



ASIC
Australian Securities &
Investments Commission



Licensing and professional registration activities: 2020 update

Report 671 | November 2020

About this report

This report is for AFS licensees, Australian credit licensees, lawyers, application service providers and professionals working in financial services that are interested in the licensing and professional registration functions of ASIC.

The report outlines key issues, new and proposed changes to licensing processes, and other work we have undertaken that affects licensees. It also provides information and data on licensing and registration applications from the 2019–20 financial year.

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About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents: consultation papers, regulatory guides, information sheets and reports.

Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations. Examples in this report are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

Overview

The purpose of this report is to provide an update on ASIC's licensing and professional registration activities and our work in maintaining the standards of financial services and credit activities. It outlines:

- › information on licensing and professional registration applications from the 2019–20 financial year (see pages 4–5)
- › key issues, including the impact of the COVID-19 pandemic (see pages 6–7)
- › new and proposed changes to licensing processes (see pages 8–11)
- › other work we have undertaken that affects licensees (see pages 12–13).

Licensing and professional registration applications 2019–20

In relation to licence and registration applications in the 2019–20 financial year:

- › we received similar licensing and registration applications (1,500) against the previous financial year (1,504)
- › we continued to meet most of our service charter timeframes
- › we finalised 2,062 licence-related applications against 2,618 in the previous financial year
- › a total of 365 Australian financial services (AFS) licence and Australian credit licence (credit licence) applications were withdrawn or refused.

The impact of COVID-19

The COVID-19 pandemic has had a significant impact on both the regulated sector and ASIC in 2020. While this has resulted in changes to some of our assessment processes (see page 6), we have continued to receive and assess applications.

Changes to licensing processes

The *Financial Sector Reform (Hayne Royal Commission Response—Stronger Regulators (2019 Measures)) Act 2020* (Stronger Regulators Act) has resulted in substantive additional assessment requirements in 2020. For example, we are now required to have regard to a 'fit and proper person' test for AFS licence applications, not only credit licence applications: see page 8.

Further regulatory changes have also resulted in a number of new requirements for some people to hold an AFS licence. These people include:

- › foreign financial services providers
- › providers of funeral expenses facilities
- › litigation funding scheme operators.

More information about new and proposed changes that affect licensing processes, as well as information about other licensing-related issues, can be found on pages 8–13.

Licensing and registration applications: July 2019 to June 2020

Our licensing and professional registration functions provide an important gatekeeping role to the financial services and credit industry. We use a risk-based approach to assessment, devoting more resources to assessing complex and higher-risk applications to ensure only suitable persons and organisations are licensed and registered.

Summary of our performance

In the 2019–20 financial year:

- › we received a total of 1,346 AFS and credit licence applications (new and variation)
- › we granted 974 AFS and credit licence applications
- › we finalised 365 AFS and credit licence applications that were not approved
- › we finalised 50% of AFS licence applications within 91 days, 70% within 141 days and 90% within 276 days
- › we finalised 50% of credit licence applications within 12 days, 70% within 45 days and 90% within 109 days
- › we registered 58 company auditors, received withdrawal requests from 25 applicants and refused 1 application
- › we registered 40 approved SMSF auditors and received withdrawal requests from 16 applicants. No SMSF applications were refused in 2019–20
- › 12 liquidators were registered and the liquidator registration committee made one determination not to register an applicant.

See Table 1 and Appendices 1 and 2 for further data on licensing applications, including the number of applications assessed, additional regulatory outcomes imposed, and the number of licensees, auditors and liquidators as at 30 June 2020.

Our performance against the service charter

The [ASIC service charter](#) sets out the standards you can expect when you deal with ASIC. In relation to our licensing function, we aim to decide whether to grant or vary an AFS licence or credit licence within 150 days of receiving a complete application in at least 70% of cases, and within 240 days in at least 90% of cases.

In the 2019–20 financial year:

- › we finalised 76% of AFS licence applications (both new and variation) within 150 days
- › we finalised 89% of new AFS licence applications and 88% of AFS licence variation applications within 240 days
- › we finalised 93% of new Australian credit licence applications and 96% of Australian credit licence variation applications within 150 days
- › we finalised 94% of new credit licence applications and 97% of credit licence variation applications within 240 days.

In the context of legislative reforms requiring additional assessment of applications and the COVID-19 pandemic, ASIC performed strongly against the service charter in 2019–20.

Summary of licensing and registration outcomes

Table 1: Summary of licensing and registration outcomes (July 2019 to June 2020)

AFS AND CREDIT LICENCE APPLICATIONS ASSESSED	
576	new AFS licence applications assessed
850	AFS licence variation applications assessed
249	new credit licence applications assessed
231	credit licence variation applications assessed
AFS AND CREDIT LICENCE APPROVALS	
277	new AFS licences granted
117	new credit licences granted
580	AFS and credit licence variation applications approved
365	new and variation applications for AFS and credit licences were finalised and <i>not</i> approved (19% of applications assessed)
REGULATORY OUTCOMES	
AFS licence applications	
582	additional regulatory outcomes achieved on approved applications (new and variation)
65%	of the 582 additional regulatory outcomes involved the imposition of a responsible manager key-person condition
18%	of additional regulatory outcomes relate to granting authorisations that were different from those sought by the applicant
Credit licence applications	
161	additional regulatory outcomes achieved on approved applications (new and variation)
96%	of these additional regulatory outcomes relate to a key-person condition
PROFESSIONAL REGISTRATION ACTIVITIES	
58	Company auditors registered
40	SMSF auditors registered (7 with conditions)
12	Liquidators registered
41	Professional registration applications withdrawn
2	Professional registration applications refused

Note 1: A single application may have more than one regulatory outcome. **Note 2:** For further information about what we mean by 'regulatory outcomes', see paragraphs 66–68 of [Report 433 Overview of licensing and professional registration applications: July to December 2014](#) (REP 433). **Note 3:** For a detailed explanation about how AFS and credit licensing and professional registration applications are determined – including rejection, approval, withdrawal and refusal: see paragraphs 53–64 of [REP 433](#). **Note 4:** Information about [financial market licences](#) is available on our website.

Key issues

Licensing approach during the COVID-19 pandemic

The COVID-19 pandemic has had an impact on licensees and professional registrants in 2020. The impacts range from moving employees, representatives and operations to an online environment to delaying the commencement of operations entirely. We are continuing to respond to these impacts with flexibility.

Additional requisitions

Since April 2020, we have made additional requisitions of all AFS and credit licence applicants to clarify the impact of the COVID-19 pandemic on their businesses. The responses to these requisitions enable us to consider whether we have reason to believe that an applicant is likely to contravene any of its obligations, such as having available adequate resources (including financial, technological and human resources) to provide financial services and carry out supervisory arrangements.

The responses received have indicated that many applicants have made changes to how they operate as a result of the COVID-19 pandemic, while maintaining adequate resources. We thank applicants for their cooperation in providing these responses.

Requirement to commence business

ASIC is aware that the broader economic impact of the COVID-19 pandemic has affected plans by applicants and licensees to commence business. When appropriate, we have been flexible about not taking action to cancel licences and have extended the period in which applicants are expected to commence operating until at least February 2021: see page 9.

Proof documents

Finally, we understand that some applicants are having difficulty obtaining certain proof documents, particularly criminal history and bankruptcy checks in overseas jurisdictions heavily affected by the COVID-19 pandemic. In response, we have accepted statutory declarations in a greater range of circumstances and have not required declarations to be notarised at an Australian consulate.

As licensees and applicants continue to experience the impact of the COVID-19 pandemic, we are committed to our flexible approach in responding to unforeseen impacts, provided that investor protection and market integrity are maintained.

INFO 240 and INFO 244

To assist applicants, we have released two new information sheets outlining additional information we require from certain AFS or credit licence applicants: [Information Sheet 240](#) *AFS licence applications: Providing information for fit and proper people and certain authorisations* (INFO 240) and [Information Sheet 244](#) *Credit licence applications: Providing information for fit and proper people* (INFO 244).

In these information sheets we explain how to determine who your fit and proper people are and what documents we require in relation to those people.

In INFO 240 we also outline the non-core proof documents we require from applicants that are proposing to offer certain financial services or to operate in specific circumstances.

We may update these information sheets from time to time and licensees and prospective applicants are encouraged to review these information sheets before applying for a new licence or variation.

The licensing process

Applicants should note that the assessment of licensing applications is not an automatic process; each application is subject to a risk rating and assessed on its particular facts.

When ASIC considers applications, there are a number of factors that can affect how long it takes for the assessment to take place.

These factors include:

- › the quality of the application, and any additional information requested
- › the complexity of an applicant's business model and the authorisations they are seeking
- › the existence of any adverse intelligence in relation to the personnel associated with the applicant
- › competing priorities and the volume of applications under consideration.

We will advise applicants when an application has been accepted for lodgement and will keep applicants informed about the progress of their applications during assessment.

Appropriate authorisations

Applicants are responsible for applying to ASIC for new or varied licences with appropriate authorisations for their proposed licensed business. ASIC is responsible for determining the scope and limits of a licence.

We will advise applicants when we are not satisfied that a particular authorisation is required. Applicants should also note that adding authorisations is likely to incur additional annual industry levies.

The importance of providing full and frank disclosure to ASIC

It is important that applicants provide all of the information that we request, in full, and as soon as possible to enable ASIC to assess the application as quickly as possible.

We may request additional information when we believe it is relevant to deciding on the application.

Two recent amendments to the *Corporations Act 2001* (Corporations Act) and *National Consumer Credit Protection Act 2009* (National Credit Act) have strengthened ASIC's regulatory toolkit and highlighted the importance of full and frank disclosure.

Before issuing a new or varied licence, we now require all applicants to confirm that there has been no material change to their application or to any supporting information, or to provide full details about the change.

Additionally, we must now refuse to grant an AFS or credit licence if we are satisfied that there was an omission of a material matter from the application or from a statement provided in support of an application.

We expect applicants to act in a transparent manner, and to provide full and frank disclosure in their applications and in all other dealings with ASIC.

New and proposed changes to licensing processes

There have been major changes to licensing processes since the publication of our last report – [Report 650](#) *Overview of licensing and professional registration applications: July 2018 to June 2019* (REP 650). The most significant changes have arisen from the Stronger Regulators Act. The amendments came into effect on 18 February 2020.

This section provides information on these and other changes to licensing processes.

Fit and proper person test

On 18 February 2020, the Stronger Regulators Act amended the Corporations Act and the National Credit Act to improve the regulatory tools available to ASIC.

The Stronger Regulators Act aligned the probity tests to be applied by ASIC when determining whether to grant a new or varied AFS or credit licence. We are now required to have regard to a 'fit and proper person' test for AFS licence applications (prior to 18 February 2020 there was a 'good fame and character' test), and to apply the fit and proper person test to a wider range of people for both AFS and credit licence applicants, namely:

- › all officers, partner, trustees or senior managers of an applicant – it does not matter if the person is not responsible for the day-to-day operation of the business
- › any controller of the applicant – it does not matter whether or not the controller exercises any practical influence over the operation of the business of the applicant
- › all officers, partners, trustees and senior managers of any controller of the applicant – as above, it does not matter whether or not these people exercise practical influence over the operation of the business of the applicant.

These reforms require ASIC to consider all applicants against the fit and proper test and necessitate that all applicants provide additional information.

Our approach to requesting information about fit and proper people is outlined in [INFO 240](#) and [INFO 244](#). In summary, we require an applicant to:

- › list all of the people who are required to be a fit and proper person
- › provide a statement of personal information signed by each of these people
- › provide a criminal history check and bankruptcy check for each of these people.

To provide further information about how we apply the fit and proper person test, we have updated our regulatory guidance, including:

- › [Regulatory Guides 1–3](#) *AFS Licensing Kit* (RGs 1–3)
- › [Regulatory Guide 204](#) *Applying for and varying a credit licence* (RG 204)
- › [Regulatory Guide 206](#) *Credit licensing: Competence and training* (RG 206).

We encourage all licensees and prospective applicants to review the relevant information sheet and regulatory guidance, and to start obtaining the relevant checks before they apply or as early as possible during the licence application process.

We are now required to ... apply the fit and proper person test to a wider range of people for both AFS and credit licence applicants.

Deemed withdrawal of applications

The Corporations Act has been amended to provide ASIC with the express power to, by written notice, request information from an applicant in relation to an application, audit report or in relation to any person to which the fit and proper person test applies.

If an applicant does not provide the requested information within the timeframe specified, and no extension to the request is made by ASIC, the applicant is taken to have withdrawn the application.

Applicants should be aware of the importance of providing requested information in full and within the requested timeframe. If an applicant is unable to provide the information, an applicant should contact ASIC as soon as possible, otherwise they risk their application being taken as withdrawn. If this occurs, there is no appeal right as we have not made a decision in relation to the application.



Case study: The first deemed withdrawal of an AFS licence application

The first deemed withdrawal of an AFS licence application occurred in April 2020. We asked an applicant to provide information relating to its external dispute resolution membership and professional indemnity insurance.

When we didn't receive the information, we advised the applicant, by notice, to provide the information within a specified time period. The applicant failed to respond to the notice and the application was deemed withdrawn.

In choosing not to respond, the applicant forfeited its application fee of \$2,470.

Requirement to commence operations within six months

The Stronger Regulators Act created a new power for ASIC to cancel an AFS or credit licence in the event that a licensee has not commenced operating a financial services business or engaged in credit activities within six months of the licence being granted.

Licensees are required to notify ASIC of a failure to commence operations within six months. Notably, ASIC does not expect licensees who have commenced providing some, but not all, of the products and services authorised under its licence to provide a notification.

We have started receiving notifications and are advising licensees that, in light of the impact of the COVID-19 pandemic, our intention is not to cancel a licence unless we identify specific concerns about the warehousing or commodification of the licence.

If we don't identify any concerns, we will advise a licensee that we do not intend to cancel the relevant licence until at least February 2021, when we will expect further information to be provided by the licensee. We reserve the right to cancel if additional information comes to light.

Please note that licensees are still obliged to provide a notification if they have failed to commence operations.

For further information on the notification process, please contact ASIC using one of the addresses below:

› **AFS licensees:**

Licensing.AFSLProofs@asic.gov.au

› **Credit licensees:**

Licensing.Credit@asic.gov.au

Other changes made by the Stronger Regulators Act

The Stronger Regulators Act has also:

- › provided that we must refuse a licence application where we have been provided false or misleading information or there is an omission of a material matter in an application, report or statement from an applicant
- › amended the requirement for a licensee to notify ASIC of a change in control – licensees now need to notify ASIC within 30 business days of when an entity starts to control, or stops controlling, a licensee
- › aligned the penalties for making false or misleading statements in documents provided to ASIC
- › provided applicants with a right to a hearing before we refuse an application for a variation to an AFS or credit licence.

We have updated our regulatory guidance and internal processes to reflect these changes.



Case study: False or misleading information

The provision of false or misleading information is an issue that ASIC takes very seriously.

On 14 February 2020, Mr John Merity was sentenced by the District Court of New South Wales to an overall term of two years imprisonment, with a minimum of one year in custody, in relation to his conviction on two counts of providing false or misleading statements to ASIC.

The false or misleading statements were made to ASIC in response to inquiries into the identities of parties who had an interest in the shares in Northwest Resources Limited that were held by two other bodies corporate.

Enhanced regulatory sandbox

The Australian Government introduced the enhanced regulatory sandbox (ERS) on 1 September 2020. The sandbox provides an environment for people to test certain innovative financial services and credit activities without first obtaining an AFS or credit licence.

The ERS supersedes the previous regulatory sandbox administered by ASIC. The ERS allows testing of a broader range of financial services and credit activities for a longer duration (up to 24 months).

A person intending to use the ERS must complete and lodge with ASIC a prescribed form for the financial service or credit activity that they plan to test. The ASIC Licensing team will review the notification and advise the person within 30 days whether ASIC will exercise its power to exclude the person from use of the ERS.

ASIC has published [Information Sheet 248 Enhanced regulatory sandbox](#) (INFO 248) to provide further information to prospective participants in the ERS.

Foreign financial services providers

On 1 April 2020, a new regulatory framework for foreign financial services providers (FFSPs) commenced. As a result, FFSPs can now apply to obtain a foreign AFS licence to provide financial services in Australia to wholesale clients.

To be eligible, the foreign provider must be authorised under an overseas regulatory regime that ASIC has assessed as sufficiently equivalent to the Australian regulatory regime.

An applicant for a foreign AFS licence is subject to a streamlined licensing assessment and is exempt from certain obligations that apply to other AFS licensees, such as financial and organisational competence requirements.

Foreign providers currently relying on pre-existing relief will have a two-year transition period until 31 March 2022 to make arrangements to continue their operations in Australia, which may include applying for a foreign AFS licence.

Additional information for FFSPs wishing to provide financial services in Australia to wholesale clients is available in [Regulatory Guide 176 Foreign financial services providers](#) (RG 176). We have also updated [RGs 1–3](#) to provide detailed instructions about how an FFSP can apply for a foreign AFS licence.

Funeral expenses

The *Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2019 Measures)) Act 2020* and the *Treasury Laws Amendment (Financial Services Improved Consumer Protection (Funeral Expenses Facilities)) Regulations 2019* removed the previous exemption for providers of funeral expenses facilities to hold an AFS licence.

A funeral expenses facility is a scheme or arrangement for the payment of money when a person dies, for the purpose of paying all or part of the expenses of, and incidental to, the person's funeral, burial or cremation.

As a result of the reform, which commenced on 1 April 2020, providers of a funeral expenses facility need to hold an AFS licence and comply with relevant obligations unless the facility does not meet the definition of 'financial product' under the Corporations Act.

ASIC has published [Information Sheet 243 Licensing requirements for providers of funeral expenses facilities](#) (INFO 243) to provide further information on the new licensing requirements.

Litigation funding

On 22 May 2020, the Australian Government announced that it would regulate litigation funders under the Corporations Act. On 24 July 2020, the *Corporations Amendment (Litigation Funding) Regulations 2020* were made and from 22 August 2020, operators of litigation funding schemes have been generally required to hold an AFS licence and each litigation funding scheme needed to be registered.

A litigation funding scheme is generally an arrangement where a group of plaintiffs (the class action members), a law firm and a litigation funder collaborate to pursue a class action. Until recently, litigation funding schemes were exempt from being considered a managed investment scheme and litigation funders were not required to hold an AFS licence.

ASIC announced the provision of some relief and worked with industry to ensure a smooth transition to the new regime. Information about the relief and transition is available in [Media Release 20-192MR](#). For more information, see our webpage on [litigation funding](#).

Other licensing-related issues

This section provides information about other work undertaken by ASIC that affects AFS and credit licensees.

ASIC's industry funding model

In January each year, ASIC issues levy invoices to industry to recover some of the regulatory costs that we incur.

To provide transparency of our costs and how these costs are allocated to industry under the industry funding model, we publish an annual Cost Recovery Implementation Statement (CRIS). The CRIS outlines our forecast regulatory costs and activities by subsector for each financial year and provides details on how ASIC allocated its costs in the previous year. The CRIS also provides industry with indicative levies for the following year to help them plan.

Licensees can use the data in the CRIS to estimate their invoice for next year, noting that the figures are subject to change.

Further information about [the industry funding model](#) is available on our website.

Product intervention power

The product intervention power strengthens our consumer protection toolkit by equipping ASIC with the power to intervene where there is a risk of significant consumer detriment.

Our ability to exercise the product intervention power came into force in April 2019.

Since that date we have released [Regulatory Guide 272](#) *Product intervention power* (RG 272) outlining the scope of the power, when and how we may exercise the power and how a product intervention order is made.

We have used our product intervention power to ban a short-term credit product (see [Media Release 19-250MR](#)) and impose conditions on the issue and distribution of contracts for difference (CFDs) to retail clients from 29 March 2021 (see [Media Release 20-254MR](#)). We have also consulted on the proposed use of the power to address:

- › the sale of add-on financial products by car yards (see [Media Release 19-267](#))
- › the sale of add-on motor vehicle financial risk products (see [Media Release 20-179MR](#))
- › the issue of continuing credit products (see [Media Release 20-159MR](#)).

Design and distribution obligations

The design and distribution obligations were enacted in April 2019. The obligations require issuers and distributors of financial and credit products to design, market and distribute products that meet consumer needs.

ASIC consulted on draft guidance for the new financial product design and distribution obligations in [Consultation Paper 325](#) *Product design and distribution obligations* (CP 325).

CP 325 set out our proposals for guidance on the design and distribution obligations as well as additional proposals relating to our administration of the design and distribution regime. Consultation closed on 11 March 2020.

On 8 May 2020, ASIC announced it would defer the commencement date of the design and distribution obligations for six months to 5 October 2021, given the significant impact of the COVID-19 pandemic on the Australian economy, especially on the financial system and consumers.

Internal dispute resolution

Licensees with internal dispute resolution obligations will be required to meet new standards set by ASIC when they deal with consumer complaints through their internal dispute resolution arrangements.

We have released [Regulatory Guide 271 Internal dispute resolution](#) (RG 271) after extensive consultation with consumer and industry representatives. When it comes into force on 5 October 2021, RG 271 will replace the existing [Regulatory Guide 165 Internal and external dispute resolution](#) (RG 165). The standards will improve the way consumer and small business complaints are dealt with across the financial system and make firms' complaints-handling performance transparent.

We have given industry until 5 October 2021 to comply with the new internal dispute resolution standards and requirements.

AFCA rule change enabling the naming of firms

On 26 August 2019, we approved changes to the Australian Financial Complaints Authority (AFCA) Rules to allow the scheme to name financial firms in published determinations.

Previously, AFCA and predecessor external dispute resolution schemes did not publish the names of firms involved in financial services, superannuation and credit complaints.

Our view was that naming firms in determinations can help identify conduct or market problems either within firms or affecting specific products or services, as well as highlight where firms have done the right thing. It will also enhance transparency and accountability of firms' performance in complaints handling and of AFCA's own decision making.

Best interests duty for mortgage brokers

On 24 June 2020, ASIC published regulatory guidance to assist in the application of the best interests duty for mortgage brokers. Mortgage brokers will have to comply with the best interests duty and related reforms from 1 January 2021.

Mortgage brokers will be required to act in the best interests of consumers and to prioritise consumers' interests in providing credit assistance.

[Regulation Guide 273 Mortgage brokers: Best interests duty](#) (RG 273) contains ASIC's views on how mortgage brokers may comply with their best interests obligations at key stages of the credit assistance process.

Internal market making guidance

On 15 April 2020, we updated [Information Sheet 230 Exchange traded products: Admission guidelines](#) (INFO 230). INFO 230 provides additional guidance to relevant firms on better practices for internal market making in non-transparent, actively managed funds that are traded on exchange markets.

The update was made following a 2019 review that identified market integrity risks under certain internal market-making models.

Updated guidance on fees and cost disclosure

On 29 November 2019, we released an updated version of [Regulatory Guide 97 Disclosing fees and costs in PDSs and periodic statements](#) (RG 97). The updates were intended to provide greater clarity on disclosure obligations for product issuers.

The new requirements apply to all PDSs given on or after 30 September 2022. We amended the commencement date in response to the COVID-19 pandemic: see [Media Release 20-167](#).

Appendix 1: Licensing and registration data

This appendix provides licensing and registration data for the 2019–20 financial year.

Table 2: Licence applications available for assessment (1 July 2019 to 30 June 2020)

Type of application	Received or initiated before July 2019	Received or initiated July 2019–June 2020	Finalised – approved	Finalised – not approved	Not finalised as at 30 June 2020
New AFS licence	197	379	277 (48%)	121 (21%)	178 (31%)
Variation of AFS licence	261	589	464 (55%)	127 (15%)	259 (30%)
New credit licence	57	192	117 (47%)	71 (29%)	61 (24%)
Variation of credit licence	45	186	116 (50%)	46 (20%)	69 (30%)
Total	560	1,346	974 (51%)	365 (19%)	567 (30%)

Note 1: The 'Finalised – approved' column includes all applications that were approved during the 2019–20 financial year.

Note 2: The 'Finalised – not approved' column indicates applications that were rejected, withdrawn or refused during the 2019–20 financial year.

Table 3: Outcomes of AFS licence applications finalised (1 July 2019 to 30 June 2020)

Outcomes	New licence applications received before July 2019	New licence applications received July 2019–June 2020	Licence variation applications received before July 2019	Licence variation applications received July 2019–June 2020
Approved (with and without additional regulatory outcomes)	134	143	175	286
Rejected for lodgement	10	37	12	30
Withdrawn before start of assessment	4	25	4	26
Withdrawn after start of assessment	24	20	28	24

Outcomes	New licence applications received before July 2019	New licence applications received July 2019–June 2020	Licence variation applications received before July 2019	Licence variation applications received July 2019–June 2020
Withdrawn after hearing	0	0	0	0
Refused after assessment	0	0	1	2
Refused after hearing	1	0	0	0

Note: Before 18 February 2020, only variation applications that are partially refused have recourse to a hearing by an ASIC delegate. After that date, all variation applications that are proposed to be refused have recourse to a hearing.

Table 4: Outcomes of credit licence applications finalised (1 July 2019 to 30 June 2020)

Outcomes	New licence applications received before July 2019	New licence applications received July 2019–June 2020	Licence variation applications received before July 2019	Licence variation applications received July 2019–June 2020
Approved (with and without additional regulatory outcomes)	43	74	32	84
Rejected for lodgement	0	29	2	13
Withdrawn before start of assessment	1	18	1	20
Withdrawn after start of assessment	10	13	5	5
Withdrawn after hearing	0	0	0	0
Refused after assessment	0	0	0	0
Refused after hearing	0	0	0	0

Note: Before 18 February 2020, only variation applications that are partially refused have recourse to a hearing by an ASIC delegate. After that date, all variation applications that are proposed to be refused have recourse to a hearing.

Table 5: Number and type of additional regulatory outcomes for AFS and credit licence (new and variation) applications (1 July 2019 to 30 June 2020)

Type of additional regulatory outcome	AFS licence	Credit licence
Key-person condition imposed	379	155
Authorisations changed – authorisations granted that were different from those sought by applicant, or authorisations refused	106	2
Authorisations changed – authorisations granted that were specific to that applicant (tailored authorisations)	47	3
Additional responsible manager appointed	37	1
Additional conditions imposed	12	0
Responsible manager rejected	1	0
Total	582	161

Note 1: A single application may have more than one regulatory outcome.

Note 2: When we decline to accept responsible managers nominated by the applicant, we are typically concerned that they do not have the knowledge and skills to meet the organisational competence obligations.

Table 6: Number and reasons for suspensions and cancellations of AFS and credit licences (1 July 2019 to 30 June 2020)

Licence type	Cancellation by ASIC	Cancellation on request	Suspension
AFS	47	253	33
Credit	49	334	7

Table 7: Applications finalised within service charter timeframes

Application type	Finalised in 150 days: 2018–19	Finalised in 150 days: 2019–20	Finalised in 240 days: 2019–20	Finalised in 240 days: 2019–20
New AFS licence	73%	76%	86%	89%
AFS licence variation	80%	76%	90%	88%
New credit licence	92%	93%	96%	94%
Credit licence variation	96%	96%	98%	97%

Table 8: Professional registration activity

Registrant type	Application for registration	Registered without conditions	Registered with conditions	Withdrawn	Refused	Not finalised in period
Liquidator	23	12	0	0	1	10
Company auditor	88	58	0	25	1	4
SMSF auditor	66	33	7	16	0	10

Appendix 2: The regulated population over time

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

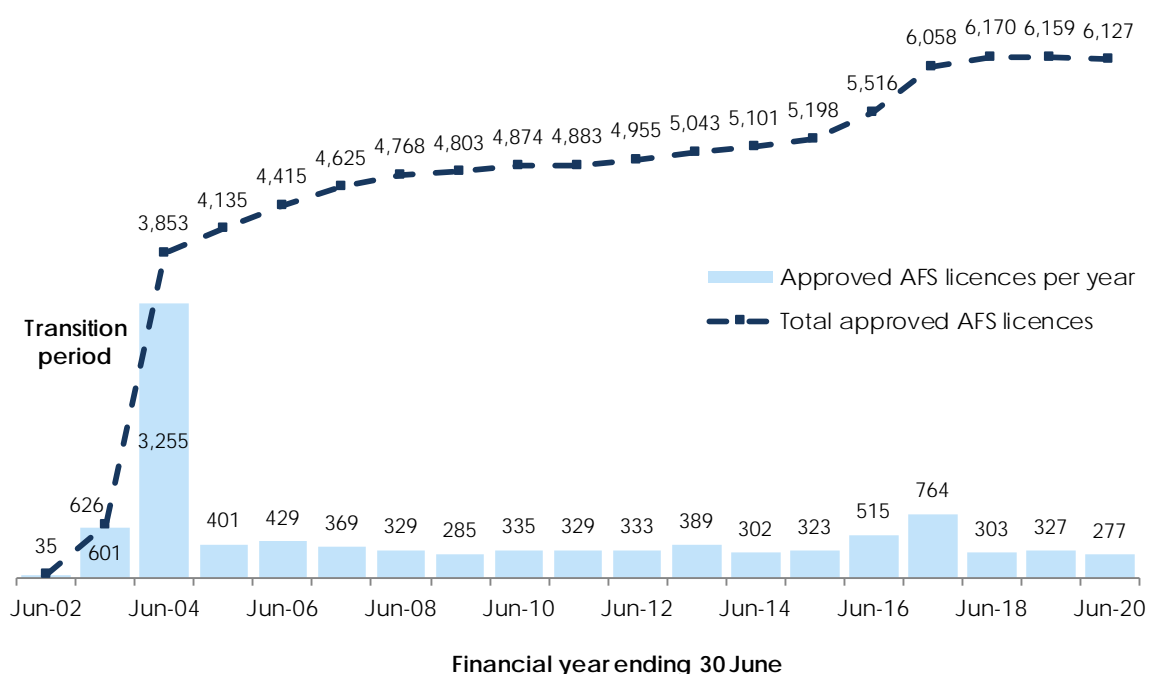
Since then ASIC's AFS and credit licensing and registration responsibilities have expanded as noted in Table 9.

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

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

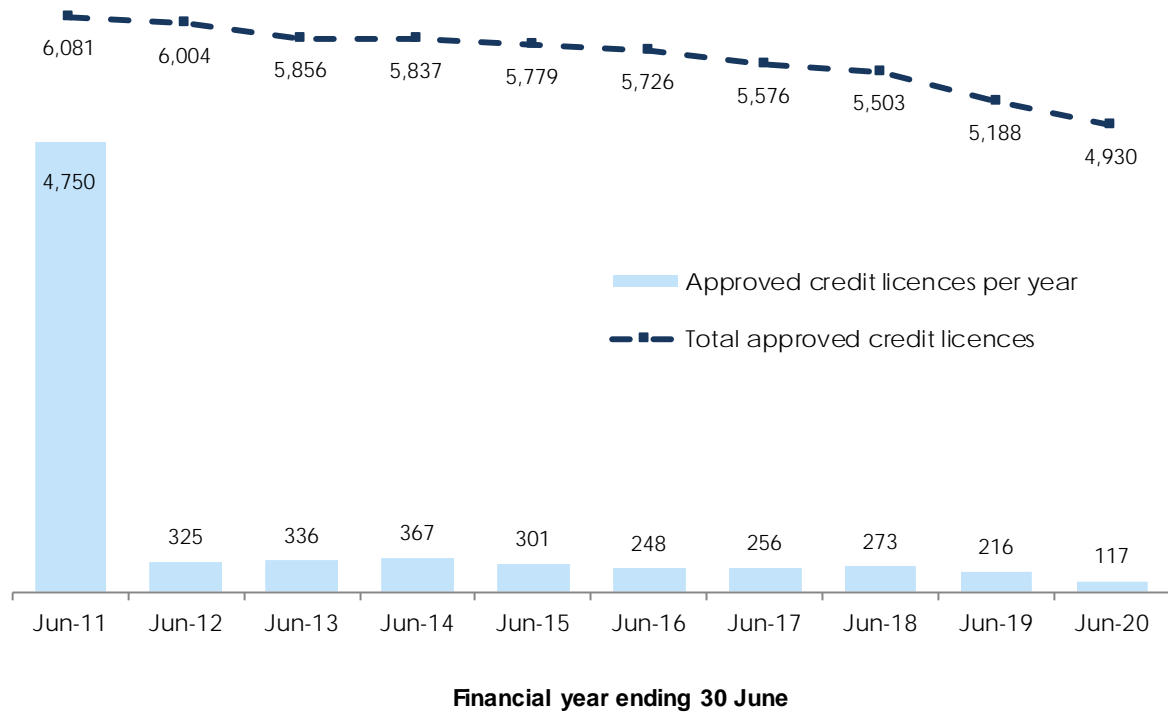
Note: ASIC's predecessor (the Australian Securities Commission) assumed responsibility for liquidator and company auditor registration under the *Corporations Act 1989*.

Figure 1: AFS licences approved per financial year and total number of approved AFS licences



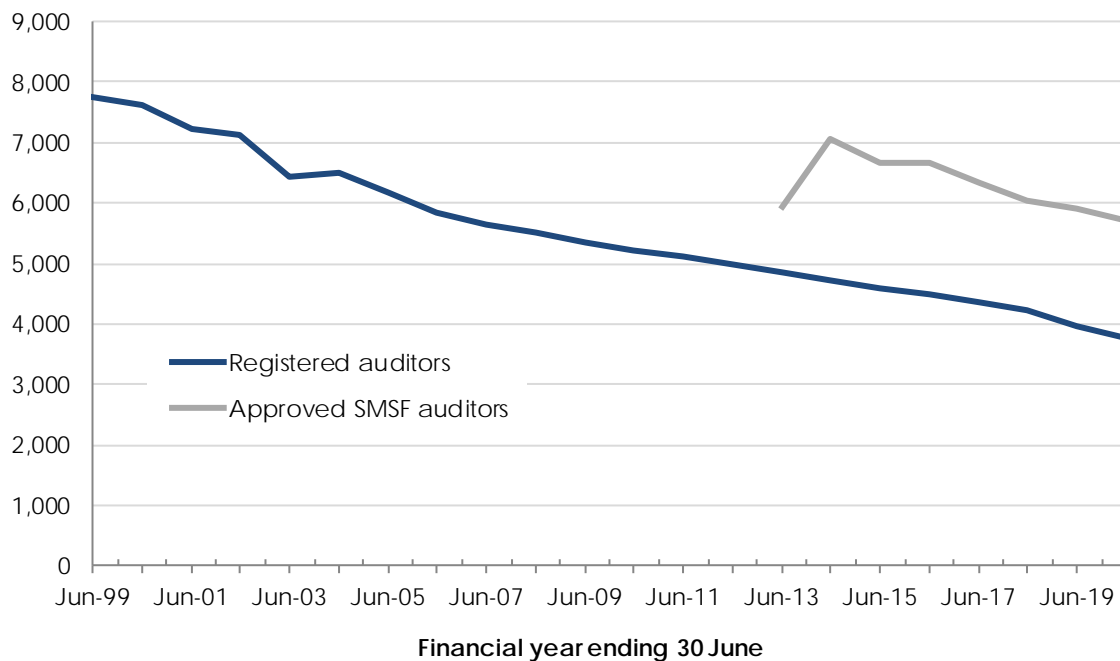
Note: See Table 11 in Appendix 3 for the complete data used in this figure (accessible version).

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



Note: See Table 12 in Appendix 3 for the complete data used in this figure (accessible version).

Figure 3: Number of registered company auditors and approved SMSF auditors to 30 June 2020



Note: See Table 13 in Appendix 3 for the complete data used in this figure (accessible version).

Table 10: Number of registered liquidators

Financial year ending 30 June	Registered liquidators
June 2016	707
June 2017	713
June 2018	663
June 2019	647
June 2020	630

Appendix 3: Accessible versions of figures

This appendix provides accessible data for the figures presented in Appendix 1.

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

Financial year ending 30 June	Approved AFS licences per year	Total approved AFS licences
June 2002	35	35
June 2003	601	626
June 2004	3,255	3,853
June 2005	401	4,135
June 2006	429	4,415
June 2007	369	4,625
June 2008	329	4,768
June 2009	285	4,803
June 2010	335	4,874
June 2011	329	4,883
June 2012	333	4,955
June 2013	389	5,043
June 2014	302	5,101
June 2015	323	5,198
June 2016	515	5,516
June 2017	764	6,058
June 2018	303	6,170
June 2019	327	6,159
June 2020	277	6,127

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

Note 2: This is the data contained in Figure 1.

Table 12: Credit licences approved per financial year and total number of approved credit licences

Financial year ending 30 June	Approved credit licences per year	Total approved credit licences
June 2011	4,750	6,081
June 2012	325	6,004
June 2013	336	5,856
June 2014	360	5,837
June 2015	301	5,779
June 2016	248	5,726
June 2017	256	5,576
June 2018	273	5,503
June 2019	216	5,188
June 2020	117	4,930

Note: This is the data contained in Figure 2.

Table 13: Number of registered company auditors and approved SMSF auditors to 30 June 2020

Financial year ending 30 June	Registered auditors	Approved SMSF auditors
June 1999	7,736	Not applicable
June 2000	7,623	Not applicable
June 2001	7,221	Not applicable
June 2002	7,109	Not applicable
June 2003	6,440	Not applicable
June 2004	6,506	Not applicable
June 2005	6,163	Not applicable
June 2006	5,848	Not applicable
June 2007	5,658	Not applicable

Financial year ending 30 June	Registered auditors	Approved SMSF auditors
June 2008	5,495	Not applicable
June 2009	5,345	Not applicable
June 2010	5,207	Not applicable
June 2011	5,114	Not applicable
June 2012	4,985	Not applicable
June 2013	4,852	5,935
June 2014	4,729	7,073
June 2015	4,596	6,669
June 2016	4,483	6,671
June 2017	4,365	6,639
June 2018	4,226	6,039
June 2019	3,962	5,917
June 2020	3,781	5,699

Note: This is the data contained in Figure 3.