

Assessment of the effectiveness and capability of ASIC's strategic prioritisation, planning and decision making

Key Questions	Suggested Responses
1. Does ASIC have a clear and effective framework for setting strategic priorities and making decisions consistent with those strategic priorities?	
2. How effective is ASIC's process for identifying risks, and addressing these risks through its strategic prioritisation and decision-making? How effectively is data and technology utilised to inform these processes?	It is implicit in ASIC's Corporate Plan that ASIC does not have the resources to investigate and pursue every potential breach or form a view on every policy issue that may fall within its broad supervisory and enforcement remit.
3. How effective is ASIC in implementing its strategic priorities and decisions, and allocating resources to give effect to them?	ASIC's stated approach to resourcing is to 'direct resources to address key priorities' (Corporate Plan, p 31). However ASX feels, at times, ASIC can focus on issues that are topical but not inherently risky. A more risk-based approach to ASIC's supervisory activities and allocation of its limited resources would be warranted in those cases.
4. Are there processes and systems in place to effectively monitor and oversee ASIC's decision-making to ensure decisions give effect to the direction and strategic priorities set by ASIC? Do these processes and systems result in appropriate consistency of decision-making across all levels of ASIC decision makers?	
5. Is ASIC's strategic prioritisation and decision-making framework clearly communicated to and understood by ASIC staff and external stakeholders?	<p>ASIC externally communicates its strategic priorities through its Corporate Plan which is welcomed.</p> <p>ASX is not in a position to assess the effectiveness of ASIC's Corporate Plan or ASIC's performance against it or whether ASIC staff have an understanding of this.</p>

Assessment of the effectiveness and capability of ASIC's surveillance function

Key Questions	Suggested Responses
1. How does ASIC make decisions about the prioritisation and resourcing of surveillance activities?	
2. To what extent are ASIC's surveillances targeted, efficient, and proportionate? Are those surveillances effective?	<p>ASIC Surveillance performs real time monitoring of the market in a similar way to ASX with the use of specific software that targets unusual price and volume movements. ASX believes this to be appropriate.</p> <p>Information between ASX and ASIC is shared where appropriate in a timely manner including where the matter is time critical involving potential continual disclosure breaches.</p>
3. To what extent does ASIC have the appropriate data, technology, and systems to allow it to detect risk, harm and misconduct, prioritise issues, and conduct surveillances?	<p>ASIC use a software called First Derivatives which is a similar software to the ASX Nasdaq system called SMARTS. The ASIC Surveillance team appear to get similar alerts regarding unusual movements in the markets which allow for real time monitoring. There is also extensive information share between ASX Surveillance and ASIC. ASX enforcement also are regularly in touch with ASIC with referrals of market misconduct.</p>
4. How effectively does ASIC use data and technology to reduce the regulatory impost of its surveillance activities?	
5. Has ASIC appropriately prioritised investment and focus on enhancing its data and technology capabilities in its surveillance activities?	

Additional General Comments

- There is constructive collaboration and co-operation between ASIC and ASX in relation to surveillance activities, resulting in identification of potential market misconduct issues. There is always room for improvement and ASX would offer to share our thoughts on where this can occur of that is of interest to Members.
- Numerous factors can influence when and what type of enforcement action ASIC takes, however a common theme is that typically there are long lead times between identification of a potential issue and any subsequent enforcement action.

Assessment of the effectiveness and capability of ASIC's licensing function

Key Questions	Suggested Responses
1. How does ASIC's licensing function support its regulatory mandate i.e. ASIC's statutory objectives, legislative requirements, risk appetite and strategic priorities?	<p>As a general statement, ASX holds numerous licences that are supervised by the Market Infrastructure function within the Markets Division of ASIC. These questions seem more relevant to Licencing under Financial Services & Wealth division of ASIC.</p> <p>If the Members of FRAA are interested in any perspective on the licencing of our Financial Market Infrastructure please let us know.</p>
2. Are licensing and registry application decisions timely and consistent? Does ASIC ensure that clear guidance for applicants is made available and that stakeholders are engaged appropriately?	
3. Does ASIC have the appropriate data, technology, and systems to efficiently manage licensing and registrations?	
4. How effectively does ASIC use data and technology to reduce the regulatory impost of its licensing activities?	