



ASIC
Australian Securities &
Investments Commission



Licensing and professional registration activities: 2022 update

Report 738 | September 2022

About this report

This report is for AFS licensees, credit licensees, lawyers, service providers and financial services industry professionals 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 2021–22 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.

Editor's note

On 20 October 2022 we made minor update to some of the data in Table 1.

Overview

This report provides an update on ASIC's licensing and professional registration activities, and our work to maintain high standards of participation in financial and credit services. It outlines:

- › information on licensing and professional registration applications from the 2021–22 financial year (see pages 4–5)
- › key issues relating to our licensing and professional registration activities (see pages 6–8)
- › changes to Australian financial services (AFS) and Australian credit licensing (credit licensing) (see pages 9–11)
- › other work we have undertaken that affects licensees (see pages 12–14).

Licensing and professional registration applications 2021–22

In the 2021–22 financial year, we finalised 1,859 applications for AFS and credit licences, a 35% increase compared to 2020–21 (1,380). We also finalised 182 applications for professional registration (19% fewer than 2020–21).

We continued to apply a risk-based approach to assessment. Under this approach, we devote more resources to assessing complex and high-risk applications to ensure we continued to discharge our gatekeeper responsibilities.

Of the applications approved, we imposed 'additional regulatory outcomes' on 42% (i.e. we imposed conditions or granted different authorisations). These decisions were important for ensuring that only suitable persons and organisations were licensed or registered and hold the authorisations that they are assessed as competent to provide.

Financial Regulator Assessment Authority (FRAA) review

In July 2022, the FRAA assessed our licensing function as part of its first effectiveness and capability review of ASIC.

The FRAA assessment acknowledged ASIC's crucial contribution to Australia's financial system and found that ASIC is effective and capable in the areas reviewed.

Changes to AFS and credit licensing

Since releasing our last update, certain regulatory reforms have been implemented and have affected our application systems and regulatory guidance. The reforms related to:

- › insurance claims handling and settling services
- › debt management services firms
- › corporate collective investment vehicles (CCIVs).

See pages 9–11 for more information on how we've responded to these reforms.

Looking ahead

We have commenced work on our new AFS licensing portal and assessment workflow. We are consulting with the regulated population and their advisers, to discuss the current 'pain points' associated with our systems and how they can be improved. Development of the portal and workflow will continue throughout 2022–23.

We will also be conducting a case study focused on how the Licensing team engages with applicants at different stages of an AFS licensing assessment. The case study commenced in September 2022 and conclude by 31 March 2023.

Licensing and registration applications: 2021–2022

Summary of our performance

In the 2021–22 financial year:

- › we received a total of 1,469 AFS and credit licence applications (new and variation) (a 22% decrease from 2020–21)
- › we granted 1,445 AFS and credit licence applications (a 45% increase from 2020–21)
- › we finalised 416 AFS and credit licence applications that were not granted – these were voluntarily withdrawn by the applicant or rejected for lodgement (a 6% increase from 2020–21)
- › we cancelled or suspended 538 AFS and credit licences
- › we registered 89 company auditors while 14 applicants withdrew their applications
- › we registered 40 approved self-managed investment fund (SMSF) auditors and 6 applicants withdrew their applications
- › the liquidator registration committee registered 21 liquidators and refused to register eight applicants.

See Figure 1 and Appendices 1 and 2 for further details on licensing applications, including the number of applications assessed, additional regulatory outcomes imposed, and the number of licensees, auditors and liquidators on ASIC's register as at 30 June 2022.

Our performance against the service charter

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

Table 1 shows our performance for 2021–22. We met or exceeded five of our eight service charter objectives for licence applications. Of the service charter objectives we did not achieve, we achieved 67% for new AFS licence applications within 150 days (our service charter objective is 70%), 89% for AFS variation applications within 240 days (our service charter objective is 90%) and 87% within 240 days (our service charter objective is 90%).

We attribute this to legislative reforms relating to claims handling and settling services, and debt management services. These reforms resulted in a spike in applications for new or varied AFS and credit licences; more than 400 applications above our historical annual volumes: see pages 9–10.

Overall, we performed strongly:

- › We were able to finalise 35% more applications in 2021–22 than in 2020–21, despite receiving a high volume of applications in 2020–21 (30% more than the previous financial year).
- › Taking all new and variation applications for AFS and credit licences together, we finalised 71% of applications within 150 days and 90% within 240 days.

Table 1: Timeframes in which applications were finalised (1 July 2021 to 30 June 2022)

Application	Finalised within 150 days	Finalised within 240 days
AFS licence – new	73%	91%
AFS licence – variation	67%	89%
Credit licence – new	82%	91%
Credit licence – variation	75%	87%
All AFS and credit licence applications	71%	90%

Summary of licensing and registration outcomes

Figure 1: Summary of licensing and registration outcomes (July 2021 to June 2022)

AFS AND CREDIT LICENCE APPLICATIONS UNDER ASSESSMENT DURING PERIOD	
763	AFS licence applications for new licence
1,219	AFS licence variation applications
329	credit licence applications for new licence
229	credit licence variation applications
AFS AND CREDIT LICENCES FINALISED	
415	new AFS licences granted (75% of finalised applications)
163	new credit licences granted (66% of finalised applications)
867	AFS and credit licence variation applications granted (82% of finalised applications)
165	new and variation applications for AFS and credit licences were not accepted for lodgement (9% of finalised applications)
249	new and variation applications for AFS and credit licences were withdrawn (either before or after lodgement) (13% of finalised applications)
ADDITIONAL REGULATORY OUTCOMES	
AFS licence applications	
498	licensees were subject to at least one additional regulatory outcome (42% of licensees who were granted a new or varied licence)
621	additional regulatory outcomes imposed on the 498 licensees – for example, imposing conditions or modifying, tailoring or refusing a requested authorisation
Credit licence applications	
161	licensees that were subject to at least one additional regulatory outcome (60% of licensees who were granted a new or varied licence)
174	additional regulatory outcomes imposed on the 161 licensees – for example, imposing conditions or modifying, tailoring or refusing a requested authorisation
PROFESSIONAL REGISTRATION ACTIVITIES (LIQUIDATORS, COMPANY AUDITORS AND SMSF AUDITORS)	
150	professional registrations approved
20	professional registrations withdrawn
11	professional registrations refused or rejected

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

Note 2: For a detailed explanation about how the outcomes of AFS and credit licensing and professional registration applications are determined – including rejection, approval, withdrawal and refusal – see Appendix 1.

Note 3: Information about [financial market licences](#) is available on ASIC's website.

Key issues

Understanding our role and the assessment process

Our role is to grant licences or registrations only to applicants that are competent, fit and proper, appropriately resourced and able to demonstrate that they will be able to comply with their licence or professional registration obligations.

As a result, we do not grant applications automatically – each application is subject to a risk rating and assessed on its particular facts.

There are a number of factors that can impact how long an assessment takes. These include:

- › the quality of the application, and any additional information we need to request
- › the complexity of an applicant's business model and authorisations sought
- › any adverse intelligence in relation to the applicant and its relevant personnel
- › competing ASIC priorities and the number of applications under consideration.

Information about fit and proper person requirements

In addition to our regulatory guides, applicants for an AFS or credit licence should read [Information Sheet 240](#) *AFS licence applications: Providing information for fit and proper people and certain authorisations* (INFO 240) or [Information Sheet 244](#) *Credit licence applications: Providing information for fit and proper people* (INFO 244).

These information sheets explain how to determine who in an applicant's organisation must meet the fit and proper person test and what documents we require in relation to those people. They also summarise the non-core proofs that we require from applicants proposing to undertake certain business models.

We encourage licensees and applicants to review INFO 240, INFO 244 and the AFS Licensing Kit before submitting their licence application.

Update to INFO 240

In June 2022 we updated INFO 240 to provide details of the information to include in applications for variations to an AFS licence to operate the business and conduct the affairs of a CCIV.



Case study: Fit and proper person concerns

ASIC received an application for a new credit licence from an applicant that intended to continue carrying on a debt management services business after debt management services became a regulated credit activity.

During our assessment of the application, we discovered that the sole nominated responsible manager had been removed from the roll of Australian Legal Practitioners and had recently been refused re-admission. A court reviewing the decision to refuse re-admission had determined that, during the previous four years, the nominated responsible manager acted unlawfully, inconsistently with professional standards and dishonestly across various roles.

Although the conduct was not related to financial services or credit activities, we were not satisfied that the nominated responsible manager was a fit and proper person to provide debt management services under a credit licence.

After we communicated our concerns, the applicant withdrew the application.

FRAA review

The FRAA was established in 2021 in response to Recommendations 6.13 and 6.14 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

The FRAA's first review was a targeted assessment of ASIC's effectiveness and capability in strategic prioritisation, planning and decision making, surveillance, and licensing.

The FRAA published its [first report](#), which includes its assessment of our licensing function, in August 2022.

The FRAA's overall assessment is that our licensing function is broadly effective and the licensing team is capable within the constraints of current resourcing and technology systems.

The FRAA concluded that improved technology, data and processes will improve the quality and adequacy of ASIC's systems.

The FRAA recommended that ASIC undertake three actions to improve the effectiveness and capability of our licensing function: upgrade our licensing portal, introduce a new workflow system to streamline and automate aspects of the licensing assessment process, and consider an initiative to enhance stakeholder engagement. Further information on our responses to these observations and recommendations are outlined [Media Release 22-233MR](#) and below.

A new AFS licensing portal and assessment workflow

We have been updating ASIC's various application portals since 2017. We implemented changes for SMSF auditors in March 2019, relief applications in July 2020 and market licences in June 2022.

Development of the new AFS licensing portal

In July 2022, we started developing a new AFS licence application portal and assessment workflow.

The new portal will make it easier for applicants to submit required information. It will also enable ASIC to collect and assess the information more efficiently. The portal will:

- › pre-populate information ASIC already holds
- › provide guidance within the application form
- › collect required information upfront (to the extent possible) to reduce the number of requisitions
- › collect relevant information in a structured format to improve data analysis and reporting for internal and external purposes.

As part of developing the new licensing portal, we have begun consulting a number of stakeholders to identify current user concerns and potential improvements.

We expect to finish developing the new portal and assessment workflow in the next 12–18 months.

Updates to other portals

Once we have completed the new AFS licensing portal, we will update our credit licence, company auditor and registered liquidator portals. These represent the final stages of updating ASIC's application-specific portals.

We will provide further updates on the status of these projects in the next 12–18 months.

Engagement and communication

We remain committed to ongoing engagement and communication with our service providers and applicants.

We are currently reviewing how we can engage more effectively with applicants and their advisers.

If you have any comments or concerns about the licensing process and how we engage with you during this process, please contact us at ASICLicensingLiaison@asic.gov.au. We are particularly interested in feedback that will help us as we develop the new licensing portal and reconsider our engagement approach.

Please note that we may not be able to respond to comments about specific licence applications or decisions. You can [make a formal complaint about ASIC](#) through our website or via phone or mail.

Regulatory Efficiency Unit (REU) Licensing case study

In November 2021, ASIC established the REU to promote better regulation by removing unnecessary frictions and making it easier for business to get things done.

The REU is undertaking three initiatives, which include a case study on the Licensing team's engagement approach. The case study will consider new and more effective ways for the Licensing team to engage with applicants and service providers.

The case study will include additional contact with applicants at different stages of an application assessment and review the internal and external impacts of each tested approach.

We will be conducting this case study from September 2022 to 31 March 2023.

The effectiveness of our decision making

In light of the recommendations made in the FRAA's [first report](#), we are exploring what additional measures we could implement to better assess the effectiveness of the Licensing team's decisions. We plan to include further details in the next version of this report, covering 2022–23.

Changes to AFS and credit licensing

Foreign financial services providers

In 2020, we revised our regulatory regime for foreign financial services providers (FFSPs) and provided new licence requirements for FFSPs from certain jurisdictions that are seeking to provide financial services in Australia to wholesale clients only. The revised regime enabled FFSPs to apply for an AFS licence under a streamlined licensing assessment process.

Before 1 April 2020, and during the transition period, eligible FFSPs were entitled to rely on a licensing exemption.

A new Bill proposing exemptions

In February 2022, the Australian Government introduced the Treasury Laws Amendment (Streamlining and Improving Economic Outcomes for Australians) Bill 2022. The Bill sought to establish the following forms of relief:

- › *comparable regulator exemption*, which exempts FFSPs from the requirement to hold an AFS licence if they are regulated by a regulator of a comparable regulatory regime
- › *professional investor exemption*, which allows FFSPs, located in any jurisdiction, to offer all financial services from outside Australia to professional investors
- › *the fit and proper person assessment exemption*, which exempts FFSPs from fit and proper person assessments when applying for an AFS licence to provide services to wholesale clients only.

New Bill lapsed; ASIC extends transitional relief

The Bill lapsed on the dissolution of the Australian Parliament on 11 April 2022.

In August 2022, we extended the transitional relief for FFSPs from the requirement to hold an AFS licence to 31 March 2024.

Current state of applications

As at 30 June 2022, we:

- › had approved 20 foreign AFS licences relying on [ASIC Corporations \(Foreign Financial Services Providers—Foreign AFS Licensees\) Instrument 2020/198](#)
- › were assessing two applications from FFSPs seeking a foreign AFS licence
- › had paused the assessment of a further 14 applications at the request of the applicant, pending the new Government's consideration of the lapsed Bill.

Insurance claims handling

As a result of the *Financial Sector Reform (Hayne Royal Commission Response) Act 2020*, insurance claims handling and settling services became a new financial service on 1 January 2021.

Subject to a transitional period for businesses who had applied to ASIC for an authorisation by 30 June 2021, persons could not provide claims handling and settling services without an AFS licence (or without becoming an authorised representative of a transitioning applicant) from 1 July 2021. Transitioning applicants had until 31 December 2021 to obtain a claims handling authorisation.

Applications assessed

We received 301 applications seeking a claims handling and settling services authorisation by 30 June 2021.

Of these applications, 65 were new participants and 236 were variation applications from existing licensees.

As transitional relief ended on 31 December 2021, we prioritised the assessment of these applicants to ensure these participants could continue to provide these services from 1 January 2022.

We completed the assessment of all 301 transitioning applicants within the six-month

transition period, but had to re-prioritise other activities, including other applications.

For more information on insurance claims handling, see [Information Sheet 253 Claims handling and settling: How to comply with your licence obligations](#) (INFO 253).

Reducing the administrative burden on authorised representatives

In June 2022, we made a legislative instrument, [ASIC Corporations \(Notification of Authorised Representatives\) Instrument 2022/301](#), to reduce the administrative burden on general insurance industry participants relating to the notification of large numbers of employees who provide insurance claims handling and settling services on their behalf.

The instrument exempts authorised representatives from the requirement to notify ASIC of the sub-authorisation of employees who provide an insurance claims handling and settling services on their behalf. For more information, see [Media Release 22-146MR](#).

Debt management firms

On 1 May 2021, the Government introduced new laws requiring providers of debt management services to hold a credit licence from 1 July 2021, unless operating under transitional arrangements.

The transitional arrangements allowed for the continued provision of debt management services without a debt management

authorisation until a provider's licence application had been approved, withdrawn or refused.

Applications received and processed

As at 30 June 2022, we had received a total of 107 applications from entities seeking to be authorised to provide debt management services. Of these, 23 were received after 1 July 2021 and could not rely on the transitional arrangements.

Of the 107 applications:

- › we did not accept 13 applications for lodgement because they were incomplete
- › applicants voluntarily withdrew 12 applications after engagement with ASIC
- › 3 applications were statutorily withdrawn (deemed withdrawals) after the applicant failed to provide information requested by ASIC under notice within the time period requested
- › we approved 64 applications and made offers to 7 other applicants
- › we are still assessing 8 applications.

High number of withdrawn applications

Almost three times as many debt management firm applications were withdrawn (14%) than the historical average across all credit applications (6%) lodged from 2018–19 to 2020–21.

This result supports the objective of the legislative reform to ensure that only participants that are suitably licensed continue to provide debt management services.



Case study: Deemed withdrawal of a debt management firm application

In June 2022, a debt management firm was advised by ASIC that its application for a credit licence to provide debt management services was taken to be withdrawn as a result of the applicant's failure to provide information that we requested.

Under s37(4) of the *National Consumer Credit Protection Act 2009*, we may request additional information from credit applicants in relation to any matters that ASIC may consider when deciding whether to grant the licence.

It is critical that all licence applicants provide a complete response to such requests within the time period specified. When an applicant fails to respond to a notice requiring the provision of such information, the application is deemed to be withdrawn.

Corporate collective investment vehicles (CCIVs)

On 1 July 2022, a new legislative regime for CCIVs commenced. The new regime provided an alternative to the existing managed investment scheme regime under the *Corporations Act 2001*.

A CCIV is a new type of company that is limited by shares and has a single 'corporate director'. A corporate director is a public company that holds an AFS licence authorising it to operate the business and conduct the affairs of a retail and/or wholesale CCIV.

A CCIV is an umbrella vehicle that can comprise one or more sub-funds. It can offer multiple products and investment strategies within the same vehicle through its sub-fund structure.

ASIC is responsible for licensing corporate directors, registering CCIVs and licensing dealing and advice services in relation to securities in CCIVs.

Updated regulatory guidance

On 23 June 2022, following public consultation, we released updated regulatory guidance to support the implementation of the CCIV regime, including an updated AFS Licensing Kit.

Further information on the updated guidance, as well as ASIC's response to submissions on the public consultation, see [Media Release 22-152MR](#).

ASIC-initiated licence variation offer

We recognise the similarities between CCIVs and managed investment schemes, and wish to facilitate a smooth transition to the new regulatory regime and assist participants. Given this, we identified 172 existing licensees with financial advice and/or dealing authorisations in managed investment schemes and offered an ASIC-initiated licence variation to enable them to provide these services in relation to securities in a CCIV. Those who accepted the offer were not required to submit an application or any proofs, nor pay an application fee.

Of the licensees we reached out to, 112 advised that they would like ASIC to vary their licence and were offered licence variations before 30 June 2022.

Note: An authorisation to provide services in relation to securities in a CCIV is different from the authorisation required for a corporate director of a CCIV, which is to operate the business and conduct the affairs of a CCIV.

Crypto-assets

In October 2021, ASIC updated [Information Sheet 225 Crypto-assets \(INFO 225\)](#) to help persons understand their obligations under the *Corporations Act* and *Australian Securities and Investments Commission Act 2001* relating to crypto-assets businesses. Amongst other issues, the information sheet outlines our approach to granting authorisations to registered managed investment scheme operators to directly hold crypto-assets.

As at 30 June 2022, we had approved two responsible entities to operate registered schemes that hold crypto-assets and had offered a draft licence to a third applicant.

Other licensing-related issues

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 the need to hold an AFS or credit licence.

A person seeking to use the ERS must complete and lodge a notification form with ASIC for the financial service or credit activity that they plan to test. ASIC will then 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.

Update to ERS notification forms

On 10 May 2022, we updated the ERS forms to encourage applicants to seek informal assistance from ASIC's Innovation Hub about potential ERS notifications.

ERS participation

As at 30 June 2022, eight participants were using the ERS (four entered in 2021–22). An additional four participants ceased their participation in the ERS after providing notice to ASIC in 2021–22.

In 2021–22 we advised 22 entities who sought to use the ERS that they were ineligible because we were not satisfied that they met one or more of the statutory requirements (fit and proper person, eligible services, net public benefit test or innovation test). Since inception, 39 entities have been excluded from participating in the ERS.

For more information on the ERS, see [Information Sheet 248 Enhanced regulatory sandbox](#) (INFO 248). Details of current [ERS participants](#) are available on our website. Potential ERS participants are encouraged to contact ASIC's Innovation Hub at innovationhub@asic.gov.au before submitting an ERS notification.

ASIC's industry funding model

In January each year, ASIC issues invoices on behalf of the Government to industry to recover some of the regulatory costs that ASIC incurs. The Government established this industry funding model to ensure that the funding of regulatory activities undertaken by ASIC is met by those creating the need for regulation rather than the Australian taxpayer.

To help provide transparency of our costs and how these costs are allocated to industry under the industry funding model, each year we publish an annual Cost Recovery Implementation Statement – or CRIS.

The CRIS outlines our forecast regulatory costs and activities by subsector and provides details on how we allocated our costs in the previous year. The feedback version of the [2021–22 CRIS](#) is available on ASIC's website.

Licensees can use the data in the CRIS to estimate the invoice they will receive, noting that the figures are subject to change.

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

Product intervention power

The product intervention power strengthens ASIC's consumer protection toolkit by equipping us with the power to intervene when there is a risk of significant consumer detriment.

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

Since issuing our last update, we have:

- › consulted on extending the binary options product intervention order (see [Media Release 22-118MR](#))
- › extended the contracts for difference (CFD) product intervention order, imposing conditions on the issue and distribution of CFDs to retail clients until 23 May 2027 (see [Media Release 22-082MR](#))

- › made a product intervention order on the issuing of short-term credit and continuing-credit contracts to retail clients (see [Media Release 22-182MR](#)).

Design and distribution obligations

On 5 October 2021, the design and distribution obligations came into force. The obligations require issuers and distributors of financial and credit products to design, market and distribute products that meet consumer needs.

For information about our interpretation of the design and distribution obligations, expectations for compliance and general approach to administering the obligations, see [Regulatory Guide 274 Product design and distribution obligations](#) (RG 274).

Internal dispute resolution

From 5 October 2021, licensees with internal dispute resolution obligations were required to meet new standards set by ASIC when dealing with consumer complaints through their internal dispute resolution arrangements.

The standards are outlined in [Regulatory Guide 271 Internal dispute resolution](#) (RG 271), which was updated in September 2021.

In March 2022, we released the final requirements for the IDR data reporting framework. The framework will be implemented in 2023, starting with a group of 11 large financial firms that will have to report IDR data to ASIC for the first time by 28 February 2023. The remaining financial firms, which includes all credit licensees and all AFS licensees with retail client authorisations, will be required to report IDR data by 31 August 2023, and every six months after that.

For further information on the IDR data reporting framework, see [Media Release 22-071MR](#).

Litigation funding schemes

From 22 August 2021, changes to the Corporations Regulations required persons who operate litigation funding schemes to be licensed and litigation funding schemes to be registered as managed investment schemes.

Ahead of this reform, in July 2021, we consulted on relief to be provided relating to litigation funding schemes and have already provided relief from certain AFS licensing requirements. See [Consultation Paper 345 Litigation funding schemes: Guidance and relief](#) (CP 345) and [Media Release 22-093MR](#).

As at 30 June 2022, there were eight licensed litigation funding scheme operators and three litigation funding scheme intermediary authorisation licensees.

On 16 June 2022, a Full Federal Court decision in *LCM Funding v Stanwell Corporation Limited* (LCM) found that a litigation funding scheme relating to a class action did not fall within the description of a managed investment scheme.

We are undertaking ASIC-initiated variation applications to give effect to the LCM decision, and will be updating our regulatory guidance. We note that a litigation funding scheme is still a financial product under the Corporations Regulations.

Warnings and reprimands given to financial advisers

From 1 January 2022, amendments made by the *Financial Sector Reform (Hayne Royal Commission Response—Better Advice) Act 2021* required ASIC to give financial advisers a written warning or reprimand in specified circumstances.

We have published [Information Sheet 270 Warnings and reprimands](#) (INFO 270) to explain our approach to giving warnings and reprimands relating to misconduct by financial advisers.

Cyber resilience

In our [2021–25 corporate plan](#), ASIC committed to work with industry and other regulators to enhance cyber resilience within our regulated entities to make Australian financial services and markets resilient to impactful cyber incidents.

In support of this priority, ASIC formed a new team to execute the strategy, build capabilities and contribute to Government and other regulatory cyber initiatives.

Through both the Council of Financial Regulators (CFR) Cyber Security Working Group, and as a standalone agency, ASIC has delivered a number of cyber resilience initiatives for Australian financial services firms and markets in the past year. These include:

- › meeting earlier this year with regulated entities to understand the challenges they encounter in managing cyber risk in their supply chains. Our key findings from these discussion have been shared on ASIC's [cyber resilience good practices](#) webpage
- › communicating with AFS licensees about [what the decision on RI Advice means](#) for them, following a decision of the Federal Court in May 2022 (see [Media Release 22-104MR](#))
- › working with the CFR to finalise the pilot phase of a [Cyber Operational Resilience Intelligence-led Exercises](#) framework to test the resilience of Australia's financial services industry.

Appendix 1: Licensing and registration data

This appendix provides licensing and registration data for the 2021–22 financial year – see Table 2 to Table 13. It also provides information about application outcomes, including the types of additional regulatory outcomes that could be imposed on an approved licence.

Application outcomes

An application for an AFS or credit licence may be:

- › rejected for lodgement
- › approved (with or without additional regulatory outcomes – that is, changes to authorisations and conditions)
- › withdrawn, or
- › refused.

Additional regulatory outcomes

An application that is approved may also have additional regulatory outcomes – for example:

- › a requested authorisation may be modified, tailored or refused
- › a responsible manager condition may be imposed or the applicant's nominated responsible manager may not be accepted because of concerns that they will not meet the organisational competence requirement
- › a key-person condition may be imposed or the applicant's nominated key person refused, or
- › additional conditions, or other non-standard conditions, may be imposed.

For every application that is approved there may be a combination of regulatory outcomes. This means that the number of regulatory outcomes for approved licences may be larger than the number of applications approved. For example, we may impose a key-person condition, require the appointment of an additional responsible manager, and refuse one of the authorisations sought. In this case, while there is a single approved licence application, we consider that we have achieved three beneficial regulatory outcomes. Data on the number of additional regulatory outcomes for new and varied AFS and credit licence applications in 2021–22 is contained in Table 5.

Suspensions and cancellations

We may also suspend or cancel an AFS licence. This may occur after a licensee has ceased operating a financial services business, or as a result of ASIC taking action against the licensee. Data on suspensions and cancellations in 2021–22 is contained in Table 6.

Table 2: Licence applications available for assessment (1 July 2021 to 30 June 2022)

Type of application	Received or initiated before July 2021	Received or initiated July 2021–June 2022	Finalised – approved	Finalised – not approved	Not finalised as at 30 June 2022
New AFS licence	281	482	415	135	213
Variation of AFS licence	552	667	763	142	314
New credit licence	129	200	163	83	83
Variation of credit licence	109	120	104	54	71
Total	1,071	1,469	1,445	414	681

Note 1: The 'Finalised – approved' column includes all applications that were approved during the 2021–22 financial year.

Note 2: The 'Finalised – not approved' column indicates applications that were rejected, withdrawn or refused during the 2021–22 financial year.

Table 3: Outcomes of AFS licence applications finalised (1 July 2021 to 30 June 2022)

Outcomes	New licence applications received before July 2021	New licence applications received July 2021–June 2022	Licence variation applications received before July 2021	Licence variation applications received July 2021–June 2022
Approved (without additional regulatory outcomes)	110	90	342	138
Approved (with additional regulatory outcomes)	104	111	119	164
Rejected for lodgement	3	75	4	37
Withdrawn before start of assessment	2	25	1	53
Withdrawn after start of assessment	22	8	31	16
Withdrawn after hearing	0	0	0	0
Refused after assessment	0	0	0	0
Refused after hearing	0	0	0	0

Table 4: Outcomes of credit licence applications finalised (1 July 2021 to 30 June 2022)

Outcomes	New licence applications received before July 2021	New licence applications received July 2021–June 2022	Licence variation applications received before July 2021	Licence variation applications received July 2021–June 2022
Approved (without additional regulatory outcomes)	30	24	36	16
Approved (with additional regulatory outcomes)	58	51	29	23
Rejected for lodgement	2	33	1	10
Withdrawn before start of assessment	7	21	7	12
Withdrawn after start of assessment	12	8	16	10
Withdrawn after hearing	0	0	0	0
Refused after assessment	0	0	0	0
Refused after hearing	0	0	0	0

Table 5: Number and type of additional regulatory outcomes for AFS and credit licence (new and variation) applications (1 July 2021 to 30 June 2022)

Type of additional regulatory outcome	AFS licence	Credit licence
Key-person condition imposed	334	154
Authorisations changed – authorisations granted that were different from those sought by applicant, or authorisations refused	126	14
Authorisations changed – authorisations granted that were specific to that applicant (tailored authorisations)	109	1
Additional responsible manager appointed	31	5
Additional conditions imposed	18	0
Authorisations refused	2	0

Type of additional regulatory outcome	AFS licence	Credit licence
Responsible managers not accepted for competence	1	0
Total	621	174

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

Note 2: When we do not 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 cancellations and suspensions of AFS and credit licences (1 July 2021 to 30 June 2022)

Licence type	Cancellation by ASIC	Cancellation on request	Suspension
AFS	19	284	11
Credit	17	238	1

Table 7: Applications finalised within service charter timeframes: Comparison of 2020–21 and 2021–22

Application type	Finalised in 150 days: 2020–21	Finalised in 150 days: 2021–22	Finalised in 240 days: 2020–21	Finalised in 240 days: 2021–22
New AFS licence	74%	73%	91%	91%
AFS licence variation	75%	67%	88%	89%
New credit licence	95%	82%	98%	91%
Credit licence variation	95%	75%	97%	87%

Table 8: Professional registration activity (1 July 2021 to 30 June 2022)

Registrant type	Application for registration	Registered	Withdrawn	Refused	Not finalised in period
Liquidator	35	21	1	8	8
Company auditor	116	89	14	2	18
SMSF auditor	49	40	6	1	7

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).

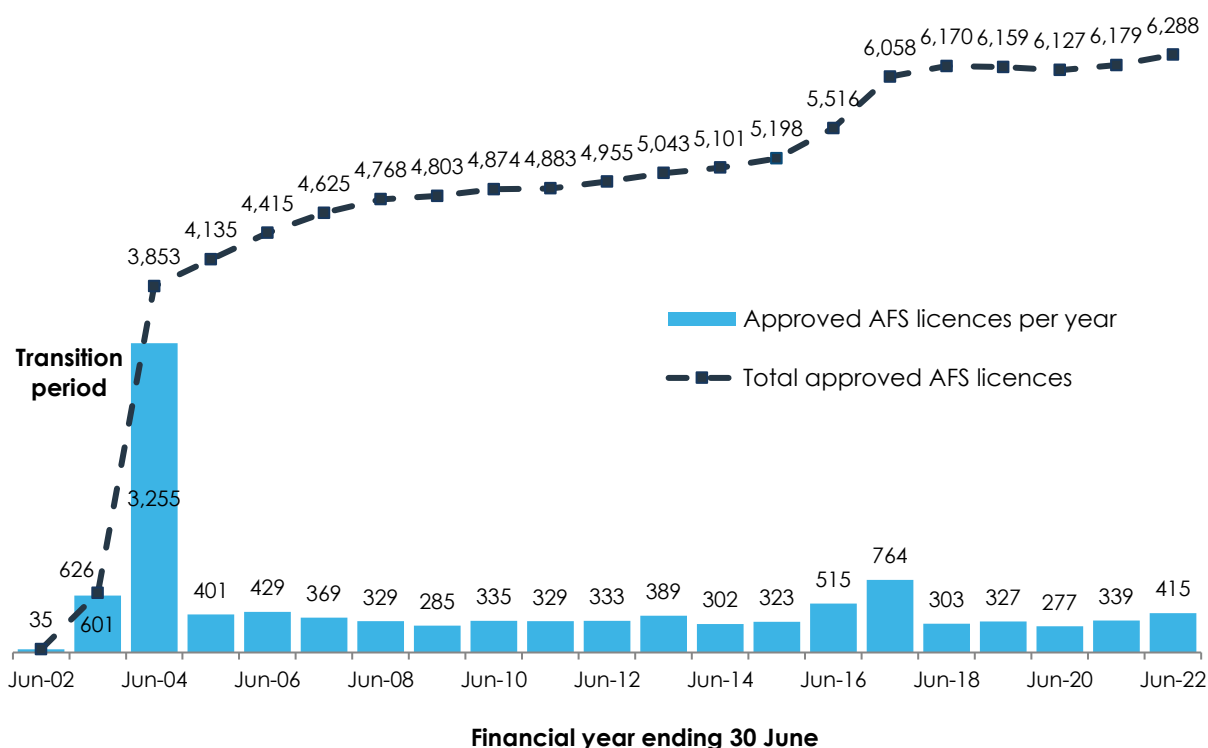
Since then ASIC's AFS and credit licensing and registration responsibilities have expanded as noted in Table 9.

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

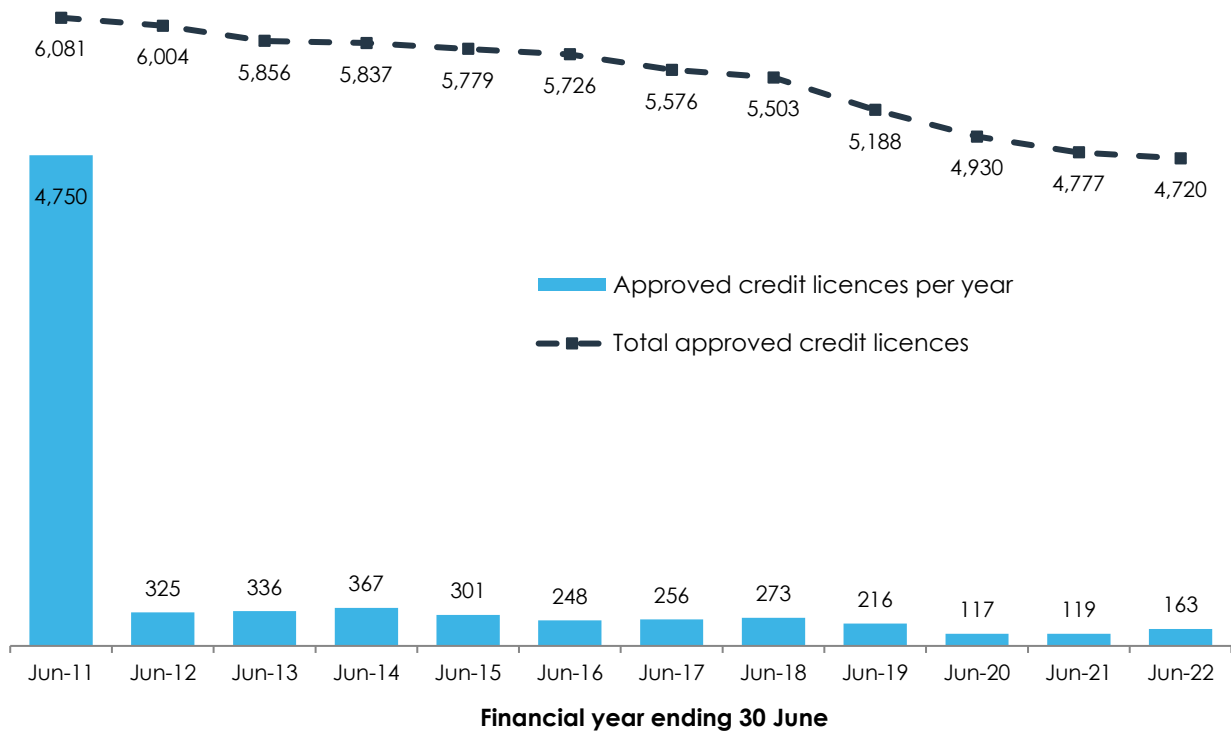
Note: ASIC's predecessor (the Australian Securities Commission) assumed responsibility for liquidator and company auditor registration under the *Corporations Act 1989*.

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



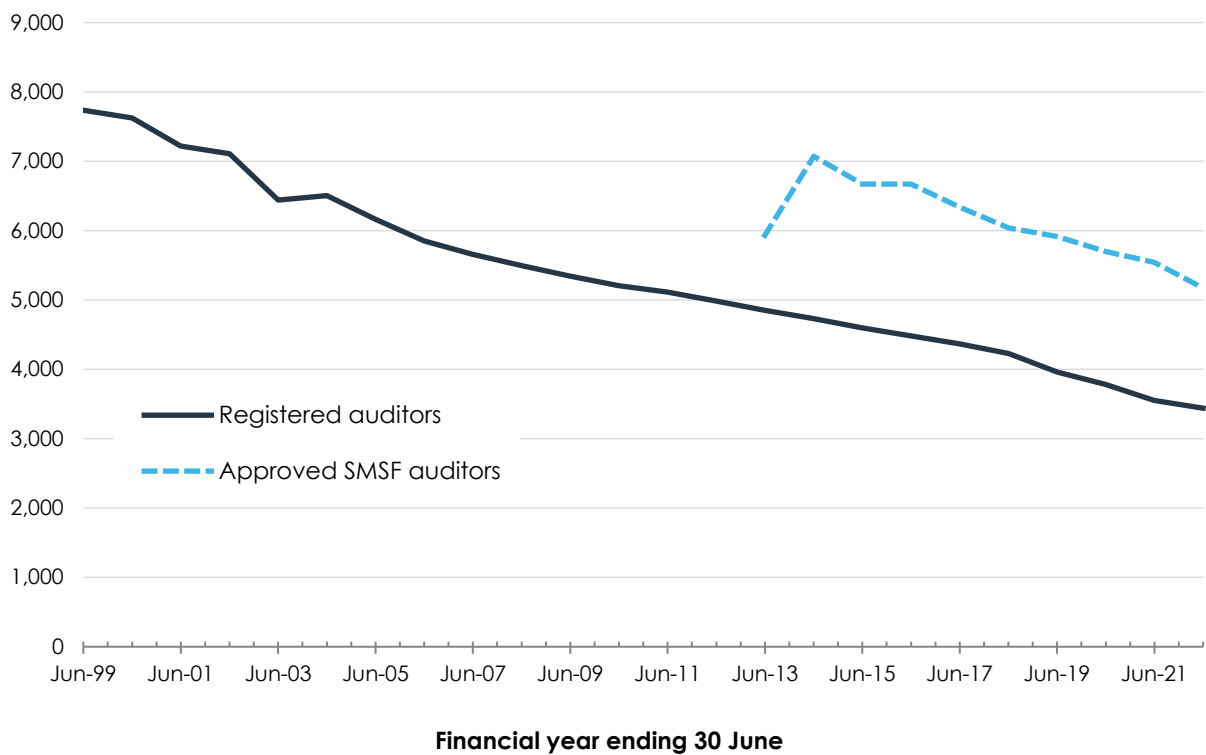
Note: See Table 11 in Appendix 3 for the complete data used in this figure (accessible version).

Figure 3: 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 4: Number of registered company auditors and approved SMSF auditors to 30 June 2022



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
June 2021	644
June 2022	638

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
June 2021	339	6,179
June 2022	415	6,288

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

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

Table 12: 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	367	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
June 2021	119	4,777
June 2022	163	4,720

Note: This is the data contained in Figure 3.

Table 13: Number of registered company auditors and approved SMSF auditors to 30 June 2021

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

Financial year ending 30 June	Registered auditors	Approved SMSF auditors
June 2007	5,658	Not applicable
June 2008	5,495	Not applicable
June 2009	5,345	Not applicable
June 2010	5,207	Not applicable
June 2011	5,114	Not applicable
June 2012	4,985	Not applicable
June 2013	4,852	5,935
June 2014	4,729	7,073
June 2015	4,596	6,669
June 2016	4,483	6,671
June 2017	4,365	6,639
June 2018	4,226	6,039
June 2019	3,962	5,917
June 2020	3,781	5,699
June 2021	3,553	5,540
June 2022	3,441	5,173

Note: This is the data contained in Figure 4.