



ASIC
Australian Securities &
Investments Commission

Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeover Panel and the Corporations Legislation
Question No.	055
Topic	Cybersecurity and AI
Reference	Spoken, 3 November 2023, Hansard page 10
Committee member	Senator Deborah O'Neill and Hon Keith Pitt MP

Question

Mr Savundra: It's a recurring theme throughout the discussion today that we seem to be oscillating between ASIC's own use of technology and then our regulation of industry and what we're doing in relation to industry's use of either technology or to their cybersecurity. My comments were in relation to ASIC's own use of technology to support its decision-making. Unfortunately, I'm not the best placed to comment on what the external world is doing in relation to automated decision-making. I'm not sure who is best placed to respond to that.

Mr Day: If there's a briefing that the PJC wants in that space, Mr Pitt, it might be best if we take that on notice and provide you with something about what we're seeing internationally in that space.

Mr PITT: I assume you're assessing [inaudible].

Mr Day: That's one of the reasons why we're involved in the international bodies and some of the other forums, and our close supervision and stakeholder engagement work. It's to find out what's going on in those industries so that we can prepare for that. We'll have things that we can say, but I can't give you the type of answer you are looking for right now.

Mr PITT: I think what's very clear is that the regulatory space is going to move very quickly, because it will have to.

Mr Day: Absolutely, yes. The pace of change is huge. We need to keep up and understand what that is, and, as we said before, ensure that our regulatory models and the regulatory framework that the government has given us can cope.

CHAIR: Could you add to that question on notice any legislative or regulatory changes ASIC is considering to keep pace with the evolving landscape of cybersecurity and artificial intelligence in the financial sector.

Answer

The Department of Home Affairs is leading the development of a new Australian Cyber Security Strategy. Legislative change is a matter for government, and any regulatory change would also need to account for the broader Australian Strategy. As noted by the ASIC Chair, ASIC has recently conducted a cyber pulse survey, with those results published on 13 November 2023. This work will inform ASIC's engagement with stakeholders as well as our regulatory approach, including supervisory action relevant to our regulatory purview.

ASIC is also closely monitoring how artificial intelligence is deployed in the markets we regulate – in particular, if it is used in a way that undermines consumer outcomes or market integrity. The existing laws and related guidance apply to protect consumers and investors, and ASIC will enforce these laws as it always has. We will work with government to address any gaps we identify.

The approach to any additional specific regulation of artificial intelligence requires a whole-of-government approach. ASIC responded to the consultation led by the Department of Industry, Science and Resources (DISR) on Safe and Responsible Artificial Intelligence in Australia, that included a description of ASIC's potential future work. ASIC will continue to engage in DISR's consultation process and a whole-of-government response as it progresses.