic.

#### **We will contribute to and implement law reform and government initiatives by:**

- › taking the effect on competition into account in our decision-making
- › supporting competition in clearing and settlements in a safe and effective manner
- › working with Government to develop and implement reform of the financial market infrastructure regulatory framework, including a dedicated CS facility crisis management regime
- › supporting the open banking regime
- › reviewing the ePayments Code to take into account new market and industry developments.

#### **We will facilitate cross-border financial activities and capital flows by:**

- › engaging and collaborating with international regulators and consolidating key relationships (e.g. in the Asia-Pacific region)
- › contributing to the work of international bodies such as IOSCO, the FSB and the OECD

- › designing and implementing regulatory policies relating to the Asia Region Funds Passport and corporate collective investment vehicles (CCIVs)
- › implementing a licensing regime for FFSPs
- › supporting the negotiation of free trade agreements
- › negotiating and implementing bilateral and multilateral agreements and understandings on regulatory, supervisory and enforcement matters
- › exchanging enforcement information under IOSCO's multilateral memorandum to mitigate poor behaviour and protect investors.

**We will address potential harms to domestic consumers and markets flowing from the interconnectedness of global financial markets, including from:**

- › cross-border misconduct or unlicensed activities
- › fundraising and control transactions involving cross-border transactions that may elevate the risk of harm to domestic investors
- › potential loss to investors resulting from foreign issuers participating in the domestic market
- › operational complexities of entities operating within multiple jurisdictions and licensing regimes.

## Action 2020–21

Project	Project status	Focus
<b>Cross-sector</b>		
Long-term pandemic scenario analysis	New	Analyse the COVID-19 pandemic-driven impact of different long-term economic and environmental scenarios on consumers, investors and the markets we regulate, and assess the best regulatory responses to those scenarios
FFSPs	Continuing	Implement the licensing regime for FFSPs, including assessing applications
<b>Investment managers</b>		
Recurrent collection of managed funds data	Continuing	<ul style="list-style-type: none"> <li>› Continue to analyse pilot data while industry engagement activities in relation to the recurrent managed funds data pilot are deferred</li> <li>› Consider use and access of data to support regulatory work</li> </ul>
Asia Region Funds Passport	Continuing	<ul style="list-style-type: none"> <li>› Represent Australia on the Joint Committee, which is the governing body of the Asia Region Funds Passport and responsible for its implementation</li> <li>› Support initial applications, notifications and the maintenance process for any new passport funds in Australia</li> </ul>
<b>Credit, retail banking and payments</b>		
ePayments Code	Continuing	Review and consult on the ePayments Code to assess its fitness for purpose in the context of significant developments in financial technological innovation and to ensure the Code is simple to apply and easy to understand
Recurrent collection of mortgage data	Continuing	Analyse data already collected while industry engagement activities are deferred

Project	Project status	Focus
<b>Insurance</b>		
Life insurance claims data collection	Continuing	<ul style="list-style-type: none"> <li>› Continue working with APRA to collect six-monthly life insurance claims data and update ASIC's Moneysmart life insurance claims comparison tool</li> <li>› Analyse the data to inform our regulatory activities in the life insurance sector</li> </ul>
<b>Corporations</b>		
Climate risk disclosure and governance	Continuing	<ul style="list-style-type: none"> <li>› Conduct surveillance to assess the extent to which listed companies have adopted appropriate governance structures to identify and manage climate-related risks, and to which climate-related disclosure is useful in investor decision making</li> <li>› Identify key challenges faced by companies in this area</li> <li>› Conduct surveillance to assess the extent to which product issuers are engaging in 'greenwashing' that results in consumer harms</li> <li>› Represent Australia on IOSCO's Sustainable Finance Task Force and IOSCO's Asia Pacific Regional Committee Sustainable Finance Working Group</li> </ul>
<b>Market infrastructure and supervision</b>		
Market integrity rule amendments	Continuing	<ul style="list-style-type: none"> <li>› Assess options for reducing the accreditation burden for market intermediaries and their derivative advisers</li> <li>› Review automated order processing controls for futures market participants where there are risks to market resilience</li> <li>› Finalise rules for market operators and participants on technological and operational resilience</li> </ul>
Financial market infrastructure regulatory reforms	Continuing	Draft technical documentation and advice to support the Government in implementing legislative changes to the financial market infrastructure regulatory regime



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

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### Action 2020–21 to 2023–24

Over the next four years, we are committed to helping Australians take control of their financial lives, particularly in the context of potentially long-lasting effects from the COVID-19 pandemic.

We will gain deeper understandings of the factors that drive people's financial decisions, and use research, education and regulatory tools to strengthen financial capability. We will also focus on situations where consumer segments are particularly vulnerable or susceptible to predatory behaviour.

We will strengthen financial capability by:

- › **leading the National Financial Capability Strategy** through collaboration with government, business, community and the education and research sector
- › **providing trusted information to consumers** through delivering guidance via a range of communication channels, including Moneysmart
- › **driving financial capability research** through engagement with academics, researchers and the broader financial capability community to identify and progress research to support policy and program development
- › **encouraging effective financial education for the next generation** by supporting tailored financial education initiatives in schools and the tertiary education sector
- › **supporting partnership programs** to grow the number of organisations delivering initiatives under the National Financial Capability Strategy. We will work closely with external stakeholders, including a range of government agencies and workplaces to support effective financial capability activities
- › **engaging with international regulators and influencing cross-border agendas** (e.g. by providing advice to the IOSCO Committee on Retail Investors).

We will promote financial advancement in particular segments of society where additional regulatory support is needed. This includes:

- › **ASIC's Indigenous Outreach Program**, which ensures the needs of Indigenous consumers and investors are addressed effectively and appropriately
- › **research** into issues faced by consumers and small businesses in rural and regional Australia
- › **surveillance and review** of products and markets to understand why certain consumers and investors may be particularly vulnerable to poor decisions and outcomes.

## Action 2020–21

Project	Project status	Focus
<b>Cross-sector</b>		
National Financial Capability Strategy	New and continuing	<p>Lead the implementation of this strategy by:</p> <ul style="list-style-type: none"> <li>› convening a COVID-19 financial wellbeing roundtable discussion with key stakeholders</li> <li>› drafting the National Indigenous Financial Capability Strategy</li> <li>› updating the 2018 national strategy to include a monitoring and evaluation framework</li> <li>› supporting initiatives under the National Financial Research Plan</li> <li>› undertaking research to deepen understanding of consumer behaviour</li> </ul>
Education and outreach programs	New and continuing	<p>Work in partnership with stakeholders to deliver a range of programs and activities, including:</p> <ul style="list-style-type: none"> <li>› the Indigenous Outreach Program to support the needs of Indigenous consumers and investors</li> <li>› the Financial Wellbeing Network</li> <li>› the Moneysmart for Teachers program</li> <li>› the Moneysmart Universities program</li> <li>› the Financial Wellbeing Network</li> </ul>
Consumer and investor communication	New and continuing	<ul style="list-style-type: none"> <li>› Communicate to consumers and investors through a range of channels</li> <li>› Maintain and update the Moneysmart website, including the COVID-19 hub webpage</li> </ul>
School banking review	Continuing	<p>Review and consult on school banking programs to understand how these programs are implemented, how they are marketed to school communities, how students engage with the programs and the accounts established through these programs</p>

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

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### Action 2020–21 to 2023–24

Over the next four years, we are committed to providing efficient and accessible business registers that make it easier to do business.

We will administer ASIC's registers for the benefit of all Australians by:

- › registering companies and business names, and providing legal infrastructure to enable businesses to operate in Australia
- › maintaining over 31 registers (including company, business name, professional and other registers), updating and removing registry information, facilitating company annual reviews and business name renewals
- › promoting register integrity through company and business name deregistration and other activities
- › providing accessible information on ASIC registers through our website, direct access, 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 lodgement channels and services, including portals, inter-agency, web, direct access, social media and mail
- › managing the collection of registry fees and charges.

Our registry work will support broader regulatory work by:

- › providing front-line inquiry services for regulatory stakeholders (e.g. in relation to industry funding and professional registration)
- › updating registry systems and processes to support regulatory services, reforms and policy changes (e.g. financial adviser reforms and new transactions in the [ASIC Regulatory Portal](#))
- › providing advice and support for regulatory matters (e.g. for media inquiries and enforcement matters)
- › processing regulatory lodgements that update the registers (e.g. external administration documents)
- › providing registry data
- › referring potential non-compliance (e.g. non-lodgement of financial accounts).

In the 2018–19 budget, the Government announced its commitment to the modernisation of ASIC's registers and the Australian Business Register (ABR) on a new whole-of-government platform administered by the ABR within the Australian Taxation Office (ATO). The Government also committed to implementing a director identification number (DIN) as part of the modernisation program.

Modernising the business registers will help transform the way businesses interact with Government, making it easier and faster to start and run a business.

The Government passed Bills in June 2020 to enable registry modernisation and a DIN.

Subject to further Government decisions, we will continue to work on proposals and activities around the modernisation of business registers, and moving ASIC registry staff and functions to the ATO.

The registry modernisation program will be delivered in tranches through to at least 2022–23.

We will monitor and address conduct standards of registry gatekeepers such as registered agents, digital service providers and information brokers. We will take action on complaints and referrals of misconduct.

We will continue to improve and adapt by:

- › identifying and implementing initiatives for improving efficiency and customer service
- › maintaining quality certification under the International Organization for Standardisation framework
- › implementing government policy and reforms that impact the registry.

## Action 2020–21

In 2020–21, we will:

- › provide core registry services across over 31 legal registers, as well as key legal infrastructure and support to Australian businesses
- › improve service delivery through ongoing process improvements
- › in response to the COVID-19 pandemic, progress work to allow more registry functions to be performed by home-based staff through initiatives such as upfront document scanning and new online workflows.

We will contribute to the development of government policy and implement reforms, including:

- › subject to Government decisions, upcoming and emerging reform such as the introduction of a DIN
- › the CCIV regime – registering, updating, renewing and searching for participating companies and their customers
- › migrating Norfolk Island companies onto ASIC's companies register
- › implementing new registry requirements for financial advisers, including introducing two new adviser types.

# Capabilities

We will strengthen our capabilities to support our vision.

Over the next four years, we will strengthen our capabilities to support our vision, drawing on experiences gathered through the COVID-19 pandemic to help inform our internal priorities and our work to address the risks we face as an organisation. We will focus on:

- › continuing to build **an adaptive and responsive organisation** to efficiently and effectively identify and disrupt threats and behaviours that cause harms in our regulated environment. We will use our enhanced suite of regulatory tools and continually assess our strategic focus as the situation surrounding the pandemic evolves
- › using **data and intelligence** effectively to ensure our decisions are informed by systematic and insightful analysis. We will continue to improve our data capabilities. We will use data and intelligence collected to gain insights into emerging business models and the forces shaping industry change and disruption
- › **enhancing integration and collaboration** to ensure our teams work together in the most cohesive way to address regulatory challenges. We will take an organisation-wide approach to managing our risks and employ consistent and documented business processes and systems to support our work. We will collaborate closely with other regulators, in particular APRA (e.g. through our formal engagement structure led by the APRA–ASIC Committee to enhance information sharing on both operational and strategic matters)
- › **communicating for impact**, by conveying our priorities, actions and achievements in a way that has real and tangible impact on the market. We will effectively explain how our activities are responsive to government priorities and are in the public interest. We will work to ensure that our internal communication strategy informs and empowers our people.

## Budget

ASIC has estimated budgeted resources of \$471 million in 2020–21, up from the previous year. We are taking a strategic approach to budgeting in light of the uncertainties of the ongoing impact of the COVID-19 pandemic on our priorities and workstreams. Our budget estimates are also subject to change when details of the Federal Budget are announced in October 2020.

A significant proportion of ASIC's resources is allocated to enforcement, supervision and surveillance activities that, in 2020–21, will account for an estimated 71% of our funded activities. Our registry business will account for 11% of activities. Our approach to how we allocate resources by activity and industry sector is outlined in our [Cost Recovery Implementation Statement](#).

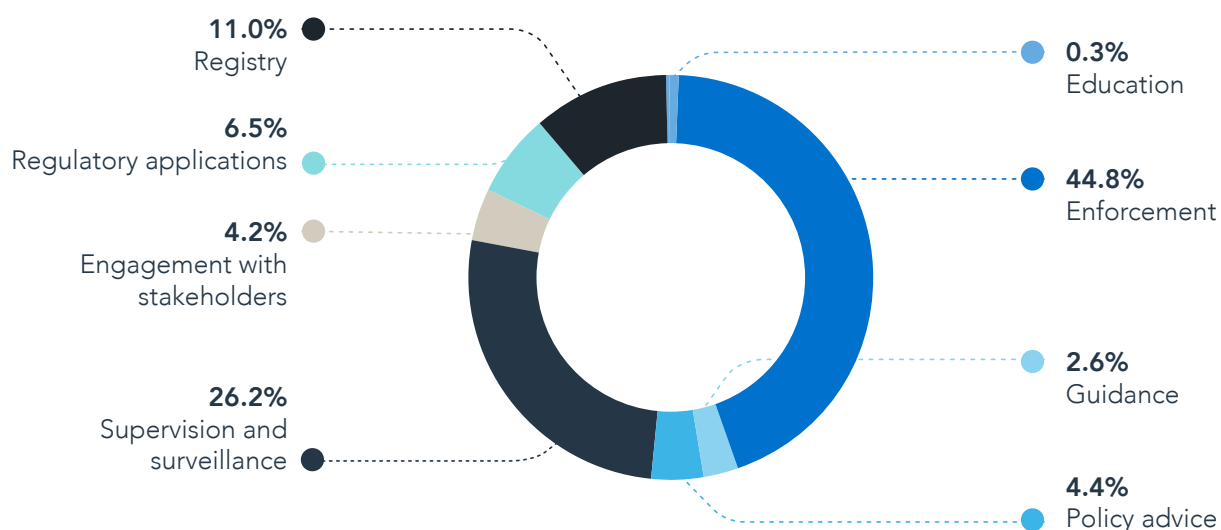
Under the industry funding model, our regulatory costs are recovered from all industry sectors we regulate. This is done through a combination of:

- › cost recovery levies, for ongoing regulatory activities that are consistent with the Australian Government Charging Framework
- › statutory industry levies, for activities the Australian Government has decided should be cross-subsidised between industry subsectors
- › cost recovery fees, for user-initiated, transaction-based activities where we provide a specific service to individual entities.

## ASIC's 2020–21 budget

	2019–20 Estimated Actual (\$000s)	2020–21 Budget estimate (\$000s)	2021–22 Forward estimate (\$000s)	2022–23 Forward estimate (\$000s)	2023–24 Forward estimate (\$000s)
Operating expenditure funded by:	<b>\$410,141</b>	\$446,535	\$454,521	\$441,354	\$444,509
Departmental appropriation	<b>\$403,261</b>	\$440,135	\$448,121	\$434,974	\$438,129
Revenue from independent sources	<b>\$6,880</b>	\$6,400	\$6,400	\$6,380	\$6,380
Capital appropriations	<b>\$38,575</b>	\$24,836	\$22,751	\$22,344	\$21,308
Total budgeted resources	<b>\$448,716</b>	\$471,371	\$477,272	\$463,698	\$465,817

## Proportion of 2020–21 estimated effort by activity



## People

Over the next four years, we will continue to invest in our people and their capability in all our offices across the country. We have 2,237 employees as at 1 July 2020. As the COVID-19 pandemic continues, we will take a tactical and flexible approach to managing our workforce so that we can effectively allocate resources as priorities change and new threats and harms emerge in our regulated sectors.

We will continue to focus on building a resilient and agile workforce in response to change, particularly in the new remote working environment.

We will use data to help us make effective decisions on staffing and resourcing, and plan for succession and secondments to ensure we have the right skills to carry out our regulatory priorities. This includes creating opportunities for professional development for our staff, and bolstering the capability of our leadership team.

We will work to ensure our staff are equipped with skills across a wide range of areas such as data analytics, emerging technologies, supervision and enforcement, and stakeholder engagement to achieve our vision.

With the majority of our staff working remotely since the onset of the pandemic, we will continue to ensure a physically and psychologically safe workplace with flexible work practices that cater for diverse staff needs. We will use recognised benchmarks to monitor staff wellbeing, and ensure consistency with Safe Work Australia's work health and safety guidelines.

We are also establishing systems to safely transition our staff back into the office, when it is appropriate to do so.

We will ensure that ASIC's values – accountability, professionalism and teamwork – are at the heart of our actions and decisions. We are committed to being a workplace that embraces inclusion and diversity and treats our people, stakeholders and communities with fairness and respect.

## Technology and data

We are committed to strengthening our technological and data capabilities over the next four years to ensure we effectively manage operational risks and support the delivery of our vision and strategic priorities.

We will continue to explore, pilot and adopt the latest technologies to enhance our integrated digital platform through which to conduct our regulatory activities and achieve better outcomes for consumers and stakeholders. We will do so by:

- › improving the way we collect, govern, use and share our data
- › streamlining the way we interact with our regulated population and the way they interact with us
- › facilitating more efficient processes for the regulated population to achieve compliance.

We will make better use of data to inform our regulatory decisions by:

- › leveraging our recent investments in new systems and tools to support the capture, storage and analysis of data, including by using artificial intelligence techniques such as machine learning, and text and voice analytic solutions
- › undertaking new and recurrent collections of data, sharing data with other agencies, and creating partnerships with commercial data providers
- › embedding automation and artificial intelligence tools into our data governance practices so we can effectively manage our data risk as the volume, use and value of data continues to expand rapidly
- › forging new partnerships with domestic and international regulators, thought leaders, and academics so that we extract insights from data in the most effective way
- › recruiting and developing data management specialists, analysts and engineers with relevant expertise to support and grow our data capabilities
- › increasing data literacy across the organisation so our staff can more effectively use data to inform their regulatory work.

We will continue to use technology to improve our operational efficiency and support our regulatory work. This includes:

- › piloting new technology to support more efficient management of the use and provision of legal services. The initial focus will be on technologies that help manage our legal spending
- › expanding our cloud footprint to reduce operational complexity
- › leveraging our recent investments in enforcement technology and investigative analytics, and collaborating with vendors as well as other regulators on emerging technologies that support our regulatory remit
- › using technologies to help provide a safe working environment
- › upgrading our market surveillance systems to more effectively use cloud technologies and data analytics to support our surveillance work.

## Governance

ASIC is an independent Commonwealth agency that is a body corporate established under the ASIC Act. We operate under the direction of commissioners who are 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, including the Senate Standing Committee on Economics and the House of Representatives Standing Committee on Economics.

As part of a program of change that began in 2018, we have strengthened our internal governance and decision-making processes. Following the completion of an external review, we have implemented a new governance and accountability framework to ensure we act strategically, with integrity and effectively deliver on our statutory objectives through well-defined responsibilities, accountabilities and processes for the Commission, our Executive and various committees.

This governance framework sets out a clear, transparent and common understanding of ASIC's governance and accountability structures and

processes. Its objective is to promote effective, efficient and impartial decision making at ASIC and articulate accountabilities.

ASIC's Management Accountability Regime (AMAR) now applies to accountable persons of ASIC who have senior executive responsibility for management or control of ASIC, or a significant part of the operations of ASIC. ASIC's accountable persons are:

- › the Chair (acting as the Chair and the Accountable Authority, as well as a member of the Commission) and each Commissioner
- › each Executive Director and other key staff.

The accountability statements for each accountable person provides a transparent and common understanding within ASIC of:

- › where accountability lies for any particular aspect of ASIC's operations and who each accountable person is accountable to
- › how a given individual meets their obligations as the accountable person, including for example by making decisions, serving as a point of review or challenge, or escalating as appropriate
- › for those accountable persons, consequences of failure to meet their obligations, whether by inappropriate action or failure to act, within their area of accountability.

## Risk management and oversight

In response to the COVID-19 pandemic, we are focused on identifying, assessing and managing heightened or new risks arising from the changed environment. As part of this, we will continue to assess the key risks and vulnerabilities across all functions within our organisation and, where appropriate, escalate matters through our risk committees.

Following our internal governance review, we are implementing a more robust risk management structure within ASIC to support our vision and manage the challenges presented by the COVID-19 pandemic. This has included the appointment of a Chief Risk Officer to strengthen our risk management and oversight.

We continue to develop an integrated and holistic approach to managing our most material risks. This not only considers strategic risks impacting our regulated population, Australia's financial system and Australian consumers, but also those strategic,



operational, financial, people and reputational risks that impact our ability to successfully deliver our regulatory activities and strategic priorities.

The Commission Risk Committee has a broad remit and considers all types of risk that materially affect ASIC, our regulated population, Australia's financial system and Australian consumers. It is responsible for:

- › setting and monitoring ASIC's risk management framework, and reviewing and challenging the adequacy and effectiveness of this framework
- › setting ASIC's risk appetite in the form of a risk appetite statement (RAS), and reviewing risk exposure limits and their adequacy and alignment to the RAS
- › monitoring ASIC's risk by reviewing and challenging whether material risks have been comprehensively identified
- › ensuring that risk mediation plans are in place for major and emerging risks
- › challenging whether resources have been deployed appropriately in managing risks.

The Executive Risk Committee makes decisions and provides leadership, direction and oversight of the management of internal or enterprise risks and compliance in ASIC. It makes decisions on the application of ASIC's risk management framework, policies and practices and makes recommendations to the Commission Risk Committee on significant enterprise risk management decisions. It is responsible for:

- › identifying and monitoring significant risks to ASIC
- › maintaining ASIC's risk management framework and policies
- › proposing and developing changes to ASIC's risk management framework and policies
- › managing risks in line with ASIC's risk management framework and policies
- › implementing audit and assurance processes
- › addressing risk failures and implementing and overseeing mitigation strategies.

The Emerging Threats and Harms Committee identifies, considers and provides advice on the management of, emerging risks and strategic risks within ASIC's regulated population or the areas it regulates. The purpose of this committee is to assist ASIC to:

- › identify, monitor and advise on emerging and strategic risks, including product or sector risks that are relevant to ASIC's strategic priorities
- › review the perimeter of ASIC's regulatory responsibilities for any regulatory gaps not subject to appropriate regulation
- › identify, monitor and advise on key changes that can cause harm to investors, consumers and the markets and sectors ASIC regulates.

The Audit Committee is an independent committee, comprising three independent members and an ASIC Commissioner, which plays a key role in assisting the Chair to discharge his responsibilities for the efficient, effective, economical and ethical use of Commonwealth resources. It does so by providing independent assurance to the ASIC Chair on ASIC's financial and performance reporting responsibilities, risk oversight and management, and system of internal control.

The Audit Committee, supported by our Internal Audit team, has responsibilities for:

- › financial reporting
- › performance monitoring
- › systems of risk oversight and management
- › systems of internal control, including the internal control framework, legislative and policy compliance, internal audit coverage and security compliance
- › legislative and policy compliance
- › internal audit coverage
- › security compliance.

# 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.

We have aligned our performance framework to our regulatory and registry mission. We use qualitative and quantitative measures to evaluate our performance over time. We measure:

- › market outcomes, which reflect the impact of our regulatory work on the markets and sectors we regulate, including on investors and consumers
- › regulatory outcomes, which 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.

As ASIC is a law enforcement agency, 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.

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

## Enhancing our performance measurement

We are currently pursuing two initiatives to further enhance our performance reporting, by better measuring the efficiency of our activities and by assessing the impact of key projects and regulatory interventions.

As the Government moves forward with the establishment of the Financial Regulator Assessment Authority to review and report on ASIC's and APRA's performance, we will also actively support the new body in assessing our effectiveness.

### Measuring our efficiency

We are currently undertaking a program of work to enhance how we measure and report on our efficiency as an organisation across our mandate. We expect this work will result in the development of a suite or scorecard of indicative measures of how efficiently we operate.

We plan to track these measures and report some or all of them in our annual performance statement.

### Impact assessments

We are piloting impact assessments of particular projects and regulatory intervention. There are 10 pilots currently under way, covering several of our regulated sectors. The pilots focus on:

- › identifying and scoping the harm to be addressed by the project or intervention
- › developing a clear narrative to help communicate the specific project's impact
- › identifying appropriate metrics to evaluate the effectiveness of the project, taking into account the availability of data.

Depending on the outcomes of these pilots, we plan to publicly report on impact assessments of key projects and regulatory interventions.

## Outcomes – aligned with ASIC’s mission

### Mission: Change behaviours to drive good consumer and investor outcomes

Outcomes	Outputs and evidence
<b>Market outcomes</b>	
<ul style="list-style-type: none"> <li>› Financial firms and individuals providing financial services act professionally and treat their clients fairly</li> <li>› Entities improve their business practices in response to identified areas of improvement</li> <li>› Fair and efficient processes are in place for the resolution of disputes</li> <li>› Financial markets are fair, strong and efficient</li> </ul>	<ul style="list-style-type: none"> <li>› Stakeholder feedback, measured through external committees and panels such as the ASIC Consultative Panel and Consumer Advisory Panel</li> <li>› Case studies of key matters where entities have improved their business practices</li> <li>› External data (e.g. reports and data published by AFCA)</li> <li>› Measures of the cleanliness of the Australian listed equity market</li> </ul>
<b>Regulatory outcomes</b>	
<ul style="list-style-type: none"> <li>› Our published reports and industry messages on surveillance and enforcement outcomes provide transparency to stakeholders about good and poor practices and articulate our standards and expectations, including naming entities where appropriate</li> <li>› Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets. Where we exercise our product intervention power, we see a reduction in consumer detriment as a result</li> </ul>	<ul style="list-style-type: none"> <li>› Operational data (e.g. number of meetings and other engagement with stakeholders, regulatory guidance and industry reports published)</li> <li>› Case studies and other measures of key matters where we have used our regulatory tools to change behaviour in the financial system</li> <li>› Where we exercise our product intervention power, we will evaluate the resulting outcome after 18 months</li> <li>› Project-specific measures resulting from the outputs of our regulatory actions will include published reports</li> </ul>

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

Outcomes	Outputs and evidence
<b>Market outcomes</b>	
<ul style="list-style-type: none"> <li>› Financial firms and individuals providing financial services meet their obligations</li> <li>› Misconduct is deterred and community expectations that wrongdoing is punished and consumer harm addressed are met</li> <li>› Where consumers suffer loss as a result of misconduct, culpable entities compensate those consumers appropriately</li> </ul>	<ul style="list-style-type: none"> <li>› Levels of misconduct can be measured through, for example, reports of misconduct made to ASIC</li> <li>› Remediation can be measured through, for example, the amount of compensation for wrongdoing provided to investors and consumers</li> </ul>
<b>Regulatory outcomes</b>	
<ul style="list-style-type: none"> <li>› We take successful enforcement or other regulatory action (e.g. court enforceable undertakings, infringement notices, cancellation or suspension of licences) in response to identified misconduct</li> <li>› We appropriately sanction individuals who commit misconduct including, when warranted, banning them from providing financial services or taking civil or criminal action against them</li> <li>› Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets</li> </ul>	<ul style="list-style-type: none"> <li>› Operational data (e.g. number of surveillance and enforcement actions undertaken and results achieved)</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>› We publish reports and other outputs we plan to deliver</li> <li>› Number and nature of misconduct-related complaints, including through internal and external dispute resolution channels</li> </ul>

## Mission: Promote strong and innovative development of the financial system

Outcomes	Outputs and evidence
<b>Market outcomes</b>	
<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>› Stakeholder feedback through the Digital Finance Advisory Panel</li> <li>› Use of the ASIC Innovation Hub by innovative financial firms, including the enhanced regulatory sandbox</li> </ul>
<b>Regulatory outcomes</b>	
<ul style="list-style-type: none"> <li>› We exercise our discretionary powers to grant relief or make a legislative instrument appropriately</li> <li>› We advise the Government on policy issues and law reform options in line with expected community standards</li> <li>› We propose and support international policy initiatives that improve regulatory outcomes for Australia and support cross-border activity</li> <li>› Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets</li> </ul>	<ul style="list-style-type: none"> <li>› Operational data, including relief applications assessed and legislative instruments made</li> <li>› Publication of consultation papers by ASIC and submissions made by ASIC to government policy consultation processes</li> <li>› Publication of reports by international regulatory bodies to which ASIC has contributed</li> <li>› Case studies and other measures of instances where we have used our regulatory tools to promote the strong and innovative development of the financial system</li> <li>› Project-specific measures resulting from the outputs of our regulatory actions</li> <li>› We publish reports and other outputs we plan to deliver</li> </ul>

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

Outcomes	Outputs and evidence
<b>Market outcomes</b>	
<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>› External survey data (e.g. the ANZ Survey of Adult Financial Literacy in Australia and the Australian Financial Attitudes and Behaviour Tracker)</li> </ul>
<b>Regulatory outcomes</b>	
<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> <li>› Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets</li> </ul>	<ul style="list-style-type: none"> <li>› Operational data, including ASIC Moneysmart accessibility and usage</li> <li>› Personal financial capability tools and resources produced</li> <li>› Collaboration with the formal education sector to support better financial literacy education, as measured by the number of schools using Moneysmart teaching resources</li> <li>› Case studies and other measures of instances where we have helped Australians to be in control of their financial lives</li> <li>› Project-specific measures resulting from the outputs of our regulatory actions</li> </ul>

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

Outcomes	Outputs and evidence
<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 through the Business Advisory Panel</li> <li>› Performance against the ASIC service charter targets</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 of instances 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 regular 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, we 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.

### Providing relief to business

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

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

## Regulator performance framework

In June 2020, we published our latest self-assessment under the Regulator Performance Framework (RPF) for 2018–19. 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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