

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates 2014
3 June to 5 June 2014

Department/ Agency: ASIC

Question: BET 12

Topic: Insider Trading

Reference: Hansard pg 23, 4 June 2014

Senator: Bushby

Question:

CHAIR: On a broadly similar matter, I asked some questions of the ABS last night about an insider trading matter. Can ASIC briefly set out the time line regarding this matter, how it became aware of it and the actions that were taken?

Mr Medcraft: We will ask Mr Savundra to answer, as he was very close to the case.

Mr Savundra: ASIC first became aware of this matter through a tip-off from a market participant late on 18 February.

CHAIR: Is it true that the market participant became aware through social media?

Mr Savundra: That is unclear, Senator. There has been a lot of misreporting in the media around who discovered it and the timing of the report to ASIC. I think there was a suggestion in the media that we were advised as early as September. I can confirm that the first we were advised of it was late on Tuesday, 18 February by a market participant. They were not the only market participant who provided us with a tip-off. There was more than one. We issued notices on that market participant on the 19th, and then on the morning of 20 February we involved the AFP. Again, the media seems to report that we referred the participant to the AFP. It was us who engaged the AFP, given it involved a Commonwealth officer. It was a slightly over 24 hours from when we received the report of misconduct, issued notices and involved the AFP.

CHAIR: The media reports suggested that, when the stockbroker who wished to report the suspect trades contacted ASIC, they were told by an ASIC official that he would need to ring another agency. That is incorrect?

Mr Savundra: That is incorrect. I have also spoken to that individual, the market participant, and he says that his view aligns with what I have just outlined to you, and also reports that he has been misreported.

CHAIR: It is important to correct the record on that.

Mr Medcraft: It is extremely important, actually.

CHAIR: Yes. Prior to this incident, has ASIC ever engaged with ABS to discuss the possibility of such an incident occurring?

Mr Savundra: Not that I am aware. I will take that on notice and just confirm that.

Answer:

12. To the best of our knowledge, ASIC did not engage with the ABS in relation to the potential for market misconduct prior the recent incident which resulted in a former ABS employee and another being charged with a number of offences including insider trading related offences. ASIC and the AFP did, however, liaise with the ABS as part of its investigation into the recent incident.