

Thursday 11 June 2020

20-131MR ASIC's Interim Corporate Plan for 2020-21

ASIC has today published its [Interim Corporate Plan](#), which sets out five priorities to tackle the challenges presented by the COVID-19 pandemic:

- protecting consumers from harm at a time of heightened vulnerability
- maintaining financial system resilience and stability
- supporting Australian businesses to respond to the effects of COVID-19
- continuing to identify, disrupt and take enforcement action against the most harmful conduct, and
- continuing to build our organisational capacity in challenging times.

The Interim Corporate Plan is a result of ASIC's modified strategic planning process for the 2020-21 year, in response to the impact of COVID-19 on the financial system. Our immediate focus has been on assessing the key vulnerabilities in our regulated sectors in the current environment and developing targeted strategic priorities.

'The priorities identified in this Corporate Plan enable us to focus on activities that directly address the needs of consumers and firms as they respond to COVID-19,' said ASIC Chair James Shipton.

'Examples of new activities that flow from this plan include:

- cross-ASIC working groups on scams, unlicensed advice and misleading advertising
- expanding our markets supervision work to support fair and orderly operation of markets and to ensure investors are appropriately informed
- providing relief in relation to capital raising, shareholder meetings and reporting, and financial advice
- ensuring that there are measures in place to assist consumers who experience hardship, especially in relation to credit and insurance, and
- facilitating access to effective advice when individuals are considering seeking early access to their superannuation.'

At the same time, ASIC has published an [update on the timing of key outputs over the coming months](#), reflecting changes from our adjusted work program announced on 14 April 2020.

This now includes information on proposed timing of consultation and release of regulatory guidance in relation to legislation implementing the recommendations of the Financial Services Royal Commission.

'The revised timetable of ongoing work is an important step in assisting the transition of the business community and broader economy to a post-pandemic world,' Mr Shipton said.

‘However, it is important to note that the fact that some work has been delayed longer than would otherwise be desirable is not an abrogation of our regulatory work, but a recognition that some existing activities and new tasks must take precedence over work we would otherwise be doing. Indeed, a number of important enforcement outcomes have been achieved in the past two months, as the courts have continued to hear matters and deliver judgments.’

For those Royal Commission measures deferred for introduction by 30 June 2021, ASIC will continue to engage with stakeholders in relation to the timing of consultations of associated guidance.

Matters referred to in our 14 April 2020 statement that remain on hold are [detailed on ASIC’s website](#).



ASIC
Australian Securities &
Investments Commission

ASIC Interim Corporate Plan 2020–21

Strategic priorities
responding to the impact of
the COVID-19 pandemic

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Foreword

Australia faces significant challenges as a result of the COVID-19 pandemic. As the nation's corporate, markets, financial services and consumer credit regulator, we are committed to making a real difference in the way our economy and our community weather this difficult time.

Our vision for a fair, strong and efficient financial system for all Australians remains core to the work we do. As we work through the immediate impact of the pandemic, we will continue to engage constructively with the regulated population, other regulators, governments and consumers to help maintain the proper functioning of the financial system. In this interim plan, we outline the strategic priorities that will guide our work during this period. Later in the year, we will publish more details on our longer term priorities in our corporate plan for 2020–24.

Our current strategic priorities focus on:

- › protecting consumers from harm at a time of heightened vulnerability
- › maintaining financial system resilience and stability
- › supporting Australian businesses to respond to the effects of the COVID-19 pandemic
- › continuing to identify, disrupt and take enforcement action against the most harmful conduct
- › continuing to build our organisational capacity in challenging times.

We have redeployed staff to address issues of immediate concern. In particular, we have set up three ASIC-wide working groups to focus on scams, false and misleading advertising, and unlicensed advice. We have also expanded our market supervision

work to support the fair and orderly operation of markets and ensure investors are appropriately informed.

While we recognise that participants in the Australian financial services sector are under enormous pressure at this time, we firmly expect that they continue to act fairly and in the best interest of consumers.

We have taken steps to support businesses in this challenging time. We have deferred a number of activities that are not as time critical or urgent as others that have arisen due to the pandemic, and provided relief in various areas, such as capital raisings, shareholder meetings, financial advice, and the lodgement of financial reports. We will continue to work with regulated entities to identify other areas where we can provide support, and give guidance and further relief where needed.

Despite the work necessitated by the COVID-19 pandemic, we have not lost sight of the many priorities we had previously committed to. For instance, our work progresses on enforcement matters arising from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission), and on other high deterrence matters. We continue to be focused on enforcement activities against the most egregious misconduct, as well as investigations that are time critical.

While onsite supervisory work, such as our Close and Continuous Monitoring Program, is not possible at this time, we continue to monitor firms remotely, including through information-sharing arrangements with the Australian Prudential Regulation Authority (APRA). We will use established working arrangements with senior executives to both supervise and support firms.

To assist regulated entities plan for the future, we have provided further information on the timing of [key upcoming regulatory work](#) that had been deferred as a result of the pandemic, including guidance on Royal Commission reform measures to be introduced into Parliament by December 2020.

Internally, we are bolstering our operational capabilities in response to the pandemic so that we continue to deliver our functions to those who rely on them in the most efficient and effective way.



James Shipton
Chair

Strategic planning

We have adapted the strategic planning process this year to respond to the impact of the COVID-19 pandemic.

Our planning process

We develop and review our priorities and program of work through our annual strategic planning process.

The process begins with an analysis of key trends in our operating environment. We then apply our threats, harms and behaviours framework, which identifies, describes, and prioritises actual and potential harms to consumers, investors, and markets. The framework includes the following stages:

- › analysing our external operating environment, including key economic and sectoral trends
- › identifying and prioritising a broad range of threats and behaviours that are causing, or could potentially cause, harm. This includes the work of our Emerging Threat and Harm Committee, which monitors, analyses and responds to changes in our operating environment
- › testing the rigour of our results with independent external advisory panels and experts.

Our strategic priorities are set according to the types of harms we see as most significant, and what we view as the most effective way of taking action against them.

These priorities drive the development of business plans for the coming year, and the allocation of resources.

The planning process provides the basis on which we evaluate and report on our performance.

An expanded approach to address the COVID-19 pandemic

In response to the COVID-19 pandemic's swift impact on the financial system, we have adjusted our strategic planning process annual strategic planning process for 2020–21.

As the COVID-19 pandemic emerged, we focused our efforts on assessing the key vulnerabilities of our regulated sectors in the evolving environment, and on developing short-term strategic priorities to underpin our regulatory responses to address the immediate risks arising from the pandemic.

These strategic priorities, and the related workstreams, are set out on pages 7 to 18.

Over the coming months, we will set priorities that address both emerging and enduring risks we expect to see over the next four years. We will publish those priorities in our corporate plan for 2020–24.

Current environment

There are heightened consumer and corporate vulnerabilities as a result of the COVID-19 pandemic.

The collective impact of the COVID-19 pandemic has led to a global economic slowdown amid travel disruptions and mandatory shutdowns. The Australian economy has contracted sharply. There has been a rapid rise in unemployment and under-employment. Consumer and business confidence have fallen to record lows. This has elevated consumer and corporate vulnerabilities.

In response, the Australian Government delivered significant levels of fiscal support, while the Reserve Bank of Australia cut the cash rate to 0.25% and launched a government bond buying program.

Consumer vulnerabilities

Heightened economic uncertainty and widespread job losses have increased the risk of harm for many consumers.

There has also been a marked increase in scams, false or misleading advertising (particularly targeting retail investors), and reports of unlicensed financial advice. The impact of, and the consumer susceptibility to, these unscrupulous activities are exacerbated by financial stress or hardship that many consumers may already be experiencing.

Financial stress could become more pronounced, especially when Government assistance comes to an end. In the credit space, consumers may become increasingly reliant on high-cost, short-term credit products that are aggressively marketed and may not be suitable. Government stimulus, hardship arrangements and repayment deferral provisions, including so-called mortgage 'holidays', should provide

some temporary relief for consumers. But issues may arise if the fallout from the pandemic is protracted.

In the insurance space, any concurrent rise in premiums and fall in consumer income levels may see policyholders reducing their coverage or allowing their policies to lapse. Further, cover exclusions and limitations may be introduced into new life insurance policies or into general insurance policies at renewal as a response to current and emerging risks. There is a risk that some products may no longer meet policyholders' needs or expectations, particularly if these are not clearly communicated.

Under the COVID-19 early superannuation access provisions, a significant number of consumers have been approved to draw down on their super balances. In doing so, they may have improved their short-term cash flow, but have impacted their retirement balances and possibly their insurance coverage.

Corporate sector resilience

The COVID-19 pandemic is disrupting and impacting Australian businesses in significant ways. There is wide variation in the capital positions of Australian corporations. Overall, capital raising activities have been significantly higher since the escalation of the pandemic and there has been broad support from investors to date.

Australian and state government relief, including commercial rental holidays, cheaper credit and insolvent trading moratoriums, is expected to help companies continue to operate in the short term.

But some may struggle to survive an extended shutdown period.

As the number of registered liquidators has declined over the last few years, the sector may lack the capacity to respond to a significant increase in insolvencies, should it occur. This may be particularly evident with large and complex appointments.

Technology

The rapid increase in remote working has the potential to expose gaps in the digital infrastructures and cyber security systems of

financial service entities. Entities without appropriate systems in place are increasingly vulnerable to cyber attacks, data breaches, technology failures and system outages.

While the COVID-19 pandemic has brought many technological challenges, it has also presented new opportunities, with many financial services entities increasing their online and remote service offerings. For instance, corporations are conducting annual general meetings virtually, and various financial technology initiatives are being deployed.

Strategic priorities

We are focused on five priorities to address the challenges presented by the COVID-19 pandemic.

In the short term, our work to address the impact of the COVID-19 pandemic is guided by five strategic priorities. These address what we see as the greatest threats and harms in the current environment, such as the vulnerability of consumers to financial stress and unscrupulous conduct, the challenges to market integrity, and the pressures faced by businesses.

The key functions of our normal day-to-day operations, including registry operations and services, receipt of whistleblower reports and breach and misconduct reports, and general contact points for industry, will continue to be available to those who rely on them.

Protecting consumers from harm at a time of heightened vulnerability

At a time when the COVID-19 pandemic is causing significant anxiety for many consumers, there is a greater risk of exploitation by unscrupulous operators. Our consumer protection work is focused on:

- › taking swift and effective action against predatory lending, including to borrowers adversely affected by the COVID-19 pandemic
- › disrupting the mis-selling of harmful products and the provision of poor advice to consumers affected by pandemic-related investment losses or hardship
- › acting against scams, including cyber-enabled ones, in a coordinated way
- › taking action to help ensure firms offer appropriate support and services to consumers, hardship assistance is provided fairly, and insurance claims are processed efficiently and in utmost good faith

- › engaging proactively and regularly with industry stakeholders to ensure fair business standards are maintained
- › providing consumers with information to help them manage their finances through this crisis
- › taking action to ensure that entities give accurate information to consumers, particularly on accessing early release of superannuation
- › working with super trustees, advisors and other stakeholders to minimise member harms and inappropriate advice.

We continue to be committed to consulting with and providing guidance to industry on our expectations of fair and transparent behaviour (e.g. in relation to internal dispute resolutions) on a revised timeline as necessitated by the COVID-19 pandemic.

Our key workstreams are listed in the table below.

Focus	Key actions
Cross-sector	
False and misleading advertising	<ul style="list-style-type: none"> › Monitor proactively and reactively, through a new ASIC-wide working group, the increased risk of consumers being exploited through misleading or fear-based advertising. This monitoring covers a range of product and service sectors, including credit and insurance › Take swift enforcement action, where appropriate, against wrongdoing › Issue public warnings to alert consumers to risks
Scams	<ul style="list-style-type: none"> › Disrupt and deter scams such as cyber misconduct, through a new ASIC-wide working group, in the COVID-19 environment. This work includes conducting environmental scans and monitoring ASIC data access points to collect and analyse intelligence identifying technology-enabled offending › Issue public warnings where appropriate to protect consumers
Financial advisers	
Relief surveillance	Conduct surveillance of financial advice to ensure that our temporary relief measure to improve access to timely and affordable financial advice for consumers is not abused (see ASIC Corporations (COVID-19—Advice-related Relief) Instrument 2020/355)
Unlicensed advice	Through a new ASIC-wide working group, identify unlicensed advice, expand our unlicensed advice regulatory toolkit and take swift action, including enforcement action, against misconduct
Investment managers	
Hardship and rolling withdrawal relief for frozen funds	<p>To deal with an expected increase in applications for hardship and rolling withdrawal relief for frozen funds, we will:</p> <ul style="list-style-type: none"> › establish eligibility criteria and standard relief › explore a potential industry-wide solution, such as making a legislative instrument › communicate changes to responsible entities and consumers › process all hardship and rolling withdrawal relief applications in a timely and efficient manner › collect and publish statistics on frozen funds for ongoing monitoring of liquidity issues

Focus

Key actions

Labelling of funds

To ensure funds are true-to-label so that consumers are accurately informed, we will:

- › monitor advertising and website promotions of managed funds
- › test advertising and promotions against funds' formal disclosure documents, constitutions and underlying assets (e.g. comparing redemption offers against fund liquidity)
- › take regulatory action as necessary where the advertising and promotions to investors are not consistent with the underlying documents and assets of the fund

Superannuation

Insurance in superannuation

- › Monitor the impact of the COVID-19 pandemic on the insurance offerings of superannuation trustees
- › Encourage clear and balanced communications by trustees to consumers
- › Review a sample of policy documents for insurance in super, and monitor policy renegotiations
- › Review trustee public communications about insurance
- › Engage with the Australian Financial Complaints Authority (AFCA) to monitor poor claims and complaints handling processes
- › Engage with APRA and trustees where we identify issues and take appropriate regulatory action

Intra-fund advice review

- › Conduct surveillance to ensure that our temporary relief measure to allow trustees to provide more affordable and accessible advice to members about the early release of superannuation is not abused (see [ASIC Corporations \(COVID-19—Advice-related Relief\) Instrument 2020/355](#))
- › Take enforcement action where appropriate

Trustee communications

- › Conduct a thematic surveillance of trustee communications to members about the impact of the COVID-19 pandemic and resultant legislative measures on superannuation funds and member benefits
- › Take appropriate regulatory action, including enforcement action
- › Publish communications about the findings of our surveillance

Focus	Key actions
Credit	
Predatory short-term lending	<ul style="list-style-type: none"> › Communicate with payday lenders, lessors and industry bodies to set expectations about maintaining fair practices › Assess changes to lending practices in light of the COVID-19 pandemic › Use data from industry and commercial sources to identify trends in lending patterns › Conduct active targeted surveillance on entities where there is a heightened risk of poor conduct › Increase the use of rapid and disruptive enforcement action (e.g. injunction and product intervention orders) to prevent predatory lending and punish breaches of the law
Hardship assistance	<ul style="list-style-type: none"> › Monitor the options provided by lenders to consumers experiencing hardship, with a focus on large lenders, high-risk lenders (e.g. payday lenders and consumer lease providers) and small fringe players › Engage with lenders about their scope of commitments and messaging about what happens once repayment deferrals cease › Consider appropriate regulatory action to ensure that credit providers deal with hardship requests in accordance with general credit licensee obligations and/or hardship request processes under the <i>National Consumer Credit Protection Act 2009</i>
Insurance	
Claims handling	<ul style="list-style-type: none"> › Monitor claims processes and outcomes in the general and life insurance sectors to ensure consumers are not unfairly disadvantaged due to the effects of the COVID-19 pandemic on claims processes › Engage with industry and prepare to collect data relating to COVID-19 claims when the immediate operational effects of the pandemic subside › Use our regulatory tools, including enforcement action, to deter claims handling-related misconduct and ensure insurance claims are processed with utmost good faith
Mis-selling	<ul style="list-style-type: none"> › Analyse the risk of inappropriate product design and distribution in the current environment by monitoring: <ul style="list-style-type: none"> › the design and sale of poor value insurance products › the use of unfair contract terms › the distribution practices that create risks of poor outcomes for consumers and may breach the law (e.g. outbound sales calls) › Take swift action to deter mis-selling of unsuitable insurance products and punish breaches of the law

Focus

Key actions

- Hardship assistance
 - › Engage with industry to set expectations on providing flexibility for consumers experiencing financial hardship, to help consumers retain insurance that protects their key assets during a period of increased vulnerability
 - › Develop communications to consumers about the risks of cancelling or reducing insurance, and other options that may be available for reducing their premiums

Market infrastructure and supervision

- Retail investors trading in COVID market volatility
 - › Monitor retail investor participation in the current environment, including identification of harms
 - › Issue consumer communications, where appropriate, to raise awareness of risks

- Safeguarding client money
 - › Continue proactive surveillance to ensure compliance with money handling obligations, particularly where intermediaries demonstrate high financial risk or stress
 - › Undertake early intervention strategies to enhance protection of client money
 - › Take enforcement action where serious misconduct has been identified
 - › Communicate with stakeholders to encourage better practices and consumer messaging

- Retail over-the-counter (OTC) derivatives
 - › Monitor client detriment
 - › Conduct proactive surveillance of client money reconciliations and adequacy of financial resources
 - › Conduct surveillance of any serious misconduct identified in breach reports, reports of misconduct and AFCA referrals relating to retail OTC derivatives

Maintaining financial system resilience and stability

We are committed to help ensure the Australian financial system is resilient and stable by, for example:

- › responding promptly to market dislocation or disorder
- › supervising market infrastructure providers and participants to ensure smooth and continuous operation of markets, including monitoring their cyber resilience
- › continuing to monitor for market abuse (including 'rumourtrage') and taking quick action in response to it

- › continuing to monitor and enforce adherence to continuous disclosure requirements to help ensure the market is accurately informed
- › supporting the efficient administration of companies in insolvency
- › enabling the sound and fair operation of managed investments, including liquidity management and winding up, where necessary.

We are working closely with Government and other agencies to respond quickly to challenges arising from the COVID-19 pandemic. This includes our participation in the Council of Financial Regulators to support the financial system through the pandemic. We are also actively engaged with our Trans-Tasman counterpart to explore and implement common approaches to address pandemic-related impacts.

Our key workstreams are described in the table below.

Focus	Key actions
Cross-sector	
False and misleading advertising	<ul style="list-style-type: none"> › Monitor false and misleading promotional statements on the listed market for COVID-19-related products › Take action, including enforcement action, to address breaches of the law where appropriate
Continuous disclosure	<p>Monitor false or misleading disclosures, with particular focus on:</p> <ul style="list-style-type: none"> › withdrawal of earnings guidance › capital raisings › sectors operationally impacted by the COVID-19 pandemic › opportunistic disclosure conduct <p>Take regulatory action, including enforcement action, where appropriate</p>
Close and continuous monitoring	<p>Continue to engage with boards and senior executives of Australia's largest financial institutions subject to close and continuous monitoring (while onsite supervisory work is deferred) to gather information on trends, identify risks, and respond to requests by the entities</p>
Governance	<ul style="list-style-type: none"> › Monitor changes in governance practices in response to the current circumstances, including risk oversight, holding of member meetings, payment of dividends, executive pay decisions and executive share trading › Engage with firms and provide guidance where appropriate to avoid adverse impacts on investors and other stakeholders

Focus	Key actions
Market infrastructure and supervision	
Operational resilience	<ul style="list-style-type: none"> › Identify risks to the operational resilience of financial markets, including enhanced monitoring of market infrastructure providers and intermediaries (e.g. in relation to financial stress, conduct under business continuity plan arrangements, and technology and operational risks) › Take action to intervene where required › Consider operational challenges from cross-border activities
Clearing and settlement (CS) facility stability	<ul style="list-style-type: none"> › Conduct enhanced monitoring of licensed CS facilities' management, governance and mitigation of operational and financial risks › Engage with other service providers such as share registries on COVID-19 pandemic planning and operational capabilities
Trade count and order size	<p>Excessive trade counts in the current volatile environment threaten the operational integrity of market infrastructure. Our key actions include:</p> <ul style="list-style-type: none"> › conducting data analysis on average trade sizes › reviewing the broader trends in trading activity (including small order and trade size) › consulting where appropriate with industry on any proposed regulatory changes
Equity market real-time and post-trade surveillance	<ul style="list-style-type: none"> › Intensify monitoring of trading, capital raisings and company announcements for integrity and orderliness › Engage in real time with companies, participants, market operators and investors on suspicious activity › Monitor short selling and securities lending volumes and take action against misconduct or conduct leading to disorderly trading › Review short selling policy settings › Take quick regulatory action, including enforcement action, against COVID-19-related misconduct (e.g. through disruption, behavioural change and interventions)
Wholesale and derivative trade surveillance	<ul style="list-style-type: none"> › Monitor primary and secondary market orderliness and integrity across listed and OTC derivative markets, including signs of market dislocation, dysfunction and information asymmetry › Monitor wholesale market liquidity, including implications for debt capital markets of credit rating changes › Take regulatory action, including enforcement action, where appropriate

Focus	Key actions
Investment managers	
Resilience of managed funds	<ul style="list-style-type: none"> › Continue work on contingency plans that allows us to respond effectively in the event of a collapse of a responsible entity or managed investment scheme › Monitor liquidity challenges of responsible entities and engage with industry stakeholders to ensure fair business standards and that obligations of responsible entities are maintained › Help responsible entities in distress, with a key focus on protecting and promoting the interests of members › Take regulatory action and exercise our powers, where appropriate, against responsible entities no longer fit or able to operate managed investment schemes (e.g. through licence suspension) › Work with administrators and liquidators of insolvent responsible entities › Take enforcement action, where appropriate, to address breaches of the law
Valuation practices	<ul style="list-style-type: none"> › Identify schemes where assets are not being appropriately valued or there is misconduct arising from valuations › Identify areas for potential revision of existing guidance on valuation practices
Financial reporting and audit	
Financial reporting and audit quality	<ul style="list-style-type: none"> › Have frequent contact with audit firms, industry bodies and other regulators to monitor the impact of the COVID-19 pandemic on businesses, markets, financial reporting and audit › Continue to conduct financial reporting surveillance and audit file reviews for listed entities and other public interest entities using risk-based targeting › Monitor the impact of the pandemic on audit firms and their ability to conduct timely and effective audits › Monitor the approach to modified audit opinions and emphasis of matter paragraphs
Insolvency practitioners	
Corporate insolvency	<ul style="list-style-type: none"> › Monitor the impact of the COVID-19 pandemic on the number of insolvencies, publish relevant statistics and contribute to policy responses › Coordinate an appropriate ASIC-wide response where large or strategically important entities are in external administration › Refine the assessment process for the Assetless Administration Fund
Registered liquidators	Support registered liquidators with guidance, information and stakeholder engagement in the current environment, with particular focus on registered liquidator independence, remuneration and competency

Supporting Australian businesses to respond to the effects of the COVID-19 pandemic

As the COVID-19 pandemic escalated, we took immediate steps to defer some non-time critical work to help businesses to respond to the impact of the pandemic. We also took steps to provide various forms of relief on a temporary basis to facilitate the operations of businesses at a time of potential financial stress. This included relief in the following areas:

- › capital raisings, to help listed companies raise capital quickly by enabling certain ‘low doc’ offers (including rights offers, placements and share purchase plans) to be made to investors, even if they do not meet all the normal requirements
- › shareholder meetings, by providing a ‘no-action’ position on upcoming annual general meetings that need to be deferred or held online
- › lodgement of financial reports, by extending the deadlines for lodgement for both listed and unlisted companies.

See our website for more information about [changes to our regulatory work and priorities](#), including our relief measures, in response to the COVID-19 pandemic.

We will continue to monitor the COVID-19 pandemic and assess the need to provide further relief. In equity capital markets, this will include the close monitoring of capital raising activities to understand prevailing conditions, the extent to which our relief is being relied upon, and the extent to which entities remain vulnerable due to a need for capital.

We are maintaining frequent contact with audit firms, industry bodies, standard setters and other regulators to monitor the impact of the COVID-19 pandemic on businesses, markets, financial reporting and audit.

We are also committed to processing and expediting individual relief applications in an efficient manner to support the operational activities of regulated entities. Furthermore, we will contribute to any policy response and law reform that may be required to facilitate business.

We will continue to efficiently respond to industry requests for guidance. We will also communicate with entities more broadly about our expectations of what is good and transparent conduct (e.g. in the context of conducting capital raisings and virtual shareholder meetings).

We have published, and will update as appropriate, [frequently asked questions](#) on the financial reporting and audit implications of the COVID-19 pandemic to assist directors, preparers and auditors in meeting reporting and audit requirements. The questions include information about the key focus areas for financial reports for 30 June year ends, including asset values, liabilities, going concern, and the adequacy of disclosures in the financial report and in the operating and financial review.

In the insolvency space, we are focused on providing guidance to registered liquidators amid an expected increase in corporate insolvencies.

We will also assist the Australian Government in working through the practical implications of regulating litigation funders.

In the small business sector, we will engage with credit providers and intermediaries to set our expectations that public commitments and statements are honoured in practice, including those connected with Government initiatives. We will identify key issues for close monitoring. Our work to address existing issues in the small business sector, such as those relating to unfair

contract terms and illegal phoenixing activity, is ongoing.

As the COVID-19 pandemic evolves, we will continue to put in place measures to help Australian businesses. We will focus on:

- › facilitating the timely completion of recapitalisations and other urgent transactions
- › operating our business registers and associated services, which are a key part of Australia's economic infrastructure, efficiently and without interruption to access
- › using our information-gathering powers (such as compulsory notices) in an efficient manner, taking into account that many entities we regulate are facing significant disruption as a result of the COVID-19 pandemic

- › identifying innovative solutions to maintain efficient and effective supervision of firms and markets despite the limitations imposed by the COVID-19 pandemic
- › participating as a key member agency of the wider Australian Government response to the COVID-19 pandemic (including through our active participation in the Council of Financial Regulators).

While it had been necessary for us to defer some work to allow businesses to focus on immediate issues arising from the pandemic, we remain committed to providing industry with sufficient visibility of our key regulatory work in the future. We have published the timing of [upcoming regulatory work](#), such as consultations, reports and other activities, to help businesses with their forward planning and resource allocation.

Continuing to identify, disrupt and take enforcement action against the most harmful conduct

We continue to use all of our regulatory tools to quickly and effectively identify and disrupt misconduct.

We also continue to receive and act on reports of misconduct and whistleblower reports, including those related to the COVID-19 pandemic, paying particular attention to reports of scams and misleading conduct, including in advertising and unlicensed behaviour.

We remain committed to our 'Why not litigate?' discipline to seek court-based outcomes against wrongdoers. We are focused on enforcement activities against the most egregious misconduct, and conduct that harms vulnerable consumers. We are targeting opportunistic behaviour that exploits the COVID-19 environment or leads to significant consumer harm, such as predatory lending and mis-selling of

unsuitable products. We are particularly focused on taking action against scams, unlicensed conduct and misleading and deceptive advertising.

Our other areas of focus include:

- › market misconduct (e.g. breaches of continuous disclosure requirements and insider trading)
- › misconduct involving large market participants or entities
- › cases that engage ASIC's powers or provisions that carry new or higher penalties
- › misconduct that relates to superannuation and insurance
- › illegal phoenix activity

- › auditor misconduct
- › new types of misconduct (e.g. those using emerging technologies).

We continue to ensure that individual accountability is given appropriate attention in our investigations (e.g. in relation to company directors and officers).

We are continuing to work on previously prioritised enforcement matters such as those arising from the Royal Commission, and other high deterrence matters. Our work also continues on matters currently in court, and on existing investigations that are time critical.

We are continuing our work in preparing for important future reforms and Government-supported reviews to address consumer harms. We also continue to work with

financial firms to seek opportunities to accelerate the payment of remediation to consumers.

We are currently participating in numerous interagency fora to address the risks of breaches and misconduct, including:

- › the Senior Officers Fraud Forum in the Counter Fraud Taskforce in relation to the economic stimulus package
- › the governance working groups of the Counter Fraud Taskforce, including the Australian Federal Police intelligence working group
- › the Serious Financial Crimes Taskforce in addressing matters referred to it regarding fraud against the economic stimulus package.

Continuing to build our organisational capacity in challenging times

The experiences we gather through the COVID-19 pandemic provide valuable insight into how and where we can improve or expand our organisational capacity. We will identify and address operational vulnerabilities within our organisation during these exceptional times. We will also continue to build capacity to meet the increasing demands on our work, including exploring innovative ways to identify threats and harms (e.g. through the use of data analytics and social media tools).

Our internal focus includes:

- › ensuring our internal culture continues to reflect our core values of accountability, professionalism and teamwork
- › putting systems in place to continue to operate effectively while our staff work remotely, especially our critical functions
- › supporting staff engagement, managing productivity and enhancing wellbeing and resilience in a work-from-home environment
- › effectively mobilising staff and other resources around our organisation as priorities change and some of our work is suspended
- › coordinating quickly and effectively with domestic and international regulators to respond to crisis impacts as they develop
- › continuing to build longer term capacity, including in data, communications and the responsiveness of our organisation, and being informed by the lessons learnt from operating under the COVID-19 restrictions
- › ensuring we are ready to resume or adjust paused or suspended work (where still relevant) as circumstances develop in the months to come.

To support our enforcement work, we have moved quickly to provide our staff with the means to effectively conduct investigations and litigation in a COVID-19 environment, including by establishing a secure way to conduct confidential examinations and interviews remotely.

We are working to improve the way we measure and assess our performance and

illustrate the impacts and outcomes of our work.

In particular, we will examine, and be informed by, the lessons learnt during this period to further improve our crisis response plans for the future.

We will also work to ensure we are well positioned to influence the reform agenda in the post-COVID-19 environment.

ASIC's revised timetable of ongoing work (June 2020)

NOTE: On 14 April, ASIC published a table outlining a shift in priorities in view of the impact of the COVID-19 pandemic. That [table](#) has and will continue to be updated to reflect any changes in the scheduling of listed work.

References in this timetable to quarters are references to calendar year quarters.

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
Q2 2020				
1.	<p>Enhancing corporate governance practices in large listed companies</p> <p><i>ASIC's corporate governance team is focused on identifying good and poor practices and recommending improvements to lift corporate governance standards.</i></p>	Jun 2020	<p>Information sheet: We will publish an information sheet to help boards with the governance of executive variable pay decisions during the COVID-19 pandemic.</p>	<p>20-070MR ASIC recalibrates its regulatory priorities to focus on COVID-19 challenges</p> <p>20-086MR Details of changes to ASIC regulatory work and priorities in light of COVID-19</p>
2.	<p>Product intervention power</p> <p><i>The product intervention power enables ASIC to intervene in relation to a product (or class of products) when we are satisfied that the product or (class of products) has resulted, will result or is likely to result in significant consumer detriment.</i></p>	Jun 2020	<p>Regulatory guidance: We will publish a regulatory guide in June 2020 on how we will use the product intervention power.</p>	N/A

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
Q3 2020				
3.	Financial Services Royal Commission recommendations 1.2 Mortgage broker best interest duty.	Jun/Jul 2020	Regulatory guidance: We will publish a new regulatory guide, for mortgage brokers and other relevant credit licensees, on how we will assess compliance with the best interest obligations in Pt 3-5A of the <i>National Consumer Credit Protection Act 2009</i> . We consulted on the draft regulatory guide in February 2020. The mortgage broker best interest duty will commence on 1 January 2021.	20-109MR ASIC defers commencement of mortgage broker reforms and design and distribution obligations 20-040MR ASIC consults on draft guidance on the new best interests duty for mortgage brokers
4.	Internal dispute resolution review ASIC's review of internal dispute resolution (IDR) standards to align with new statutory requirements for IDR, reflect the standards for effective complaints handling in AS/NZS 10002:2014 and refine our requirements in some key areas based on our experience in administering the policy.	Jul 2020	Regulatory guidance: We will publish a new regulatory guide, RG 271 <i>Internal dispute resolution</i> , outlining updated IDR standards and requirements. The guide will be published in July 2020 to allow industry to make the necessary changes ahead of commencement on 5 October 2021. With increased levels of financial hardship and consumer vulnerability as a result of the COVID-19 pandemic, we consider it essential that IDR performance is significantly improved.	20-070MR ASIC recalibrates its regulatory priorities to focus on COVID-19 challenges 19-249MR ASIC update on Royal Commission implementation 20-086MR Details of changes to ASIC regulatory work and priorities in light of COVID-19
5.	Competition in the investment management industry ASIC has engaged Deloitte to review competition in the funds management industry.	Jul/Aug 2020	Industry survey: We have extended the timeframe for input to the survey of industry participants until the end of July 2020. The delivery of an interim report on the findings has been delayed until the end of August 2020.	Keynote address by ASIC Chair James Shipton -- Financial Services Council Summit 2019

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
6.	<p>Product design and distribution obligations</p> <p><i>The product design and distribution obligations will bring accountability for issuers and distributors to design, market and distribute financial and credit products that meet consumer needs. Issuers and distributors must comply with these obligations from 5 October 2021.</i></p>	Q3 2020	<p>Regulatory guidance: We plan to publish regulatory guidance on product design and distribution obligations in Q3 2020, responding to industry requests for guidance to be finalised as soon as possible.</p>	<p>20-109MR ASIC defers commencement of mortgage broker reforms and design and distribution obligations</p> <p>19-369MR ASIC consults on guidance for the new product design and distribution obligations</p>
7.	<p>Remediation policy review</p> <p><i>Review of ASIC's remediation guidance to put consumers at the heart of the remediation process and provide guidance on how licensees can achieve fair, transparent and timely outcomes.</i></p>	Q3 2020	<p>Consultation: In Q3 2020, we will consult on our proposals to extend the application of our remediation policy in Regulatory Guide 256 <i>Client review and remediation conducted by advice licensees</i> (RG 256) beyond financial advice.</p> <p>In 2019, we started an internal review of our remediation policy in RG 256. Our focus has been on extending the application of the policy, including greater transparency on the progress and outcomes of remediation, and providing best practice guidance for designing and conducting consumer-centred remediation.</p>	N/A

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
8.	Internal dispute resolution data collection and reporting	Q3 2020	Consultation: We will commence the second phase of our targeted consultation on IDR data collection and reporting in Q3 2020. This consultation will build on the feedback that industry and consumer stakeholders provided in response to Consultation Paper 311 <i>Internal dispute resolution: Update to RG 165</i> .	N/A
9.	Review of buy now pay later products <i>A report on industry performance and regulation of buy now pay later services.</i>	Q3 2020	Report: We expect to release our report in Q3 2020. We will engage with the sector on its responses to the COVID-19 pandemic. We will also engage with consumer representatives and closely monitor the use of small amount and alternative credit products, especially by vulnerable consumers.	20-047MR <i>ASIC update on enforcement and regulatory work: September 2019 to February 2020</i> 19-249MR <i>ASIC update on Royal Commission implementation</i> 20-086MR <i>Details of changes to ASIC regulatory work and priorities in light of COVID-19</i>
10.	Commencement of changes to fees and costs disclosure requirements for managed funds and superannuation Regulatory Guide 97 <i>Disclosing fees and costs in PDSs and periodic statements (RG 97).</i>	Sep 2020	Legislative instrument: We have announced that we will amend the transitional arrangements for Product Disclosure Statements (PDSs) to allow entities to come into the new disclosure regime from 30 September 2020 and require any PDS given on or after 30 September 2022 to comply with the new disclosure regime. There will be no change to the periodic statement transition arrangements. We will issue a media release and update the RG 97 webpage when the amendment is made.	20-086MR <i>Details of changes to ASIC regulatory work and priorities in light of COVID-19</i>

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
11.	<p>Miscellaneous market integrity rule amendments – securities and futures markets</p> <p><i>Securities – including on-market takeovers and buy-backs, accredited derivative advisers and legal entity identifiers.</i></p> <p><i>Futures – including extension of securities rules to futures market participants on automated order processing and unique client identifiers.</i></p>	Sep 2020	<p>Consultation: We are exploring options to reduce the 2020 accreditation burden for market intermediaries and their derivative advisers.</p> <p>We will review automated order processing controls for futures market participants where there are risks to the resilience of the market.</p> <p>We will delay the publication of the formal consultation papers until the industry has the capacity to consider and respond to the proposals.</p>	<p>ASIC Corporate Plan 2019–23</p> <p>20-086MR <i>Details of changes to ASIC regulatory work and priorities in light of COVID-19</i></p>
12.	<p>Financial Services Royal Commission recommendations</p> <p><i>4.8 Removal of claims handling exemption.</i></p>	Later of Sep 2020 or on introduction of legislation into Parliament	<p>Consultation: We may engage in targeted consultation on a new information sheet on how to apply for an Australian financial services licence and comply with licence obligations, pending introduction of legislation into Parliament.</p>	N/A
Q4 2020				
13.	<p>Review of the ePayments Code</p> <p><i>ASIC’s review of the ePayments Code to assess its fitness for purpose, noting significant developments in financial technological innovation and the need to ensure the Code is simple to apply and easy to understand.</i></p>	Q4 2020	<p>Consultation: We will consult on the Code in Q4 of 2020.</p> <p>Stakeholders are welcome to contact us with any questions or concerns at ePaymentsCode@asic.gov.au.</p>	<p>19-049MR <i>ASIC consults on coverage of ePayments Code review</i></p> <p>20-086MR <i>Details of changes to ASIC regulatory work and priorities in light of COVID-19</i></p>

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
14.	Financial Services Royal Commission recommendations 1.6 <i>Misconduct by mortgage brokers.</i> 2.7 <i>Reference checking and information sharing.</i>	Later of Oct 2020 or on introduction of legislation into Parliament	Consultation: We intend to consult on a draft legislative instrument and information sheet on a reference checking protocol for mortgage brokers and financial advisers, and updates to Regulatory Guide 104 Licensing: Meeting the general obligations and Regulatory Guide 205 Applying for and varying a credit licence .	N/A
15.	Insurance in super <i>ASIC's review is looking at industry's progress on improving insurance outcomes for consumers.</i>	Dec 2020	Report: We have continued with this work, and anticipate to be in a position to publish a report by December 2020.	20-070MR <i>ASIC recalibrates its regulatory priorities to focus on COVID-19 challenges</i>
16.	Financial Services Royal Commission recommendations 3.4 <i>No hawking in superannuation.</i> 4.1 <i>No hawking of insurance.</i> 4.3 <i>Deferred sales model for add-on insurance.</i>	Dec 2020*	Consultation: We intend to consult in late 2020 on changes to Regulatory Guide 38 The hawking prohibitions to expand the hawking prohibition to superannuation and insurance products. We also intend to consult on an information sheet about the deferred sales model for add-on insurance.	19-188MR <i>ASIC proposes to ban unsolicited telephone sales of life insurance and consumer credit insurance</i>

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
17.	Financial Services Royal Commission recommendations 2.1 Annual renewal and payment. 2.2 Disclosure of lack of independence. 3.2 No deducting of advice fees from MySuper accounts. 3.3 Limitations on deducting advice fees from choice accounts.	Dec 2020*	Regulatory guidance and legislative instruments: We will release an update to Regulatory Guide 245 Fee disclosure statements (RG 245) and make the relevant legislative instruments in December 2020, subject to passage of legislation. We consulted on the update to RG 245 and legislative instruments in March 2020.	20-056MR ASIC consults on proposals about advice fee consents and independence disclosure
Q1 2021				
18.	Financial Services Royal Commission recommendations 1.6 Misconduct by mortgage brokers. 2.8 Reporting compliance concerns. 2.9 Misconduct by financial advisers. 7.2 Implementation of Enforcement Review Taskforce recommendations.	Feb 2021*	Consultation: We intend to consult on an update to Regulatory Guide 78 Breach reporting by AFS licensees on revised breach reporting requirements and on a new information sheet about new requirements for financial advisers and mortgage brokers to investigate misconduct and notify and remediate affected clients.	N/A

#	Project	Indicative timing	Activity	Earlier public statements by ASIC about this work
Q2 2021				
19.	Financial Services Royal Commission recommendations <i>1.15 Enforceable code provisions.</i>	Q2 2021**	Regulatory guidance: We intend to consult on a draft update to Regulatory Guide 183 Approval of financial services sector codes of conduct . We also intend to undertake targeted consultation at an earlier stage.	N/A

* This timing is contingent on the Government's timing of introduction of the Bill into Parliament.

** This timeframe assumes that passage of the Bill through Parliament has already occurred before this date.

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