



CRIS: ASIC INDUSTRY FUNDING MODEL (2022–23)

This document is part of [ASIC's 2022–23 CRIS](#). It should be read in conjunction with the other documents that make up the CRIS, including the key terms.

B Corporate sector

Key points

This document outlines:

- our work during 2022–23 to regulate the corporate sector—for our ongoing regulatory activities, see paragraphs 1–10, and for our strategic work, see Table 1;
- the estimated levies to recover our costs—for a summary of the estimated levies for each subsector, see Table 2; and
- more detailed breakdowns of estimated costs for each subsector—see paragraphs 13–19.

The estimated levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2022–23.

Overview of the corporate sector

- 1 The corporate sector consists of:
 - (a) companies, including:
 - (i) listed corporations;
 - (ii) unlisted public companies;
 - (iii) large proprietary companies; and
 - (b) certain members of our regulated population that provide professional services:
 - (i) auditors of disclosing entities;
 - (ii) registered company auditors; and
 - (iii) registered liquidators.
- 2 Small proprietary companies are not included as a subsector in the *ASIC Supervisory Cost Recovery Regulations 2017* (Cost Recovery Levy Regulations) because we recover our regulatory costs for this subsector

through the \$4 increase to the annual review fee for proprietary companies, which was introduced in July 2018. This minimises the regulatory burden on small proprietary companies by ensuring they only pay one fee each year. This is a registry fee and is not charged within the Australian Government Charging Framework. However, we have included our estimated costs for regulating small proprietary companies in the CRIS to provide transparency on our work in this sector.

Note: The \$4 increase is subject to indexation and applies to all proprietary companies. We will reduce our levy for large proprietary companies by an amount equal to the additional \$4 (indexed) that large proprietary companies will pay through the increase to the annual review fee.

Our ongoing regulatory work

- 3 We use the full suite of our regulatory tools to promote integrity in this sector in order to bring about sound consumer outcomes. This includes, where appropriate, taking enforcement action to address misconduct. This action may span several years.
- 4 Our focus is on promoting sound corporate conduct and enforcing the law to minimise and respond to misconduct. Our work includes supervision and surveillance that targets corporate governance practices, corporate transactions and disclosures. This includes:
 - (a) surveillance of, and reviewing, public corporate finance activity, reports of misconduct and governance-related conduct. We primarily review activity and conduct by listed companies, to maintain an informed market and reduce harms to investors; and
 - (b) reviewing financial reports of listed entities and other public interest entities on a risk basis.
- 5 In relation to auditors, our ongoing focus is on audit quality and the consistency of audit execution to support the integrity of financial reporting. This includes:
 - (a) reviewing audits of listed entities and other public interest entities on a risk basis, focusing on asset values, provisions and revenue;
 - (b) reviewing aspects of quality control systems at the largest six audit firms;
 - (c) publishing the results of our audit surveillances;
 - (d) reviewing our activities for regulating auditors, focusing on the audit surveillance program; and
 - (e) implementing changes, where appropriate, to the audit surveillance program and communicating with key stakeholder groups on these changes.

- 6 Our work in relation to registered liquidators seeks to ensure that they fulfil their statutory duties and roles as fiduciaries diligently and independently. We continue to influence better outcomes in the insolvency space by:
- (a) providing information to the public about corporate insolvency in Australia and regulation of registered liquidators, including new data available to ASIC;
 - (b) using information collected from online forms to inform our guidance to industry on compliance with their obligations;
 - (c) engaging with Treasury on policy issues relevant to existing and proposed corporate insolvency law; and
 - (d) providing new and updated guidance (regulatory guides, information sheets or FAQs) to registered liquidators on key regulatory issues about how ASIC proposes to administer the law.
- 7 We continue to engage with external stakeholders and manage our relationships with them through, for example:
- (a) ongoing liaison meetings with key stakeholders (e.g. through our advisory panels) on a range of corporate governance and corporate finance matters;
 - (b) quarterly newsletters on our regulation of corporate finance and our response to novel relief applications;
 - (c) engagement on accounting and auditing policy and technical matters; and
 - (d) promoting communication about contemporary accounting, auditing and insolvency matters via liaison meetings with stakeholders.
- 8 The level of our regulatory activity in each subsector in the corporate sector depends on our assessment of the level of potential harm posed by the subsector. For example, we dedicate a significantly larger amount of our regulatory effort to listed corporations, compared to small proprietary companies, because misconduct by listed corporations has the potential to cause greater harm to investors and to fair, strong and efficient financial markets.

Strategic work in this sector

- 9 ASIC's [Corporate Plan 2022–26: Focus 2022–23](#) outlines our strategic priorities for the next four years and our planned actions for 2022–23. The corporate plan also sets out our core strategic projects, which support the delivery on our strategic priorities.
- 10 Our strategic priorities inform our [2023 enforcement priorities](#), which communicate our intent to industry and indicate where we will direct our resources and expertise.

11 Table 1 sets out our strategic work in the corporate sector in 2022–23.

Note: In Table 1, the strategic work *may* apply to the listed relevant subsectors, depending on prevailing circumstances. Our key actions for some strategic work can apply to multiple sectors and subsectors, particularly for our core strategic projects. This means that there may be other relevant sectors and subsectors for this work outside the corporate sector.

Table 1: Strategic work in the corporate sector (2022–23)

Focus area	Key actions	Relevant subsector
Sustainable finance (core strategic project)	<ul style="list-style-type: none"> • Oversight of sustainability-related disclosure and governance practices. • Continuing to work with peer domestic and international regulators (such as the Council of Financial Regulators Climate Working Group and the International Organization of Securities Commissions (IOSCO) Sustainable Finance Task Force) on sustainable finance developments. • Taking enforcement action against misconduct, including greenwashing by entities. 	Listed corporations
Cyber and operational resilience (core strategic project)	<ul style="list-style-type: none"> • Implementing a cross-industry self-assessment to benchmark and increase cyber resilience in our regulated population. • Engaging with industry to promote good practices and support initiatives that enhance cyber resilience. • Partnering with other regulators to harmonise regulatory approaches and action. • Updating the legal and compliance obligations for regulated entities that were first published in Report 429 Cyber resilience: Health check (REP 429). • Supporting the implementation of whole-of-government cyber resilience initiatives relevant to ASIC's regulated entities. • Taking enforcement action against regulated entities when there are egregious failures to mitigate the risks of cyber attacks and governance failures relating to cyber resilience. 	Listed corporations, unlisted public companies
Design and distribution obligations (core strategic project)	Reviewing compliance with the obligations where they apply to higher risk offers made by companies. To date, this has focused on surveillance of target market determinations and taking administrative action when there has been failure to comply with s994B of the Corporations Act.	Listed corporations, unlisted public companies

Focus area	Key actions	Relevant subsector
Using technology to identify poor market disclosure	<ul style="list-style-type: none"> Working with the Department of Industry, Science, Energy and Resources to implement the Business Research Innovation Initiative. Working with two regulatory technology (regtech) scale-up businesses to develop an innovative technology solution to identify and assess poor market disclosure by listed companies. 	Listed corporations
Review of whistleblower programs	<ul style="list-style-type: none"> Reviewing whistleblower programs from a sample of regulated entities to assess: <ul style="list-style-type: none"> how they handle whistleblower disclosures; how they use the information from disclosures to address issues or misconduct or change their operations; and the level of board and executive oversight of the program. Communicating our expectations and good practices regarding whistleblower programs—see Report 758 <i>Good practices for handling whistleblower disclosures</i> (REP 758). 	Listed corporations
High-risk registered liquidators	<ul style="list-style-type: none"> Identifying and triaging high-risk registered liquidators and taking action to address risks and harms identified. Using natural language processing to identify independence and disclosure concerns. 	Registered liquidators
Assetless Administration (AA) Fund	<p>Using the AA Fund to provide registered liquidators with funding, that is otherwise unavailable, to:</p> <ul style="list-style-type: none"> pursue relevant matters to identify and report on potential serious misconduct (including illegal phoenixing); and take action to recover assets of the company dissipated through misconduct. 	Registered liquidators

Summary table of estimated industry funding levies for the corporate sector

Table 2: Estimated industry funding levies for the corporate sector

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Listed corporations	Entities that, at any time in the financial year, are a listed corporation.	\$42.987m	2,189	<p>Market capitalisation</p> <p>An entity <i>listed</i> at the end of the financial year must multiply:</p> <ul style="list-style-type: none"> the price for the entity's main class of securities at the time market closes on the last trading day of the financial year; and the number of securities in that class at that relevant time. <p>An entity <i>unlisted</i> at the end of the financial year (but listed in the financial year) must multiply:</p> <ul style="list-style-type: none"> the last price for the entity's main class of securities on the day before the entity stops being listed; and the number of securities in that class at that relevant time. <p>Note: Exempt foreign entities under the ASX listing rules will only be required to pay a levy in relation to their securities held in Australia.</p>	\$4,000	<p>\$5m market capitalisation (minimum levy threshold)</p> <p>\$20bn market capitalisation (maximum levy threshold)</p>	<p>Minimum levy of \$4,000, plus \$23.12 per \$1m of market capitalisation above \$5m.</p> <p>Maximum levy of \$466,205, for entities with a market capitalisation of greater than \$20bn.</p>
Unlisted public companies	Entities that, at any time in the financial year, are a public company that is not listed.	\$3.605m	14,859	Flat levy	Not applicable	Not applicable	\$243

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Large proprietary companies	Entities that, at any time in the financial year, are a large proprietary company.	\$9.587m	9,820	Flat levy Note: To ensure large proprietary companies are not overcharged, the actual levy will be reduced by the \$4 increase in the annual review fee for proprietary companies.	Not applicable	Not applicable	\$976, less \$4 collected via the annual review fee
Small proprietary companies	Entities that, at any time in the financial year, are a small proprietary company.	\$22.343m	3,048,450	Costs recovered via an increase in the annual review fee for proprietary companies.	Not applicable	Not applicable	Not applicable. Recovered via the annual review fee.
Auditors of disclosing entities	Entities that, at any time in the financial year, are or have consented to be an audit entity for a disclosing entity with quoted securities.	\$6.001m	122	Audit fee revenue The total of the fees paid or payable to the entity in the financial year for the auditing and review of financial reports that relate to: <ul style="list-style-type: none">• a disclosing entity with quoted securities; or• an entity controlled by a disclosing entity with quoted securities. Note: Whether a disclosing entity controls another entity is decided in accordance with Australian Accounting Standard AASB 10 Consolidated financial statements .	Not applicable	No threshold	\$98 per \$10,000 of revenue
Registered company auditors	Entities that, at any time in the financial year, are a registered company auditor.	\$1.316m	3,400	Flat levy	Not applicable	Not applicable	\$387

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Registered liquidators	Entities that, at any time in the financial year, are a registered liquidator.	\$4.878m	675	<p>Number of external administration appointments and notifiable events</p> <p>The sum of:</p> <ul style="list-style-type: none"> • the number of specified appointments under Ch 5 of the Corporations Act accepted by the entity that financial year and in an earlier financial year if the entity is still acting at the start of the financial year for which the levy is to be calculated (see reg 20(3)(a)–(b) of the Cost Recovery Levy Regulations); • the number of specified notifiable events entered on the Published notices website by the entity (see reg 20(3)(c)); and • the number of documents lodged with ASIC by the entity for: <ul style="list-style-type: none"> – a notice of the outcome of a proposal to pass a resolution without a meeting – an executed deed of company arrangement (see reg 20(3)(d)); and – a restructuring plan that has been made. 	\$2,500	No threshold	Minimum levy of \$2,500, plus \$67.84 per appointment and notifiable event

Detailed breakdown of estimated costs of regulating each subsector in the corporate sector

- 12 We have provided a breakdown of the costs for each subsector in the corporate sector. We have also included the cost of regulating the subsector in the previous year. For more information about the actual costs for the 2021–22 financial year, see our [annual dashboard report and summary of variances](#) on our website.

Corporations

Listed corporations

- 13 ASIC's cost of regulating the subsector in 2021–22 was \$47.1 million. The estimated cost of regulating the subsector for 2022–23 is \$43.0 million: see Table 3.

Table 3: Estimated costs to regulate listed corporations

Expense	Estimated cost
Supervision and surveillance	\$5.590m
Enforcement	\$18.065m
Other regulatory activities	
<i>Industry engagement</i>	\$1.254m
<i>Education</i>	\$0.241m
<i>Guidance</i>	\$0.498m
<i>Policy advice</i>	\$1.077m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$3.958m
<i>IT support</i>	\$3.815m
<i>Operations support</i>	\$3.063m
<i>Property and corporate services</i>	\$3.821m
Total operating expenditure	\$41.381m
Allowance for capital expenditure	\$2.385m
Less costs funded by own-source revenue	(\$0.779m)
Adjustment for prior year (under or over recovery)	\$0.000m
Total levy to recover costs	\$42.987m

Unlisted public companies

- 14 ASIC’s cost of regulating the subsector in 2021–22 was \$3.7 million. The estimated cost of regulating the subsector for 2022–23 is \$3.6 million: see Table 4.

Table 4: Estimated costs to regulate unlisted public companies

Expense	Estimated cost
Supervision and surveillance	\$0.098m
Enforcement	\$1.859m
Other regulatory activities	
<i>Industry engagement</i>	\$0.025m
<i>Education</i>	\$0.021m
<i>Guidance</i>	\$0.007m
<i>Policy advice</i>	\$0.034m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.405m
<i>IT support</i>	\$0.296m
<i>Operations support</i>	\$0.277m
<i>Property and corporate services</i>	\$0.359m
Total operating expenditure	\$3.381m
Allowance for capital expenditure	\$0.224m
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m
Total levy to recover costs	\$3.605m

Large proprietary companies

- 15 ASIC’s cost of regulating the subsector in 2021–22 was \$6.4 million. The estimated cost of regulating the subsector for 2022–23 is \$9.6 million: see Table 5.

Table 5: Estimated costs to regulate large proprietary companies

Expense	Estimated cost
Supervision and surveillance	\$0.107m
Enforcement	\$5.959m

Expense	Estimated cost
Other regulatory activities	
<i>Industry engagement</i>	\$0.025m
<i>Education</i>	\$0.042m
<i>Guidance</i>	\$0.007m
<i>Policy advice</i>	\$0.030m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.904m
<i>IT support</i>	\$0.619m
<i>Operations support</i>	\$0.612m
<i>Property and corporate services</i>	\$0.789m
Total operating expenditure	\$9.094m
Allowance for capital expenditure	\$0.493m
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.001m
Total levy to recover costs	\$9.587m

Small proprietary companies

16 ASIC's cost of regulating the subsector in 2021–22 was \$20.7 million. The estimated cost of regulating the subsector for 2022–23 is \$22.3 million: see Table 6.

Table 6: Estimated costs to regulate small proprietary companies

Expense	Estimated cost
Supervision and surveillance	\$2.769m
Enforcement	\$10.239m
Other regulatory activities	
<i>Industry engagement</i>	\$0.321m
<i>Education</i>	\$0.133m
<i>Guidance</i>	\$0.040m
<i>Policy advice</i>	\$0.051m

Expense	Estimated cost
Indirect costs	
<i>Governance, central strategy and legal</i>	\$2.007m
<i>IT support</i>	\$1.373m
<i>Operations support</i>	\$1.303m
<i>Property and corporate services</i>	\$2.011m
Total operating expenditure	\$20.247m
Allowance for capital expenditure	\$2.103m
Less costs funded by own-source revenue	(\$0.007m)
Adjustment for prior year (under or over recovery)	\$0.000m
Total levy to recover costs	\$22.343m

Auditors

Auditors of disclosing entities

17 ASIC's cost of regulating the subsector in 2021–22 was \$6.8 million. The estimated cost of regulating the subsector for 2022–23 is \$6.0 million: see Table 7.

Table 7: Estimated costs to regulate auditors of disclosing entities

Expense	Estimated cost
Supervision and surveillance	\$1.765m
Enforcement	\$1.424m
Other regulatory activities	
<i>Industry engagement</i>	\$0.088m
<i>Education</i>	\$0.030m
<i>Guidance</i>	\$0.006m
<i>Policy advice</i>	\$0.192m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.585m
<i>IT support</i>	\$0.590m
<i>Operations support</i>	\$0.497m
<i>Property and corporate services</i>	\$0.481m
Total operating expenditure	\$5.659m

Expense	Estimated cost
Allowance for capital expenditure	\$0.302m
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.040m
Total levy to recover costs	\$6.001m

Registered company auditors

18 ASIC's cost of regulating the subsector in 2021-22 was \$1.5 million. The estimated cost of regulating the subsector for 2022–23 is \$1.3 million: see Table 8.

Table 8: Estimated costs to regulate registered company auditors

Expense	Estimated cost
Supervision and surveillance	\$0.249m
Enforcement	\$0.533m
Other regulatory activities	
<i>Industry engagement</i>	\$0.008m
<i>Education</i>	\$0.007m
<i>Guidance</i>	\$0.001m
<i>Policy advice</i>	\$0.025m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.129m
<i>IT support</i>	\$0.115m
<i>Operations support</i>	\$0.101m
<i>Property and corporate services</i>	\$0.107m
Total operating expenditure	\$1.275m
Allowance for capital expenditure	\$0.067m
Less costs funded by own-source revenue	(\$0.027m)
Adjustment for prior year (under or over recovery)	\$0.000m
Total levy to recover costs	\$1.316m

Registered liquidators

- 19 ASIC’s cost of regulating the subsector in 2021–22 was \$4.1 million. The estimated cost of regulating the subsector for 2022–23 is \$4.9 million: see Table 9.

Table 9: Estimated costs to regulate registered liquidators

Expense	Estimated cost
Supervision and surveillance	\$1.276m
Enforcement	\$0.654m
Other regulatory activities	
<i>Industry engagement</i>	\$0.179m
<i>Education</i>	\$0.074m
<i>Guidance</i>	\$0.034m
<i>Policy advice</i>	\$0.042m
Indirect costs	
<i>Governance, central strategy and legal</i>	\$0.639m
<i>IT support</i>	\$0.576m
<i>Operations support</i>	\$0.511m
<i>Property and corporate services</i>	\$0.551m
Total operating expenditure	\$4.536m
Allowance for capital expenditure	\$0.343m
Less costs funded by own-source revenue	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m
Total levy to recover costs	\$4.878m