

1. 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 2015 Australian Securities and Investments Commission (ASIC) Annual Report (annual report) stands referred to the committee in accordance with this schedule. The committee resolved at its meeting on 15 September 2016 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.¹
- 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

¹ Australian Securities and Investments Commission (ASIC), *Laws we administer*, <<http://asic.gov.au/about-asic/what-we-do/laws-we-administer/>> viewed 11 October 2016.

finance broking and for supervising trading on Australian licensed equity, derivatives and futures markets.²

1.5 ASIC currently comes under the portfolio responsibilities of The Treasury. 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.³

1.6 Under the ASIC Act, ASIC 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);
- receiving, processing and storing, efficiently and quickly, the information given to ASIC under the law (that is, the operation of the government's registry business);
- ensuring that information is available as soon as practicable for access by the public;
- administering the law effectively and with minimal procedural requirements; and
- enforcing and giving effect to the law.

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;

² ASIC, *How we operate*, <<http://asic.gov.au/about-asic/what-we-do/how-we-operate/history/>> viewed 11 October 2016.

³ ASIC, *What we do*, <<http://asic.gov.au/about-asic/what-we-do/our-role/#priorities>> viewed 11 October 2016.

- 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.

1.8 ASIC may also:

- grant relief for companies or individuals from some sections of the *Corporations Act 2001* (Corporations Act) and *National Consumer Credit Protection Act 2009* (National Credit Act); and
- pursue companies or individuals who may have breached the laws ASIC administers.⁴

Scope and conduct of the review

1.9 ASIC appeared before the committee at the first public hearing to review its 2015 annual report in Canberra on 14 October 2016.

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.⁵

1.11 This report focusses on the issues raised in the annual report and, in particular, on matters raised at the public hearing in Canberra on 14 October 2016.

1.12 At the public hearing, the committee examined the current policy settings in corporate, market and financial system regulation, focussing on ASIC's surveillance and enforcement activities.

⁴ ASIC, *Service Charter*, <<http://asic.gov.au/about-asic/what-we-do/how-we-operate/asic-service-charter-results/asic-service-charter/>> viewed 11 October 2016.

⁵ House of Representatives Standing Committee on Economics, *Past Public Hearings and Transcripts*, <http://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/ASICAnnualReport/Public_Hearings> viewed 24 October 2016.

