

Opening statement for Senate Estim

31 May 2011

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By: ASIC CHAIRMAN

Time/Date: 31/5/11 - 3.15 pm

- Thank you Chair. I would like to make a brief opening statement.
- With me today is ASIC Deputy Chair Belinda Gibson, Commissioner Michael Dwyer, Victorian Regional Commissioner Warren Day and Senior Executive Leaders John Price and Greg Kirk.
- I would like to open by paying tribute to ASIC's outgoing chairman Tony D'Aloisio.
- Over the past four years Mr D'Aloisio has led ASIC through an enormous period of change and challenge.

1. ASIC strategic review

- Under his leadership ASIC underwent a major strategic review that ensured the organisation was more stakeholder oriented, was better informed about the market, and focused on achieving specific outcomes.
- He also expanded the size of the Commission, bringing in Commissioners Peter Boxall, Michael Dwyer, Shane Tregillis and myself.

2. GFC

- There's been the impact of the GFC and the effect this has had on financial markets, products and companies.
- Under Mr D'Aloisio, ASIC helped manage the fallout of the GFC, particularly through regulation of short selling; and by introducing measures to allow investors to withdraw their investments from frozen funds on grounds of financial hardship.

3. ASIC's responsibilities

- Mr DAloisio has overseen an expansion of ASIC's role, particularly credit licensing last year, the transfer of market supervision from the ASX and, now, competition in equity markets.

4. Investor Protection

- He initiated a focus on using ASIC's enforcement powers to seek compensation for retail investors as part of ASIC's overall strategy in investigations. ASIC has also invested heavily in consumer education initiatives during Mr D'Aloisio's tenure - such as the outstanding Moneysmart website.

5. Major cases

- With Mr D'Aloisio at the helm, ASIC has undertaken major deterrence cases. These matters are complex and not without risk but Mr D'Aloisio showed consistently his willingness to make the tough calls to pursue these cases in the name of the public interest.
- Cases such One.Tel, Westpoint, James Hardie, Opes Prime, AWB, Fortescue and Storm to name just a few. These cases were not all wins but ASIC's preparedness to take them on, no matter the difficulty, has without a doubt had a deterrence effect on potential wrongdoing.

6. Internationally

- I must also mention that Mr D'Aloisio's leadership extended beyond Australia with his Chairmanship of the joint forum – a role which reflects the respect that ASIC has in the international regulatory community.

PAUSE

- Madam Chair, I am honoured and excited to be appointed ASIC's next Chairman and I would like to now comment on the priorities I see for ASIC going forwards.
- I'll emphasise three areas.

Priority #1

- Confident and informed investors and financial consumers with an emphasis on:
 - Education: MoneySmart website – since March launch 250,000 visitors – MPs and Senators promoting the

sites to constituents. Helping Kids Understand Finances. Also using innovative technologies like new media.

- Gatekeepers being held to account, including accountants, lawyers, advisers, product manufacturers and distributors.
- Consumer behaviour. Recognising how investors and consumers make decisions using new media as an alternative channel.

Priority #2

- Fair and efficient financial markets noting that:
 - Self-regulation has an important role to play.

Priority #3

- Efficient registration and licensing with a:
 - Particular focus on small business.
- Key drivers we use to achieve our priorities will include:
 - Engagement with industry and stakeholders;
 - Surveillance
 - Guidance;
 - Education;
 - Deterrence; and
 - Policy advice.
- Of course, we will continue to take on the big cases and pursue wrong-doers wherever they are and whoever they might be. But we also need to use these other tools I just mentioned.

- Thank you Chair again for the welcome today. We are ready to take your questions.

ENDS