



Select Committee on COVID-19

ASIC Chair James Shipton - Opening Statement

Thursday, 28 May 2020

Introduction

- Thank you for the opportunity for my fellow Commissioners and I to appear today.
- We would like to acknowledge the important work of this Committee.
- Our vision is to achieve *a fair, strong and efficient financial system for all Australians*. Realising this depends on both ensuring:
 - that ASIC's mandate continues, as well as
 - that we appropriately respond to prevailing challenges of COVID-19.
- ASIC has been quick to adjust our approach and work in response to the crisis.

[PAUSE]

ASIC's regulatory work and priorities for the time being

- Firstly, ASIC has recognised the extraordinary demands placed on businesses and the broader community and has changed its regulatory priorities in response.
- This has meant the deferral of some activities and redeployment of staff so that we can focus on key challenges to maintain the integrity of markets and protect vulnerable consumers.
 - Examples include:
 - deferral of less time-critical reviews, supervisory initiatives and investigations;
 - no-action relief for entities holding shareholder meetings; and
 - cessation of on-site monitoring of firms.

[PAUSE]

Ensuring Australia's equity and capital markets continue to operate in a fair, orderly and efficient manner

- Secondly, ASIC has acted to ensure that Australia's equity and capital markets have continued to operate in a fair, orderly and efficient manner.

- One example was in March when we quickly imposed a daily limit on the total number of ASX and CHI-X equity trades, following a huge volume spike.
 - This action prevented delays in settlement that would have undermined investor confidence in the market, particularly its ability to support the wider economy at a critical time. We have now relaxed this requirement but continue to specifically monitor trading volumes, as well as the market more broadly.
- We also authorised the ASX's rule changes to allow for larger share placements by listed companies.
 - By doing so, we enhanced the ability of companies to bolster their balance sheets in a highly volatile environment.
 - We did this keeping in mind market fairness issues, so that boards are also required to explain to shareholders why the type of offer was necessary and how mum-and-dad shareholders could also participate.
- As a result of these actions, and the robustness of Australia's capital markets, listed companies have raised in excess of \$21 billion in 80 transactions since the crisis began.

- This is vital to support the real economy in a time of severe economic strain.
- It also shows that Australia is a world leader in terms of our capital markets stepping up to support Australian companies, and the Australian economy, when it is needed the most.

[PAUSE]

Our continued enforcement work where there is significant risk of consumer harm

- Thirdly, we continue to investigate, enforce and prosecute breaches of the law where there is significant risk of consumer harm.
 - This is particularly important at a time when the community is under significant financial strain.
- Past illegal conduct, including behaviour identified by the Hayne Royal Commission, must continue to be a priority.
- Also, ASIC has actively sought to warn consumers where they are at risk of financial harm, including with warnings about unlicensed and inappropriate financial advice as well as issuing warnings about scams and fraud.

[PAUSE]

Enhancement of information on our MoneySmart website and increased targeted consumer messaging

- Fourth, we have also sought to help Australians find appropriate advice when making important financial decisions.
 - We have done this by enhancing information on our MoneySmart website and through targeted consumer messaging.

[PAUSE]

Making clear to regulated entities our expectations on how they should behave

- Finally, through all this ASIC is and will continue to make clear to regulated entities our expectations on how they should behave.
- To this end, ASIC expects entities to:
 - treat customers fairly,
 - avoid adding further financial harm or burden to consumers, and
 - act to maintain the integrity and efficiency of markets.

[PAUSE]

Conclusion

- In closing, there has never been a greater need for the financial services industry to live up to community expectations, and ASIC is doing its part to ensure this.
- Thank you, Chair. We look forward to taking the Committee's questions.

ENDS