

Australian Securities and Investments Commission

Answers to Questions On Notice

Public hearing: Parliamentary Joint Committee on Corporations and Financial Services

19 March 2021

Division/Agency: Australian Securities and Investment Commission

Question No: 004

Committee Member: Senator Deborah O'Neill

Question:

Senator O'NEILL: So there is some surveillance of the unlit market?

Ms Armour: Yes, there is some surveillance of that market.

Senator O'NEILL: Is it adequate?

Ms Armour: We are working to continually improve that, because it is a vast market, as you've said. There are a lot of transactions on that market. So we are working to try to make sure that those two different systems of surveillance interact and are talking to each other. We're particularly interested, in our case, in any market misconduct that may be occurring through those derivatives transactions and could impact on the integrity of the lit markets. We do work closely with AUSTRAC. I would have to take on notice, though, whether our surveillance teams and market structure teams are using the risk assessment report. I can come back to you on that.

Senator O'NEILL: Thank you.

Ms Armour: But we do have a number of projects where we've worked very closely with AUSTRAC, looking at market activities in these particular markets.

Senator O'NEILL: Thank you.

Answer:

AUSTRAC's Risk Assessment Report provides a good summary of key themes in suspicious matter reports (SMRs). The Report and the underlying SMRs are an important source of intelligence for ASIC, including on insider trading and market manipulation. Our Market Surveillance team routinely conducts searches of AUSTRAC's reporting system to identify SMRs that relate to market misconduct matters that fall under ASIC's jurisdiction. ASIC supplements that intelligence with its analysis of market-wide trading data and information from other market participants, market operators and regulatory agencies when assessing the most appropriate course of action on matters.