

## Introduction

### Background

- 1.1 The House of Representatives Standing Committee on Economics (the committee) is empowered to inquire into, and report on, the annual reports of government departments and authorities tabled in the House that stand referred to the committee in accordance with the Speaker's schedule.
- 1.2 The Australian Securities and Investments Commission (ASIC) 2017 Annual Report (annual report) stands referred to the committee in accordance with this schedule. The committee resolved at its meeting on 7 February 2018 that it would conduct an inquiry into the annual report.
- 1.3 ASIC is an independent Commonwealth statutory authority whose role is to administer the *Australian Securities and Investments Commission Act 2001* (ASIC Act), the *Corporations Act 2001* (Corporations Act) and a range of additional legislation.<sup>1</sup>
- 1.4 ASIC was established in 1991 as the Australian Securities Commission, replacing the National Companies and Securities Commission and the Corporate Affairs offices of the states and territories. It was renamed ASIC in 1998 when it was given responsibility for consumer protections in superannuation, insurance and deposit taking. ASIC's responsibilities were expanded in 2010 to regulate trustee companies, consumer credit and finance broking and for supervising trading on Australian licensed equity, derivatives and futures markets.<sup>2</sup>

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1 ASIC, *Laws we administer*, <<http://asic.gov.au/about-asic/what-we-do/laws-we-administer/>>, accessed 22 May 2018.

2 ASIC, *How we operate*, <<http://asic.gov.au/about-asic/what-we-do/how-we-operate/history/>>, accessed 22 May 2018.

- 1.5 ASIC's stated aims include promoting investor and financial consumer trust and confidence, ensuring fair, orderly and transparent markets and providing efficient and accessible registration for businesses and companies.<sup>3</sup>
- 1.6 Under the ASIC Act, the authority is responsible for:
- maintaining, facilitating and improving the performance of the financial system and entities in it (including the licensing of financial services providers);
  - promoting confident and informed participation by investors and consumers in the financial system (broadly through the delivery of financial literacy education);
  - administering the law effectively and with minimal procedural requirements;
  - enforcing and giving effect to the ASIC Act;
  - receiving, processing and storing, efficiently and quickly, the information given to ASIC; and
  - making information about companies and other bodies available to the public as soon as practicable.<sup>4</sup>
- 1.7 ASIC's service charter further describes its role in relation to corporate, market and financial system regulation as encompassing, among other activities:
- registering companies and managed investment schemes;
  - registering auditors and liquidators;
  - registering business names;
  - licensing financial services and consumer credit businesses;
  - examining new market licence proposals; and
  - maintaining publicly accessible registers of companies, and registered and licensed entities, as well as disqualified directors and people who are banned from the financial services industry.<sup>5</sup>

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3 ASIC, *Our role*, <<http://asic.gov.au/about-asic/what-we-do/our-role/>>, accessed 22 May 2018.

4 ASIC, *Our role*, <<http://asic.gov.au/about-asic/what-we-do/our-role/>>, accessed 22 May 2018.

5 ASIC, *ASIC service charter results*, <<http://asic.gov.au/about-asic/what-we-do/how-we-operate/asic-service-charter-results>>, accessed 22 May 2018.

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## Scope and conduct of the review

- 1.8 ASIC appeared before the committee on 22 June 2018 in Canberra. This was ASIC's third appearance at a public hearing with the committee in the 45<sup>th</sup> Parliament. Details are provided in Appendix A.
- 1.9 ASIC's responses to the committee's questions on notice and in writing are provided on the committee's website.<sup>6</sup>
- 1.10 The proceedings of the hearing were webcast over the internet, through the Parliament's website, allowing interested parties to view or listen to the proceedings as they occurred. The transcript of the hearing is available on the committee's website.<sup>7</sup> The hearing was well attended by members of the public and media.
- 1.11 This report focuses on matters raised at the public hearing.

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6 House of Representatives Standing Committee on Economics, <[https://www.aph.gov.au/Parliamentary\\_Business/Committees/House/Economics/ASICAnnualReport2017/Documents](https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/ASICAnnualReport2017/Documents)>, accessed 02 August 2018.

7 House of Representatives Standing Committee on Economics, <[https://www.aph.gov.au/Parliamentary\\_Business/Committees/House/Economics/ASICAnnualReport2017/Public\\_Hearings](https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/ASICAnnualReport2017/Public_Hearings)>, accessed 27 June 2018.