



ASIC
Australian Securities &
Investments Commission

Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament
Question No.	022
Date	26 November 2021
Topic	Pump and Dump – Social Media Platform
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Committee member	Senator O'Neill

Question

Senator O'NEILL: get a sense of where it is. The other thing of interest to me is how this is being monitored in multiple community languages. Australia not only has a rich diversity of First Nations languages but has an incredible representation from all around the world. How are you managing and monitoring—I know, for example, WeChat is one that's known widely. What's going on with the monitoring of those platforms?

Ms Armour: That's really good point. I'll have to take that on notice. I think the reality is we're potentially having to do a little bit of reverse engineering by looking more at the market analysis and then going back into some of the platforms. We have some language skills in our market surveillance teams but not across the board.

Answer

Given the highly fragmented nature of social media platforms and the extensive use of encrypted and private chat channels, it is challenging for ASIC to systematically monitor all activity which may be associated with potential market misconduct.

Our primary focus is on the use of ASIC's market surveillance system and other tools to monitor trading activity then seek to identify the catalysts for anomalous market activity. Where we become aware (e.g through our covert surveillance) of social media activity in languages other than English which may be driving share prices, we will seek to identify ASIC staff with appropriate language skills to assess the commentary and whether this may be indicative of misconduct, including breaches such as false and misleading statements. ASIC staff have a broad range of language skills to call upon to review material in languages other than English.

In addition to reports of misconduct and suspicious activity reports (which are valuable source of intelligence), ASIC is also currently developing tools to systematically interrogate social media activity to identify themes in the discussions – see QoN 023.

ASIC also has periodic meetings with social media companies (e.g. Facebook and Google). We use these meetings to raise potential areas of regulatory concern and to establish protocols to quickly escalate issues.