



Senate Economics Legislation Committee

Budget Estimates

ASIC Chair Joe Longo

Opening Statement

Wednesday, 6 April 2022

Good morning, Chair and Committee members, and thank you for the opportunity to appear before the Committee today.

My Deputy Chairs Sarah Court and Karen Chester are joining us from Adelaide and Melbourne, respectively.

We are joined in Sydney by Commissioner Cathie Armour and Executive Director Greg Kirk. Commissioners Danielle Press and Sean Hughes are also joining from Melbourne.

Also appearing with me here in Canberra, are ASIC's Chief Operating Officer Warren Day and our General Counsel Chris Savundra.

As the 46th parliament draws to a close, we wanted to update the Committee on two significant issues: digital transformation and climate-related disclosure.

Cathie Armour

But first I wanted to note that this is Commissioner Cathie Armour's parliamentary hearing valedictory, as it will be her last Senate Estimates hearing, or any other hearing, as an ASIC Commissioner. This is her 25th Senate Estimates appearance since her appointment in 2013.

The ASIC Commissioners and I would like to mark this occasion and recognise Cathie for her service to ASIC and her dedication to making our financial system fair, strong and efficient.

During her nine years at ASIC as a Commissioner, Cathie has focussed on ASIC's markets work. In particular, she has worked to address broader market integrity issues to support the continuation of well functioning markets, as well as encouraging a smooth LIBOR transition, and developing ASIC's approach to climate-related risk.

She has been a great colleague, mentor and friend to many at ASIC – and she will be truly missed.

On Digital Transformation

As you may have seen it reported in the press lately, I have spoken about my ambitions for ASIC to become a leader in digitally enabled regulation.

The disruptive potential of digital technologies is widely acknowledged – and it applies to regulation and regulators. For that reason, I see addressing the digital challenge as posing the biggest single risk for ASIC.

Technological change is transforming the sectors we regulate, and ASIC must adapt and innovate – to keep pace.

New and emerging technologies and products, including the rapid expansion of cryptocurrencies and the increasing use of artificial intelligence in the financial services sector, are changing the landscape.

Without continued investment in technology and data capability, ASIC runs the risk of its effectiveness being diminished and, at worst, of ASIC becoming irrelevant over time.

The community should be able to access our services quickly and seamlessly, and industry should be able to interact with ASIC efficiently. Our own work will also be optimised by using data and technology, including artificial intelligence, more effectively.

Our data strategy sets out our plans to improve our capabilities – including in data analytics, artificial intelligence and machine learning. Ultimately, this will transform the way ASIC works.

Good data governance is a key challenge and responsibility for us, and we are focused on ensuring we have both the staff capability and the technological safeguards to enable and support effective data governance standards.

So, ASIC is committed to a digital future. We will continue to engage with the market and the community to help us make the right strategic and design decisions in this rapidly evolving area.

On Climate-related disclosure

ASIC continues to follow international developments on climate-related disclosure and participate in the IOSCO Task Force on Sustainable Finance alongside our peer regulators.

Globally, it's been a big few weeks for climate-related disclosure.

In the U.K., as of yesterday, over 1,300 of the largest UK-registered companies and financial institutions are required by law to disclose climate-related financial information in line with the recommendations of the G20 Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD).¹

The newly formed International Sustainability Standards Board's Climate-related Disclosure, exposure drafts, was published last week.²

In the U.S., on 21 March, the SEC proposed rule changes to require climate-related disclosures to meet investor needs and demands.³

In New Zealand, the Government recently passed legislation that will require around 200 entities to produce climate-related disclosures by around 2023.⁴

Domestically, more companies produce detailed climate-related disclosures in response to market expectations and growing awareness of these issues. ASIC has encouraged listed companies with material climate-related exposures to report voluntarily under the recommendations of the TCFD. This has been our position since 2018.

Our surveillance work on climate risk disclosure and governance is ongoing.

We look forward to taking the Committee's questions.

¹ [UK to enshrine mandatory climate disclosures for largest companies in law - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-to-enshrine-mandatory-climate-disclosures-for-largest-companies-in-law)

² [The International Sustainability Standards Board \(ISSB\) - Exposure Draft IFRS S2 Climate-related Disclosures \(Climate Exposure Draft\)](https://www.issb.org/disclosure-drafts)

³ [SEC.gov | SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors](https://www.sec.gov/news/press/2023/20230321.htm)

⁴ [Mandatory climate-related disclosures | Ministry for the Environment](https://www.mfe.govt.nz/news/mandatory-climate-related-disclosures)