



ASIC
Australian Securities &
Investments Commission

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JOSEPH LONGO
CHAIR

10 April 2024

Mr Alan Raine
Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

SUBMISSION TO THE INQUIRY INTO TREASURY LAWS AMENDMENT (FINANCIAL MARKET INFRASTRUCTURE AND OTHER MEASURES) BILL 2024 [PROVISIONS]

Dear Mr Raine

ASIC welcomes the opportunity to make a submission to the Inquiry into the Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 [Provisions] (the Bill).

ASIC supports the Bill, which amends various pieces of legislation to include the Financial Market Infrastructure Regulatory Reforms (FMI reforms) and introduces mandatory sustainability reporting obligations for Australia's largest businesses. These two legislative reforms are consistent with ASIC's regulatory priorities of ensuring the effectiveness and resilience of Australia's critical financial market infrastructure (FMI), promoting market integrity and efficiency, and confident and informed investors and consumer participation in the financial markets.

FMI Reforms

The FMI reforms have a long history and are the culmination of extensive review and industry consultation by the Council of Financial Regulators' (CFR). ASIC, with the other CFR agencies, advised Government in 2020 about much needed reforms to ensure Australia has a fit-for-purpose regulatory regime for the critical national infrastructure operated by the ASX Group and, more broadly, Australian FMI.¹

ASIC has worked closely with Treasury and the RBA in developing the proposed legislation to implement the FMI reforms and are comfortable that the legislative amendments strike an appropriate balance between the interest of stakeholders and the best interests of the broader Australian market.

¹ <https://www.cfr.gov.au/publications/consultations/2021/financial-market-infrastructure-regulatory-reforms-response-to-consultation/pdf/advice%20to-government.pdf>

The proposed FMI reforms will address deficiencies in the current FMI regulatory regime and ensure ASIC and the RBA (the Regulators) have appropriate powers to pre-emptively identify and manage risks, and to intervene to manage a crisis at a clearing and settlement facility. If the Bill is passed, ASIC stands ready to work closely with Treasury and the RBA to assist a whole of Government response should a crisis arise at a critical FMI.

Mandatory Sustainability Reporting

The Bill will introduce requirements for Australia's largest businesses and financial institutions to disclose material climate-related risks and opportunities, in accordance with Australian Sustainability Standards that will be set by the Australian Accounting Standards Board. ASIC sees this reform as critical to ensuring the availability of high-quality disclosures from Australia's businesses, enabling efficient capital allocation and decision-making by investors and other end users of these reports.

ASIC recognises the significant scale of this proposed change to Australia's financial reporting laws and the need for industry to build the capability required to meet these new obligations. The Bill adopts a phased approach to the implementation of disclosure and assurance requirements, which will allow time for the necessary uplift. As the responsible regulator for administration and oversight of this reporting regime, ASIC will engage with and assist reporting entities to meet the reporting requirements. We are developing regulatory resources to support Australian entities affected by the sustainability reporting regime.

ASIC is also supporting the Government in implementing the other pillars of its sustainable finance strategy. We will continue to work alongside Treasury, the RBA and APRA as a member of the Council of Financial Regulators' Climate Working Group, to consider and co-ordinate actions in relation to understanding and managing financial climate-related risks. ASIC is also working with international peer regulators, via the International Organisation of Securities Commission's Sustainable Finance Taskforce, to support the development of interoperable and comparable sustainability reporting frameworks that will promote transparency for investors globally.

Yours sincerely



CHAIR