



**ASIC**  
Australian Securities &  
Investments Commission



# ASIC Corporate Plan 2021–25

Focus 2021–22

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### Our Corporate Plan

This corporate plan covers the period from 2021–22 to 2024–25. It has been prepared for s35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

## Message from the Chair

I am pleased to present ASIC's Corporate Plan for 2021–25. This corporate plan outlines our regulatory priorities and actions over the next four years.

As the Chair of ASIC, I am committed to ensuring that ASIC is a capable, confident and effective regulator, trusted by the market and everyone in the community.

More than 18 months into the COVID-19 pandemic, we continue to be focused on supporting the Australian economy through these turbulent times.

We will do this by identifying and pursuing opportunities for smarter regulation that support business, particularly small business. We will facilitate innovation, consider the impact of our work on competition, and work with industry to enhance cyber resilience. We will seek to minimise the cost of regulatory interactions with ASIC, as well as exercise ASIC's regulatory relief powers where appropriate.

At the same time, we remain steadfast in our commitment to promote market integrity and to protect Australian consumers and investors from harm. We will do this by identifying, disrupting and deterring poor behaviour in our regulated space.

ASIC will continue to be a strong and targeted law enforcement agency. We will remain an active litigator against misconduct. We will use our full suite of tools and powers to address wrongdoing. Our enforcement actions will prioritise areas of greatest harm and the protection of vulnerable consumers and investors.

There are significant law reforms coming into effect over the coming months. We recognise that, in order to realise the longer term benefits of these reforms, we must engage actively and transparently with industry. We will continue to work closely with industry to help the transition toward the new standards being set.

As always, our work will be underpinned by an open and constructive relationship with the Australian Government, Treasury, and other regulators and agencies – in particular, the Australian Prudential Regulation Authority (APRA).

Internally, we will strengthen our organisational infrastructure to make ASIC a more efficient, effective and modern regulator. This will include drawing on the findings of an independent review of our key operational support functions. We will begin to implement the recommendations of that review over the coming year, to help us improve our operations, processes and governance.

An important focus for ASIC will be to enhance and fully use our data and cyber resilience capabilities to fulfil our regulatory mandate. Over the long term, we will strive to maximise our use of new and sophisticated technology to modernise the way we regulate and interact with our stakeholders.

We will also continue to communicate and engage with our stakeholders and other regulatory agencies in a way that ensures our actions and achievements have impact.

The priorities and actions in this corporate plan support the commitments we have made in our new Statement of Intent.

A strong Australian financial system is vital to supporting economic growth and recovery, promoting innovation and enabling Australians to invest for their financial future. ASIC is committed to ensuring that all of our stakeholders can participate in this system with confidence.

I have great faith in our organisation and people as we embark on this important work over the coming years.



**Joseph Longo**  
Chair

## Our vision

ASIC is Australia's corporate, markets, financial services and consumer credit regulator. ASIC's vision reflects our role under the *Australian Securities and Investments Commission Act 2001* (ASIC Act).

Our statutory objectives under the ASIC Act are to:

- › maintain, facilitate and improve the performance of the financial system and the entities in it
- › promote confident and informed participation by investors and consumers in the financial system
- › administer the law effectively and with minimal procedural requirements
- › efficiently and quickly receive, process and store information that is given to ASIC
- › make that information available to the public as soon as practicable
- › take whatever action we can, and that is necessary, to enforce and give effect to the law.

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

We also have the function of monitoring and promoting market integrity and consumer protection in the payments system. We do this by promoting:

- › the adoption of approved industry standards and codes of practice
- › the protection of consumer interests
- › community awareness of payments system issues
- › sound customer–banker relationships.

## Our vision

**A fair, strong and efficient financial system for all Australians.**

To realise our vision we will use all our regulatory tools to:

- › change behaviours to drive good consumer and investor outcomes
- › act against misconduct to maintain trust and integrity in the financial system
- › promote strong and innovative development of the financial system
- › help Australians to be in control of their financial lives.

# Delivering as an organisation

We will deliver on our statutory objectives and meet the expectations set by the Australian Government.

We are committed to achieving our statutory objectives in accordance with the ASIC Act. We are also committed to meeting the expectations of the Australian Government, as set out in the latest Statement of Expectations (released in August 2021).

We have responded to the Statement of Expectations with our [Statement of Intent](#). The Statement of Intent outlines how we will achieve our objectives, carry out our functions and exercise ASIC's powers in discharging our role.

This corporate plan highlights the work we are doing over the next four years, both externally and internally, in line with our Statement of Intent.

We are committed to promoting economic recovery as one of our key strategic priorities: see page 5.

We will:

- › identify and pursue ways to maintain and improve the fair and efficient operation of capital markets and the corporate sector, to facilitate business investment and confident participation by investors in the financial system
- › through a dedicated unit within ASIC, seek ways to change how we administer the law to minimise the costs and burdens of regulatory requirements for our regulated population and consumers
- › promote innovation (e.g. through the [Innovation Hub](#) and the enhanced regulatory sandbox) and consider competition in our work
- › work with industry and other regulators to enhance cyber resilience
- › expand our use of data and digital technology to inform markets and support faster, better regulatory outcomes
- › facilitate novel business models and transactions, including by exercising ASIC's regulatory relief powers as appropriate.

To identify and reduce the risk of misconduct in the markets and sectors we regulate, we will look to use the full suite of our regulatory tools in a targeted and proportionate way. Our enforcement actions will focus on areas of greatest harm.

While we will act independently in making regulatory decisions, we remain committed to working with the Australian Government, Treasury and other regulators. For instance, we will work together

to implement the law reforms responding to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Financial Services Royal Commission), and the new Financial Accountability Regime.

We will consult with the Australian Government and Treasury on our policy-related functions. We will also continue to enhance our cooperation with other regulators, especially APRA, to share information, avoid duplication and promote common approaches to regulation.

We will work closely with the Australian Taxation Office (ATO) in the ongoing transition of registry functions and the implementation of the Modernising Business Registers (MBR) program.

Where needed, we will provide clear guidance and communication on how we will exercise ASIC's powers. This will help businesses comply with the law with minimum compliance costs.

We will actively and transparently engage with stakeholders and take their feedback into account when making regulatory decisions.

To strengthen our operational infrastructure, we are continuing to implement a range of initiatives. This includes acting on the recommendations of an independent review of our operational functions, conducted in June and July 2021.

In line with the PGPA Act, the Chair as accountable authority will govern ASIC in a way that is not inconsistent with the policies of the Australian Government.

Our Chair will have sole executive management responsibility and rely on and use our key senior executives to carry out day-to-day management activities and deal with operational issues. The Chair will delegate functions where he considers this would benefit the executive management of ASIC.

Our Commission will act as a strategic non-executive body, focusing on high-level regulatory and statutory decision making and stakeholder management. It will continue to provide support to the Chair on organisational oversight.

Our governance and accountability framework sets out the roles and responsibilities of the Chair and the Commission.

# Strategic priorities

We are focused on addressing the most significant threats and harms in our regulatory environment and bolstering our capabilities to achieve this.

In 2021–22, our work will be guided by a set of external and internal strategic priorities.

Our external priorities target the most significant threats and harms in our regulatory environment. We will explore the use of all of our regulatory tools to deliver on these priorities. This includes taking enforcement action, where warranted.

Our internal priorities aim to strengthen our operational capabilities so that we are able to carry out our work effectively and efficiently.

EXTERNAL PRIORITIES	Promoting economic recovery – including through better and more efficient regulation, facilitating innovation, and targeting regulatory and enforcement action to areas of greatest harm
	Reducing risk of harm to consumers exposed to poor product governance and design, and increased investment scam activity in a low-yield environment
	Supporting enhanced cyber resilience and cyber security among ASIC’s regulated population, in line with the whole-of-government commitment to mitigating cyber security risks
	Driving industry readiness and compliance with standards set by law reform initiatives (including the Financial Accountability Regime, reforms in superannuation and insurance, breach reporting, and the design and distribution obligations)
INTERNAL PRIORITIES	Enhancing communication and engagement with our stakeholders and other regulatory agencies, to ensure our actions and achievements have a real and tangible impact
	Improving our infrastructure and systems to strengthen our key internal operations, processes and governance frameworks to effectively support our regulatory work
	Enhancing and effectively utilising our data and cyber resilience capabilities in fulfilling our regulatory mandate and organisational priorities
	Continuing to nurture a workplace environment that promotes a culture of speaking up, challenge, accountability and a ‘whole-of-ASIC’ lens, underpinned by a sound system of risk management and compliance

# Strategic planning framework

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

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

The process begins with monitoring and analysing key trends in our regulatory environment.

We then apply our threats, harms and behaviours framework to set our strategic priorities. This framework identifies, describes and prioritises actual and potential harms to consumers, investors and markets. Under this framework, we:

- › analyse the key economic and sectoral trends identified through the examination of our regulatory environment
- › identify and prioritise a broad range of threats and behaviours that are causing, or could potentially cause, harm. This includes the work of our Emerging Threats and Harms Committee, which monitors, analyses and responds to changes in our operating environment
- › test the rigour of our results with independent external consultative panels and experts.

Through this framework, we set external and internal strategic priorities to ensure that we are able to deliver on our regulatory mandate in the most effective and efficient way.

Our external strategic priorities address the types of threats and harms in our regulatory environment that we see as most significant and pressing.

Our internal strategic priorities focus on what we view as the most important steps towards strengthening our capabilities as an organisation.

These internal and external priorities drive the development of business plans for the coming year and the allocation of resources.

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

## ASIC's planning process





# Regulatory environment

We examine key trends in the regulatory environment to help shape our strategic actions.

## Financial system health

The Australian financial system has continued to function well during the COVID-19 pandemic. The Australian equity market is near record highs, supported by low interest rates and strong equity valuations across global markets.

The initial public offering (IPO) market has remained very active. There were 141 IPOs between 1 July 2020 and 30 June 2021, raising more than \$22.9 billion.

Australia's large financial institutions have operated effectively despite initial concerns at the beginning of the pandemic. This has been underpinned by improved consumer and business sentiment, house price appreciation, increased demand for credit, and lower than expected bad debts.

Superannuation funds experienced negative net flows in the June and September quarters of 2020, before returning to net positive flows.

## Vulnerable consumers

Investment scams have increased dramatically during the pandemic. We received nearly 10 times as many reports of misconduct about investment scams in March 2021 compared to the pre-pandemic average. This has taken place as people spend more time at home and use more online services, and as scammers look to take advantage of heightened uncertainty.

Some investors are taking on riskier investments in the search for higher returns in a low-yield environment, with some also being influenced by social media groups and personalities.

## Corporate resilience

Many Australian companies have weathered the pandemic with strong balance sheets and have shown a willingness to invest.

Investment in machinery and equipment and business lending have trended up in recent quarters.

Higher commodity prices have boosted profits for mining and related services companies.

However, some sectors in the economy have been severely challenged by the COVID-19 pandemic. These companies will likely need to draw on cash reserves as government support is wound back. Insolvency activity may also increase this financial year, off a historically low base.

## Technology

The pandemic has accelerated several technological trends. More employees are working from home and there is unlikely to be a full return to pre-pandemic working arrangements.

Changes in the use of technology have also increased companies' vulnerability to cyber attacks. There have been an increasing number of high-profile cyber attacks in recent months. This has elevated companies' awareness of the importance of cyber security and resilience.

As a result, companies are investing in their digital infrastructures to prevent data breaches, technology failures and system outages.



# Actions

## We will take regulatory action over the next four years to achieve our vision

To promote a fair, strong and efficient financial system for all Australians, our work over the next four years will centre on:

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

As part of this, we will address the key challenges in the economic environment. This environment is currently characterised by the ongoing COVID-19 pandemic, the heightened risks facing consumers in search of yield, the accelerated digitalisation of our economy, and significant law reforms being implemented in response to the Financial Services Royal Commission and other inquiries.

In the following sections, we discuss our key regulatory activities over the next four years to fulfil our vision. We also outline more specifically our strategic actions in the 2021–22 financial year, including how they relate to our external priorities of:

1. promoting economic recovery – including through better and more efficient regulation, facilitating innovation, and targeting regulatory and enforcement action to areas of greatest harm
2. reducing risk of harm to consumers exposed to poor product governance and design, and increased investment scam activity in a low-yield environment
3. supporting enhanced cyber resilience and cyber security among ASIC’s regulated population, in line with the whole-of-government commitment to mitigating cyber security risks
4. driving industry readiness and compliance with standards set by law reform initiatives (including the Financial Accountability Regime, reforms in superannuation and insurance, breach reporting, and the design and distribution obligations).

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## Change behaviours to drive good consumer and investor outcomes

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### Action 2021–22 to 2024–25

Over the next four years, we are committed to promoting positive behaviour in the entities and individuals we regulate, with the aim of improving financial outcomes for consumers and investors and supporting the economic recovery. At all times, we expect our regulated population to act in a fair, professional and ethical manner, in the best interest of consumers and investors.

The key characteristics of positive behaviours we will seek to instil include:

- › strong governance controls that support sound decision making and a culture of achieving fair and efficient outcomes
- › a commitment to design and distribute products that meet the needs of consumers

- › robust disclosure and reporting practices that provide clear, accurate and timely information to consumers based on their needs
- › healthy competition between product and service providers, based on differing business models and structures
- › timely and accurate significant breach reporting to ASIC
- › efficient handling of complaints and dispute resolution, and appropriate and timely consumer remediation where losses have resulted from poor conduct.

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

- › working with the Australian Government, Treasury and other regulators to support, implement, and help to deliver the long-term benefits of law reform, including those relating to the recommendations of the Financial Services Royal Commission
- › implementing the Financial Accountability Regime and co-regulating the regime with APRA
- › continuing to use our regulatory tools to improve consumer outcomes (including product intervention orders where there is a significant risk of consumer detriment)
- › consulting with the Australian Government and Treasury on our policy-related functions
- › engaging actively and transparently with stakeholders and taking their feedback into account when making regulatory decisions
- › providing clear guidance and communication on how we exercise ASIC's powers to help businesses comply with the law with minimum compliance costs
- › continuing to work with other regulatory agencies, both domestically and internationally – for instance, through close cooperation and sharing of information with APRA, and active participation in the Council of Financial Regulators (CFR) and Trans-Tasman Banking Council. We will also engage with other counterparts via global bodies such as the International Organization of Securities Commissions (IOSCO), the Financial Stability Board (FSB), the International Association of Insurance Supervisors, the Organisation for

Economic Co-operation and Development (OECD), the International Forum of Independent Audit Regulators, and the International Organisation of Pension Supervisors

- › continuing to engage with select regulated entities that present the greatest potential harm to consumers and investors, through our institutional supervision work (previously known as close and continuous monitoring)
- › continuing to effectively and efficiently assess applications for Australian financial services (AFS) licences, Australian credit licences (credit licences), and professional registrations (e.g. as company and self-managed superannuation fund (SMSF) auditors), and manage registered liquidators registrations. Our assessment and management helps ensure only fit and proper persons with appropriate qualifications and experience are granted a licence or registration
- › ensuring financial services providers have the resources, competence and systems to operate efficiently, honestly and fairly
- › providing guidance to industry on good practice, where appropriate.

When we take enforcement action against misconduct, we will seek to maximise the deterrence impact to discourage poor behaviour among our regulated population.

## Action 2021–22

### Cross-sector

Focus	Project status	Key actions	Strategic priority
Financial Accountability Regime	Continuing	<p>As part of the ongoing implementation of the new regime:</p> <ul style="list-style-type: none"> <li>› continue to collaborate with APRA to establish administrative and business processes and procedures</li> <li>› establish integrated data systems to support efficient joint administration</li> <li>› together with APRA, liaise with industry to help prepare for the transition</li> </ul>	4

Focus	Project status	Key actions	Strategic priority
Design and distribution obligations	New and continuing	<p>Support and monitor implementation of the reforms through engagement and guidance</p> <p>Take a strategic, ASIC-wide approach to supervision and enforcement of the design and distribution obligations</p> <p>Undertake risk-based surveillance on a range of products such as buy now pay later and choice superannuation products</p> <p>Explore potential risk-based surveillance on targeted distribution networks or channels</p> <p>Where appropriate, take enforcement action (e.g. against those who issue products that exploit consumers by offering no or little benefit, and those engaged in the mis-selling of products)</p>	4
Breach reporting	Continuing	<p>Effectively handle and prioritise information reported to ASIC as the new regime is introduced for financial services and credit licensees in October 2021</p> <p>Use information from breach reports to support early identification and resolution of issues</p> <p>Update <a href="#">Regulatory Guide 78</a> <i>Breach reporting by AFS licensees</i> (RG 78) following consultation, and publish a new information sheet</p> <p>Continue to monitor the incidents and issues management and breach reporting processes in large and complex financial institutions to seek continuous improvement in consumer outcomes</p> <p>Develop an information technology (IT) solution for bulk uploads of breach reports</p>	4
Hawking prohibitions	Continuing	<p>Support and monitor implementation of hawking prohibition reforms through engagement and guidance</p> <p>Publish revised <a href="#">Regulatory Guide 38</a> <i>The hawking prohibitions</i> (RG 38)</p>	4
Internal dispute resolution	Continuing	<p>Develop and pilot a data reporting framework for internal dispute resolution</p> <p>Continue to monitor the performance of internal dispute resolution processes in large and complex financial institutions to seek continuous improvement in consumer outcomes</p>	4
Institutional supervision	New and continuing	<p>Conduct dedicated supervision of the financial institutions that have the greatest impact on consumers and markets in order to seek continuous improvement in consumer outcomes. This includes in-depth supervisory reviews of the effectiveness of the institutions' internal audit functions in improving consumer outcomes and reducing harm</p>	1

Focus	Project status	Key actions	Strategic priority
Supervision of whistleblower program	New and continuing	Review whistleblower programs from a sample of regulated entities to assess 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	4
Social media advice and influence on retail investment decisions	New	Expand monitoring of social media platforms and moderators to facilitate early detection of unlicensed advice and research. Engage with providers to drive behavioural change, monitor unlicensed activity and educate retail investors	1
Life Insurance Framework (LIF) review (advice review and data collection)	Continuing	Test and compare life insurance advice from 2017 (before the LIF reforms were introduced) and from 2021 (after the reforms were fully phased in)  Provide information collected during the LIF review to Treasury for the purposes of the Australian Government's Quality of Advice Review	4
Remediation policy	Continuing	Consult on and finalise guidance on remediation	4
Enforceable codes	Continuing	Publish an update to <a href="#">Regulatory Guide 183</a> <i>Approval of financial services sector codes of conduct</i> (RG 183)	4

### Financial advisers

Focus	Project status	Key actions	Strategic priority
Unmet advice needs	Continuing	Engage with industry on impediments to industry's ability to deliver good quality and affordable personal advice  Take appropriate regulatory action to address these impediments, to the extent permitted by ASIC's regulatory powers and resources	1
Single disciplinary body	Continuing	Establish the Financial Services and Credit Panel (FSCP) as the single disciplinary body for financial advisers  Facilitate annual registration and renewal for financial advisers and administer the financial adviser exam	4

### Investment managers

Focus	Project status	Key actions	Strategic priority
Governance of managed investment schemes and responsible entities	New and continuing	Review the practices of a selection of large managed investment schemes, with a view to mitigate the risks of adverse member outcomes  Continue a targeted review of responsible entities' governance structures and processes, and publish findings  Conduct further, targeted analysis of concerns identified in the review and take appropriate regulatory actions	2
Litigation funders	Continuing	Facilitate the implementation of the Australian Government's litigation funding reforms by providing relief and issuing guidance as required	4

## Superannuation

Focus	Project status	Key actions	Strategic priority
Communications about performance	New	<p>Monitor the implementation of the Your Future Your Super reforms and work with APRA on greater consistency of performance disclosures</p> <p>Review the mandatory underperformance notifications and other communications by trustees of products that fail to pass the annual performance test, and the communications of a sample of those that do not fail the test, across marketing and distribution channels</p> <p>Take regulatory action on non-compliance where appropriate</p>	4
Insurance in superannuation	New and continuing	<p>Conduct surveillance of superannuation trustees on issues raised by ASIC in 2019 and 2020, including those outlined in <a href="#">Report 633</a> <i>Holes in the safety net: A review of TPD insurance claims</i> (REP 633) and <a href="#">Report 675</a> <i>Default insurance in superannuation: Member value for money</i> (REP 675)</p> <p>Support and monitor implementation of regulatory reforms (e.g. claims handling)</p>	1
Internal dispute resolution in superannuation	New and continuing	<p>Continue focus on implementation of internal dispute resolution framework to assist the superannuation industry in its transition to <a href="#">Regulatory Guide 271</a> <i>Internal dispute resolution</i> (RG 271) (e.g. through stakeholder communications and engagement during the transition period)</p> <p>Following implementation of the RG 271 requirements, analyse data and review specific case studies to assess industry compliance and determine if further regulatory action is necessary</p>	4
Retirement income calculators and projections	Continuing	Consult on and update relief instruments and guidance	1

## Credit and banking

Focus	Project status	Key actions	Strategic priority
Consumer leases and short-term, small amount finance	Continuing	<p>Continue to collect data from relevant lenders and lessors to identify and respond to predatory lending practices</p> <p>Following the passage of law reforms, review existing guidance, prepare to use new powers, and engage with industry to set expectations</p>	1

Focus	Project status	Key actions	Strategic priority
Lender responses to borrowers experiencing financial difficulty	Continuing	<p>Continue to monitor developments, trends and issues of concern through engagement, data collection and analysis of data collected by APRA</p> <p>Influence lender responses through surveillance and setting expectations</p> <p>Where warranted, take enforcement action against conduct that exacerbates consumer financial stress (particularly in the context of the COVID-19 pandemic)</p>	1
Poor debt collection practices	New	<p>Collect data to understand the controls in place when debt is sold, how the controls work and who is affected</p> <p>Engage with lenders and industry associations to identify issues of concern and assess trends</p> <p>Provide further guidance to industry, set expectations, and where appropriate, undertake surveillance and enforcement action</p>	1
Lending standards of non-authorised deposit-taking institution credit providers	New	<p>Following the passage of law reforms:</p> <ul style="list-style-type: none"> <li>› engage with APRA to promote consistency on lender obligations</li> <li>› review and, as needed, update or withdraw ASIC public documents</li> <li>› gather information about new systems, policies and procedures and assess industry implementation</li> </ul>	4

## Insurance

Focus	Project status	Key actions	Strategic priority
Insurance outcomes for consumers affected by natural disasters	Continuing	<p>Analyse data collected from insurers to measure consumer harms, and develop a risk-based approach for responding to consumer harms resulting from natural disasters</p> <p>Consider regulatory intervention where necessary (e.g. in relation to claims handling and design and distribution obligations)</p> <p>Use targeted communications and tools to help consumers navigate the claims process in response to future events</p>	1
Review of conflicted remuneration in general insurance	Continuing	<p>Collect data to support the Australian Government's response to Financial Services Royal Commission Recommendations 2.3 (Review of measures to improve quality of advice) and 2.6 (General insurance and consumer credit insurance commissions) relating to how remuneration structures affect consumer outcomes in the sale of general insurance</p>	1
Warranties surveillance	Continuing	<p>Review the motor vehicle extended warranty market (e.g. the extent to which warranty providers commit to, and voluntarily implement, a deferred sales model similar to that legislated for add-on insurance products)</p> <p>Determine whether the sale and/or design of these products is causing significant consumer harm</p>	2

## Registered liquidators

Focus	Project status	Key actions	Strategic priority
Influencing better outcomes in insolvency sector	Continuing	<p>Provide information about corporate insolvency in Australia and regulation of registered liquidators, including new data available to ASIC</p> <p>Use new information collected from online forms to inform our guidance to industry on compliance with law reform</p>	1

## Market supervision

Focus	Project status	Key actions	Strategic priority
Product intervention orders for retail over-the-counter derivatives	New	<p>Monitor compliance with the contracts for difference and binary options product intervention orders</p> <p>Assess the effectiveness of the orders in reducing harm, areas of possible avoidance, and whether the orders should be extended</p> <p>Take regulatory action, including enforcement action where warranted, to address misconduct</p>	2



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

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### Action 2021–22 to 2024–25

Over the next four years, we will engage in a range of supervisory and enforcement activities to identify and act against wrongdoing. We will employ the full scope of our regulatory toolkit in a targeted and proportionate way to enforce the law.

We will continue to pursue misconduct in a range of areas, particularly in relation to vulnerable consumers and egregious behaviour.

In a prevailing low-yield environment, we will continue to focus on elevated risks to consumers – for instance, risks related to scams and the exploitation of consumers through poor product governance, poor product design and mis-selling.

We will continue to conduct surveillance activities across our regulated population and consider reports of misconduct. We aim to act quickly to reduce harms to consumers and investors.

We will also continue to implement our expanded role as the conduct regulator for superannuation.

Our Office of Enforcement will investigate, disrupt and deter serious and harmful misconduct across ASIC's regulated population. In maximising our deterrent impact, we will work to enhance market integrity and reduce the risk of harm to consumers of Australian financial services.

As always, our enforcement approach will remain responsive to changes in our regulatory environment. Where appropriate, we will take targeted enforcement action.

We will focus on areas of greatest harm, including:

- › serious misconduct that harms confidence in markets, business and the economy or exacerbates consumer hardship
- › poor product design and governance, mis-selling, and failure to comply with conflict of interest requirements and disclosure obligations
- › perpetrators of egregious digital and other financial sector scams
- › failure to adequately manage cyber risks that harm consumers
- › failure to implement new standards set by law reform initiatives.

We will continue to empower our people and enhance our investigative capabilities. Our approach ensures dedicated resources are available to address the most serious and harmful types of misconduct, where required.

We will continue our collaborative working relationships with domestic and international regulatory and law enforcement agencies. We aim to enhance coordination, improve investigative outcomes and build capability. This will include proactive inter-agency information sharing with APRA and participating in joint-agency initiatives, such as the Serious Financial Crime Taskforce and Phoenix Taskforce, to combat serious and complex financial crime and illegal activity.

Teams across ASIC will work collaboratively to act against misconduct. The following tables outline ASIC's key actions in 2021–22 across a range of regulatory sectors.

## Action 2021–22

### Cross-sector

Focus	Project status	Key actions	Strategic priority
Retail investor scams	Continuing	Undertake education, communications and social media campaigns to raise investor awareness of potential harms  Take enforcement action, where warranted, to address misconduct and deter others from engaging in similar misconduct	2
Governance failures	Continuing	Investigate and take enforcement action against egregious failures to manage non-financial risk, with a focus on individual conduct	1
Cybercrimes	Continuing	Take proactive and disruptive enforcement action against perpetrators of egregious cybercrime and other conduct facilitated by digitalisation	3
Cyber governance and resilience failures	Continuing	Investigate and take enforcement action against egregious instances of failure to adequately manage cyber risks	3
Financial Services Royal Commission investigations and litigation	Continuing	Continue to finalise investigations relating to referrals and case studies arising from the Financial Services Royal Commission and take enforcement action, where warranted	2
Illegal phoenix activity	Continuing	Conduct surveillance of potential illegal phoenix activity  Take enforcement action, where warranted, to address misconduct and deter others from engaging in illegal phoenix activity	1

### Financial advisers

Focus	Project status	Key actions	Strategic priority
Single disciplinary body	Continuing	Work with stakeholders to implement legislation for the single disciplinary body. This will include: <ul style="list-style-type: none"> <li>› establishing the FSCP as the single disciplinary body for financial advisers</li> <li>› triaging and investigating matters reported to ASIC and, where applicable, referring matters to the FSCP</li> <li>› actioning and reporting on FSCP sanctions and decisions</li> </ul>	4

### Investment Managers

Focus	Project status	Key actions	Strategic priority
Marketing and disclosure – risk and return for managed investment funds	New	Monitor marketing in traditional and digital media using search terms that are likely to appeal to retail investors  Review Product Disclosure Statements (PDSs), focusing on new PDSs and responsible entities with a history of poor disclosure, to identify likely misleading returns, inappropriate benchmark use or poor risk disclosure  Take enforcement action, where warranted	2

## Superannuation

Focus	Project status	Key actions	Strategic priority
Superannuation conduct regulator	Continuing	<p>Ensure effective implementation of superannuation conduct law reform, including the new licensing requirements, by engaging with industry and working closely with APRA</p> <p>Update ASIC instruments, guidance, internal processes and materials to reflect law reform</p> <p>Take enforcement action, where warranted, to address misconduct and deter others from engaging in similar misconduct</p>	4

## Credit and banking

Focus	Project status	Key actions	Strategic priority
Consumer leases and short-term, small amount finance	Continuing	<p>Conduct surveillances to ensure costs incurred by consumers are legal and correctly calculated</p> <p>Review 'continuing credit' models and other models purporting to be exempt from the National Credit Act</p>	1
Mortgage broker best interests duty and conflicted remuneration rules	Continuing	Gather data and information from brokers, aggregators and lenders and conduct file reviews. Take regulatory action, including enforcement action, if warranted	4

## Insurance

Focus	Project status	Key actions	Strategic priority
General insurance pricing misconduct	New	<p>Review whether premiums and advertised discounts are correctly calculated and charged</p> <p>Review adequacy of controls used by insurers to identify and adequately respond to pricing issues (such as overcharging of premiums to consumers)</p> <p>Take regulatory action to deter pricing misconduct, including enforcement action, if warranted</p>	2
Life insurance claims	Continuing	<p>Test whether claims practices are causing consumer harm (e.g. using unwarranted physical surveillance as a basis to decline or prolong the assessment of retail disability income insurance claims)</p> <p>Use findings to design an intervention to improve insurers' controls, monitoring and supervision</p> <p>Take regulatory action, including enforcement action where warranted, to address misconduct</p>	1

## Corporations

Focus	Project status	Key actions	Strategic priority
Review of corporate finance transactions	Continuing	Review public corporate finance activity (e.g. initial public offerings and takeovers) through a targeted and risk-based framework to identify and address issues amid record-high volumes of activities	2
Greenwashing of financial products	Continuing	<p>Conduct targeted surveillance of financial products to identify misleading statements relating to environmental, social and governance claims, particularly across social media</p> <p>Seek opportunities to improve consumer outcomes by changing industry practices to mitigate the risk of greenwashing, and contribute to the international work of IOSCO in this area</p>	2

## Financial reporting and audit

Focus	Project status	Key actions	Strategic priority
Review of audit inspection and financial reporting surveillance programs	New	<p>Conduct a review of our activities for regulating auditors and financial reporting, focusing on the audit inspection and financial reporting surveillance programs to identify potential areas of improvement</p> <p>Implement changes and communications with key stakeholder groups</p>	1
Financial reporting quality	Continuing	<p>Conduct reviews and surveillances of financial reports of listed entities and other public interest entities on a risk basis</p> <p>Communicate with the public about focus areas (e.g. asset values and provisions) and outcomes</p>	1
Audit quality	Continuing	<p>Conduct reviews of audits of listed entities and other public interest entities on a risk basis, with focus areas to include asset impairment and revenue</p> <p>Conduct a review of aspects of quality control systems at the largest six audit firms</p> <p>Take regulatory action, including enforcement action where warranted</p>	1
Reporting findings from audit reviews to audit committees	Continuing	Consult on whether to routinely report adverse findings from ASIC's reviews of audit files directly to audit committees of the relevant entities	1

## Registered liquidators

Focus	Project status	Key actions	Strategic priority
Compliance program for new types of insolvency appointments	New	Develop and implement a compliance program in relation to streamlined liquidation, restructuring, and restructuring plans	1
Assetless Administration Fund	Continuing	Through the Assetless Administration Fund, provide registered liquidators with funding that is otherwise unavailable to pursue relevant matters with a view to identify and report on potential serious misconduct (including illegal phoenix activity)	1
High-risk registered liquidators	Continuing	Identify and take appropriate regulatory action against high-risk registered liquidators	1

## Market supervision

Focus	Project status	Key actions	Strategic priority
Trade surveillance of securities, derivative and wholesale markets (e.g. fixed income, currencies and commodities (FICC) markets)	Continuing	<p>Enhance system and data analytics capability across FICC markets</p> <p>Identify insider trading, market manipulation, disorderly trading, misinformed markets and poor behaviour in short-term money markets, domestic swap and futures markets, and cross-currency swap and futures markets</p> <p>Develop and utilise market-wide scanning and analytics tools to identify patterns of serious market misconduct</p> <p>Take appropriate regulatory action against misconduct</p>	1

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## Promote strong and innovative development of the financial system

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### Action 2021–22 to 2024–25

Over the next four years, we will promote the strong and innovative development of our financial system. We will continue to monitor domestic and global trends to identify potential threats to market stability and integrity, particularly as the COVID-19 pandemic persists.

We will be focused on supporting economic recovery, including by promoting innovation, considering competition and enhancing cyber resilience.

We will create a dedicated unit within ASIC to identify and implement changes to how we administer the law, with a focus on minimising regulatory costs for businesses. We will further work to streamline the way our stakeholders interact with ASIC to support the more efficient and effective delivery of our regulatory remit.

We will consult with the Australian Government and Treasury on our policy-related functions. Where needed, we will provide clear guidance and communication on how we exercise ASIC's powers to help businesses to comply with the law with minimum compliance costs.

We will continue to provide relief where appropriate to participants in capital markets and the financial services industry to facilitate business, promote innovation and support the economy.

We will contribute to and implement law reform and Australian Government initiatives by:

- › working with the Government on potential initiatives to support economic recovery
- › taking into account the effect on competition in our decision making
- › supporting competition in the clearing and settlement of Australian cash equities in a safe and effective manner
- › working with the Government to develop and implement reform of the financial market infrastructure (FMI) resolution, including a dedicated clearing and settlement (CS) facility crisis management regime
- › contributing to initiatives through the CFR, such as initiatives on stored value facilities and stablecoins
- › finalising changes to the [ePayments Code](#) to take into account new market and industry developments.

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

- › engaging and collaborating with international regulators and consolidating key relationships (e.g. in the Asia-Pacific region)
- › facilitating international business opportunities, negotiating memoranda of understanding (MOUs) to promote access to overseas markets for Australian businesses, and supporting the Australian Government in the negotiation of free trade agreements
- › contributing to the work of international bodies such as IOSCO, the Global Financial Innovation Network (GFIN), the FSB and the OECD
- › designing and implementing regulatory policies relating to the Asia Region Funds Passport and corporate collective investment vehicles (CCIVs)
- › negotiating and implementing bilateral and multilateral agreements and MOUs on regulatory, supervisory and enforcement matters, and exchanging enforcement information under IOSCO's multilateral MOU to mitigate poor behaviour and protect investors.

We will address potential harms flowing from the interconnectedness of global financial markets. This includes harms from:

- › cross-border misconduct or unlicensed activities
- › fundraising and control transactions involving cross-border activities that may elevate the risk of harm to domestic investors
- › the operational complexities of entities operating within multiple jurisdictions and licensing regimes.

We will facilitate innovative businesses and advancements in technology that are beneficial to consumers, investors and markets. For example, we will:

- › provide informal assistance to financial technology (fintech) and regulatory technology (regtech) businesses through our Innovation Hub
- › administer the Australian Government's enhanced regulatory sandbox to allow the testing of certain innovative business models without first having to obtain an AFS or credit licence
- › promote the application of regtech to deliver better regulatory compliance and consumer outcomes (e.g. through information-sharing webinars and problem-solving events with industry)
- › arrange panel meetings, engage with relevant IOSCO committees and participate in cross-border initiatives such as the GFIN
- › employ new supervision technology (suptech) tools to assist our surveillance of regulated entities and markets (e.g. advanced text analytics, natural language processing and other forms of machine learning)
- › participate in information sharing and domestic and international discussions on innovation (e.g. by attending fintech meetups and hosting quarterly Regtech Liaison Forum and Digital Finance Advisory meetings)
- › assessing and understanding the effect of new technologies on the competition.

We will also mitigate the potential harms of technological change amid the rapid digitalisation of the economy. For example, we will:

- › promote and support cyber resilience and greater cyber security among our regulated population
- › identify and address technological, security and operational failures that result in harmful outcomes for consumers, investors and markets, or expose them to fraud
- › identify and address potential technological failures that may have a systemic impact
- › raise industry standards (e.g. market integrity rules for market operators and participants that set requirements for managing systems and controls, including business continuity, disaster recovery, testing and incident management)
- › review potential risk concentrations
- › supervise ASX's implementation of new infrastructure to replace the existing Clearing House Electronic Subregister System (CHES) cash equities CS system to minimise risks for industry.

## Action 2021–22

### Cross-sector

Focus	Project status	Key actions	Strategic priority
Cyber resilience	New and continuing	<p>Provide guidance to industry as part of ASIC-wide campaigns in coordination with other regulators and agencies, and engage with industry on cyber issues</p> <p>Assess selected regulated entities' cyber resilience and management of cyber risks (e.g. through self-assessments) and, as part of an ASIC-wide cyber working group, analyse responses</p> <p>Communicate expectations to boards and send letters to specific entities with key findings</p> <p>Develop, agree and finalise an effective supervisory approach with APRA for dual-regulated entities such as authorised deposit-taking institutions, insurers and superannuation funds</p>	3



Focus	Project status	Key actions	Strategic priority
Enhanced regulatory sandbox	New and continuing	<p>Assess notifications from entities that use the enhanced regulatory sandbox, focusing on whether they satisfy the 'net public benefit test' and the 'innovation test', and whether they are fit and proper</p> <p>Provide informal assistance and information-sharing seminars to assist innovative businesses in their consideration of whether to make a notification under the enhanced regulatory sandbox</p> <p>Share information with and assist Treasury in its review of the operation of the first year of the enhanced regulatory sandbox</p>	1
Australian Law Reform Commission (ALRC) review of the Corporations Act	New	Support and contribute to the ALRC review of the Corporations Act	4

### Investment managers

Focus	Project status	Key actions	Strategic priority
CCIV	New	<p>Implement the new CCIV regime announced by the Australian Government, including by:</p> <ul style="list-style-type: none"> <li>› supporting and assisting Treasury in finalising the legislation and associated regulations</li> <li>› updating ASIC systems, policies and processes related to registering and supervising CCIVs</li> <li>› liaising with and providing guidance to industry</li> </ul>	1

### Credit and banking

Focus	Project status	Key actions	Strategic priority
Review of ePayments Code	Continuing	Finalise updates to the ePayments Code by consulting on and publishing the new code	4
Stablecoins	New	Contribute to the work of the CFR in considering risks arising from stablecoins, and the application of regulation to stablecoins and related products and services	1

## Corporations

Focus	Project status	Key actions	Strategic priority
Climate risk governance and disclosure	Continuing	Through targeted surveillance and external communications, influence Australian companies to adopt sophisticated governance structures that produce more nuanced and reliable climate risk disclosures  Engage with peer regulators (e.g. CFR, IOSCO), industry bodies (e.g. the Australian Sustainable Finance Initiative) and the Australian Government to further Australia's regulatory response to climate risks	1
Using technology to identify poor market disclosure	New	Work with the Department of Industry, Science, Energy and Resources to implement the Business Research Innovation Initiative. Under this initiative, we will work with two regtech scale-up businesses to develop an innovative technology solution to identify and assess poor market disclosure by listed companies	1

## Financial reporting and audit

Focus	Project status	Key actions	Strategic priority
Sustainability reporting	Continuing	Provide feedback to the IOSCO Sustainability Technical Experts Group on a framework for sustainability reporting under a possible International Sustainability Standards Board	1
New tiers of reporting	Continuing	Update ASIC forms, instruments and guides to reflect the new tiers of reporting under accounting standards that apply to years commencing 1 July 2021	1

## Market supervision

Focus	Project status	Key actions	Strategic priority
Evolving retail trading landscape	New	Assess emerging retail products and distribution strategies, focusing on: <ul style="list-style-type: none"> <li>› trading apps that 'gamify' trading</li> <li>› risks inherent in fractional shares</li> <li>› pooling of client cash and security holdings using omnibus Holder Identification Numbers (HINs)</li> <li>› copy trading and investor outcomes</li> <li>› adequacy of existing market integrity rules for payment for order flow</li> <li>› supervision of corporate authorised representatives by licensees</li> <li>› analysing 'pump and dump' trading activity and taking action where appropriate</li> </ul>	1

## Market infrastructure

Focus	Project status	Key actions	Strategic priority
FMI resolution, enhanced supervisory powers and competition in cash equities clearing and settlement	Continuing	<p>Assist the Reserve Bank of Australia and CFR to develop and implement the Australian clearing and settlement resolution regime for CS facilities, implement enhanced supervisory powers for ASIC and implement the transfer of the Minister's operational powers over FMI to ASIC</p> <p>If competition in cash equities clearing and settlement emerges, implement minimum conditions so competition occurs in a safe and effective manner. If not, impose additional discipline on the single service provider</p>	2
CHESS implementation	Continuing	<p>Supervise ASX's program to replace its critical cash equities clearing and settlement system (CHESS), and industry preparation, including by:</p> <ul style="list-style-type: none"> <li>› monitoring ASX's governance, stakeholder engagement and risk management, and industry's readiness for the new system</li> <li>› monitoring ASX's compliance with regulatory expectations</li> <li>› assessing ASX's operating rule changes for the new system</li> </ul>	3
Operational resilience among market intermediaries and operators	Continuing	<p>Consult on and implement market integrity rules for market participants and operators' systems and controls (subject to ministerial consent)</p> <p>Develop a supervision framework and conduct on-site reviews of a sample of participants and operators, including ASX incidents</p> <p>Lead IOSCO mandate on operational resilience. Develop, consult on, and implement principles</p>	3
OTC trade reporting rule changes	Continuing	<p>Align Australian reporting of OTC derivatives trade information with international requirements</p> <p>Issue harmonised Australian Trade Reporting rules (planned for late-2021 with full implementation by mid-2022)</p>	3
LIBOR transition	Continuing	Continue facilitation and monitoring of the transition from using the London Interbank Offered Rate (LIBOR) to risk-free rates	3
Crypto-assets	New	<p>Identify good practices in how the industry complies with existing obligations when admitting, creating and operating exchange traded and other investment products that provide exposure to crypto-assets. The aim is to provide regulatory clarity for market operators, product issuers, service providers and other stakeholders</p> <p>Review the status of local crypto market activity (e.g. decentralised finance platforms)</p> <p>Participate in domestic and international regulatory forums</p>	2

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

### Action 2021–22 to 2024–25

Over the next four years, we will continue to help Australians take control of their financial lives. This is particularly important in light of the current pressures stemming from the COVID-19 pandemic, which are often outside the control of individuals.

As announced in the 2020–21 budget, Treasury is now responsible for financial capability policy and coordination. We are committed to working with Treasury to support the development of policies that empower Australians to make confident and informed financial decisions.

We will seek to improve the skills, knowledge and efficacy of consumers and provide information and tools to help them in their decision making process. To do this, we will:

- › provide consumer education and information, primarily through the Moneysmart website and stakeholder programs (such as Moneysmart for teachers)
- › harness consumer insights to better understand consumer behaviour
- › research and analyse the way in which consumers make financial decisions, including working with industry to develop interventions to improve those decisions.

We will be particularly focused on vulnerable consumer segments, including segments with heightened risks of harmful behaviour towards them.

We will continue to support small businesses and engage with them to better understand their short-term and long-term challenges and needs. We will help them by providing relevant information and resources, and by taking appropriate regulatory and enforcement action to protect them.

We will also work with other agencies to engage with small businesses in regional areas. We will focus on areas affected by natural disasters, as well as Indigenous and culturally and linguistically diverse (CALD) small businesses.

We will continue to engage with Indigenous communities and consumers through our Indigenous Outreach Program (IOP).

We will engage with international regulators and influence cross-border agendas (e.g. through our participation on the IOSCO Committee on Retail Investors and relevant OECD International Network on Financial Education workstreams).

### Action 2021–22

#### Cross-sector

Focus	Project status	Key actions	Strategic priority
Moneysmart	New and continuing	Continue to provide up-to-date and relevant information on the Moneysmart website that is designed to be a starting point for consumers and investors when making financial decisions  Monitor and strengthen consumer engagement with the Moneysmart website, including engagement with tools and calculators	1
Consumer monitor	New and continuing	Develop new analytics and visualisations of the consumer monitor, a monthly cross-sectional survey of Australians	1
Moneysmart network	New and continuing	Provide a platform through which ASIC can share best-practice materials to enable stakeholders to improve the financial decision making of Australians	1

Focus	Project status	Key actions	Strategic priority
Understanding the impact of consumer education	New and continuing	Analyse how consumer education, information and decision-making tools can induce better consumer decisions, and test the effectiveness of these interventions  Establish Moneysmart Innovation pilot	1
North Queensland insurance comparison website	Continuing	Anticipated activities for 2021–22 include: <ul style="list-style-type: none"> <li>› updating relevant documentation giving ASIC rights to extract data from insurers' websites for use on the comparison website</li> <li>› oversight of data collection supporting the website, including six-monthly website updates</li> </ul>	1
IOP	Continuing	Undertake outreach and stakeholder engagement activities to understand current issues and provide trusted information, including through the IOP Helpline and other channels  Engage with industry and other external stakeholders to respond to issues related to the provision of financial products and services to Indigenous consumers	2

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

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In April 2021, as a first step in the progressive rollout of the MBR program, the Commissioner of Taxation was appointed as the Registrar. The role of the Registrar is to lead and implement the MBR program and perform statutory registry functions as a delegate of ASIC. ASIC's registry staff have moved to the ATO to assist the Registrar, through a machinery of government change. At a later date, the Registrar will assume primary responsibility for the registry functions under law.

### Action 2021–22 to 2024–25

Over the next four years, we remain committed to the ongoing provision of efficient and accessible business registers that make it easier to do business. We have established a team within ASIC to manage our interaction with the Registrar, underpinned by an inter-agency MOU.

We will work closely with the Registrar, as the Registrar administers the registry for the benefit of all Australians. The registry work will continue to support our broader regulatory work – for instance, by providing frontline inquiry services for regulatory stakeholders, as well as advice and support for regulatory matters (e.g. for media inquiries and enforcement matters).

We will continue to be a key partner to the ATO as the MBR program establishes a new modern registry service, the Australian Business Registry Service (ABRS), between 2021 and 2024. The ABRS will bring together the Australian Business Register and 31 ASIC business registers, and introduce the director identification number initiative.

The MBR program aims to make it easier for businesses to meet registration obligations, leaving them more time to focus on customers and business operations. It will make business information more trusted and valuable, and improve the efficiency of registry service transactions.

### Action 2021–22

In 2021–22, we will continue to:

- › support the Registrar's performance of statutory registry functions under delegation from ASIC
- › develop and enhance arrangements for cooperation between ASIC and the Registrar in the performance of our respective registry and regulatory functions
- › implement Australian Government policy and reforms with registry impacts in collaboration with the Registrar (e.g. the new CCIV regime)
- › deliver on ASIC commitments under the MBR program, including:
  - › facilitating the migration of ASIC registry data and services to the Registrar
  - › building pathways for exchange of data between ASIC and the Registrar
  - › building services for the lodgement of relevant transactions through the ASIC Regulatory Portal
  - › preparing for new ASIC regulatory functions relating to the director identification number initiative (e.g. enforcement functions).

# Capabilities

## We will strengthen our capabilities to support our vision.

Over the next four years, we will continue to strengthen our capabilities and operational infrastructure, to ensure we are able to perform our regulatory functions in an efficient and effective manner.

To support our vision, we will be focused on a set of internal strategic priorities:

- › Enhancing communication and engagement with our stakeholders and other regulatory agencies to ensure our actions and achievements have a real and tangible impact.
- › Improving our infrastructure and systems to strengthen our key internal operations, processes and governance frameworks to effectively support our regulatory work.
- › Enhancing and effectively utilising our data and cyber resilience capabilities in fulfilling our regulatory mandate and organisational priorities.
- › Continuing to nurture a workplace environment that promotes a culture of speaking up, challenge, accountability and a 'whole-of-ASIC' lens, underpinned by a sound system of risk management and compliance.

The new Financial Regulator Assessment Authority (FRAA) will be assessing our effectiveness and capability. We will consider the findings of its assessments to improve the way we discharge our functions and meet our statutory objectives.

Both domestically and internationally, we will collaborate and share information with other regulatory agencies (in particular, with APRA) to achieve a coordinated approach to regulation.

### Independent review of ASIC infrastructure

In June 2021, we commissioned an external review of our operational functions as part of our program of work to strengthen our organisational infrastructure. The review was focused on support functions, including finance, people and development, IT, data and analytics, planning, and corporate services. The aim of the review was to identify the things that worked well and areas where there were opportunities for improvement.

We have accepted the review's recommendations and will begin to implement them over the next 12 months to ensure our infrastructure resources effectively and efficiently support ASIC's frontline regulatory work.

## Budget

ASIC has total available funding of \$462.6million in 2021–22, down 6% from the previous year. Our departmental operating appropriation for 2021–22 is \$423 million, down 4% due to reduced funding following the partial transfer of the registry function to the ATO.

We take a strategic approach to the allocation of our budget so that we can deliver on our priorities. We also maintain flexibility in our budgeting to ensure that our priorities can quickly adapt where there are changes in our regulatory environment during the year.

A significant proportion of ASIC's resources is allocated to enforcement, supervision and surveillance activities. These activities will account for an estimated 80% of our funded activities in 2021–22. Our approach to how we allocate resources by activity and industry sector is outlined in our [Cost Recovery Implementation Statement](#).

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

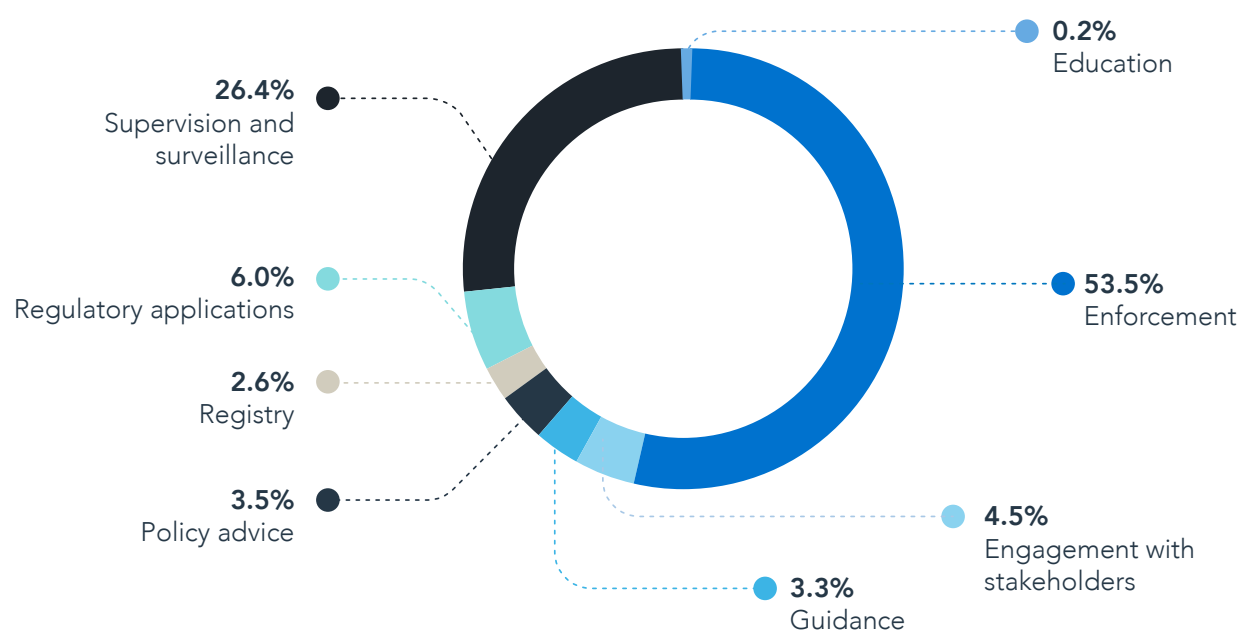
- › cost recovery levies, for ongoing regulatory activities that are consistent with the Australian Government Charging Framework
- › statutory industry levies, for activities the Australian Government has decided should be cross-subsidised between industry subsectors
- › cost recovery fees, for user-initiated,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



## ASIC's 2021–22 budget

	2020–21 Estimated Actual (\$000s)	2021–22 Budget (\$000s)	2022–23 Forward estimate (\$000s)	2023–24 Forward estimate (\$000s)	2024–25 Forward estimate (\$000s)
Operating expenditure funded by:	<b>\$466,290</b>	\$439,940	\$416,326	\$415,984	\$415,834
Departmental appropriation	<b>\$441,235</b>	\$423,034	\$408,541	\$409,630	\$410,085
Revenue from independent sources	<b>\$25,055</b>	\$16,906	\$7,785	\$6,354	\$5,749
Capital appropriations	<b>\$27,760</b>	\$22,627	\$22,177	\$21,051	\$21,139
Total budgeted resources	<b>\$494,050</b>	\$462,567	\$438,503	\$437,035	\$436,973

## Proportion of 2021–22 estimated effort by activity



## Technology and data

In a rapidly evolving digital environment, we are committed to using our IT infrastructure, data resources and knowledge management systems to support successful regulatory outcomes and deliver innovative solutions.

Our long term goal is to fully harness the benefits of new and sophisticated technology, such as machine learning and artificial intelligence, to drive more efficient, informed and targeted regulation. We will aim to have a program of continual uplift to ensure the modernisation of our technology and the way we use it to regulate.

As part of this, we will implement a data strategy over five years to improve how we capture and analyse data. This will help us identify threats and harms in our regulatory environment, and prioritise our activities.

We will continue to strengthen our IT infrastructure to enable ASIC to more efficiently collect recurrent data and share data between agencies.

We will further develop and enhance our data lake platform. This technology allows ASIC to store and process data at the scale required, as well as provide ASIC with access to the latest analytic tools. In doing so, we will seize opportunities to:

- › improve the way we collect, govern, use and share our data
- › streamline the way we interact with our regulated population and the way they interact with ASIC
- › facilitate more efficient processes for the regulated population to achieve compliance.

As we bring more of our data assets into the data lake, we will continue to use machine learning and artificial intelligence to deliver more robust regulatory outcomes.

We will also support our regulatory and compliance activities by expanding the use of artificial intelligence in evidence review, and by increasing the availability and interconnectedness of relevant data sources.

We will continue to forge new partnerships with domestic and international regulators, thought leaders, and academics, so that we can extract insights from data in the most effective way.

To support and grow our data capabilities, we will recruit data professionals and work with partners with relevant expertise. We will further bolster data literacy across our organisation so that our people can more effectively use data to inform their regulatory work.

At the same time, we are also committed to maintaining high standards for privacy, information security, data governance and ethics for all of our data-related activities. In light of the rapid digitalisation of the economy, our internal cyber resilience will be a major area of focus over the next four years.

We will implement a program to increase security around three core objectives:

- › proactive cyber governance and risk management
- › increased cyber safety awareness within our organisation
- › proactive cyber protection, detection and response.

We will continue to implement our workforce mobility program, to further build on the technological changes that were accelerated as a result of the COVID-19 pandemic. This will focus on those technologies that will help us to work and collaborate across physically distanced locations.

We will continue to invest in our cloud-based infrastructure. We will build on our existing foundations to take advantage of the scalability, resilience and functionality that cloud services can provide.

We will oversee ASIC's operational interactions with the Registrar, and progress the transfer of additional functions and responsibilities to the ATO. We will also perform registry functions retained by ASIC, partnering with the ATO on the MBR program.

To bolster the infrastructure that supports our work, we will continue to seek improvements in our operational efficiency. We will:

- › invest in a program of business process automation across our operational activities – focusing on high volume, low value transactions – to increase our efficiency
- › pilot new technology to increase the efficiency of our management of legal services. The initial focus will be on technologies that help manage our legal spending
- › fully use newly acquired enforcement technology and investigative analytics
- › work with technology providers and other regulators on emerging technologies that support our regulatory remit
- › provide effective technologies to enable our people to work safely and remotely during the pandemic
- › upgrade our market surveillance systems to more effectively use cloud technologies and data analytics.

## People

Over the next four years, we will continue to nurture a workplace in which our teams are empowered to work together as well as challenge each other's ideas. To ensure we take a multi-disciplinary approach to mitigating harms, we will foster a culture in which our people take a 'whole-of-ASIC' approach to our work.

As the COVID-19 pandemic continues to impact the way we work, we will focus on maintaining a flexible working environment in which we can continue to work collectively and safely.

As at 1 July 2021, we have 2,088 employees. We will continue to invest in our people in all of our offices across the country, so that we can attract and retain talented people for our organisation. We will seek to negotiate for a new Enterprise Agreement in early 2022, with conditions that support the needs of our people and align with our strategic direction.

We will use data to help ASIC make effective decisions on staffing and resourcing, and to direct resources to address key priorities. We will also create opportunities for professional development for our current and future leaders – for example, targeted programs that support critical development in strategic thinking, sound decision making, and emotional intelligence.

To achieve our vision, we will continue to ensure our teams are equipped with capabilities and skills across a wide range of areas – for example, data analytics, emerging technologies, regulation and enforcement, and stakeholder engagement.

We are also continuing to establish and review systems to maintain a planned and considered response to the ongoing pandemic. At all times, safety and wellbeing remains paramount. We will use recognised benchmarks to monitor staff wellbeing, and ensure consistency with Safe Work Australia's work health and safety guidelines.

As part of creating a psychologically safe workplace, we are strengthening our internal reporting on potential fraud, corruption or serious misconduct. We are using a program that enables everyone to speak up through an anonymous channel. This sits alongside existing reporting avenues, such as the public interest disclosure process.

With the launch of our revised Capability Framework during 2021–22, we will conduct self-assessments against core and technical capabilities. The findings from these assessments will help us design learning and development initiatives that target those capabilities that best support ASIC's strategic priorities.

We continue to hold to ASIC's values of accountability, professionalism and teamwork, and to ensure a strong alignment between our culture and the behaviours that guide our actions and decisions. We are committed to being a workplace that embraces inclusion, diversity and belonging. We will ensure that our people, stakeholders and communities are treated with fairness and respect.

## Governance

ASIC is an independent Commonwealth agency that is a body corporate established under the ASIC Act. The ASIC Act provides for the appointment of an ASIC Chair, up to two Deputy Chairs, and ASIC Commissioners to oversee the carrying out of ASIC's statutory duties and functions.

We are accountable to the Commonwealth Parliament and to our responsible ministers.

The Parliamentary Joint Committee on Corporations and Financial Services has oversight of ASIC. We also appear before other parliamentary committees and inquiries as required, including the Senate Standing Committee on Economics and the House of Representatives Standing Committee on Economics.

Our governance and accountability framework serve to ensure we act strategically, act with integrity, and effectively deliver on our statutory objectives. The framework provides well-defined responsibilities, accountabilities and processes for the Commission, our executive leaders and various committees.

This framework sets out a clear, transparent and common understanding of ASIC's governance and accountability structures and processes. Its objective is to promote effective, efficient and impartial decision making at ASIC and articulate accountabilities.

ASIC has created the new role of the Chief Operating Officer (COO), responsible for non-regulatory decision making and the operational performance of ASIC. The COO enhances ASIC's governance by enabling the Commission to focus on strategic matters, external engagement and communication.

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

- › the Chair (acting as the Chair and the accountable authority, as well as a member of the Commission) and each Commissioner
- › each executive director and other key staff.

The Chair has sole executive management responsibility. As the accountable authority, the Chair will rely on and use ASIC's key senior executives to carry out day-to-day management activities and deal with operational issues. The Chair will delegate functions where he considers this would benefit the executive management of ASIC.

The Commission will act as a strategic non-executive body, focusing on high-level regulatory and statutory decision making and stakeholder management. It will continue to provide support to the Chair on organisational oversight.

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

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

## Risk management and oversight

Through our recently updated risk management framework, overseen by our new Chief Risk Officer, we will continue to focus on embedding consistent risk management tools and practices across all of our functions and teams. By better managing uncertainty, we will strengthen our ability to take calculated risks when opportunities arise.

Our risk management framework is designed to not only satisfy our risk management obligations under the PGPA Act, but to translate risk management into structured and consistent practices and governance arrangements. This includes a 'three lines of accountability' approach, which provides clear ownership and accountability for management of risks.

To support a culture of making informed risk management decisions, we have published a [Risk Appetite Statement](#) to communicate our stance toward risk-taking in different areas. From time to time, we will adjust our risk appetite towards certain types of risk to achieve our strategic priorities.

This reflects the dynamic nature of our regulatory and operating environment, as well as the need for ASIC to be nimble and proactive in our response.

Management will review their risks regularly to drive consistent and calculated risk-taking in line with our risk appetite.

Oversight of our risk management activities is provided through governance committees that form part of our governance and accountability framework:

- › The Executive Risk Committee makes decisions and provides leadership, direction and oversight of the management of internal or enterprise risks and compliance in ASIC. It makes decisions on the application of ASIC's risk management framework, policies and practices. It makes recommendations to the Commission Risk Committee on significant and material risk management decisions.
- › The Commission Risk Committee considers significant or strategic matters referred by the Executive Risk Committee, the Emerging Threats and Harms Committee, executive directors and senior executive leaders. It has oversight of the performance of ASIC's risk management framework and risk management strategy.
- › The Emerging Threats and Harms Committee identifies, considers and provides advice on the management of emerging risks and strategic risks within ASIC's regulated population or the areas it regulates. This includes product or sector risks that are relevant to ASIC's strategic priorities.
- › The Audit Committee operates independently of management. It plays a key role in helping the Chair discharge his responsibilities for the efficient, effective, economical and ethical use of Commonwealth resources. This committee also provides independent assurance to the Chair and the Commission on ASIC's financial and performance reporting, risk oversight and management, and systems of internal control.

ASIC's internal audit function has a dual reporting line to the accountable authority and the Chair of the Audit Committee.

Over the next four years, we will actively manage ASIC's key risks that have the potential to affect how successfully we are able to respond to threats and harms (or regulatory risks) that may impact our regulated population and consumers.

ASIC's key risks and their mitigation strategies are described in the table below:

Risks	Mitigation strategy
Critical core skills and experience in emerging data and technology disciplines are not developed or acquired	<p>Cross-team leveraging of expertise</p> <p>Appropriate recruitment of required skill sets in line with our people capability strategy</p> <p>Engagement with government, industry, and other agencies to understand upcoming needs</p> <p>Undertaking inter-agency secondment arrangements</p>
Inability to leverage data and other technology innovations to maintain ASIC's effectiveness as a regulator	<p>Multi-year data uplift program, including automation and artificial intelligence opportunities</p> <p>Four-year IT strategy</p> <p>Partnering with industry and academia to deliver and enhance regulatory activities</p>
Inability to maintain a disciplined and lean internal operating environment	<p>New Chief Operating Officer role and organisational structure</p> <p>Single platform to monitor execution and performance of all business plans</p>
Programs and functions not pivoting effectively in response to regulatory change and evolving threats and harms	<p>Robust Commission and Executive governance over priorities</p> <p>Communication with appropriate stakeholders</p> <p>Appropriate recruitment if required</p>
The security and resilience of our people, information and infrastructure are jeopardised as the external environment continues to evolve	<p>Risk-based work, health and safety program and a flexible working environment</p> <p>Structured oversight and implementation of the Protective Security Policy Framework and cyber security mitigation strategies</p> <p>Formal business continuity management program and cross-agency pandemic response team.</p>
Inability to deliver critical cross-agency programs for MBR and Financial Accountability Regime implementation	<p>Formal governance and oversight of program risks and mitigation</p> <p>Formal inter-agency governance of shared risks</p>

# Measuring and evaluating our performance

## We are committed to evaluating our performance.

ASIC has a performance evaluation framework that sets out how we will measure and evaluate our performance over the period covered by this corporate plan.

We use our regulatory tools to achieve our vision of ensuring a fair, strong and efficient financial system for all Australians. We do this by:

- › pursuing enforcement outcomes
- › undertaking supervision and surveillance
- › engaging with consumers and industry stakeholders
- › providing guidance, input into law reform, and financial capability education.

For most of the issues in our remit, we use a multi-dimensional approach to address regulatory challenges and consumer harms. We employ a combination of our regulatory tools to achieve outcomes for consumers and investors.

We have aligned our performance framework to our vision according to:

- › regulatory outcomes, which include the direct results from using our suite of regulatory tools
- › market outcomes, which reflect the impact of our regulatory work on the markets and sectors we regulate, including on investors and consumers.

We will work to align the reporting of our performance with the principles of regulator best practice, as outlined in the new [Regulator Performance Guide](#). The guide became effective on 1 July 2021, with a one year transition period. These principles are as follows:

- 1. Continuous improvement and building trust** – Regulators adopt a whole-of-system perspective, continuously improving their performance, capability and culture, to build trust and confidence in Australia's regulatory settings.
- 2. Risk based and data driven** – Regulators manage risks proportionately and maintain essential safeguards while minimising regulatory burden. Regulators also leverage data and digital technology to support those they regulate to comply and grow.
- 3. Collaboration and engagement** – Regulators are transparent and responsive communicators, implementing regulations in a modern and collaborative way.

These principles are reflected in the way we operate. For example, our strategic planning framework, which guides the development of our priorities and actions, helps ASIC achieve continuous improvement and build trust and confidence in our regulatory settings.

Our strategic priorities reflect a risk-based and data-driven approach to addressing the most significant threats and harms in our regulatory environment, and bolstering our capabilities to achieve this. We engage with our regulatory population through consultation on key regulatory matters, as well as with independent external advisory panels and experts.

We will report against the principles of regulator best practice in our annual performance statement.

## Evaluating our performance

In evaluating our work, we combine quantitative and qualitative indicators to provide a narrative about our approach. We report our performance in our annual performance statement, which forms part of our [annual report](#).

As ASIC is a law enforcement agency, the volume and results of our surveillance and enforcement activities will remain an important measure of our performance. It will also continue to be of significant interest to our stakeholders and the wider community.

We will continue to refine our performance assessment framework so that we can effectively use data and other tools to measure the outcomes of our activities. For instance, to allow us to evaluate and report on the outcomes of our most significant projects, we will pilot an initiative to assess the impact of a collection of projects on reducing harms for consumers and investors. We will apply a framework for identifying, at the outset of the project, success criteria to support *ex post* analysis. Under the framework, we will define:

- › the harm we are seeking to reduce
- › the activity we will undertake to address the harm
- › impact metrics that we will monitor to identify the success of the activity in reducing the harm.

Where appropriate, we may report on the results of these assessments in our annual performance statement.



We are also exploring ways that we may be able to measure the efficiency of some of our key regulatory workstreams. We may consider how these measures of efficiency could enhance our performance reporting in future.

We also communicate our performance to stakeholders through various other periodic and ad hoc reports.

We will work closely with the new FRAA in its assessment of ASIC's effectiveness and capability. We will engage with the FRAA and with the Australian Government to identify measures that demonstrate our effectiveness and the impact of our work over time.

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

## Outcomes – aligned with the achievement of ASIC's vision

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

Area	Outcomes	Outputs and evidence
Market	Financial firms and individuals providing financial services act professionally and treat their clients fairly	Stakeholder feedback, measured through external committees and panels such as the ASIC Consultative Panel, Consumer Advisory Panel and other external panels
	Entities improve their business practices in response to identified areas of improvement	Case studies of key matters where entities have improved their business practices
	Entities have fair and efficient dispute resolution processes in place	Detailed, tailored measures of the impact of ASIC's major projects on reducing harms for consumers and investors
	Financial markets are fair, strong and efficient	External data (e.g. reports and data published by the Australian Financial Complaints Authority)  Measures of the cleanliness of the Australian listed equity market
Regulatory	Through the use of our regulatory tools (e.g. licensing, supervision and surveillance, enforcement, engagement and guidance) we communicate, maintain and enforce standards and expectations to protect consumers and promote fair and efficient markets	Operational data (e.g. number of meetings and other engagement with stakeholders, regulatory guidance and industry reports published)  Case studies and other measures of key matters where we have used our regulatory tools to change behaviour in the financial system
	Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets	Where we exercise our product intervention power, we will evaluate the resulting outcome after 18 months  Project-specific outcomes resulting from the outputs of our regulatory actions
	Where we exercise our product intervention power, there is a reduction in consumer detriment as a result	Number and nature of misconduct-related complaints, including through internal and external dispute resolution channels



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

Area	Outcomes	Outputs and evidence
<b>Market</b>	<p>Financial firms and individuals providing financial services meet their obligations</p> <p>Misconduct is deterred and community expectations that wrongdoing is punished and consumer harm addressed are met</p> <p>Where consumers suffer loss as a result of misconduct, culpable entities compensate those consumers appropriately</p>	<p>Levels of misconduct can be measured through, for example, reports of misconduct made to ASIC</p> <p>Remediation can be measured through, for example, the amount of compensation for wrongdoing provided to investors and consumers</p>
<b>Regulatory</b>	<p>We take successful enforcement or other regulatory action in response to identified misconduct</p> <p>We appropriately sanction individuals who commit misconduct including, when warranted, banning them from providing financial services or taking civil or criminal action against them</p> <p>Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets</p>	<p>Operational data (e.g. number of surveillance and enforcement actions undertaken and results achieved)</p> <p>Public outcomes (e.g. civil, criminal and administrative actions taken, including bannings)</p>

## Promote strong and innovative development of the financial system

Area	Outcomes	Outputs and evidence
Market	The regulatory system supports the work of innovative start-ups and the market testing of novel products and services while minimising the risk of harm to consumers	Stakeholder feedback, measured through external committees and panels such as the ASIC Consultative Panel and the Digital Finance Advisory Panel
	We promote reduced compliance costs and improved efficiency among our regulated population	Case studies of deregulatory initiatives that promote economic recovery, reduce compliance costs and improve efficiency
		Use of the ASIC Innovation Hub by innovative financial firms, including the enhanced regulatory sandbox
		Ongoing compliance with licensing and registration obligations measured through, for example, case studies and operational data on ASIC's decisions to grant, vary or cancel AFS and credit licences and other professional registrations
Regulatory	We exercise our discretionary powers to grant relief or make a legislative instrument appropriately	Operational data, including relief applications assessed and legislative instruments made. This includes performance against the ASIC service charter targets
	We propose and support international policy initiatives that improve regulatory outcomes for Australia and support cross-border activity	Publication of consultation papers by ASIC and submissions made by ASIC to government policy consultation processes
	Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets	Publication of reports by international regulatory bodies to which ASIC has contributed
	Businesses comply with their ongoing licensing and registration obligations	Case studies and other measures of instances where we have used our regulatory tools to promote the strong and innovative development of the financial system
		Project-specific measures resulting from the outputs of our regulatory actions

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

Area	Outcomes	Outputs and evidence
Market	People can take action based on ASIC's educational materials	Increased evidence on how consumers and investors make financial decisions
	We support better financial education across Australia's education system	Feedback through stakeholder network
		Collaboration with the formal education sector to support better financial literacy education, as measured by engagement by users
Regulatory	We provide a range of tools and resources to help people understand money and how to manage it	Operational data, including ASIC Moneysmart accessibility and usage
	Consistent with our strategic priorities, our regulatory actions address key drivers of harm to consumers and markets	Personal financial education and decision-making tools and resources produced
		Case studies and other measures of instances where we have helped Australians to be in control of their financial lives
		Project-specific measures resulting from the outputs of our regulatory actions

## Additional performance reporting

We also use more specific tools to evaluate our performance and communicate with stakeholders.

### Service charter

Our service charter covers:

- › our most regular interactions with stakeholders, such as applications for licences, relief from the law and registration
- › how we respond to reports of alleged misconduct, including timeframes for our response

We report against our service charter performance in each annual report. If we have not met service standard levels, we explain why.

### ASIC's achievements by sector

ASIC's industry funding model means that those who create the need for regulation bear the costs of that regulation. Entities pay a share of the costs to regulate their subsector through industry levies, based on a range of business activity metrics, and cost recovery fees.

To help industry participants understand the regulatory effort ASIC expended in the sectors we regulate, our annual report highlights the activities and outcomes achieved in each sector during the year.

### Periodic ASIC updates

We publish a quarterly update which highlights our key work and achievements in working towards our regulatory objectives.

It provides an update on recent regulatory outcomes and explains how we are using our regulatory tools to fulfil our mandate.

We also provide updates on our enforcement activities, including on important cases and decisions.

The monthly market integrity update highlights our achievements in market surveillance and market integrity enforcement.

We also publish quarterly data on market characteristics, measures of market concentration and market efficiency.

In addition, we publish a number of other periodic reports and newsletters to communicate our regulatory activities and achievements in particular sectors. These include updates on licensing and professional registration applications, corporate insolvency and corporate finance activities.

### Ad hoc reports

We also report on our performance through ad hoc reports or other public communications on the outcomes of our supervisory and surveillance activity.

[asic.gov.au](https://asic.gov.au)