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Australian Securities &
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To: Boards and executives

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ASIC's 2026–27 markets sector priorities

This letter outlines ASIC's key priorities for market operators and intermediaries for 2026–27 and covers both new activities and continuing areas of focus. It is intended to help entities plan, allocate resources and focus attention on the issues boards and executives should consider and act on in the year ahead.

ASIC's strategic priorities

ASIC's [2026–27 Corporate Plan](#) sets out five strategic priorities designed to support better financial outcomes for all Australians, while driving productivity, enhancing responsible innovation and building a more resilient financial system, against a backdrop of heightened strategic risk. Of most relevance to market operators and intermediaries are ASIC's priorities to:

- support effective, resilient and innovative operations
- drive integrity, transparency and confidence across markets, and
- improve consumer outcomes.

Notably, however, there are important threads of our work on our two other priorities that relate directly to markets entities and their conduct and practices:

- superannuation outcomes, including conduct targeting superannuation savings, and
- professional standards, including in relation to financial reporting and audit.

Financial markets landscape

Australia's financial markets are evolving rapidly. Public and private markets are being reshaped by the growth of private capital and large institutional investors, greater reliance on technology and data, innovation in trading, clearing and market infrastructure, heightened geopolitical tensions, and increasing cyber and operational risks. Australian financial markets are being shaped by global forces as well as domestic forces, including the rising weight of superannuation funds under management. ASIC will bring the market ecosystem together to test strategic choices, identify practical opportunities and risks, and inform our approach to market development, integrity, resilience and efficiency and dynamism.

ASIC will continue to ensure that Australia's financial markets remain fair, orderly and transparent so investors can participate with confidence. Market operators and intermediaries should maintain governance, financial and conduct risk management, systems and operational resilience proportionate to the size, nature and complexity of their businesses. Market integrity, fair dealing, transparency and resilience should remain at the core of their operations.

New areas of focus for 2026–27

Strategic priority: Support effective, resilient and innovative operations

Thriving public markets and resilient and competitive market infrastructure

Australia's evolving markets require renewed regulatory focus on promoting market structures that continue to support fair competition, efficient capital formation and confident investor participation. Building on last year's review of changes in capital formation, market participation and liquidity across public and private markets, we are continuing industry engagement, including through roundtables and targeted expert group discussions.

This engagement is informing where ASIC's supervision, guidance and regulatory settings, together with industry-led solutions, can better respond to technology use, operational resilience, liquidity, market efficiency and emerging risks. This sits alongside our continued work on simplification and other measures within our mandate that can better support thriving public markets – including listed equities – as part of our legislative commitment to efficient markets and our mandate to support economic growth.

We will maintain an intensive focus on overseeing ASX's delivery of the package of commitments we secured in December 2025 and confirmed in the [ASX inquiry final report](#) released in April 2026. We are enhancing our supervision of the ASX. At the same time, we are working closely with the Reserve Bank of Australia (RBA) to progress our revised regulatory approach to joint supervision.

We will support resilient and competitive market infrastructure through forward-looking regulation and by facilitating responsible innovation. This includes prioritising decisions on licensing and any proposed structural changes, as well as regulatory oversight of important technology programs including the ASX24 and TMX Australia Exchange transitions to new trading platforms and CHES Release 2. Our focus is to ensure that our rules, guidance and legislative instruments are updated where possible to promote fair competition.

We continue to look for ways to support public equity markets by reducing frictions affecting capital formation, liquidity, risk management and competition, while preserving investor confidence and market integrity. We [consulted on a revised, simplified guide for sell-side research](#) and on proposals to allow companies greater advertising and publicity opportunities before lodging a prospectus. We will clarify our guidance on when forecasts are required in a prospectus and confirm flexibility in how they may be presented, including their duration and the use of meaningful ranges.

We will continue to [run a trial process to shorten IPO deal timetables](#) for eligible offers and reduce deal execution risk. Having simplified compliance with new enhanced beneficial ownership reforms coming into force on 4 December 2026, we will monitor implementation of the reforms.

We will assess and address AI-driven manipulation and market integrity risks, including deepfakes and misinformation, using generative AI, social media monitoring and cross-market analysis. We will review the controls and governance that market intermediaries have in place for error and suspense accounts to prevent and detect possible abuse amid increasing concerns, given the heightened risk in high-volume and volatile markets.

This work is closely aligned with our enforcement priorities, including enduring enforcement priorities to respond to new or emerging conduct risks within the financial system and to address misconduct damaging market integrity.

Strengthen market resilience

The ASX inquiry underscored that resilient critical market infrastructure depends on strong governance. Heightened geopolitical tensions and rapid advances in frontier AI are increasing the need for intermediaries to strengthen resilience against fast-evolving threats, supporting continuity, market integrity and investor confidence.

With the Council of Financial Regulators, industry and other agencies, we will reinforce the need to get cyber fundamentals right. Boards should oversee cumulative, interrelated vulnerabilities and ensure risk and decision-making frameworks support timely escalation. We expect intermediaries to explore defensive AI for threat intelligence, vulnerability detection and incident response. This is consistent with our focus on holding governance of financial markets infrastructure operators and other critical service providers within the economy, to account for meeting the requisite standard of management and investment in the sustainable and resilient foundations necessary to reliably deliver their roles and meet their obligations.

We will test and strengthen ASIC's crisis response frameworks and expect industry to do the same, including for rapid, multi-pronged attacks enabled by frontier AI. ASIC will also consult on further aligning operational resilience market integrity rules with [APRA CPS 230](#) as part of ensuring these standards are fit for purpose but also as part of ongoing regulatory simplification and regulatory alignment.

We will also engage with industry to strengthen our capability to monitor market-wide risks and stress. This will include assessing how market stress may transmit across public and private markets, and the resilience of key controls and arrangements during market stress in supporting fair, orderly and transparent markets and confident participation by investors. Our aim is to identify emerging stress, excess leverage and risk taking that threaten orderly markets.

This supports our enforcement priority to identify and respond to new or emerging conduct risks in the financial system.

Support responsible financial innovation and tokenisation

While financial innovation can lead to more efficient and inclusive markets, this needs to be supported by appropriate safeguards, clear accountability and regulatory settings that protect investors and market integrity.

We will continue to support responsible innovation in financial services and markets, building on [the Government's financial innovation strategy](#) arising from the [Enhanced regulatory sandbox review report](#) and by establishing and implementing ASIC's refreshed approach to innovation. Key initiatives announced include a broader general sandbox.

We will also implement the [new regulatory regime for digital asset platforms and tokenised custody platforms](#) through standard-setting, systems updates to accept and process licence applications, industry engagement, regulatory guidance, and improved staff capability. As set out in our digital assets roadmap, this includes issuing consultation papers, regulatory guides, and draft rules in preparation for the formal commencement of the regime in April 2027.

As part of this work, we are actively monitoring concerns around market integrity, governance, and risk management as participants and advisers integrate digital assets alongside traditional assets.

Strategic priority: Drive integrity, transparency and confidence across markets

Robust debt and derivative markets

As bond and repo markets in Australia continue to grow, including as part of the growth of accumulated superannuation funds under management, a well-designed clearing model is crucial to support efficient settlement, netting and use of collateral. We will support industry, as appropriate, to facilitate the development of a pathway for central clearing for repos in Australia to help drive efficiency in traded debt markets. This will include exploring greater collateral mobility and alignment of settlement windows between domestic and international models.

We want robust benchmarks to support investor confidence, liquidity, competitive pricing and the fair, orderly, and efficient operation of Australia's financial markets. We will continue monitoring the liquidity and integrity of the transactions underpinning the Bank Bill Swap Rate, and ASX's implementation of the Secured Overnight Funding Index Australia (SOFIA). We will also consider whether the currently designated significant financial benchmarks remain appropriate.

We will review the risk management of significant debt market intermediaries that are not prudentially regulated. We will use industry engagement, including with targeted groups of experts, to balance growth, dynamism and efficiency opportunities within this arena with our obligations to regulate for resilient, effective, transparent and confident markets.

Strategic priority: Improve consumer outcomes

Evaluating concerns in prediction markets

Prediction markets and other event-based contracts are developing quickly globally. These products are often marketed as investment opportunities or financial products, despite many contracts sharing characteristics associated with wagering on future events.

We are concerned that Australian retail clients may not understand the speculative risks of these products and that outcomes may be manipulated. We will monitor how prediction markets and other event-based contracts are marketed and distributed, consider the boundary between wagering and financial products, and take appropriate action within ASIC's remit.

This work is closely aligned with our enduring enforcement priority on identifying and responding to new or emerging conduct risks within the financial system.

Other strategic priorities and relevant projects

Our work to drive integrity and transparency across markets will in many ways also contribute to achieving our strategic priorities to strengthen professional conduct and improve access to reliable financial and business information as well as support better retirement outcomes and superannuation members services.

We will work across ASIC on matters relevant to market operators and intermediaries, including sustainability reporting, corporate governance and financial reporting surveillance.

Continuing areas of focus for 2026–27

Strategic priority: Drive integrity, transparency and confidence across markets

Encourage healthy, transparent, and sound private markets

Private markets are increasingly important sources of funding and are expected to play a larger role in the global financial system. As they grow in scale, complexity and interconnectedness, we will continue to encourage further uplift in conduct standards, and address market-wide risks that could impact confidence, amplify stress or undermine market functioning.

Over the past year, ASIC increased surveillance of private equity, private credit, and infrastructure fund operators. In Report 820 *Private credit surveillance report: Retail and wholesale surveillance* ([REP 820](#)), we identified opaque interest margins and fees, weak governance, poorly managed conflicts of interest and disclosure shortcomings. ASIC's broader work also highlighted risks involving valuation, related-party arrangements, liquidity, leverage, concentration and governance.

Current conditions are testing private credit markets, including where entities are exposed to residential construction. Higher interest rates, slowing conditions in some sectors and elevated refinancing needs are testing governance, risk management and business model resilience, and the veracity of valuations.

ASIC will continue to use market intelligence and data, targeted surveillance and proactive supervision to strengthen transparency, governance and risk management, identify risks and address conduct that undermines investor confidence. Additional market pulse checks and emerging risk indicators will help to monitor trends and vulnerabilities.

Our further surveillance of wholesale and retail private credit funds has three streams:

- **Advice** – Examining distribution by financial advice licensees and advisers, including advice provided to retail investors
- **Direct** – Examining direct distribution of retail private credit funds by issuers, including a review of marketing, disclosure and fee practices, and
- **Wholesale** – Examining fee and incentive structures and disclosures of targeted wholesale private credit funds, to identify any misaligned incentives, misleading conduct and weak governance and conflict management practices.

This work will inform our review of guidance for fund operators and our support for industry standards. We will pursue enforcement action for breaches of the law to deter misconduct and promote market integrity.

We will increase supervision of business models where there are heightened risks, including leverage, liquidity pressures, interconnected funding or concentrated risk to identify vulnerabilities and potential transmission of stress.

Finalise pre-hedging guidance

Clear pre-hedging guidance helps manage conduct risks, promote consistent market practice and maintain confidence in financial markets. This year, we will finalise a new regulatory guide aligned with IOSCO's recommendations. Following [public consultation in June and July 2026](#), the guide will replace ASIC's guidance for market intermediaries issued on 1 February 2024.

Strategic priority: Improve consumer outcomes

Consumer protections for complex products

ASIC, IOSCO and other regulators will continue to address risks from distributing high-risk or complex products to retail investors, including short-dated exchange traded options, futures and fractional shares. We will publish a consumer media release, an industry Market Integrity Update and supporting content on the Moneysmart website covering fractional shares, micro-investing, exchange traded options and futures, together with new and updated glossary terms.

We will maintain strong protections for retail clients trading contracts for difference (CFD), which continue to cause significant harm because of their high-risk and leveraged nature. Since 2021, ASIC's CFD Product Intervention Order has reduced retail client losses and improved outcomes. In our sector-wide review outlined in Report 828 *Risky business: Driving change in CFD issuers' distribution practices* ([REP 828](#)), we found widespread improvements in target market determinations, onboarding questionnaires, reporting compliance and monitoring of client outcomes. This year, we will consult on targeted amendments and extending the order beyond May 2027 to ensure it remains effective as products and markets evolve.

This work is closely aligned with our enduring enforcement priority to address misconduct involving a high risk of significant consumer harm, particularly conduct affecting financially vulnerable consumers.

Engagement with peer regulators and supporting productivity

ASIC will continue to work closely with the Australian Prudential Regulation Authority (APRA), the RBA and other Council of Financial Regulators (CFR) members on markets sector issues, including operational resilience and emerging cyber risks. This engagement, along with engagement with international peers, will help ASIC understand the potential conduct implications of how market operators and intermediaries are responding to these risks. ASIC will also continue contributing to relevant CFR working groups on geopolitical risks.

ASIC will continue to work with APRA, the RBA and other regulators to streamline and harmonise data collection and sharing across regulators: see [CFR's Better regulation roadmap](#). We encourage the markets sector to continue raising practical examples of duplication, unnecessary burden or opportunities to simplify regulatory interactions with ASIC.

Looking ahead

Boards and executives should use this letter to inform their strategic planning, risk management, compliance and governance discussions.

Sincerely

Simone Constant

Commissioner

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