



**ASIC**

Australian Securities &  
Investments Commission

# Cost Recovery Implementation Statement: ASIC industry funding model (2021–22)

June 2022

## About this CRIS

This Cost Recovery Implementation Statement (CRIS) provides information on how we will implement the industry funding model and recover:

- the costs of our regulatory activities from each industry subsector in 2021–22 (in Part 1); and
- our user-initiated and transaction-based regulatory costs via fees for service in 2021–22 (in Part 2).

We have published this version of the CRIS for comment. Submissions can be made to [policy.submissions@asic.gov.au](mailto:policy.submissions@asic.gov.au) by 28 June 2022. We will take into account stakeholder feedback in preparing the final CRIS.

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### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Disclaimer

This CRIS does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

# Introduction to the CRIS

## Purpose of the CRIS

- 1 Each year, we publish a Cost Recovery Implementation Statement (CRIS) under the Australian Government Charging Framework, specifically the [Australian Government Cost Recovery Guidelines](#) (Cost Recovery Guidelines).
- 2 The Cost Recovery Guidelines set out the framework under which the Australian Government and ASIC design, implement and review regulatory charging activities. Under the guidelines there are two types of cost recovery charges. The characteristics of the activity determine whether the costs will be recovered through:
  - (a) *cost recovery levies*—charges imposed when a good, service or regulation is provided to a group of individuals or organisations (e.g. an industry subsector), rather than to a specific individual or organisation; or
  - (b) *cost recovery fees*—fees charged when a good, service or regulation is provided directly to a specific individual or organisation (see the Cost Recovery Guidelines, paragraph 4).
- 3 The CRIS provides industry with our estimates of the regulatory costs to be recovered through industry funding. The aim is to help entities plan and budget for the levies and fees to be charged.
- 4 We have published this CRIS for consultation. Submissions can be made to [policy.submissions@asic.gov.au](mailto:policy.submissions@asic.gov.au) by 28 June 2022. We welcome your feedback, including your comments on any aspect of the CRIS—for example, any areas where further details should be provided for context and background.
- 5 We will take into account stakeholder feedback in preparing the final CRIS and future CRISs.

## Background to the industry funding model

- 6 On 20 April 2016, the Australian Government announced it would introduce an industry funding model for ASIC. The Australian Government undertook extensive consultation to develop and refine the industry funding model: for more information on this consultation, see paragraphs 250–251.
- 7 In August 2021, the Australian Government announced temporary relief for Australian financial services (AFS) licensees that provide personal advice to retail clients on relevant financial products (financial adviser levy relief).

The relief restored the graduated component of the levy charged for this subsector to its 2018–19 level for two years (2020–21 and 2021–22).

Note: See the Hon. Josh Frydenberg MP, former Treasurer, and Senator the Hon. Jane Hume, former Minister for Superannuation, Financial Services and the Digital Economy, [Temporary and targeted relief on ASIC levies for financial advisers](#), joint media release, 30 August 2021.

- 8 Under the industry funding model, our regulatory costs in 2021–22 will be recovered from the industry sectors we regulate through a combination of:
- (a) industry funding levies charged to 52 subsectors, consisting of:
    - (i) general industry levies (cost recovery levies), for ongoing regulatory activities that are consistent with the [Australian Government Charging Framework](#). These activities relate to supervision and surveillance, enforcement, industry engagement, education, guidance, and policy advice (see Part 1 of the CRIS); and
    - (ii) statutory levies for activities the Australian Government has decided should be cross-subsidised between industry subsectors. This includes the recovery of costs from industry for education provided to consumers (see Table 3 and Table 5); and

Note: In this CRIS, we use the term ‘industry funding levies’ to refer to cost recovery levies and statutory levies collectively.

- (b) cost recovery fees (fees for service) for user-initiated, transaction-based activities where we provide a specific service to individual entities. These activities include licensing, professional registration, applications for relief and review of corporate finance transaction documents (see Part 2 of the CRIS).

## Structure of the CRIS

- 9 This CRIS is divided into three parts:
- (a) Part 1 of this CRIS provides information about how the costs of our regulatory activities in 2021–22 will be recovered from each industry sector via industry funding levies under the industry funding model. Table 1 provides an overview of the 52 subsectors from which we will recover our regulatory costs through industry funding levies, including references to the relevant parts of this CRIS where a further breakdown of costs is provided.
  - (b) Part 2 of this CRIS provides information about how we will recover our user-initiated and transaction-based regulatory costs via cost recovery fees in 2021–22. It includes information about fees for service and the methodology for calculating the fees.

- (c) Part 3 of this CRIS covers the stakeholder engagement undertaken, how we measure our financial and non-financial performance, key events and estimated dates, and the CRIS approval and change register.

**Table 1: Overview of costs to be recovered through industry funding levies, by subsector**

**Corporate sector (Section E)**

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Listed corporations	\$44.969m	\$58.247m	Table 10, Table 11
Unlisted public companies	\$2.491m	\$2.973m	Table 10, Table 12
Large proprietary companies	\$10.986m	\$7.925m	Table 10, Table 13
Small proprietary companies	\$20.278m	\$18.781m	Table 10, Table 14
Auditors of disclosing entities	\$7.283m	\$7.823m	Table 10, Table 15
Registered company auditors	\$0.985m	\$1.807m	Table 10, Table 16
Registered liquidators	\$4.778m	\$5.125m	Table 10, Table 17

Note: The regulatory costs for small proprietary companies are recovered through an increase to the annual review fee for proprietary companies.

**Deposit taking and credit section (Section F)**

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Credit providers	\$34.613m	\$33.057m	Table 19, Table 20
Small and medium amount credit providers	\$5.033m	\$4.897m	Table 19, Table 21
Credit intermediaries	\$10.897m	\$11.362m	Table 19, Table 22
Deposit product providers	\$14.009m	\$7.521m	Table 19, Table 23
Payment product providers	\$2.291m	\$2.406m	Table 19, Table 24
Margin lenders	\$0.002m	\$0.070m	Table 19, Table 25

**Investment management, superannuation and related services section (Section G)**

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Superannuation trustees	\$37.923m	\$26.948m	Table 27, Table 28
Responsible entities	\$20.749m	\$25.204m	Table 27, Table 29
Wholesale trustees	\$5.790m	\$3.008m	Table 27, Table 30
Operators of notified foreign passport funds and regulated former notified funds	\$0.008m	\$0.007m	Table 27, Table 31

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Custodians	\$0.138m	\$0.311m	Table 27, Table 32
Investor directed portfolio services (IDPS) operators	\$0.826m	\$0.953m	Table 27, Table 33
Managed discretionary account (MDA) providers	\$2.799m	\$2.418m	Table 27, Table 34
Traditional trustee company service providers	\$0.207m	\$0.278m	Table 27, Table 35

#### Market infrastructure and intermediaries section (Section H)

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Large securities exchange operators	\$5.768m	\$4.601m	Table 37, Table 39
Large futures exchange operators	\$1.677m	\$1.427m	Table 37, Table 40
Small futures exchange operators	\$0.187m	\$0.640m	Table 37, Table 41
Small securities exchange operators	\$0.581m	\$0.570m	Table 37, Table 42
Small securities exchange operators with self-listing function only	\$0.001m	\$0.001m	Table 37, Table 43
New specialised market operators	\$0.005m	\$0.004m	Table 37, Table 44
Established specialised market operators	\$0.832m	\$0.685m	Table 37, Table 45
Overseas market operators	\$0.527m	\$0.441m	Table 37, Table 46
Tier 1 clearing and settlement (CS) facility operators	\$1.885m	\$1.600m	Table 37, Table 47
Tier 2 CS facility operators	\$0.208m	\$0.171m	Table 37, Table 48
Tier 3 CS facility operators	\$0.032m	\$0.026m	Table 37, Table 49
Tier 4 CS facility operators	\$0.001m	\$0.001m	Table 37, Table 50
Exempt CS facility operators	\$0.001m	\$0.004m	Table 37, Table 51
Australian derivative trade repository operators	\$0.153m	\$0.127m	Table 37, Table 52
Exempt market operators	\$0.083m	\$0.068m	Table 37, Table 53
Credit rating agencies	\$0.068m	\$0.056m	Table 37, Table 54
Benchmark administrator licensees	\$0.482m	\$0.424m	Table 37, Table 55
Large securities exchange participants	\$19.201m	\$19.942m	Table 38, Table 56

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Large futures exchange participants	\$4.217m	\$3.624m	Table 38, Table 57
Securities dealers	\$1.765m	\$1.945m	Table 38, Table 58
Corporate advisers	\$1.778m	\$1.665m	Table 38, Table 59
Over-the-counter (OTC) traders	\$16.821m	\$8.725m	Table 38, Table 60
Retail OTC derivative issuers	\$10.658m	\$10.559m	Table 38, Table 61
Wholesale electricity dealers	\$0.080m	\$0.087m	Table 38, Table 62

### Financial advice section (Section I)

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Licencees that provide personal advice to retail clients on relevant financial products Note: Capped in accordance with financial adviser levy relief—see paragraph 7.	\$24.012m	\$25.759m	Table 64, Table 65
Licencees that provide personal advice to retail clients on products that are not relevant financial products	\$0.066m	\$0.190m	Table 64, Table 66
Licencees that provide general advice only	\$0.505m	\$0.603m	Table 64, Table 67
Licencees that provide personal advice to wholesale clients only	\$0.035m	\$0.085m	Table 64, Table 68

### Insurance section (Section J)

Subsectors	2021–22 (estimate)	2020–21 (actual)	Table references
Insurance product providers	\$29.430m	\$24.595m	Table 70, Table 71
Insurance product distributors	\$3.030m	\$3.011m	Table 70, Table 72
Risk management product providers	\$0.598m	\$0.119m	Table 70, Table 73
Claims handling and settling services providers (new subsector)	\$0.804m	Not applicable	Table 70, Table 74

- 10 Since the previous CRIS, we have refined the structures of Sections E–J to improve readability and accessibility, as well as the clarity and the level of detail provided to stakeholders. In particular, for each section we have:
- (a) linked each of the focus areas in our work to the relevant subsectors;
  - (b) expanded the summary table to include the definitions of each subsector, to provide a more complete overview; and



- (c) listed the tables outlining the detailed breakdown of estimated costs for subsectors together, to assist with navigation.
- 11 This CRIS has been prepared on the basis of our planned regulatory work and estimated levies to recover regulatory costs at the beginning of the 2021–22 financial year. The indicative levies provided are a guide only. There will be differences between indicative and actual regulatory costs, once known. This may be due to changes in our operating environment and the conduct of our regulated population during the year that requires us to adapt to new developments and emerging threats and harms. It may also be driven by the changing nature of enforcement matters as they progress through the stages of investigation and litigation.
- 12 The final levies charged under the industry funding model will be based on our actual cost of regulating each subsector in 2021–22. We will issue invoices for the 2021–22 financial year between January and March 2023, after the business activity has occurred and our regulatory costs are known.
- 13 We explain reasons for material variances between indicative and actual regulatory costs for 2020–21 in Section P.

## About ASIC

- 14 ASIC is Australia’s corporate, markets, financial services and consumer credit regulator. ASIC is established under the *Australian Securities and Investments Commission Act 2001* (ASIC Act).
- 15 The ASIC Act requires ASIC to strive to:
- (a) maintain, facilitate and improve the performance of the financial system, and the entities within it, in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
  - (b) promote confident and informed participation of investors and consumers in the financial system;
  - (c) administer the law effectively and with minimal procedural requirements;
  - (d) efficiently and quickly receive, process and store information that is given to ASIC;
  - (e) make information about companies and other bodies available to the public as soon as practicable; and
  - (f) take whatever action we can, and which is necessary, to enforce and give effect to the law.
- 16 ASIC’s statutory objectives include enforcing and giving effect to the laws we administer. We use a range of regulatory tools and remedies to address

misconduct. This includes taking enforcement action, such as court action, against individuals and entities where warranted. In doing so, we seek to deter poor behaviour and ensure that individuals act in accordance with the law.

17 ASIC also has the function of monitoring and promoting market integrity and consumer protection in relation to the Australian financial system. We monitor and promote market integrity and consumer protection in relation to the payments system, by promoting the adoption of approved industry standards and codes of practice, the protection of consumer interests, community awareness of payments system issues, and sound customer–banker relationships.

18 Our vision is for a fair, strong and efficient financial system for all Australians. Our [corporate plan](#) outlines our external and internal priorities to achieve this vision over the next four financial years, with a particular focus on the current financial year. It also explains how we use our strategic planning framework to achieve our vision. The framework guides the development of our priorities and actions. It is based on the monitoring and analysis of our operating environment, the identification of threats and behaviours that lead to harm (through our threats, harms and behaviours framework), and the prioritisation of those harms that need to be addressed. This strategic planning process supports how we plan our regulatory action and allocate our regulatory costs.

19 In 2021–22, our external priorities are:

- (a) promoting economic recovery—including through better and more efficient regulation, facilitating innovation, and targeting regulatory and enforcement action to areas of greatest harm;
- (b) reducing risk of harm to consumers exposed to poor product governance and design, and increased investment scam activity in a low-yield environment;
- (c) supporting enhanced cyber resilience and cyber security among ASIC’s regulated population, in line with the whole-of-government commitment to mitigating cyber security risks; and
- (d) driving industry readiness and compliance with standards set by law reform initiatives (including the Financial Accountability Regime, reforms in superannuation and insurance, breach reporting, and the design and distribution obligations).

20 Our internal priorities are:

- (a) enhancing communication and engagement with our stakeholders and other regulatory agencies, to ensure our actions and achievements have a real and tangible impact;

- (b) improving our infrastructure and systems to strengthen our key internal operations, processes and governance frameworks to effectively support our regulatory work;
- (c) enhancing and effectively utilising our data and cyber resilience capabilities in fulfilling our regulatory mandate and organisational priorities; and
- (d) continuing to nurture a workplace environment that promotes a culture of speaking up, challenge, accountability and a ‘whole-of-ASIC’ lens, underpinned by a sound system of risk management and compliance.

## Summary of estimated regulatory costs for 2021–22

21 Table 2 provides an overview of how we expect to recover our 2021–22 regulatory costs for each of our regulatory activities that are subject to industry funding. We have further provided a detailed description of each of these activities in Table 6.

Note: In this CRIS, we round figures to one decimal place in the text and three decimal places in tables. Items may not add up to totals due to rounding.

**Table 2: Method of cost recovery by regulatory activity**

Activity	Cost recovery levies	Statutory levies	Fees for service
Supervision and surveillance	\$47.075m	\$1.330m	Nil
Enforcement	\$52.525m	\$57.278m	Nil
Other regulatory activities			
<i>Industry engagement</i>	\$9.267m	\$0.170m	Nil
<i>Education</i>	\$0.290m	\$5.621m	Nil
<i>Guidance</i>	\$7.702m	\$0.059m	Nil
<i>Policy advice</i>	\$7.692m	\$0.056m	Nil
Indirect costs			
<i>Governance, central strategy and legal</i>	\$33.565m	\$0.186m	Nil
<i>Information technology (IT) support</i>	\$32.116m	\$0.321m	Nil
<i>Operations support</i>	\$21.402m	\$0.993m	Nil
<i>Property and corporate services</i>	\$35.015m	\$0.112m	Nil

Activity	Cost recovery levies	Statutory levies	Fees for service
Fees for service activities			
<i>Licence applications or variations</i>	<i>Nil</i>	<i>Nil</i>	\$5.659m
<i>Registration application services</i>	<i>Nil</i>	<i>Nil</i>	\$1.291m
<i>Compliance review of documents</i>	<i>Nil</i>	<i>Nil</i>	\$5.384m
<i>Requests for changes to market operating rules</i>	<i>Nil</i>	<i>Nil</i>	\$0.280m
<i>Assessment of applications for relief</i>	<i>Nil</i>	<i>Nil</i>	\$4.272m
<b>Total</b>	<b>\$246.648m</b>	<b>\$66.126m</b>	<b>\$16.886m</b>

Note 1: In addition to the industry funding levies, there will be a recovery of \$19.5 million in allowance for capital expenditure, less costs funded by own-source revenue, and adjustments for under and over recoveries from 2020–21.

Note 2: In August 2021, the Australian Government announced the financial adviser levy relief—see paragraph 7. This will result in partial cost recovery from licensees that provide personal advice to retail clients on relevant financial products.

## **PART 1**    **Industry funding levies**

22            Part 1 of this CRIS provides information on how we will recover the costs of our regulatory activities using industry funding levies.

23            Part 1 sets out:

- (a) the policy and statutory authority for industry funding levies (see Section A);
- (b) the costs to be recovered through industry funding levies (see Section B);
- (c) a description of how the cost recovery model works (see Section C);
- (d) the risk assessment we have undertaken (see Section D); and
- (e) the work we will do in regulating each subsector and the estimated costs to be recovered (see Sections E–J).

## A Policy and statutory authority for industry funding levies

### Key points

Our regulatory costs will be recovered from all the industry sectors we regulate through a combination of industry funding levies and fees for service.

The legislative framework for levies is established by five pieces of legislation:

- the *ASIC Supervisory Cost Recovery Levy Act 2017* (Cost Recovery Levy Act);
- the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*;
- the *ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Act 2017*;
- the *ASIC Supervisory Cost Recovery Levy Regulations 2017* (Cost Recovery Levy Regulations); and
- the *Corporations (Review Fees) Regulations 2003*.

The amounts payable each year are set through a combination of regulations and legislative instruments.

### Government policy approval

- 24 On 20 April 2016, the Australian Government announced it would introduce an industry funding model for ASIC. This was in response to the recommendation of the Financial System Inquiry (FSI) that the Government recover the cost of ASIC’s regulatory activities directly from industry participants through fees and levies calibrated to reflect the cost of regulating the different industry sectors that we regulate.

Note: See FSI, [Financial System Inquiry: Final report](#), December 2014, recommendation 29.

- 25 The FSI identified that the Australian Government recovered only a small portion of ASIC’s costs directly from industry participants, through the Financial Institutions Supervisory Levies, application fees and the Market Supervision Cost Recovery Regime. The FSI noted that, as a result, ASIC costs were not transparent to industry and ASIC was also exposed to an increased risk of funding cuts unrelated to changes in the cost of delivering on our mandate. It also noted that the Senate Economics References Committee’s report, [Performance of the Australian Securities and Investments Commission](#) (published in June 2014), highlighted that resource

constraints affect ASIC's capacity to conduct supervision and surveillance across regulated entities.

- 26 The industry funding model for ASIC:
- (a) ensures that the costs of the regulatory activities undertaken by ASIC are borne by those creating the need for regulation, rather than Australian taxpayers;
  - (b) establishes price signals in the way resources are allocated within ASIC;
  - (c) provides economic incentives to drive the Australian Government's desired regulatory outcomes for the financial system;
  - (d) provides greater stability and certainty in ASIC's funding and ensures that ASIC is adequately resourced to carry out our regulatory mandate; and
  - (e) improves our cost transparency and accountability to industry.

## Statutory authority for the levies

- 27 The legislative framework for industry funding levies is established by a number of Acts, regulations and legislative instruments:
- (a) the Cost Recovery Levy Act, which imposes a levy on persons we regulate to recover our regulatory costs;
  - (b) the *ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*, which empowers ASIC to collect the levy and requires entities to submit annual metrics so that we can calculate the levy;
  - (c) the Cost Recovery Levy Regulations, which set out the criteria for determining the subsectors an entity is a part of and the metrics to be used for calculating the levy payable by entities in each subsector. The Regulations also require ASIC to make an annual legislative instrument setting out, for each subsector, our regulatory costs and the total amount of activity (the subsector metric) for the financial year; and
  - (d) the *Corporations (Review Fees) Regulations 2003*, under which our regulatory costs for small proprietary companies will be recovered through an increase to the annual review fee for proprietary companies.

## B Costs to be recovered through industry funding levies

### Key points

We estimate we will recover \$332.3 million of our 2021–22 regulatory costs via industry funding levies.

This section discusses the costs we expect to recover, describes our regulatory activities and outlines changes, if any, to the industry funding levies or to the Cost Recovery Implementation Statement relative to the previous financial year.

### ASIC costs to be recovered

28 ASIC’s regulatory costs will continue to be funded through appropriation from the Commonwealth budget: see Table 3 for costs that are expected to be recovered. We expect to recover \$332.3 million of regulatory costs via cost recovery levies and statutory levies for 2021–22. This includes \$19.5 million in allowance for capital expenditure, less costs funded by own-source revenue, and adjustments for under and over recoveries from 2020–21.

Note: The \$19.5 million includes \$0.5 million that was not recovered from deregistered companies. This amount is carried forward in accordance with s10(6)(b) of the Cost Recovery Levy Act.

29 There are a number of mechanisms that we use to recover our costs from industry. They include cost recovery levies, statutory levies, cost recovery fees and general taxes. Our costs for regulating small proprietary companies are recovered via an increase in the annual review fee.

Note: The annual review fee is a registry fee and is not charged within the Australian Government Charging Framework.

30 We will recover the cost of activities that:

- (a) are consistent with the [Australian Government Charging Framework](#) through a cost recovery levy; and
- (b) the Australian Government has decided should be cross-subsidised between industry subsectors through a statutory levy.

Note: Statutory levies make up \$66.1 million of the total \$332.3 million in regulatory costs that we expect to recover.

31 Table 3 depicts the regulatory costs expected to be recovered by industry funding levies for each sector.



**Table 3: Regulatory costs to be recovered via industry funding levies, by industry sector**

Sector	Cost recovery levies	Statutory levies	Total levy
Corporate	\$53.783m	\$17.710m	\$71.493m
Note: For this sector, the regulatory costs recovered through levies do not include the costs recovered from small proprietary companies. The costs for that subsector are recovered through a \$4 increase to the annual review fee.			
Deposit taking and credit	\$58.616m	\$8.436m	\$67.051m
Investment management, superannuation and related services	\$19.031m	\$5.587m	\$24.618m
Market infrastructure and intermediaries	\$25.394m	\$8.468m	\$33.862m
Financial advice	\$54.052m	\$14.182m	\$68.234m
Insurance	\$55.225m	\$11.783m	\$67.008m
<b>Total costs to be recovered</b>	<b>\$266.100m</b>	<b>\$66.166m</b>	<b>\$332.266m</b>

32 The regulatory costs expected to be recovered by each activity are set out in Table 4.

**Table 4: Cost recovery by activity**

Activity	Cost recovery levies	Statutory levies	Total levy
Supervision and surveillance	\$47.075m	\$1.330m	\$48.404m
Enforcement	\$52.525m	\$57.279m	\$109.804m
Other regulatory activities			
<i>Industry engagement</i>	\$9.267m	\$0.170m	\$9.437m
<i>Education</i>	\$0.290m	\$5.621m	\$5.912m
<i>Guidance</i>	\$7.701m	\$0.059m	\$7.760m
<i>Policy advice</i>	\$7.692m	\$0.056m	\$7.748m
Activities charged as indirect costs			
<i>Governance, central strategy and legal</i>	\$33.565m	\$0.186m	\$33.750m
<i>IT support</i>	\$32.116m	\$0.321m	\$32.437m
<i>Operations support</i>	\$21.402m	\$0.993m	\$22.396m
<i>Property and corporate services</i>	\$35.015m	\$0.112m	\$35.127m
<b>Total</b>	<b>\$246.648m</b>	<b>\$66.126m</b>	<b>\$312.774m</b>

- 33 The levies in Table 3–Table 4 refer to regulatory costs incurred in 2021–22. In addition to this, we will recover \$19.5 million of regulatory costs. These additional regulatory costs consist of allowance for capital expenditure, less costs funded by own-source revenue, and adjustments for under and over recoveries from 2020–21.
- 34 The activities for which regulatory costs will be recovered via a statutory levy are set out in Table 5.

**Table 5: Regulatory costs to be recovered by statutory levies, by activity**

Activity	Costs
Enforcement (funded by Enforcement Special Account (ESA))	\$64.811m
Education	\$6.234m
Unclaimed money administration	\$1.058m
North Queensland insurance aggregator	\$0.457m
Crowd-sourced funding (CSF) implementation	\$1.062m
Whistleblower legal framework	\$2.627m
Credit rating agencies (all activities)	\$0.068m
<b>Total costs to be recovered by statutory levies</b>	<b>\$76.316m</b>

Note: The \$76.316 million in statutory levies does not include allowance for capital expenditure, adjustment for charities or the financial adviser levy relief.

- 35 Statutory levies and cost recovery levies will be included in the same invoice as a single line item.
- 36 Our forecast of our regulatory costs for each subsector in Part 1 of this CRIS is calculated by apportioning the total amount of regulatory costs between each subsector, based on the amount of effort we project we will spend regulating each subsector. The costs in Part 1 are only a guide for the levies to be charged for 2021–22. The final levies will be based on our actual cost of regulating each subsector in 2021–22. This ensures that each subsector is only levied for the actual cost of regulating that subsector.

## Exemptions

### Costs recovered by the Australian Prudential Regulation Authority

- 37 The Australian Prudential Regulation Authority (APRA) will continue to recover the costs of the Superannuation Complaints Tribunal (SCT) through the Financial Institutions Supervisory Levies until 30 June 2023.

### Registered charities and not-for-profits

- 38 The Australian Government has decided that entities that are registered under the *Australian Charities and Not-for-profits Commission Act 2012* will be exempt and will not have to pay industry funding levies. Charities are exempt because of the unique and important role they play in society. We will not recover the portion of our costs (estimated to be approximately \$2.5 million per year) relating to these entities through industry funding levies, and therefore the exemption will not affect the amount to be paid by other entities in the relevant subsectors.

Note: See the Hon. Kelly O’Dwyer, former Minister for Revenue and Financial Services, [Registered charities not required to pay ASIC levy](#), media release, 2 July 2018.

### Other

- 39 The Cost Recovery Levy Regulations prescribe that certain amounts are not part of ASIC’s regulatory costs and therefore will not be recovered under the industry funding regime. These amounts include the costs of:
- (a) operating the SCT;
  - (b) operating the Companies Auditors Disciplinary Board (CADB);
  - (c) operating the committees convened on an ad-hoc basis to consider disciplinary matters relating to registered liquidators (registered liquidators disciplinary committees);
  - (d) maintaining and operating ASIC’s public registers;
  - (e) regulating self-managed superannuation fund (SMSF) auditors; and
  - (f) preliminary investigations and reports by registered liquidators into the failure of a company with few or no assets.

### Financial adviser levy relief

- 40 In August 2021, the Australian Government announced the financial adviser levy relief: see paragraph 7. The relief will see the graduated component of the levy for this subsector restored to its 2018–19 level for two years (2020–21 and 2021–22).

## Description of our regulatory activities

- 41 In everything we do we are guided by our vision of a fair, strong and efficient financial system for all Australians. To realise our vision we will use all our regulatory tools to:
- (a) change behaviours to drive good consumer and investor outcomes;
  - (b) act against misconduct to maintain trust and integrity in the financial system;

- (c) promote strong and innovative development of the financial system; and
  - (d) help Australians be in control of their financial lives.
- 42 The [ASIC Corporate Plan 2021–25: Focus 2021–22](#) sets out in detail our external and internal strategic priorities and actions to achieve our vision, with a focus on the 2021–22 year. It further discusses our work in the context of our new [Statement of Intent](#).
- 43 We enforce the law and regulate companies, financial markets and financial services under the following key legislation (as well as parts of other legislation):
- (a) the ASIC Act;
  - (b) the *Business Names Registration Act 2011*;
  - (c) the *Corporations Act 2001* (Corporations Act);
  - (d) the *Insurance Contracts Act 1984*; and
  - (e) the *National Consumer Credit Protection Act 2009* (National Credit Act).
- 44 Our regulatory activities can be broadly categorised as:
- (a) supervision and surveillance;
  - (b) enforcement; and
  - (c) other regulatory activities, consisting of:
    - (i) industry engagement;
    - (ii) education;
    - (iii) guidance; and
    - (iv) policy advice.
- 45 These activities together form our regulatory toolkit. We use this toolkit across the industry sectors we regulate to identify and respond to threats and harms, and achieve our vision. For most of the issues in our remit, we will use a combination of these tools to achieve a solution.
- 46 Table 6 provides an overview of our regulatory activities and sub-activities that are subject to industry funding. We carry out these activities for all industry sectors. We track our regulatory effort for each subsector at the activity level.

**Table 6: Our regulatory activities and sub-activities that are subject to industry funding**

Activity	Activity description	Sub-activity overview
<b>Supervision and surveillance</b>	<p>We conduct supervision and surveillance to test compliance with the laws we administer and promote positive consumer and investor outcomes.</p> <p>We may gather and analyse information on:</p> <ul style="list-style-type: none"> <li>• a specific entity or range of entities;</li> <li>• a transaction; or</li> <li>• a specific product or issue of concern in the market.</li> </ul>	<p>Our sub-activities include:</p> <ul style="list-style-type: none"> <li>• making an initial regulatory assessment, as part of which we: <ul style="list-style-type: none"> <li>– accept breach reports or reports of misconduct, including receiving whistleblower disclosures about misconduct;</li> <li>– undertake initial inquiries and preliminary analysis, including conducting targeted supervision and surveillance (e.g. our corporate governance review);</li> <li>– assess the nature and gravity of the suspected breach or misconduct;</li> <li>– undertake initial testing of ASIC’s jurisdiction; and</li> <li>– decide whether further action is required and, if so, prepare handover of referral materials;</li> </ul> </li> <li>• review, as part of which we: <ul style="list-style-type: none"> <li>– identify the risks of making a detailed inquiry for a single or thematic surveillance;</li> <li>– undertake stakeholder interviews and collect documentary information;</li> <li>– use ASIC’s compulsory information gathering powers (e.g. under s912C of the Corporations Act);</li> <li>– analyse and assess the information gathered; and</li> <li>– develop and publish supervision and surveillance reports;</li> </ul> </li> <li>• undertaking regulatory supervision, surveillance and monitoring, as part of which we: <ul style="list-style-type: none"> <li>– carry on our institutional supervision activities—that is, conducting ongoing monitoring and supervision, as well as surveillance, of large financial institutions;</li> <li>– accept referrals for suspected, alleged or admitted breaches and misconduct;</li> <li>– gather and analyse information and initial evidence, which may lead to an investigation and/or litigation; and</li> <li>– use ASIC’s compulsory information gathering powers (e.g. under s912C); and</li> </ul> </li> <li>• publishing reports in response to findings of our supervision and surveillance.</li> </ul>

Activity	Activity description	Sub-activity overview
<p><b>Enforcement</b></p>	<p>Enforcement action is one of the key regulatory tools available to us to help achieve a fair, strong and efficient financial system for all Australians.</p> <p>An activity is classified as ‘enforcement’ when we consider that there has been a breach of the law. Our investigations may lead to enforcement action, including punitive, protective preservative, corrective or compensatory action. We also resolve matters by engaging with the relevant party, issuing infringement notices or taking administrative action (such as banning).</p> <p>We actively seek to recover our investigation and litigation costs directly from the entity involved when we are successful in a matter before the courts. The actual amount recovered will vary, as not all expenditure is recoverable (e.g. where the entity or person we took action against has insufficient assets to cover our costs). Generally, we are only able to recover costs when there is a court-based outcome.</p> <p>Recovered costs are then applied back to relevant subsectors, to offset against levy amounts.</p>	<p>Our sub-activities include:</p> <ul style="list-style-type: none"> <li>• undertaking investigations, as part of which we: <ul style="list-style-type: none"> <li>– accept referrals of alleged or admitted breaches and misconduct;</li> <li>– assess preliminary and detailed case theories;</li> <li>– use ASIC’s formal investigatory powers (e.g. issuing notices requiring a person to assist ASIC with an investigation or appear before ASIC for examination);</li> <li>– obtain information and seize property;</li> <li>– collaborate and exchange information with other regulatory partners; and</li> <li>– convert information gathered into admissible evidence;</li> </ul> </li> <li>• administrative decision making, as part of which we prepare briefs for ASIC hearing delegates for administrative actions (e.g. banning decisions and imposing stop orders on disclosure documents);</li> <li>• undertaking litigation, as part of which we: <ul style="list-style-type: none"> <li>– consider evidence and relevant legal authorities;</li> <li>– develop, obtain and assess legal expert opinions;</li> <li>– decide on the merit of the case and determine which legal remedies will be sought;</li> <li>– for criminal matters, prepare briefs for the Commonwealth Director of Public Prosecutions and support ongoing case development;</li> <li>– for civil matters, draft and settle pleadings; and</li> <li>– attend court;</li> </ul> </li> <li>• handle appeals and Administrative Appeal Tribunal (AAT) reviews, as part of which we: <ul style="list-style-type: none"> <li>– draft or receive an appeal notice;</li> <li>– consider evidence and relevant legal authorities;</li> <li>– develop, obtain and assess legal expert opinions;</li> <li>– prepare appeal briefs and supervise process service; and</li> <li>– attend court and the AAT.</li> </ul> </li> </ul>

Activity	Activity description	Sub-activity overview
<b>Other regulatory activities</b>	<p>Our industry engagement activity seeks to set and maintain regulatory standards, better inform industry practices, and identify harms and potential harms in the market.</p> <p>Our educational activities aim to empower Australian investors and consumers to be in control of their financial lives. They also aim to promote the protection of consumer interests.</p> <p>We provide guidance to industry on how we will administer the law, through regulatory guides, consultation papers and information sheets. It is an important tool we use to respond to structural changes and complexity in the industry.</p> <p>We provide advice to the Australian Government on the operational implications of Government policy initiatives and legislative change. We identify the opportunities and risks that inform our preferred position and influence law reform matters to help realise our vision.</p>	<p>Our sub-activities include:</p> <ul style="list-style-type: none"> <li>• engaging with industry, as part of which we:                             <ul style="list-style-type: none"> <li>– attend industry liaison meetings and give presentations; and</li> <li>– respond to industry inquiries and requests for information.</li> </ul> </li> <li>• providing education, as part of which we:                             <ul style="list-style-type: none"> <li>– deliver and promote access to trusted and impartial financial information, tools and guidance for consumers and investors (especially vulnerable consumers) through the Moneysmart website; and</li> <li>– give speeches and presentations to industry and consumers.</li> </ul> </li> <li>• providing guidance, as part of which we:                             <ul style="list-style-type: none"> <li>– develop and consult on regulatory proposals;</li> <li>– give guidance on regulatory topics to enhance industry’s understanding of their legal obligations and how ASIC administers the law;</li> <li>– draft, consult and issue legislative instruments; and</li> <li>– decide on novel applications for exemptions from or modifications of the law; and</li> </ul> </li> <li>• providing policy advice to support the policy agenda set by the Australian Government. As part of this, we:                             <ul style="list-style-type: none"> <li>– research and analyse innovation, competition and emerging harms;</li> <li>– provide proposals for law reform and assist in its development;</li> <li>– identify and plan for the impact on external stakeholders and internal capabilities; and</li> <li>– provide submissions to parliamentary and Government inquiries on law reform issues.</li> </ul> </li> </ul>

47 We recover the cost of regulatory activities in Table 6 through industry funding levies. The total levy a regulated entity must pay is equal to the sum of the levy amounts applicable to the entity for each industry subsector the entity falls under for a financial year.

### Description of industry sectors

48 The industry sectors and subsectors are set out in the Cost Recovery Levy Regulations and described in Table 7. We have provided [further information to help entities in determine the subsectors to which they belong](#) (PDF 229 KB) on our website.

**Table 7: Summaries of industry sectors and subsectors**

Sector	Subsectors	Further discussion
<b>Corporate</b> <b>(includes auditors and liquidators, which are subject to separate fees and levies)</b>	Corporations, including: <ul style="list-style-type: none"> <li>• listed corporations;</li> <li>• unlisted public companies;</li> <li>• large proprietary companies; and</li> <li>• small proprietary companies (to be charged through an increase to the annual review fee for proprietary companies from 1 July 2018).</li> </ul> Auditors of disclosing entities Registered company auditors Registered liquidators	Section E
<b>Deposit taking and credit</b>	Australian credit licensees, including: <ul style="list-style-type: none"> <li>• credit providers;</li> <li>• small and medium amount credit providers; and</li> <li>• credit intermediaries.</li> </ul> Deposit product providers Payment product providers Margin lenders	Section F
<b>Investment management, superannuation and related services</b>	Superannuation trustees Responsible entities Wholesale trustees Custodians IDPS operators Notified foreign passport funds and regulated former notified funds operators MDA providers Traditional trustee company service providers	Section G
<b>Market infrastructure and intermediaries</b>	Market infrastructure providers, including: <ul style="list-style-type: none"> <li>• Australian market licensees, including various types of market operators;</li> <li>• CS facility operators;</li> <li>• Australian derivative trade repository operators;</li> <li>• exempt market operators;</li> <li>• credit rating agencies; and</li> <li>• benchmark administrator licensees</li> </ul> Market intermediaries, including: <ul style="list-style-type: none"> <li>• market participants;</li> <li>• securities dealers;</li> <li>• corporate advisers and OTC traders;</li> <li>• retail OTC derivatives issuers; and</li> <li>• wholesale electricity dealers</li> </ul>	Section H



Sector	Subsectors	Further discussion
<b>Financial advice</b>	AFS licensees that provide: <ul style="list-style-type: none"> <li>• personal advice to retail clients on relevant financial products;</li> <li>• personal advice to retail clients on products that are not relevant financial products;</li> </ul> Note: 'Relevant financial products' are financial products other than basic banking products, general insurance products, consumer credit insurance, or a combination of any of these products (see s910A of the Corporations Act). <ul style="list-style-type: none"> <li>• general advice only to retail or wholesale clients; and</li> <li>• personal advice to wholesale clients only.</li> </ul>	Section I
<b>Insurance (includes life and general insurance)</b>	Insurance product providers (including friendly societies) Insurance product distributors Risk management product providers Claims handling and settling services providers	Section J

## C Cost recovery model

### Key points

The cost recovery model will recover the actual costs we expend during each financial year to undertake our regulatory activities.

Once we have allocated our regulatory costs between subsectors, the Cost Recovery Levy Regulations set out how we will allocate our regulatory costs between regulated entities in a subsector.

The indicative industry funding levies in this CRIS are estimates. Actual levies will differ with changes in costs, population and business activity metrics.

## Outputs and business processes of the regulatory charging activity

### Business process

- 49 ASIC is committed to achieving our vision of a fair, strong and efficient financial system for all Australians. Our strategic planning framework allows us to identify and prioritise our areas of work. This framework underpins the development of our strategic priorities as outlined in our corporate plan and supports how we allocate our resources and in turn our regulatory costs.
- 50 The strategic planning framework includes our approach to:
- (a) monitoring our operating environment to understand key trends;
  - (b) identifying and prioritising areas of focus by understanding the behaviours that drive misconduct and the harms that result from them (using our threats, harms and behaviours framework); and
  - (c) testing the threats and harms that we have identified by consulting independent external advisory panels and experts.
- 51 We use a suite of regulatory tools and engage in a number of regulatory activities to address harms: see paragraphs 41–46 and Table 6.

## Outputs

- 52 Our performance evaluation framework sets out the outcomes we will use to measure our performance in achieving our vision and the evidence of those outcomes: see our [corporate plan](#). Our performance measures are based on:
- (a) regulatory outcomes—which include the direct results from using our suite of regulatory tools; and
  - (b) market outcomes—which reflect the impact of our regulatory work on the markets and sectors we regulate, including on investors and consumers.
- 53 We report our performance measures in our annual performance statement, which forms part of our [Annual Report 2020–21](#). For an analysis of our activities and outcomes achieved in each industry funding model sector for 2020–21, see ‘Section 3: ASIC’s achievements by sector’ in *Annual Report 2020–21*.

## Costs of the regulatory charging activity

- 54 There are two steps in the cost allocation process to calculate the levy payable by each entity in a subsector:
- (a) allocate our regulatory costs to each subsector; and
  - (b) allocate subsector costs to individual entities.

### Step 1: Allocate ASIC’s regulatory costs to subsectors

- 55 The industry funding model allocates regulatory costs to each subsector based on the actual reported regulatory costs we expend for each subsector. The levy will be calculated after we finalise our regulatory costs for the financial year and invoiced in the following financial year.
- 56 See Table 3 for our forecast regulatory costs that will be recovered via industry funding levies. This amount includes operating expenditure (excluding depreciation, amortisation and fee-for-service activities), plus adjustments for other items (including allowance for capital expenditure).
- 57 We use a cost recovery model for calculating the cost of ASIC’s regulatory activities. Costs are allocated to each subsector and activity as a direct or indirect cost.

### Direct costs

- 58 We allocate direct costs where we can directly trace them to a subsector and regulatory activity. By analysing each of our teams’ structures and outputs,

we allocate costs (such as direct employee expenses and direct supplier costs) to the relevant subsector and activity.

59 In the case of enforcement, these direct costs will include the ESA appropriation (as allocated by the Australian Government). It will also include direct costs relating to our other enforcement activities. We allocate costs to subsectors according to the nature of the issues involved in each enforcement and ESA matter. We then allocate indirect costs (discussed at paragraphs 61–63) to enforcement and ESA activities based on the proportion of efforts expended.

60 Where possible, we will seek to recover enforcement costs directly from entities involved (e.g. where there is a successful outcome in court). These recoveries are accounted for as ASIC’s own-source revenue and are used to offset the levies for relevant subsectors: see further discussion at paragraph 64(b).

### **Indirect costs**

61 Indirect costs represent all costs that are not directly attributable to a specific subsector or activity, but nevertheless go toward providing internal support that is essential to teams in the course of their work. We allocate indirect costs to stakeholder, enforcement and registry teams in proportion to the internal support they receive. We then charge these indirect costs to subsectors in the same manner as direct costs. We do not recover indirect costs attributable to ASIC’s registry business under industry funding: see paragraph 220.

62 Indirect costs include costs relating to:

- (a) operations support—this includes functions such as corporate affairs, finance, and people and development;
- (b) IT support—this includes the provision of IT infrastructure and support;
- (c) governance, central strategy and legal—this includes the work of the Commission and central management, as well as the work of strategy and risk management teams;
- (d) property and corporate services—this includes the provision and management of workplace infrastructure to facilitate the working environment.

63 We allocate indirect costs based on a detailed analysis of support costs. Our analysis identifies which costs can be allocated to which stakeholder, enforcement or registry team and their activities. For example, we allocate some IT costs based on storage capacity, length of processes and activity volumes. Costs to build, support and maintain our IT systems are attributed to ASIC teams based on the number of full-time equivalent (FTE) staff who use those systems. We attribute property costs and some indirect costs—such

as governance, leadership and compliance costs—to teams based on their FTE staff.

### Adjustments

- 64 Our estimated costs to regulate each subsector also include adjustments to the total operating costs to reflect the following:
- (a) Allowance for capital expenditure—This adjustment is equal to ASIC’s departmental capital budget (funds to meet the costs associated with the replacement of minor assets or maintenance costs that are eligible to be capitalised) and equity injection appropriations to develop infrastructure to support new regulatory responsibilities.
  - (b) Less costs funded by own-source revenue—Our regulatory costs are adjusted downwards to reflect revenue from the recovery of our regulatory costs. This revenue is generated from sources such as sub-leasing office space to other agencies and the recovery of court-awarded costs. The revenue is offset against the regulatory costs for the subsector in which the cost has been allocated. For example, if we are successful in a matter before the courts, we will actively seek to recover our costs directly from the entity involved. Any recoveries will be applied back to the subsector initially levied for the enforcement activity. The actual amount we are able to recover in these instances will vary, as not all costs can be recovered (e.g. where the entity or person we took action against does not have sufficient assets to pay the costs awarded). Generally, we are only able to recover costs when there is a court-based outcome.
  - (c) Adjustments for over or under recovery in prior year—Under or over collection can occur due to a mismatch in the timing of when entities are registered or deregistered and the notification of these activities. It can also occur due to other changes in the prior-year leviable populations, costs or metrics. When the amount of levy collected in relation to a financial year exceeds or falls short of the amount of ASIC’s regulatory costs for the financial year, an upward or downward adjustment to our regulatory costs will be made in the following year.

### Step 2: Allocate subsector costs to individual entities

- 65 Once our regulatory costs are allocated to each subsector, the levy payable by an individual entity is worked out using the flat levy formula or graduated formula in the Cost Recovery Levy Regulations. An individual entity’s levy for a financial year is equal to its share of flat and graduated levies for each subsector it is part of in the financial year.

**Flat industry funding levies**

- 66 The flat levy formula apportions our regulatory costs for a subsector between entities, based on each entity’s share of actual reported business activity (the business activity metric) within the subsector. The business activity metric used to calculate the levy for each subsector is a readily available metric of business activity—such as revenue generated or the number of days in the financial year that the entity held the relevant AFS licence—that closely aligns to the expected level of oversight required.
- 67 The flat levy formula will apportion our regulatory costs equally between entities in the same subsector where there is no relevant business activity metric.

**Graduated industry funding levies**

- 68 Under the graduated levy formula, all entities in a subsector must pay:
- (a) a minimum levy; and
  - (b) an additional graduated component, based on each entity’s share of relevant activity within the subsector.
- 69 We calculate the graduated component by first reducing the total costs for the subsector by the amount to be recovered under the minimum levy and then apportioning the remainder of our costs between entities based on each entity’s share of total business activity within the subsector.
- 70 In some subsectors, the graduated component only applies beyond a prescribed threshold. In these cases, we will apportion our remaining regulatory costs between entities based on each entity’s share of total business activity within the subsector above the prescribed threshold.
- 71 A specific explanation of how the formulas operate in relation to each subsector is set out in Sections E–J.

**Annual return**

- 72 Between July and September each year, regulated entities must provide ASIC with their business activity metrics for the previous financial year via the [ASIC Regulatory Portal](#). This information will enable us to calculate each entity’s share of the regulatory costs using the flat and graduated levies.

**Indicative industry funding levies**

- 73 Sections E–J set out indicative industry funding levies for the 2021–22 financial year for each subsector. The indicative levies are a guide only. They are based on our estimated costs for each subsector for the 2021–22

financial year and estimates of the population and business activity metrics for each subsector.

- 74 The Cost Recovery Levy Regulations allow entities in some subsectors to pay their levy on a pro-rata basis. Under the standard pro-rata formula, the levy amount an entity will pay is based on the number of days in the financial year the entity was part of the relevant subsector or held the relevant licence. To calculate indicative levies, in some subsectors, we have included a full-year equivalent (FYE) number of entities in the subsector, to reflect the pro rata of the levy. For example, if there are two entities in a subsector and one was part of the subsector for only half the year, the FYE number will be 1.5 entities.
- 75 In January 2023, we will issue invoices under the industry funding model for the 2021–22 financial year. We will calculate the actual levies in the January 2023 invoices after the business activity has occurred and we have finalised our regulatory costs. The actual levies will be based on our actual cost of regulating each subsector in 2021–22 as well as the actual business activity metrics submitted by regulated entities on the ASIC Regulatory Portal in July to September 2022. This will ensure that each industry subsector is only charged for the actual costs of regulating that subsector.
- 76 In some cases, we can arrange a payment plan to allow entities to make industry funding payments in instalments. We may consider waiving a levy only in exceptional circumstances. We have provided information for entities [seeking assistance in paying industry funding levies](#) on the ASIC website. The amounts that are waived are not recovered from other entities.
- 77 We expect the actual levies will change from the indicative levies in this CRIS. The indicative levies are based on estimated amounts, representing our best estimate of actual levies. As our operating environment changes over time, so will our allocation of regulatory effort and cost allocation to different subsectors. ASIC’s regulatory teams will update the proportion of their costs allocated to the industry subsectors they support during the year.
- 78 We cannot prevent change in our operating environment or in the conduct of regulated entities between the time the indicative levy is calculated and the end of the financial year. Furthermore, the nature of some enforcement matters could evolve during the year as they progress through the stages of investigation and litigation.

## D Risk assessment

### Key points

We have a wide and varied regulated population, and this breadth and complexity is reflected in the industry funding model. The model incorporates a number of methodologies to calculate how our regulatory costs should be allocated within a subsector to most closely align them with the allocation of our resources.

The potential risks of this model include:

- volatility in levies from year to year;
- differences between estimated levy amounts and the actual amounts levied;
- over or under collecting levies from year to year;
- uncertainty about the introduction of new subsectors; and
- failing to collect sufficient information from entities to calculate the levies that ought to be paid.

These risks have been mitigated and managed by increasing the level of consultation and communication with stakeholders throughout the process, to ensure maximum transparency and understanding.

- 79 We have assessed the cost recovery model as high risk under the [Australian Government Regulatory Charging Risk Assessment](#) (PDF 196 KB).
- 80 We calculate the levies based on the business activity metrics each leviable entity must provide to ASIC each year. Because of the diversity of entities and activities that we regulate, which can change over time, a large number of methods are required to allocate our regulatory costs, and these may need to be updated and amended as circumstances change. This is a complex model. Its effectiveness is dependent on collecting complete, accurate and timely information from the entities we regulate.
- 81 The risks arising from this model, and how we will mitigate them, are set out in Table 8.



**Table 8: Mitigation of risks arising from the industry funding model**

Risk	Mitigation
Volatility in year-to-year bills	<p>The industry funding model will recover the actual costs we expend during the financial year to undertake our regulatory activities. This ensures that each subsector is only levied for the actual cost of regulating that subsector. However, this also means that each entity's invoice will vary from year to year, according to changes in our priorities and resource allocations.</p> <p>As part of our strategic planning process, we use a threats, harms and behaviours framework to better identify, describe and prioritise actual and potential harms to consumers, investors, and fair and efficient markets. This information is used to support how we plan our regulatory actions and allocate our resources for the year, which is reflected in the allocation of regulatory costs to each subsector. Our strategic planning process should assist stakeholders by signalling at an early stage the cost drivers for the different subsectors that will be reflected in the CRIS each year.</p> <p>The actual costs from year to year may vary as a result of the change in strategic focus over time. Changes in focus affect the level and intensity of our regulatory activities (e.g. supervision and surveillance, and enforcement) in the various subsectors we regulate. In particular, changes in our enforcement activity are likely to be a key driver in volatility year-to-year.</p> <p>Each year, we will publish the CRIS and the indicative levies for the coming year, along with the <a href="#">annual dashboard report</a> that sets out the actual costs for each subsector for the previous year. We do this so that stakeholders will be able to understand the reason underpinning the levies for each subsector that we regulate. Each year, we also publish the <a href="#">corporate plan</a>, which outlines our vision for the coming year and our strategic plan to achieve them.</p>
Levies invoiced differ significantly from the estimates provided due to changes in our operating environment	<p>Our strategic planning process (see the row above) should result in a more reliable estimate of the allocation of regulatory costs for the financial year. However, we cannot prevent change in our operating environment (e.g. the outbreak of a pandemic) or the conduct of our regulated population between the time the estimate is provided and the time the levy is invoiced.</p> <p>We strive to be strategic and agile so that we can respond rapidly to changes in our operating environment during the year, including changes to threats, or emerging threats, that have or may cause harm. As our operating environment changes over time, so will the allocation of regulatory effort and costs to different subsectors. In the case of our enforcement activities, matters may change in nature as they progress through the stages of investigation and litigation. For example, enforcement expenditure may be higher than expected due to greater demand for staff and external service providers, or lower than expected as a matter comes to a close. As a result, the evolving nature of enforcement activity can be difficult to estimate. We have taken steps to incorporate more up-to-date actual enforcement costs into our estimates for the year up to a particular point in time. We anticipate that this may reduce the variance between our estimated and actual costs. We will continue to explore ways to improve our estimates.</p> <p>We will publish our annual dashboard report as soon as practicable to give our regulated sectors as much advanced notice of these changes as possible. The annual dashboard report will provide transparency in how the funding has been spent and the regulatory activities that have been undertaken.</p>

Risk	Mitigation
<p>Over or under collection of levies</p>	<p>Our balance management strategy is set out in the Cost Recovery Levy Act. Each year we must reduce our regulatory costs by the amount of any excess levy paid in the previous financial year. Similarly, where there has been a shortfall in the recovery of our costs for a previous financial year, we must increase our regulatory costs by the amount of the shortfall.</p> <p>We must attribute any excess or shortfall to the subsectors where the excess or shortfall previously arose. This will ensure that, if there is over or under recovery, it is transparent, and the adjustments are equitable.</p>
<p>The introduction of new subsectors during the financial year</p>	<p>The introduction of new subsectors will affect the allocation of costs between subsectors and the levy for individual entities.</p> <p>If the Australian Government determines that a new subsector should be introduced to the industry funding model, the Government must amend the Cost Recovery Levy Regulations and undertake appropriate industry consultation (as required by the <i>Legislation Act 2003</i>).</p>
<p>Failure to collect sufficient information from entities to correctly apportion our regulatory costs</p>	<p>Each regulated entity is responsible for:</p> <ul style="list-style-type: none"> <li>• determining the subsector to which it belongs; and</li> <li>• submitting their business activity metrics on the <a href="#">ASIC Regulatory Portal</a>.</li> </ul> <p>This information will be used to determine each entity's share of our regulatory costs. If some entities fail to submit this information, or provide false information, then all entities in that subsector may be levied the wrong amount.</p> <p>Business activity metrics are due to be submitted between July and September 2022. This will be the fifth year of submitting the metrics; therefore, industry awareness will have improved. We will implement a communications strategy to ensure that industry is once again aware of its obligation to submit their activity metrics. We will also assist, where possible, by pre-filling the reporting forms with information we already hold.</p> <p>The penalty provisions of the <i>ASIC Supervisory Cost Recovery Levy (Collection) Act 2017</i> should also ensure industry is motivated to report accurate information so we can correctly allocate our costs. It is a criminal offence to fail to comply with the obligation to submit business activity metrics on the ASIC Regulatory Portal by the due date. It is also an offence to submit misleading information.</p> <p>If an entity fails to provide the required information or we are not satisfied with the information provided, we may give an entity a default notice stating the amount that, in our opinion, is the levy payable by the entity for the financial year. That amount is taken to be the levy payable by the entity for the financial year.</p>

## E Corporate sector

### Key points

This section details the work we will do during 2021–22 to regulate the corporate sector: see paragraphs 82–87. The key focus areas of our work in 2021–22 are outlined in Table 9.

This section also sets out the estimated levies to recover our costs. A summary of indicative levies for each subsector are set out in Table 10. We have provided more detailed breakdowns of estimated costs for each subsector:

- corporations (see Table 11–Table 14);
- auditors (see Table 15–Table 16); and
- registered liquidators (see Table 17).

The indicative levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2021–22.

For clarity, we have separately listed the estimated costs to be recovered through cost recovery levies and through statutory levies for each subsector.

### Overview of the corporate sector

82 The corporate sector consists of companies (listed corporations, unlisted public companies, and large proprietary companies) and certain members of our regulated population that provide professional services (auditors of disclosing entities, registered company auditors and registered liquidators). A company’s obligations under the Corporations Act, the activities that we carry out and the intensity of the regulation required, will differ for each type of company. The duties and responsibilities of an auditor or a registered liquidator will depend on the circumstances of their appointment.

83 Small proprietary companies are not included as a subsector in the Cost Recovery Levy Regulations because we will recover our regulatory costs for this subsector through the \$4 increase to the annual review fee for proprietary companies, which was introduced in July 2018. This will minimise the regulatory burden on small proprietary companies by ensuring they only pay one fee each year. This is a registry fee and is not charged within the Australian Government Charging Framework. However, we have included our estimated costs for regulating small proprietary companies in the CRIS to provide transparency on our work in this sector.

Note: The \$4 increase is subject to indexation and applies to all proprietary companies. We will reduce our levy for large proprietary companies by an amount equal to the additional \$4 (indexed) that large proprietary companies will pay through the increase to the annual review fee.

- 84 We use the full suite of our regulatory tools to promote integrity in this sector in order to bring about sound consumer outcomes. This includes, where appropriate, taking enforcement action to address misconduct. This action may span several years.
- 85 Our focus is on promoting sound corporate conduct and enforcing the law to minimise and respond to misconduct. Our work will include supervision and surveillance that targets corporate governance practices, corporate transactions and disclosures. In relation to auditors, our ongoing focus is on audit quality and the consistency of audit execution to support the integrity of financial reporting. Our work in relation to registered liquidators seeks to ensure that they fulfil their statutory duties and roles as fiduciaries diligently and independently.
- 86 The level of our regulatory activity in each subsector in the corporate sector depends on our assessment of the level of potential harm posed by the subsector. For example, we dedicate a significantly larger amount of our regulatory effort to listed corporations, compared to small proprietary companies, because misconduct by listed corporations has the potential to cause greater harm to investors and to fair, strong and efficient financial markets.

### Focus areas for this sector

- 87 Table 9 sets out our areas of focus in the corporate sector in 2021–22.

Note: In Table 9, ‘relevant subsectors’ are those in which we intend to or may conduct the regulatory activity during the year, depending on prevailing circumstances.

**Table 9: Focus areas in the corporate sector (2021–22)**

Focus area	Key actions	Relevant subsector
Climate risk governance and disclosure	<ul style="list-style-type: none"> <li>Through targeted surveillance and external communications, influence Australian companies to adopt sophisticated governance structures that produce more nuanced and reliable climate risk disclosures.</li> <li>Engage with peer regulators (e.g. the Council of Financial Regulators (CFR), the International Organization of Securities Commissions (IOSCO)), industry bodies (e.g. the Australian Sustainable Finance Initiative) and the Australian Government to further Australia’s regulatory response to climate risks.</li> </ul>	Listed corporations

Focus area	Key actions	Relevant subsector
Using technology to identify poor market disclosure	Work with the Department of Industry, Science, Energy and Resources to implement the Business Research Innovation Initiative. Under this initiative, we will work with two regulatory technology (regtech) scale-up businesses to develop an innovative technology solution to identify and assess poor market disclosure by listed companies.	Listed corporations
Financial reporting quality	<ul style="list-style-type: none"> <li>Review financial reports of listed entities and other public interest entities on a risk basis.</li> <li>Communicate with the public about focus areas (e.g. asset values and provisions) and the outcomes of our reviews.</li> </ul>	Listed corporations
Review of financial reporting surveillance program	<ul style="list-style-type: none"> <li>Review our activities for regulating financial reporting, focusing on the financial reporting surveillance program, to identify potential areas of improvement.</li> <li>Implement changes and communications with key stakeholder groups.</li> </ul>	Listed corporations, unlisted public companies, large proprietary companies
Sustainability reporting	Provide feedback through membership of the IOSCO Sustainability Technical Coordination Group on proposed standards for sustainability and climate reporting that will be issued by the International Sustainability Standards Board.	Listed corporations
Whistleblower program	Review whistleblower programs from a sample of regulated entities to assess: <ul style="list-style-type: none"> <li>how they handle whistleblower disclosures;</li> <li>how they use the information from disclosures to address issues or misconduct or change their operations; and</li> <li>the level of board and executive oversight of the program.</li> </ul>	Listed corporations
Surveillance and reviews	Conduct surveillance on and review public corporate finance activity, reports of misconduct and governance-related conduct, primarily in relation to listed companies, to maintain an informed market and reduce harms to investors.	Listed corporations
London Interbank Offered Rate (LIBOR) transition	<ul style="list-style-type: none"> <li>Continue to facilitate and monitor the transition from using LIBOR to robust alternative reference rates.</li> <li>Provide guidance and recommendations to support the transition effort in Australia.</li> </ul>	Listed corporations, unlisted public companies, large proprietary companies
New tiers of reporting	Update ASIC forms, instruments and guides to reflect the new tiers of reporting under accounting standards that apply to financial reports for years commencing on or after 1 July 2021.	Unlisted public companies, large proprietary companies

Focus area	Key actions	Relevant subsector
Review of audit inspection program	<ul style="list-style-type: none"> <li>Review our activities for regulating auditors, focusing on the audit inspection program, to identify potential areas of improvement.</li> <li>Implement changes, where appropriate, to the audit inspection program and communicate with key stakeholder groups on these changes.</li> </ul>	Auditors of disclosing entities, registered company auditors
Audit quality	<ul style="list-style-type: none"> <li>Review audits of listed entities and other public interest entities on a risk basis, focusing on asset impairment and revenue.</li> <li>Review aspects of quality control systems at the largest six audit firms.</li> <li>Publish the results of our audit inspections.</li> <li>Take regulatory action, including enforcement action, where warranted.</li> </ul>	Auditors of disclosing entities, registered company auditors
Reporting findings from audit reviews to audit committees	Consult on whether to routinely report negative findings from ASIC's reviews of audit files directly to audit committees of the relevant entities, and update <a href="#">Regulatory Guide 260</a> <i>Communicating findings from audit files to directors, audit committees or senior managers</i> (RG 260) as appropriate.	Auditors of disclosing entities
Influencing better outcomes in the insolvency space	<ul style="list-style-type: none"> <li>Provide information to the public about corporate insolvency in Australia and regulation of registered liquidators, including new data available to ASIC.</li> <li>Use information collected from online forms to inform our guidance to industry on compliance with their obligations.</li> </ul>	Registered liquidators
Disciplinary and enforcement action against registered liquidators	<ul style="list-style-type: none"> <li>Review registered liquidator conduct and assess reports of misconduct.</li> <li>Take disciplinary and enforcement action, where appropriate.</li> </ul>	Registered liquidators
High-risk registered liquidators	Identify and take appropriate regulatory action against high-risk registered liquidators, focusing on lack of independence or competence, and improper gain.	Registered liquidators

Focus area	Key actions	Relevant subsector
Stakeholder engagement	<p>Engage with external stakeholders and manage our relationships with them through, for example:</p> <ul style="list-style-type: none"> <li>• ongoing liaison meetings with key stakeholders (e.g. through our advisory panels) on a range of corporate governance and corporate finance matters;</li> <li>• half-yearly Corporate Finance Liaison meetings;</li> <li>• quarterly newsletters on our regulation of corporate finance and our response to novel relief applications;</li> <li>• engagement on accounting and auditing policy and technical matters;</li> <li>• promoting communication about contemporary accounting, auditing and insolvency matters via liaison meetings with stakeholders; and</li> <li>• promoting open communication of matters of mutual interest and fostering respectful and collaborative relationships between ASIC, registered liquidators and key stakeholder groups.</li> </ul>	<p>Listed corporations, unlisted public companies, large proprietary companies, auditors of disclosing entities, registered company auditors, registered liquidators</p>

## Summary table of estimated industry funding levies for the corporate sector

Table 10: Estimated industry funding levies for the corporate sector

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Listed corporations	Entities that, at any time in the financial year, are a listed corporation.	\$44.969m	2,125	<p><b>Market capitalisation</b></p> <p>An entity <i>listed</i> at the end of the financial year must multiply:</p> <ul style="list-style-type: none"> <li>the price for the entity's main class of securities at the time market closes on the last trading day of the financial year; and</li> <li>the number of securities in that class at that relevant time.</li> </ul> <p>An entity <i>unlisted</i> at the end of the financial year (but listed in the financial year) must multiply:</p> <ul style="list-style-type: none"> <li>the last price for the entity's main class of securities on the day before the entity stops being listed; and</li> <li>the number of securities in that class at that relevant time.</li> </ul> <p>Note: Exempt foreign entities under the ASX listing rules will only be required to pay a levy in relation to their securities held in Australia.</p>	\$4,000	<p>\$5m market capitalisation (minimum levy threshold)</p> <p>\$20bn market capitalisation (maximum levy threshold)</p>	<p>Minimum levy of \$4,000 plus \$0.22 per \$10,000 of market capitalisation above \$5m.</p> <p>Maximum levy of \$455,523, for entities with a market capitalisation of greater than \$20bn</p>



Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Unlisted public companies	Entities that, at any time in the financial year, are a public company that is not listed.	\$2.491m	15,006	Flat levy	Not applicable	Not applicable	\$166
Large proprietary companies	Entities that, at any time in the financial year, are a large proprietary company.	\$10.986m	9,480	Flat levy Note: To ensure large proprietary companies are not overcharged, the actual levy will be reduced by the \$4 increase in the annual review fee for proprietary companies.	Not applicable	Not applicable	\$1,159
Small proprietary companies	Entities that, at any time in the financial year, are a small proprietary company.	\$20.278m	2,886,803	Costs recovered via an increase in the annual review fee for proprietary companies.	Not applicable	Not applicable	Not applicable. Recovered via the annual review fee.

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Auditors of disclosing entities	Entities that, at any time in the financial year, are or have consented to be an audit entity for a disclosing entity with quoted securities.	\$7.283m	123	<p><b>Audit fee revenue</b></p> <p>The total of the fees paid or payable to the entity in the financial year for the auditing and review of financial reports that relate to:</p> <ul style="list-style-type: none"> <li>• a disclosing entity with quoted securities; or</li> <li>• an entity controlled by a disclosing entity with quoted securities.</li> </ul> <p>Note: Whether a disclosing entity controls another entity is decided in accordance with Australian Accounting Standard <a href="#">AASB 10 Consolidated financial statements</a>.</p>	Not applicable	No threshold	\$126 per \$10,000 of revenue
Registered company auditors	Entities that, at any time in the financial year, are a registered company auditor.	\$0.985m	3,657	Flat levy	Not applicable	Not applicable	\$269

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Registered liquidators	Entities that, at any time in the financial year, are a registered liquidator.	\$4.778m	668	<p><b>Number of external administration appointments and notifiable events</b></p> <p>The sum of:</p> <ul style="list-style-type: none"> <li>• the number of specified appointments under Ch 5 of the Corporations Act accepted by the entity that financial year and in an earlier financial year if the entity is still acting at the start of the financial year for which the levy is to be calculated (see reg 20(3)(a)–(b) of the Cost Recovery Levy Regulations);</li> <li>• the number of specified notifiable events entered on the <a href="#">Published notices website</a> by the entity (see reg 20(3)(c)); and</li> <li>• the number of documents lodged with ASIC by the entity for: <ul style="list-style-type: none"> <li>– a notice of the outcome of a proposal to pass a resolution without a meeting</li> <li>– an executed deed of company arrangement (see reg 20(3)(d)); and</li> <li>– a restructuring plan that has been made.</li> </ul> </li> </ul>	\$2,500	No threshold	Minimum levy of \$2,500 plus \$77.64 per appointment and notifiable event

## Detailed breakdown of estimated costs of regulating each subsector in the corporate sector

### Corporations

#### Listed corporations

88 ASIC's cost of regulating the subsector in 2020–21 was \$58.2 million. The estimated cost of regulating the subsector for 2021–22 is \$45.0 million: see Table 11.

**Table 11: Estimated levies to recover costs to regulate listed corporations**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$6.270m	\$0.212m
Enforcement	\$6.682m	\$11.681m
Other regulatory activities		
<i>Industry engagement</i>	\$1.081m	\$0.026m
<i>Education</i>	\$0.019m	\$0.393m
<i>Guidance</i>	\$0.501m	\$0.005m
<i>Policy advice</i>	\$0.838m	\$0.008m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$3.634m	\$0.022m
<i>IT support</i>	\$3.863m	\$0.049m
<i>Operations support</i>	\$2.498m	\$0.119m
<i>Property and corporate services</i>	\$4.173m	\$0.024m
<b>Total operating expenditure</b>	<b>\$29.558m</b>	<b>\$12.540m</b>
Allowance for capital expenditure	\$2.773m	\$0.000m
Less costs funded by own-source revenue	(\$0.030m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.128m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$32.429m</b>	<b>\$12.540m</b>

#### Unlisted public companies

89 ASIC's cost of regulating the subsector in 2020–21 was \$2.9 million. The estimated cost of regulating the subsector for 2021–22 is \$2.5 million: see Table 12.

**Table 12: Estimated levies to recover costs to regulate unlisted public companies**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.167m	\$0.009m
Enforcement	\$0.287m	\$1.135m
Other regulatory activities		
<i>Industry engagement</i>	\$0.034m	\$0.001m
<i>Education</i>	\$0.001m	\$0.013m
<i>Guidance</i>	\$0.015m	\$0.000m
<i>Policy advice</i>	\$0.039m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.116m	\$0.001m
<i>IT support</i>	\$0.136m	\$0.003m
<i>Operations support</i>	\$0.092m	\$0.005m
<i>Property and corporate services</i>	\$0.150m	\$0.002m
<b>Total operating expenditure</b>	<b>\$1.036m</b>	<b>\$1.169m</b>
Allowance for capital expenditure	\$0.194m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.091m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$1.322m</b>	<b>\$1.169m</b>

**Large proprietary companies**

90 ASIC's cost of regulating the subsector in 2020–21 was \$7.9 million. The estimated cost of regulating the subsector for 2021–22 is \$11.0 million: see Table 13.

**Table 13: Estimated levy to recover costs to regulate large proprietary companies**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.132m	\$0.005m
Enforcement	\$3.494m	\$2.280m
Other regulatory activities		
<i>Industry engagement</i>	\$0.026m	\$0.001m
<i>Education</i>	\$0.002m	\$0.101m
<i>Guidance</i>	\$0.014m	\$0.000m
<i>Policy advice</i>	\$0.073m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$1.053m	\$0.003m
<i>IT support</i>	\$1.016m	\$0.007m
<i>Operations support</i>	\$0.730m	\$0.033m
<i>Property and corporate services</i>	\$1.205m	\$0.001m
<b>Total operating expenditure</b>	<b>\$7.745m</b>	<b>\$2.431m</b>
Allowance for capital expenditure	\$0.785m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.026m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$8.555m</b>	<b>\$2.431m</b>

#### Small proprietary companies

91 ASIC's cost of regulating the subsector in 2020–21 was \$18.7 million. The estimated cost of regulating the subsector for 2021–22 is \$20.3 million: see Table 14.

**Table 14: Estimated levies to recover costs to regulate small proprietary companies**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$2.606m	\$0.063m
Enforcement	\$8.754m	\$0.776m
Other regulatory activities		
<i>Industry engagement</i>	\$0.333m	\$0.004m
<i>Education</i>	\$0.034m	\$0.124m
<i>Guidance</i>	\$0.078m	\$0.000m
<i>Policy advice</i>	\$0.045m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$2.299m	\$0.014m
<i>IT support</i>	\$1.176m	\$0.008m
<i>Operations support</i>	\$0.779m	\$0.036m
<i>Property and corporate services</i>	\$2.286m	\$0.001m
<b>Total operating expenditure</b>	<b>\$18.391m</b>	<b>\$1.026m</b>
Allowance for capital expenditure	\$0.866m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Less costs funded by own-source revenue	(\$0.006m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$19.252m</b>	<b>\$1.026m</b>

## Auditors

### Auditors of disclosing entities

92 ASIC's cost of regulating the subsector in 2020–21 was \$7.8 million. The estimated cost of regulating the subsector for 2021–22 is \$7.3 million: see Table 15.

**Table 15: Estimated levies to recover costs to regulate auditors of disclosing entities**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$2.464m	\$0.057m
Enforcement	\$0.315m	\$0.863m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.025m</i>	<i>\$0.000m</i>
<i>Education</i>	<i>\$0.002m</i>	<i>\$0.077m</i>
<i>Guidance</i>	<i>\$0.014m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.139m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.850m</i>	<i>\$0.003m</i>
<i>IT support</i>	<i>\$0.812m</i>	<i>\$0.005m</i>
<i>Operations support</i>	<i>\$0.438m</i>	<i>\$0.020m</i>
<i>Property and corporate services</i>	<i>\$0.738m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$5.797m</b>	<b>\$1.026m</b>
Allowance for capital expenditure	\$0.474m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	(\$0.013m)	\$0.000m
<b>Total levy to recover costs</b>	<b>\$6.258m</b>	<b>\$1.026m</b>

### Registered company auditors

93 ASIC's cost of regulating the subsector in 2020-21 was \$1.8 million. The estimated cost of regulating the subsector for 2021–22 is \$985,302: see Table 16.

**Table 16: Estimated levies to recover costs to regulate registered company auditors**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.281m	\$0.007m
Enforcement	\$0.054m	\$0.196m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.008m</i>	<i>\$0.000m</i>
<i>Education</i>	<i>\$0.000m</i>	<i>\$0.010m</i>
<i>Guidance</i>	<i>\$0.002m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.019m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.101m</i>	<i>\$0.000m</i>
<i>IT support</i>	<i>\$0.097m</i>	<i>\$0.001m</i>
<i>Operations support</i>	<i>\$0.053m</i>	<i>\$0.002m</i>
<i>Property and corporate services</i>	<i>\$0.090m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$0.704m</b>	<b>\$0.216m</b>
Allowance for capital expenditure	\$0.058m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.007m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.769m</b>	<b>\$0.216m</b>

### Registered liquidators

94 ASIC's cost of regulating the subsector in 2020-21 was \$5.1 million. The estimated cost of regulating the subsector for 2021–22 is \$4.8 million: see Table 17.

**Table 17: Estimated levies to recover costs to regulate registered liquidators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$1.364m	\$0.032m
Enforcement	\$0.444m	\$0.212m



<b>Expense</b>	<b>Cost recovery levy</b>	<b>Statutory levy</b>
Other regulatory activities		
<i>Industry engagement</i>	\$0.216m	\$0.003m
<i>Education</i>	\$0.036m	\$0.060m
<i>Guidance</i>	\$0.075m	\$0.000m
<i>Policy advice</i>	\$0.044m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.660m	\$0.002m
<i>IT support</i>	\$0.582m	\$0.004m
<i>Operations support</i>	\$0.347m	\$0.016m
<i>Property and corporate services</i>	\$0.566m	\$0.000m
<b>Total operating expenditure</b>	<b>\$4.333m</b>	<b>\$0.328m</b>
Allowance for capital expenditure	\$0.402m	\$0.000m
Less costs funded by own-source revenue	(\$0.288m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.003m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$4.450m</b>	<b>\$0.328m</b>

## F Deposit taking and credit sector

### Key points

This section details the work we will do during 2021–22 to regulate the deposit taking and credit sector: see paragraphs 95–101. The key focus areas of our work in 2021–22 are outlined in Table 18.

This section also sets out the estimated levies to recover our costs. A summary of indicative levies for each subsector are set out in Table 19. We have provided more detailed breakdowns of estimated costs have also been provided for each subsector:

- credit licensees (see Table 20–Table 22);
- deposit product providers (see Table 23);
- payment product providers (see Table 24); and
- margin lenders (see Table 25).

The indicative levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2021–22.

For clarity, we have separately listed the estimated costs to be recovered through cost recovery levies and through statutory levies for each subsector.

### Overview of the deposit taking and credit sector

- 95 The deposit taking and credit sector consists of credit licensees (including credit providers, credit intermediaries, small and medium amount credit providers, and consumer lease providers) and AFS licensees (including deposit product providers, payment product providers and margin lenders).
- 96 We administer Australia’s consumer credit laws to improve consumer outcomes. We do this by ensuring lenders and brokers comply with their conduct and disclosure obligations. These obligations include general conduct requirements—such as the obligation to engage in credit activities efficiently, honestly and fairly—and specific requirements intended to reduce the extent to which consumers are sold products that do not meet their needs. The consumer credit laws also contain requirements that relate to conduct and consumer outcomes after a loan has been taken out.
- 97 We also monitor compliance with licensee obligations and other requirements under the Corporations Act. When we identify a potential harm or breach of the law, we will determine the most appropriate response.
- 98 We use the full suite of our regulatory tools to promote integrity in this sector in order to bring about sound consumer outcomes. This includes,

where appropriate, taking enforcement action, which may span over several years, to address misconduct (such as fraud and misleading and deceptive conduct). It may also include the use of the product intervention power when there is a risk of significant consumer detriment, and intensive supervision of institutions with the greatest potential impact on consumers and markets through our institutional supervision work.

99 The level of our regulatory activity in each subsector of the deposit taking and credit sector depends on the nature of the services offered as well as the scale of operations. For example, those with significant customer bases present a greater potential risk to consumers, investors and markets, and therefore may require more regulatory attention.

100 We work closely with the Australian Government and other regulatory agencies (particularly APRA) to achieve a coordinated approach to regulation.

### Focus areas for this sector

101 Table 18 outlines our areas of focus in the deposit taking and credit sector in 2021–22.

Note: In Table 18, ‘relevant subsectors’ are those in which we intend to or may conduct the regulatory activity during the year, depending on prevailing circumstances.

**Table 18: Focus areas in the deposit taking and credit sector (2021–22)**

Focus area	Key actions	Relevant subsector
Financial Accountability Regime	<p>As part of the preparation for the proposed regime:</p> <ul style="list-style-type: none"> <li>continue to collaborate with APRA to establish administrative and business processes and procedures; and</li> <li>establish integrated data systems to support efficient joint administration.</li> </ul>	Deposit product providers
Design and distribution obligations	<ul style="list-style-type: none"> <li>Support and monitor implementation of the reforms through engagement and guidance.</li> <li>Take a strategic, ASIC-wide approach to supervision and enforcement of the design and distribution obligations.</li> <li>Explore potential risk-based surveillance on targeted distribution networks or channels.</li> <li>Where appropriate, take enforcement action (e.g. against those who issue products that exploit consumers by offering no or little benefit, and those engaged in the mis-selling of products).</li> </ul>	All deposit taking and credit subsectors

Focus area	Key actions	Relevant subsector
Institutional supervision	<ul style="list-style-type: none"> <li>• Conduct continuous monitoring of the largest financial institutions that have the greatest potential impact on consumers and markets, to seek improvements in consumer outcomes. This is done through:                             <ul style="list-style-type: none"> <li>– the collection and analysis of a range of governance and risk management related information; and</li> <li>– regular structured engagements with senior executives.</li> </ul> </li> <li>• Conduct targeted proactive reviews (involving data analysis and interviews) of topical issues at the largest financial institutions, including reportable situations and their internal audit functions.</li> </ul>	Credit providers, credit intermediaries, deposit product providers
Consumer leases and short-term, small amount finance	<ul style="list-style-type: none"> <li>• Continue to collect data from relevant lenders and lessors to identify and respond to predatory lending practices.</li> <li>• Following the passage of law reforms, review existing guidance, prepare to use new powers, and engage with industry to set expectations.</li> <li>• Conduct surveillances and, where appropriate, take enforcement action to ensure costs incurred by consumers are legal and correctly calculated.</li> </ul>	Credit providers, Small and medium amount credit providers
Lender responses to borrowers experiencing financial difficulty	<ul style="list-style-type: none"> <li>• Continue to monitor developments, trends and issues of concern through engagement, data collection and analysis of data collected by APRA.</li> <li>• Influence lender responses through surveillance and setting expectations.</li> <li>• Where warranted, take enforcement action against conduct that exacerbates consumer financial stress (particularly in the context of the COVID-19 pandemic).</li> </ul>	Credit providers, small and medium amount credit providers
Poor debt collection practices	<ul style="list-style-type: none"> <li>• Collect data to understand the controls in place when debt is sold, how the controls work and who is affected.</li> <li>• Engage with lenders and industry associations to identify issues of concern and assess trends.</li> <li>• Provide further guidance to industry and set expectations.</li> <li>• Where appropriate, undertake surveillance and enforcement action.</li> </ul>	Credit providers, small and medium amount credit providers, credit intermediaries
Debt management firms	<ul style="list-style-type: none"> <li>• Engage with debt management firms and other industry stakeholders about new licensing requirements.</li> <li>• Monitor implementation of the reforms, including to identify unlicensed conduct.</li> <li>• Where appropriate, undertake surveillance and enforcement action.</li> </ul>	Credit intermediaries

Focus area	Key actions	Relevant subsector
Lending standards of non-authorised deposit-taking institution credit providers	Following the passage of law reforms: <ul style="list-style-type: none"> <li>engage with APRA to promote consistency on lender obligations;</li> <li>review and, as needed, update or withdraw ASIC public documents;</li> <li>gather information about new systems, policies and procedures, and assess industry implementation; and</li> <li>where appropriate, undertake surveillance and enforcement action.</li> </ul>	Credit providers, small and medium amount credit providers
Mortgage broker best interests duty and conflicted remuneration rules	<ul style="list-style-type: none"> <li>Gather data and information from brokers, aggregators and lenders, and conduct file reviews.</li> <li>Take regulatory action, including enforcement action, if warranted.</li> </ul>	Credit intermediaries
Review of ePayments Code	Finalise updates to the <a href="#">ePayments Code</a> by consulting on and publishing the new code.	Payment product providers
Stablecoins	Contribute to the work of the CFR in considering risks arising from stablecoins, and the application of regulation to stablecoins and related products and services.	Payment product providers
General surveillance and enforcement activity	Assess and respond to compliance and misconduct issues reported to ASIC, or otherwise identified by ASIC, through proactive or reactive surveillances, and take enforcement action where appropriate.	All deposit taking and credit subsectors
Supporting law reform	Support Australian Government proposed law reform and advise the Government on new reforms where the need is identified through our work.	All deposit taking and credit subsectors
LIBOR transition	<ul style="list-style-type: none"> <li>Continue to facilitate and monitor the transition from using LIBOR to robust alternative reference rates.</li> <li>Provide guidance and recommendations to support the transition effort in Australia.</li> </ul>	Credit providers, deposit product providers
Stakeholder engagement	Through engagement with industry, influence our regulated population to improve compliance and minimise consumer harm.	All deposit taking and credit subsectors

## Summary table of estimated industry funding levies for deposit taking and credit sector

**Table 19: Estimated industry funding levies for the deposit taking and credit sector**

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Credit providers	Entities that hold a credit licence that authorises them to engage in credit activities as a credit provider.	\$34.613m	1,064 (includes small and medium amount credit providers)	<b>Credit provided in the financial year</b>  The gross amount of credit provided by the entity in the financial year under credit contracts (other than small and medium amount credit contracts).	\$2,000	\$100m	Minimum levy of \$2,000 plus \$0.52 per \$10,000 of credit provided above \$100m (for other than small and medium amount credit contracts)
Small and medium amount credit providers	Entities that: <ul style="list-style-type: none"> <li>hold a credit licence authorising them to engage in credit activities as a credit provider; and</li> <li>provide credit under small or medium amount credit contracts.*</li> </ul>	\$5.033m	227**	<b>Credit provided in the financial year</b>  The gross amount of credit provided under small and medium amount credit contracts.	Not applicable	No threshold	\$38.49 per \$10,000 of credit provided under small and medium credit contracts

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Credit intermediaries	Entities that hold a credit licence authorising them to engage in credit activities other than as a credit provider.	\$10.897m	4,413 (37,703 credit representatives)	<b>Credit representatives</b> The number of credit representatives (within the meaning of the National Credit Act) that the entity has at the end of the financial year.	\$1,000	No threshold	Minimum levy of \$1,000 plus \$171.97 per credit representative
Deposit product providers	Entities that hold an AFS licence with an authorisation to deal in a financial product by issuing deposit products.	\$14.009m	199	<b>Total deposits</b> The total value of deposits held at the end of the financial year in deposit products issued by the entity (whether the deposit product was issued in the financial year or an earlier financial year).	\$2,000	\$10m	Minimum levy of \$2,000 plus (if the entity's metric exceeds \$10m) \$5.34 per \$1m of total deposit liabilities above \$10m
Payment product providers	Entities that hold an AFS licence with an authorisation to deal in financial products through which, or through the acquisition of which, non-cash payments can be made.	\$2.291m	665	<b>Total revenue from payment product provider activity</b> The total gross revenue received in the financial year in connection with non-cash payment products issued by the entity less expenses incurred during the financial year from dealing in non-cash payment facilities.	\$2,000	No threshold	Minimum levy of \$2,000 plus \$2.20 per \$10,000 of total revenue from payment product provider activity

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Margin lenders	Entities that hold an AFS licence with an authorisation to deal in a financial product by issuing margin lending facilities during a financial year.	\$0.002m	23	<p><b>Number of days authorised</b></p> <p>The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.</p>	Not applicable	Not applicable	\$93.38

Notes: \* 'Small amount credit contract' is defined in s5 of the National Credit Act. Small amount credit contracts are also known as 'small amount loans' and 'payday loans'.

\*\* The number of small and medium amount credit providers is based on 2020–21 figures.



## Detailed breakdown of estimated costs of regulating each subsector in the deposit taking and credit sector

### Credit licensees

#### Credit providers

102 ASIC's cost of regulating the subsector in 2020–21 was \$33.1 million. The estimated cost of regulating the subsector for 2021–22 is \$34.6 million: see Table 20.

**Table 20: Estimated levies to recover costs to regulate credit providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$5.074m	\$0.119m
Enforcement	\$7.028m	\$3.242m
Other regulatory activities		
<i>Industry engagement</i>	\$1.070m	\$0.013m
<i>Education</i>	\$0.016m	\$1.059m
<i>Guidance</i>	\$0.308m	\$0.000m
<i>Policy advice</i>	\$0.497m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$3.941m	\$0.012m
<i>IT support</i>	\$3.549m	\$0.023m
<i>Operations support</i>	\$2.550m	\$0.105m
<i>Property and corporate services</i>	\$3.946m	\$0.000m
<b>Total operating expenditure</b>	<b>\$27.978m</b>	<b>\$4.574m</b>
Allowance for capital expenditure	\$2.541m	\$0.000m
Less costs funded by own-source revenue	(\$0.542m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.063m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$30.039m</b>	<b>\$4.574m</b>

#### Small and medium amount credit providers

103 ASIC's cost of regulating the subsector in 2020–21 was \$4.9 million. The estimated cost of regulating the subsector for 2021–22 is \$5.0 million: see Table 21.

**Table 21: Estimated levies to recover costs to regulate small and medium amount credit providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.704m	\$0.017m
Enforcement	\$1.042m	\$0.304m
Other regulatory activities		
<i>Industry engagement</i>	\$0.184m	\$0.002m
<i>Education</i>	\$0.003m	\$0.174m
<i>Guidance</i>	\$0.056m	\$0.000m
<i>Policy advice</i>	\$0.084m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.587m	\$0.002m
<i>IT support</i>	\$0.522m	\$0.004m
<i>Operations support</i>	\$0.377m	\$0.016m
<i>Property and corporate services</i>	\$0.581m	\$0.000m
<b>Total operating expenditure</b>	<b>\$4.139m</b>	<b>\$0.519m</b>
Allowance for capital expenditure	\$0.375m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$4.514m</b>	<b>\$0.519m</b>

**Credit intermediaries**

104 ASIC's cost of regulating the subsector in 2020–21 was \$11.4 million. The estimated cost of regulating the subsector for 2021–22 is \$10.9 million: see Table 22.

**Table 22: Estimated levies to recover costs to regulate credit intermediaries**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$1.343m	\$0.031m
Enforcement	\$2.719m	\$0.357m

Expense	Cost recovery levy	Statutory levy
Other regulatory activities		
<i>Industry engagement</i>	\$0.302m	\$0.004m
<i>Education</i>	\$0.004m	\$0.318m
<i>Guidance</i>	\$0.087m	\$0.000m
<i>Policy advice</i>	\$0.136m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$1.297m	\$0.004m
<i>IT support</i>	\$1.177m	\$0.008m
<i>Operations support</i>	\$0.849m	\$0.036m
<i>Property and corporate services</i>	\$1.330m	\$0.000m
<b>Total operating expenditure</b>	<b>\$9.244m</b>	<b>\$0.758m</b>
Allowance for capital expenditure	\$0.857m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.037m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$10.139m</b>	<b>\$0.758m</b>

### Deposit product providers

105 ASIC's cost of regulating the subsector in 2020–21 was \$7.5 million. The estimated cost of regulating the subsector for 2021–22 is \$14.0 million: see Table 23.

**Table 23: Estimated levies to recover costs to regulate deposit product providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$1.685m	\$0.039m
Enforcement	\$3.192m	\$1.664m
Other regulatory activities		
<i>Industry engagement</i>	\$0.141m	\$0.002m
<i>Education</i>	\$0.011m	\$0.204m
<i>Guidance</i>	\$0.058m	\$0.000m
<i>Policy advice</i>	\$0.337m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$1.509m	\$0.004m
<i>IT support</i>	\$1.450m	\$0.009m
<i>Operations support</i>	\$1.016m	\$0.044m
<i>Property and corporate services</i>	\$1.606m	\$0.000m
<b>Total operating expenditure</b>	<b>\$11.006m</b>	<b>\$1.966m</b>
Allowance for capital expenditure	\$1.037m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$12.043m</b>	<b>\$1.966m</b>

### Payment product providers

106 ASIC's cost of regulating the subsector in 2020–21 was \$2.4 million. The estimated cost of regulating the subsector for 2021–22 is \$2.3 million: see Table 24.

**Table 24: Estimated levies to recover costs to regulate payment product providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.523m	\$0.012m
Enforcement	\$0.046m	\$0.478m
Other regulatory activities		
<i>Industry engagement</i>	\$0.136m	\$0.002m
<i>Education</i>	\$0.002m	\$0.111m
<i>Guidance</i>	\$0.039m	\$0.000m
<i>Policy advice</i>	\$0.062m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.228m	\$0.001m
<i>IT support</i>	\$0.188m	\$0.001m
<i>Operations support</i>	\$0.134m	\$0.005m
<i>Property and corporate services</i>	\$0.192m	\$0.000m
<b>Total operating expenditure</b>	<b>\$1.551m</b>	<b>\$0.609m</b>
Allowance for capital expenditure	\$0.124m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.007m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$1.682m</b>	<b>\$0.609m</b>

## Margin lenders

107 ASIC's cost of regulating the subsector in 2020–21 was \$70,357. The estimated cost of regulating the subsector for 2021–22 is \$2,148, as set out below.

**Table 25: Estimated levies to recover costs to regulate margin lenders**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.001m	\$0.000m
Enforcement	\$0.000m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Education</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Guidance</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>IT support</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Operations support</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Property and corporate services</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$0.002m</b>	<b>\$0.000m</b>
Allowance for capital expenditure	\$0.000m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.002m</b>	<b>\$0.000m</b>

## G Investment management, superannuation and related services sector

### Key points

This section details the work we will do during 2021–22 to regulate the investment management, superannuation and related services sector: see paragraphs 108–113. The key focus areas of our work in 2021–22 are outlined in Table 26.

This section also sets out the estimated levies to recover our costs. A summary of the indicative levies for each subsector is set out in Table 27. We have provided more detailed breakdowns of estimated costs for each subsector:

- superannuation trustees (Table 28);
- responsible entities (Table 29);
- wholesale trustees (Table 30);
- custodians (Table 32);
- IDPS operators (Table 33);
- MDA providers (Table 34); and
- traditional trustee company service providers (Table 35).

The indicative levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2021–22.

For clarity, we have separately listed the estimated costs to be recovered through cost recovery levies and through statutory levies for each subsector.

### Overview of the investment management, superannuation and related services sector

- 108 The investment management, superannuation and related services sector consists of AFS licensees with authorisations to:
- (a) operate registered schemes (responsible entities);
  - (b) operate a notified foreign passport fund or a regulated former notified fund (operators of notified foreign passport funds and regulated former notified funds);
 

Note: There are currently no entities in this subsector.
  - (c) issue or arrange for the issue of interests in a managed investment scheme to wholesale clients (wholesale trustees);
  - (d) provide custodial and depository services (custodians);

- (e) issue interests in MDA services (MDA providers);
- (f) operate an IDPS (IDPS operators);
- (g) provide traditional trustee company services (traditional trustee company service providers); and
- (h) provide a crowdfunding service (CSF intermediaries).

Note: CSF intermediaries are not currently a separate subsector under the industry funding model. As a result, the regulatory costs for CSF intermediaries will be allocated proportionally across all subsectors as a statutory levy—see Table 5.

109 Registrable superannuation entity (RSE) licensees (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (SIS Act)) also fall within the investment management, superannuation and related services sector (as ‘superannuation trustees’).

Note: Superannuation trustees are required to hold an AFS licence with authorisations to deal in superannuation and to provide a superannuation trustee service.

110 We use the full suite of our regulatory tools to promote integrity in this sector in order to bring about sound consumer and investor outcomes. This includes, where appropriate, taking enforcement action to address misconduct (such as fraud and misleading or deceptive conduct). This action may span several years. This also includes intensive supervision of large institutions that have subsidiaries in this subsector through our institutional supervision work.

111 We expend a large amount of regulatory effort within this sector because of the large number of interactions entities in this sector have with retail and institutional investors, and the potential harm to consumers, investors and markets.

112 We work closely with the Australian Government and other regulatory agencies (particularly APRA) to achieve a coordinated approach to regulation.

### Focus areas for this sector

113 Table 26 sets out our areas of focus in the investment management, superannuation and related services sector in 2021–22.

Note: In Table 26, ‘relevant subsectors’ are those in which we intend to or may conduct the regulatory activity during the year, depending on prevailing circumstances.

**Table 26: Focus areas in the investment management, superannuation and related services sector (2021–22)**

Focus area	Key actions	Relevant subsector
Financial Accountability Regime	As part of the ongoing preparation for the proposed regime: <ul style="list-style-type: none"> <li>continue to collaborate with APRA to establish administrative and business processes and procedures; and</li> <li>establish integrated data systems to support efficient joint administration.</li> </ul>	Superannuation trustees
Design and distribution obligations	<ul style="list-style-type: none"> <li>Support and monitor implementation of the reforms through engagement and guidance.</li> <li>Take a strategic, ASIC-wide approach to supervision and enforcement of the design and distribution obligations.</li> <li>Undertake risk-based surveillance on a range of products, including choice superannuation products.</li> <li>Explore potential risk-based surveillance on targeted distribution networks or channels.</li> <li>Where appropriate, take enforcement action (e.g. against those who issue products that exploit consumers by offering no or little benefit, and those engaged in the mis-selling of products).</li> </ul>	Responsible entities, IDPS operators, superannuation trustees
Institutional supervision	<ul style="list-style-type: none"> <li>Conduct continuous monitoring of the largest financial institutions that have the greatest potential impact on consumers and markets, to seek improvements in consumer outcomes. This is done through:                             <ul style="list-style-type: none"> <li>the collection and analysis of a range of governance and risk management related information; and</li> <li>regular structured engagements with senior executives.</li> </ul> </li> <li>Conduct targeted proactive reviews (involving data analysis and interviews) of topical issues at the largest financial institutions, including reportable situations and their internal audit functions.</li> </ul>	Superannuation trustees, responsible entities
Greenwashing of financial products	<ul style="list-style-type: none"> <li>Conduct targeted surveillance of financial products to identify misleading statements about environmental, social and governance claims, particularly across social media.</li> <li>Seek opportunities to improve consumer outcomes by changing industry practices to mitigate the risk of greenwashing, and contribute to the international work of IOSCO in this area.</li> </ul>	Superannuation trustees, responsible entities



Focus area	Key actions	Relevant subsector
Communications about performance	<ul style="list-style-type: none"> <li>• Monitor the implementation of the Your Future, Your Super reforms and work with APRA on greater consistency of performance disclosures.</li> <li>• Review the mandatory underperformance notifications and other communications by trustees of products that fail to pass the annual performance test, and the communications of a sample of those that do not fail the test, across marketing and distribution channels.</li> <li>• Take regulatory action on non-compliance where appropriate.</li> </ul>	Superannuation trustees
Insurance in superannuation	<ul style="list-style-type: none"> <li>• Conduct surveillance of superannuation trustees on issues raised by ASIC in 2019 and 2020, including those outlined in <a href="#">Report 633</a> <i>Holes in the safety net: A review of TPD insurance claims</i> (REP 633) and <a href="#">Report 675</a> <i>Default insurance in superannuation: Member value for money</i> (REP 675).</li> <li>• Support and monitor implementation of regulatory reforms (e.g. claims handling).</li> </ul>	Superannuation trustees
Internal dispute resolution (IDR) in superannuation	<ul style="list-style-type: none"> <li>• Continue to focus on helping the superannuation industry transition to complying with <a href="#">Regulatory Guide 271</a> <i>Internal dispute resolution</i> (RG 271) (e.g. through stakeholder communications and engagement during the transition period).</li> <li>• Following implementation of the RG 271 requirements, analyse data and review specific case studies to assess industry compliance and determine if further regulatory action is necessary.</li> </ul>	Superannuation trustees
Retirement income calculators and projections	Consult on and update relief instruments and guidance including <a href="#">Consultation Paper 351</a> <i>Superannuation forecasts: Update to relief and guidance</i> (CP 351).	Superannuation trustees
Superannuation conduct regulator	<ul style="list-style-type: none"> <li>• Ensure effective implementation of superannuation conduct law reform, including the new licensing requirements, by engaging with industry and working closely with APRA.</li> <li>• Update ASIC instruments, guidance, internal processes and materials to reflect law reform.</li> <li>• Take enforcement action, where warranted, to address misconduct and deter others from engaging in similar misconduct.</li> </ul>	Superannuation trustees
Governance of managed investment schemes and responsible entities	Review the practices of a selection of large managed investment schemes, with a view to mitigating the risks of adverse member outcomes.	Responsible entities

Focus area	Key actions	Relevant subsector
Whistleblower program	Review whistleblower programs from a sample of regulated entities to assess: <ul style="list-style-type: none"> <li>• how they handle whistleblower disclosures;</li> <li>• how they use the information from disclosures to address issues or misconduct or change their operations; and</li> <li>• the level of board and executive oversight of the program.</li> </ul>	Superannuation trustees
Litigation funders	Implement the Australian Government’s litigation funding reforms by providing relief and issuing guidance as required.	Responsible entities
Marketing and disclosure about risk and return for managed investment funds	<ul style="list-style-type: none"> <li>• Monitor marketing in traditional and digital media using search terms that are likely to appeal to retail investors.</li> <li>• Review Product Disclosure Statements (PDSs)—focusing on new PDSs and responsible entities with a history of poor disclosure—to identify likely misleading returns, inappropriate benchmark use or poor risk disclosure.</li> <li>• Take enforcement action on non-compliance, where warranted.</li> </ul>	Responsible entities, wholesale trustees
Updating relief in sunseting class orders	Update relief in sunseting class orders that relates to: <ul style="list-style-type: none"> <li>• business introduction or matching services;</li> <li>• employee redundancy schemes; and</li> <li>• substantial holdings.</li> </ul>	Wholesale trustees, responsible entities
LIBOR transition	<ul style="list-style-type: none"> <li>• Continue to facilitate and monitor the transition from using LIBOR to robust alternative reference rates.</li> <li>• Provide guidance and recommendations to support the transition effort in Australia.</li> </ul>	Superannuation trustees
Conflicts of interest and investment switching	Conduct surveillance of conflicts management policies of superannuation trustees and of transactions by directors and executives, in relation to the switching of investment options by executives and directors.	Superannuation trustees
General surveillance and enforcement activity	Assess and respond to compliance and misconduct issues reported to ASIC, or otherwise identified by ASIC through proactive or reactive surveillances, and take enforcement action where appropriate.	Superannuation trustees, responsible entities, wholesale trustees, custodians, IDPS operators, MDA providers, traditional trustee company service providers, CSF intermediaries
Stakeholder engagement	Through engagement with industry, influence our regulated population to improve compliance and minimise consumer harm.	All investment management, superannuation and related services subsectors

## Summary table of estimated industry funding levies for the investment management, superannuation and related services sector

Table 27: Estimated industry funding levies for the investment management, superannuation and related services sector

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Super-annuation trustees	Entities that are an RSE licensee (within the meaning of the SIS Act).	\$37.923m	95	<p><b>Adjusted total assets</b></p> <p>The total value of assets in all registrable superannuation entities operated by the entity at the end of the financial year, except any assets that are an interest in another registrable superannuation entity operated by the entity and any other assets that are employer sponsored receivables.</p>	\$18,000	\$250m	Minimum levy of \$18,000 plus \$17.85 per \$1m of assets above the \$250m threshold
Responsible entities	Entities that hold an AFS licence authorising them to operate a registered scheme.	\$20.749m	426	<p><b>Adjusted total assets</b></p> <p>The total value of assets in all registered schemes operated by the entity at the end of the financial year, except any assets that are an interest in another registered scheme operated by the entity and, if the entity is also a wholesale trustee, any interest in an unregistered scheme issued by the entity.</p>	\$7,000	\$10m	Minimum levy of \$7,000 plus \$10.85 per \$1m of assets above the \$10m threshold

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Wholesale trustees	Entities that hold an AFS licence authorising them to deal in a financial product by issuing interests in, or arranging for the issue of interests in, a managed investment scheme to wholesale clients.	\$5.790m	1,783	<b>Adjusted total assets</b> The total value of assets in all unregistered schemes at the end of the financial year, except any assets that are an interest in another registered or unregistered scheme operated by the wholesale trustee or any assets that are an interest in a notified foreign passport fund issued by the entity if the entity forms part of the operators of a notified foreign passport funds subsector.	\$1,000	Not applicable	Minimum levy of \$1,000 plus \$4.91 per \$1m of adjusted total assets
Operators of notified foreign passport funds and regulated former notified funds	Entities that, at any time in the financial year, are the operator of: <ul style="list-style-type: none"> <li>• a notified foreign passport fund; or</li> <li>• a regulated former notified fund.</li> </ul>	\$0.008m	0	<b>Australian assets</b> Total value of Australian assets in all notifiable foreign passport funds or regulated former notified funds operated by the entity, except any assets that are an interest in another notified foreign passport fund or regulated former notified fund operated by the entity and, if the entity forms part of the wholesale trustees subsector, any assets that are an interest in an unregistered managed investment scheme issued by the entity.	\$1,000	Not applicable	Not applicable

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Custodians	Entities that, at any time in the financial year, hold an AFS licence that authorises them to provide a custodial or depository service.	\$0.138m	1,249	Flat levy	Not applicable	Not applicable	\$110
IDPS operators	Entities that hold an AFS licence authorising them to operate an IDPS.	\$0.826m	84	<p><b>Revenue from IDPS activity</b></p> <p>The levy metric will be the sum of:</p> <ul style="list-style-type: none"> <li>the amount of gross revenue received from IDPS activities undertaken under the entity's licence in the financial year; and</li> <li>unless covered under the previous point, any amount paid or payable in the financial year from the IDPS for the performance of obligations imposed on the IDPS operator (even if those obligations are performed by another entity).</li> </ul>	\$10,000	No threshold	Minimum levy of \$10,000

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
MDA providers	<p>Entities that hold an AFS licence authorising them to deal in a financial product by issuing financial products in respect of:</p> <ul style="list-style-type: none"> <li>interests in managed investment schemes, limited to MDA services; or</li> <li>miscellaneous financial investment products, limited to MDA services.</li> </ul>	\$2.799m	272*	<p><b>Number of days authorised</b></p> <p>The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.</p>	Not applicable	Not applicable	\$10,292
Traditional trustee company service providers	Entities that are AFS licensees authorised to provide traditional trustee company services.	\$0.207m	11*	<p><b>Number of days authorised</b></p> <p>The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.</p>	Not applicable	Not applicable	\$18,860

## Detailed breakdown of estimated costs of regulating each subsector in the investment management, superannuation and related services sector

### Superannuation trustees

114 ASIC's cost of regulating the subsector in 2020–21 was \$26.9 million. The estimated cost of regulating the subsector for 2021–22 is \$37.9 million: see Table 28.

**Table 28: Estimated levies to recover costs to regulate superannuation trustees**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$4.182m	\$0.103m
Enforcement	\$6.689m	\$6.489m
Other regulatory activities		
<i>Industry engagement</i>	\$0.789m	\$0.011m
<i>Education</i>	\$0.084m	\$1.307m
<i>Guidance</i>	\$1.999m	\$0.000m
<i>Policy advice</i>	\$0.757m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$3.930m	\$0.010m
<i>IT support</i>	\$3.954m	\$0.028m
<i>Operations support</i>	\$2.722m	\$0.116m
<i>Property and corporate services</i>	\$4.441m	\$0.002m
<b>Total operating expenditure</b>	<b>\$29.547m</b>	<b>\$8.067m</b>
Allowance for capital expenditure	\$2.782m	\$0.000m
Less costs funded by own-source revenue	(\$2.510m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.036m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$29.856m</b>	<b>\$8.067m</b>

### Responsible entities

115 ASIC's cost of regulating the subsector in 2020–21 was \$25.2 million. The estimated cost of regulating the subsector for 2021–22 is \$20.8 million: see Table 29.

**Table 29: Estimated levies to recover costs to regulate responsible entities**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$2.127m	\$0.057m
Enforcement	\$2.253m	\$4.364m
Other regulatory activities		
<i>Industry engagement</i>	\$0.635m	\$0.009m
<i>Education</i>	\$0.002m	\$0.266m
<i>Guidance</i>	\$0.872m	\$0.001m
<i>Policy advice</i>	\$1.508m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$2.081m	\$0.008m
<i>IT support</i>	\$1.919m	\$0.015m
<i>Operations support</i>	\$1.228m	\$0.055m
<i>Property and corporate services</i>	\$2.053m	\$0.003m
<b>Total operating expenditure</b>	<b>\$14.678m</b>	<b>\$4.778m</b>
Allowance for capital expenditure	\$1.478m	\$0.000m
Less costs funded by own-source revenue	(\$0.180m)	\$0.000m
Adjustment for prior year (under or over recovery)	(\$0.005m)	\$0.000m
<b>Total levy to recover costs</b>	<b>\$15.971m</b>	<b>\$4.778m</b>

### Wholesale trustees

116 ASIC's cost of regulating the subsector in 2020–21 was \$3.0 million. The estimated cost of regulating the subsector for 2021–22 is \$5.8 million: see Table 30.

**Table 30: Estimated levies to recover costs to regulate wholesale trustees**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.401m	\$0.009m
Enforcement	\$1.347m	\$0.376m



Expense	Cost recovery levy	Statutory levy
Other regulatory activities		
<i>Industry engagement</i>	\$0.128m	\$0.002m
<i>Education</i>	\$0.001m	\$0.077m
<i>Guidance</i>	\$0.184m	\$0.000m
<i>Policy advice</i>	\$0.301m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.676m	\$0.002m
<i>IT support</i>	\$0.629m	\$0.004m
<i>Operations support</i>	\$0.422m	\$0.019m
<i>Property and corporate services</i>	\$0.702m	\$0.000m
<b>Total operating expenditure</b>	<b>\$4.791m</b>	<b>\$0.489m</b>
Allowance for capital expenditure	\$0.485m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.026m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$5.301m</b>	<b>\$0.489m</b>

### Operators of notified foreign passport funds and regulated former notified funds

117 ASIC's cost of regulating the subsector in 2020–21 was \$6,736. The estimated cost of regulating the subsector for 2021–22 is \$8,275: see Table 30.

**Table 31: Estimated levies to recover costs to regulate Operators of notified foreign passport funds and regulated former notified funds**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.002m	\$0.000m
Enforcement	\$0.000m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.000m	\$0.000m
<i>Education</i>	\$0.000m	\$0.000m
<i>Guidance</i>	\$0.001m	\$0.000m
<i>Policy advice</i>	\$0.001m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.001m	\$0.000m
<i>IT support</i>	\$0.001m	\$0.000m
<i>Operations support</i>	\$0.001m	\$0.000m
<i>Property and corporate services</i>	\$0.001m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.007m</b>	<b>\$0.000m</b>
Allowance for capital expenditure	\$0.001m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.008m</b>	<b>\$0.000m</b>

## Custodians

118

ASIC's cost of regulating the subsector in 2020–21 was \$311,256. The estimated cost of regulating the subsector for 2021–22 is \$137,725: see Table 32.

**Table 32: Estimated levies to recover costs to regulate custodians**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.027m	\$0.001m
Enforcement	\$0.002m	\$0.013m
Other regulatory activities		
<i>Industry engagement</i>	\$0.007m	\$0.000m
<i>Education</i>	\$0.000m	\$0.002m
<i>Guidance</i>	\$0.009m	\$0.000m
<i>Policy advice</i>	\$0.011m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.015m	\$0.000m
<i>IT support</i>	\$0.014m	\$0.000m
<i>Operations support</i>	\$0.008m	\$0.000m
<i>Property and corporate services</i>	\$0.014m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.107m</b>	<b>\$0.016m</b>
Allowance for capital expenditure	\$0.010m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.005m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.122m</b>	<b>\$0.016m</b>

## IDPS operators

119 ASIC's cost of regulating the subsector in 2020–21 was \$953,013. The estimated cost of regulating the subsector for 2021–22 is \$826,243: see Table 33.

**Table 33: Estimated levies to recover costs to regulate IDPS operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.028m	\$0.001m
Enforcement	\$0.002m	\$0.694m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.007m</i>	<i>\$0.000m</i>
<i>Education</i>	<i>\$0.000m</i>	<i>\$0.002m</i>
<i>Guidance</i>	<i>\$0.010m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.013m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.017m</i>	<i>\$0.000m</i>
<i>IT support</i>	<i>\$0.016m</i>	<i>\$0.000m</i>
<i>Operations support</i>	<i>\$0.010m</i>	<i>\$0.000m</i>
<i>Property and corporate services</i>	<i>\$0.015m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$0.118m</b>	<b>\$0.697m</b>
Allowance for capital expenditure	\$0.012m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.130m</b>	<b>\$0.697m</b>

## MDA providers

120 ASIC's cost of regulating the subsector in 2020–21 was \$2.4 million. The estimated cost of regulating the subsector for 2021–22 is \$2.8 million: see Table 34.

**Table 34: Estimated levies to recover costs to regulate MDA providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.013m	\$0.000m
Enforcement	\$1.109m	\$0.092m
Other regulatory activities		
<i>Industry engagement</i>	\$0.004m	\$0.000m
<i>Education</i>	\$0.000m	\$0.030m
<i>Guidance</i>	\$0.006m	\$0.000m
<i>Policy advice</i>	\$0.009m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.326m	\$0.001m
<i>IT support</i>	\$0.311m	\$0.002m
<i>Operations support</i>	\$0.226m	\$0.010m
<i>Property and corporate services</i>	\$0.372m	\$0.000m
<b>Total operating expenditure</b>	<b>\$2.377m</b>	<b>\$0.136m</b>
Allowance for capital expenditure	\$0.242m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.045m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$2.664m</b>	<b>\$0.136m</b>

## Traditional trustee company service providers

121 ASIC's cost of regulating the subsector in 2020–21 was \$277,883. The estimated cost of regulating the subsector for 2021–22 is \$207,466: see Table 35.

**Table 35: Estimated levies to recover costs to regulate traditional trustee company service providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.060m	\$0.003m

<b>Expense</b>	<b>Cost recovery levy</b>	<b>Statutory levy</b>
Enforcement	\$0.019m	\$0.001m
Other regulatory activities		
<i>Industry engagement</i>	\$0.013m	\$0.001m
<i>Education</i>	\$0.000m	\$0.002m
<i>Guidance</i>	\$0.005m	\$0.000m
<i>Policy advice</i>	\$0.007m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.014m	\$0.000m
<i>IT support</i>	\$0.023m	\$0.001m
<i>Operations support</i>	\$0.015m	\$0.001m
<i>Property and corporate services</i>	\$0.024m	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.179m</b>	<b>\$0.011m</b>
Allowance for capital expenditure	\$0.018m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.197m</b>	<b>\$0.011m</b>

## H Market infrastructure and intermediaries sector

### Key points

This section details the work we will do during 2021–22 to regulate the market infrastructure and intermediaries sector: see paragraphs 122–135. The key focus areas of our work in 2021–22 are outlined in Table 36.

This section also sets out the estimated levies to recover our costs. A summary of indicative levies for each subsector is set out in Table 37 and Table 38. We have provided more detailed breakdowns of estimated costs for each subsector.

For market infrastructure providers, these include:

- market licensees (see Table 39–Table 46);
- CS facility operators (see Table 47–Table 51);
- Australian derivative trade repository operators (see Table 52);
- exempt market operators (see Table 53);
- credit rating agencies (see Table 54);
- benchmark administrator licensees (see Table 55);

For market intermediaries, these include:

- market participants (see Table 56–Table 57);
- securities dealers (see Table 58);
- corporate advisers and OTC traders (see Table 59–Table 60);
- retail OTC derivatives issuers (see Table 61); and
- wholesale electricity dealers (see Table 62).

The indicative levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2021–22.

For clarity, we have separately listed the costs to be recovered through cost recovery levies and through statutory levies for each subsector.

### Overview of the market infrastructure and intermediaries sector

- 122 The market infrastructure and intermediaries sector consists of market infrastructure providers and market intermediaries.
- 123 We use the full suite of our regulatory tools to promote integrity in this sector in order to bring about sound consumer and investor outcomes. This includes, where appropriate, taking enforcement action to address misconduct. This action may span several years. It may also include the use of the product intervention power when there is a risk of significant consumer detriment, and more intensive supervision of selected institutions.

124 The level of our regulatory activity in each subsector in the market infrastructure and intermediaries sector depends on the nature of the services offered, as well as the scale of operations. For example, those with significant customer bases present a greater potential risk to consumers, investors and markets and therefore may require more regulatory attention.

125 We work closely with the Australian Government and other regulatory agencies (particularly the Reserve Bank of Australia (RBA) and APRA) to achieve a coordinated approach to regulation.

### **Market infrastructure providers**

126 Market infrastructure providers are entities that are:

- (a) market licensees;
- (b) CS facility operators;

Note: CS facilities are broken into four tiers. Determining which of the four tiers a facility is part of is based on the systemic importance and the strength of the domestic connection of the facility. Entities should consider the matters set out in s827A of the Corporations Act when determining whether their CS facility is systemically important and the strength of the domestic connection to Australia. Additionally, the CFR's [Application of the regulatory influence framework for cross-border central counterparties](#) (published March 2014) sets out requirements for the different tiers of CS facilities.

- (c) Australian derivative trade repository operators;
- (d) exempt market operators;
- (e) credit rating agencies; and
- (f) benchmark administrator licensees.

127 Our supervision and surveillance of market infrastructure providers is critical to maintaining the resilience, integrity and stability of financial markets. Our role is to oversee these providers' compliance with their obligations under the financial services laws, to help ensure good consumer and investor outcomes, and to maintain trust and integrity in Australia's financial markets.

128 As part of our role, we undertake reviews of the performance and compliance of market infrastructure providers. These reviews include real-time frontline supervision and surveillance of trading on licensed domestic markets, periodic assessments, strategic market-wide and individual entity reviews, ongoing engagement, and periodic remediation. Through this activity we seek to efficiently and effectively identify harms, provide feedback and guidance to providers, and take further regulatory action where needed.

129 We are also focused on supporting entities as they carry out their operations. A key consideration across all of our work is how we can support the long-term economic recovery in Australia.

### **Market intermediaries**

130 Market intermediaries include entities which are:

- (a) market participants;
- (b) securities dealers;
- (c) corporate advisers and OTC traders;
- (d) retail OTC derivatives issuers; and
- (e) wholesale electricity dealers.

131 Market intermediaries play a key role in maintaining the fair and efficient functioning of financial markets. To maintain trust and integrity in financial markets, we supervise market intermediaries' compliance with the Corporations Act and ASIC market integrity rules, and test that market intermediaries are meeting their AFS licence obligations.

132 Our work is focused on proactive and reactive supervision and surveillance of market intermediaries. We aim to effectively and efficiently identify harms, and foster constructive and timely behavioural change. This includes undertaking real-time surveillance of trading on equity markets and post-trade surveillance on futures and OTC markets. We will take regulatory and enforcement action where appropriate, including using ASIC's product intervention power.

133 At the same time, we are also focused on supporting entities as they carry out their operations during a challenging time. A key consideration across all of our work is how we can support the long-term economic recovery in Australia.

134 We continue to remove unnecessary regulatory burden by revising ASIC market integrity rules and providing regulatory relief, where appropriate.

### **Focus areas for this sector**

135 Table 36 sets out our areas of focus in the market infrastructure and intermediaries sector in 2021–22.

Note: In Table 36, 'relevant subsectors' are those in which we intend to or may conduct the regulatory activity during the year, depending on prevailing circumstances.



**Table 36: Focus areas in market infrastructure and intermediaries sector (2021–22)**

Focus area	Key actions	Relevant subsector
Design and distribution obligations	<ul style="list-style-type: none"> <li>• Support and monitor implementation of the reforms through engagement and guidance.</li> <li>• Take a strategic, ASIC-wide approach to supervision and enforcement of the design and distribution obligations.</li> <li>• Explore potential risk-based surveillance on targeted distribution networks or channels.</li> <li>• Where appropriate, take enforcement action (e.g. against those who issue products that exploit consumers by offering no or little benefit, and those engaged in the mis-selling of products).</li> </ul>	Large securities exchange participants, retail OTC derivative issuers, securities dealers
Product intervention orders for retail OTC derivatives	<ul style="list-style-type: none"> <li>• Monitor compliance with the CFD and binary options product intervention orders.</li> <li>• Assess the effectiveness of the orders in reducing harm, areas of possible avoidance, and whether the orders should be extended.</li> <li>• Take regulatory action, including enforcement action where warranted, to address misconduct.</li> </ul>	Retail OTC derivative issuers
Retail investor scams	<ul style="list-style-type: none"> <li>• Undertake education, communications and social media campaigns to raise investor awareness of potential harms.</li> <li>• Take enforcement action, where warranted, to address misconduct and deter others from engaging in similar misconduct.</li> </ul>	Retail OTC derivative issuers, securities dealers
Cyber resilience	<ul style="list-style-type: none"> <li>• Provide guidance to industry as part of ASIC-wide campaigns, in coordination with other regulators and agencies, and engage with industry on cyber issues.</li> <li>• Assess selected regulated entities' cyber resilience and management of cyber risks (e.g. through self-assessments) and, as part of an ASIC-wide cyber working group, analyse responses.</li> <li>• Communicate expectations to boards and send letters to specific entities with key findings.</li> <li>• Develop, agree and finalise an effective supervisory approach with APRA for dual-regulated entities such as authorised deposit-taking institutions, insurers and superannuation funds.</li> </ul>	All market infrastructure providers and intermediaries subsectors

Focus area	Key actions	Relevant subsector
Trade surveillance of securities, derivative and wholesale markets (e.g. fixed income, currencies and commodities (FICC) markets)	<ul style="list-style-type: none"> <li>• Enhance system and data analytics capability across FICC markets.</li> <li>• Identify insider trading, market manipulation, disorderly trading, misinformed markets and poor behaviour in short-term money markets, domestic swap and futures markets, and cross-currency swap and futures markets.</li> <li>• Develop and use market-wide scanning and analytics tools to identify patterns of serious market misconduct.</li> <li>• Take appropriate regulatory action against misconduct.</li> </ul>	Large securities exchange participants, large futures exchange participants, securities dealers, OTC traders, corporate advisers, market licensees
Proactive supervision of select market intermediaries	<ul style="list-style-type: none"> <li>• Proactive supervision of the most complex market intermediaries on key themes such as technology and systems, operational resilience, internal audit, culture and conduct and corporate governance.</li> <li>• Targeted onsite reviews for each entity to address the key themes or areas of concern.</li> </ul>	Large securities exchange participants, large futures exchange participants, securities dealers, OTC traders, corporate advisers, all market infrastructure providers
Evolving retail trading landscape	<p>Assess emerging retail products and distribution strategies, focusing on:</p> <ul style="list-style-type: none"> <li>• trading apps that 'gamify' trading;</li> <li>• risks inherent in fractional shares;</li> <li>• pooling of client cash and security holdings using omnibus Holder Identification Numbers;</li> <li>• copy trading and investor outcomes; and</li> <li>• supervision of corporate authorised representatives by market licensees.</li> </ul>	Large securities exchange participants, securities dealers, corporate advisers
Financial market infrastructure (FMI) resolution, enhanced supervisory powers and competition in cash equities clearing and settlement	<ul style="list-style-type: none"> <li>• Assist the RBA and CFR to develop and implement the Australian clearing and settlement resolution regime for CS facilities, implement enhanced supervisory powers for ASIC and implement the transfer certain Ministerial powers over FMIs to ASIC.</li> <li>• If competition in cash equities clearing and settlement emerges, implement minimum conditions so competition occurs in a safe and effective manner. If not, continue monitoring the monopoly service provider's compliance with the CFR's policy statement <a href="#">Regulatory expectations for conduct in operating cash equities clearing and settlement</a>.</li> </ul>	Tier 1 CS facility operators, market licensees, benchmark administrator licensees, Australian derivative trade repository operators

Focus area	Key actions	Relevant subsector
Implementation of Clearing House Electronic Subregister System (CHES) replacement	<p>Supervise ASX's program to replace its critical cash equities clearing and settlement system (CHES), and industry preparation. This supervision includes:</p> <ul style="list-style-type: none"> <li>• monitoring ASX's governance, stakeholder engagement and risk management, and industry's readiness for the new system;</li> <li>• monitoring ASX's compliance with regulatory expectations;</li> <li>• assessing ASX's operating rule changes for the new system; and</li> <li>• engaging with market participants.</li> </ul>	Large securities exchange participants, Tier 1 CS facility
Operational resilience among market intermediaries and operators	<ul style="list-style-type: none"> <li>• Supervise implementation of market integrity rules for market participants and operators' systems and controls.</li> <li>• Develop a supervision framework and conduct on-site reviews of a sample of participants and operators, including ASX incidents.</li> <li>• Lead IOSCO mandate on operational resilience by developing, consulting on and implementing principles.</li> </ul>	Large securities exchange participants, large futures exchange participants, securities dealers, OTC traders, corporate advisers, all market infrastructure providers
OTC trade reporting rule changes	<ul style="list-style-type: none"> <li>• Align Australian reporting of OTC derivatives trade information with international requirements.</li> <li>• Issue harmonised Australian trade reporting rules.</li> </ul>	OTC traders
LIBOR transition	<ul style="list-style-type: none"> <li>• Continue to facilitate and monitor the transition from using LIBOR to robust alternative reference rates.</li> <li>• Provide guidance and recommendations to support the transition effort in Australia.</li> </ul>	OTC traders, benchmark administrator licensees, corporate advisers, all market infrastructure providers
Credit rating agencies	<ul style="list-style-type: none"> <li>• Monitor credit rating agencies' compliance with their AFS licence conditions, including their implementation of the recommendations in <a href="#">Report 566</a> <i>Surveillance of credit rating agencies</i> (REP 566).</li> <li>• Work to align Australia's standards for credit rating agencies with international standards, including to obtain equivalence with standards in the European Union.</li> </ul>	Credit rating agencies
Stakeholder engagement	Influence our regulated population to improve compliance and market integrity and minimise consumer harm, while improving our understanding of issues and industry developments.	All market infrastructure providers and intermediaries subsectors

## Summary tables of estimated industry funding levies for the market infrastructure and intermediaries sector

Table 37: Estimated industry funding levies for the market infrastructure sector

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Large securities exchange operators	Entities that operate a market where 10m or more transactions in securities are entered on the market in the financial year.	\$5.768m	2	<p><b>Value of transactions</b></p> <p>The total value of all transactions that:</p> <ul style="list-style-type: none"> <li>are entered into on, or reported to, the large securities exchange(s) operated by the entity in the financial year;</li> <li>are within the operating rules of the exchange(s); and</li> <li>are not invalid or cancelled.</li> </ul>	No minimum levy	No threshold	\$2.85 per \$1m of total transactions
Large futures exchange operators	Entities that operate a market where 10mn or more futures transactions are entered into on the market in the financial year. However, an entity is not part of this subsector if the market being operated is an overseas market or a large securities exchange.	\$1.677m	1	<p><b>Number of exchanges</b></p> <p>The number of days in the financial year on which the entity operated their exchange(s), multiplied by the number of exchanges the entity operates.</p>	Not applicable	Not applicable	\$1,677,228

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Small futures exchange operators	Entities that operate a market where less than 10m transactions in futures contracts are entered into on the market in the financial year. However, an entity is not part of this subsector if the market being operated is an overseas market, a small securities (self-listing) exchange or a small securities exchange.	\$0.187m	1	<b>Number of exchanges</b> The number of days in the financial year on which the entity operated their exchange(s), multiplied by the number of exchanges the entity operates.	Not applicable	Not applicable	\$186,632
Small securities exchange operators	Entities that operate a market where less than 10m transactions in securities are entered into on the market in the financial year. However, an entity is not part of this subsector if the market being operated is an overseas market or a small securities (self-listing) exchange.	\$0.581m	2	<b>Number of exchanges</b> The number of days in the financial year on which the entity operated their exchange(s), multiplied by the number of exchanges the entity operates.	Not applicable	Not applicable	\$290,566
Small securities exchange operators with self-listing function only	Entities that operate a market during a financial year where only ordinary shares of the entity can be traded. However, an entity is not part of this subsector if the market is an overseas market or 10m or more transactions are entered into on the market in the financial year.	\$0.001m	1	<b>Number of exchanges</b> The number of days in the financial year on which the entity operated their exchange(s), multiplied by the number of exchanges the entity operates.	Not applicable	Not applicable	\$1,129

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
New specialised market operators	Entities that operate a new market that has not been previously operated in Australia or overseas, and the entity has never previously held a market licence. An entity is part of this subsector for two years after it is licensed to operate a specialised market under s795B(1) of the Corporations Act.	\$0.005m	1 entity operating 1 market	<b>Number of markets</b>  The number of days in the financial year on which the entity operated their market(s), multiplied by the number of markets the entity operates.	Not applicable	Not applicable	\$4,515
Established specialised market operators	Entities that operate a specialised market and either: <ul style="list-style-type: none"> <li>operate a market in Australia that has been previously operated by it or another entity in Australia or overseas;</li> <li>operates a new type of market that has never been previously operated in Australia or overseas, but the entity holds or previously held an Australian market licence; or</li> <li>has already operated a new market that has never been previously operated in Australia or overseas for more than two years.</li> </ul>	\$0.832m	14 entities operating 20 markets	<b>Number of markets</b>  The number of days in the financial year on which the entity operated their market(s), multiplied by the number of markets the entity operates.	Not applicable	Not applicable	\$41,575

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Overseas market operators	Entities that operate an overseas market that are licensed under s795B(2) of the Corporations Act.	\$0.527m	29 entities operating 30 markets	<b>Number of markets</b> The number of days in the financial year on which the entity operated their market(s), multiplied by the number of markets the entity operates.	Not applicable	Not applicable	\$17,573
Tier 1 CS facility operators	Entities that hold a CS facility licence for a facility that is systemically important in Australia and has a strong connection to the Australian financial system.	\$1.885m	4	<b>Number of facilities</b> The number of days in the financial year on which the entity operated their facility(ies), multiplied by the number of facilities the entity operates.	Not applicable	Not applicable	\$471,343
Tier 2 CS facility operators	Entities that hold a CS facility licence for a facility that is systemically important in Australia but does not have a strong domestic connection to the Australian financial system.	\$0.208m	1	<b>Number of facilities</b> The number of days in the financial year on which the entity operated their facility(ies), multiplied by the number of facilities the entity operates.	Not applicable	Not applicable	\$207,504
Tier 3 CS facility operators	Entities that hold a CS facility licence for a facility that is not systemically important in Australia and does not have a strong domestic connection to the Australian financial system.	\$0.032m	1	<b>Number of facilities</b> The number of days in the financial year on which the entity operated their facility(ies), multiplied by the number of facilities the entity operates.	Not applicable	Not applicable	\$31,560

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Tier 4 CS facility operators	Entities that hold a CS facility licence for the sole purpose of clearing and settling trades in the entity's own shares.	\$0.001m	1	<b>Number of facilities</b> The number of days in the financial year on which the entity operated their facility(ies), multiplied by the number of facilities the entity operates.	Not applicable	Not applicable	\$1,128
Exempt CS facility operators	Entities that operate a market during a financial year that is exempt from the operation of Pt 7.3 of the Corporations Act.	\$0.001m	1.2*	<b>Number of facilities</b> The number of days in the financial year on which the entity operated their facility(ies), multiplied by the number of facilities the entity operates.	Not applicable	Not applicable	\$1,176
Australian derivative trade repository operators	Entities that operate a licensed derivative trade repository.	\$0.153m	1	<b>Number of trade repositories</b> The number of days in the financial year on which the entity operated their trade repository(ies), multiplied by the number of repositories the entity operates.	Not applicable	Not applicable	\$152,571



Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Exempt market operators	Entities that operate a market that is exempt from the operation of Pt 7.2 of the Corporations Act, unless the market was exempt because of an exemption granted to a class of financial market under s791C of the Corporations Act.	\$0.083m	3	<b>Number of markets</b> The number of days in the financial year on which the entity operated their market(s), multiplied by the number of markets the entity operates.	Not applicable	Not applicable	\$27,677
Credit rating agencies	Entities that hold an AFS licence that authorises them to provide general advice by issuing a credit rating.	\$0.068m	6 (including 3 with a supervisory college)	<b>Number of days agency authorised with a supervisory college</b> The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation and for which there is a supervisory college.	\$2,000	No threshold	Minimum levy of \$2,000 plus \$18,545 for credit rating agencies with a supervisory college
Benchmark administrator licensees	Entities that hold a benchmark administrator licence.	\$0.482m	2	<b>Number of days authorised</b> The number of days in the financial year each entity administers each benchmark it is licensed to administer.	Not applicable	Not applicable	\$240,841

Note: \* To calculate the indicative levy for the exempt CS facility operators subsector, we have used the FYE number of entities in the subsector, to reflect the pro rata of the levy (see paragraph 74).

**Table 38: Estimated industry funding levies for the market intermediaries sector**

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Large securities exchange participants	Entities that are participants in a large securities exchange during the financial year.	\$19.201m	66	<p><b>Relative volume of transactions and messages on large securities exchanges</b></p> <p>The number of messages that are:</p> <ul style="list-style-type: none"> <li>• sent by the participant in the financial year to a large securities exchange;</li> <li>• reported by the large securities exchange operator to our market surveillance system; and</li> <li>• recognised by our market surveillance system as orders or executed transactions.</li> </ul> <p>The number of transactions that are:</p> <ul style="list-style-type: none"> <li>• executed on, or reported to, a large securities exchange by the participant in a financial year;</li> <li>• reported by the large securities exchange operator to our market surveillance system; and</li> <li>• recognised by our market surveillance system as executed transactions.</li> </ul> <p>When there are multiple reports containing the same information about the same message or transaction, each message or transaction will only be counted once.</p>	\$9,000	No threshold	Minimum levy of \$9,000 plus \$0.0167 per transaction and \$0.00038 per message

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Large futures exchange participants	Entities that are participants in a large futures exchange.	\$4.217m	37	<p><b>Relative volume of lots and messages on large futures exchanges</b></p> <p>The number of lots that are:</p> <ul style="list-style-type: none"> <li>• executed on, or reported to, a large futures exchange by the entity in the financial year;</li> <li>• reported by the operator of a large futures exchange to our market surveillance system; and</li> <li>• recognised by our market surveillance system as executed lots.</li> </ul> <p>The number of messages that are:</p> <ul style="list-style-type: none"> <li>• sent by the entity to a large futures exchange in a financial year;</li> <li>• reported by the operator of a large futures exchange to our market surveillance system; and</li> <li>• recognised by our market surveillance system as orders or executed transactions.</li> </ul> <p>Where there are multiple reports about the same message or lot that contain the same information, each message or lot will only be counted once.</p>	\$9,000	No threshold	Minimum levy of \$9,000 plus \$0.011 per lot and \$0.0017 per message

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Securities dealers	<p>Entities that are:</p> <ul style="list-style-type: none"> <li>• AFS licensees authorised to deal in securities at any time during the financial year;</li> <li>• not a participant in a large futures exchange or a large securities exchange; and</li> <li>• have executed or reported to a large securities exchange more than \$250,000 in transactions in the financial year.</li> </ul>	\$1.765m	1,109	<p><b>Annual transaction turnover value</b></p> <p>The total value of transactions in securities (as measured by the buy price plus sale price of securities) that are:</p> <ul style="list-style-type: none"> <li>• executed on, or reported to, a large securities exchange in the financial year;</li> <li>• reported by the large securities exchange operator to our market surveillance system; and</li> </ul> <p>Note: This means there is no additional reporting burden on securities dealers, as we calculate it using data from our market surveillance system.</p> <ul style="list-style-type: none"> <li>• recognised by our market surveillance system as executed transactions.</li> </ul>	\$1,000	No threshold	Minimum levy of \$1,000 plus \$3.77 per \$1m of annual transaction turnover

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Corporate advisers	<p>Entities that are AFS licensees (or are exempt from holding an AFS licence under s911A(2)(l) or 926A(2) of the Corporations Act) and either the entity or the entity's authorised representative provides or holds out that it provides one or more of the following financial services:</p> <ul style="list-style-type: none"> <li>• financial product advice in Australia to a wholesale client in the course of advising on:                             <ul style="list-style-type: none"> <li>– takeover bids or merger proposals;</li> <li>– the structure, pricing acquisition or disposal of assets or enterprises; or</li> <li>– raising or reducing capital through the issue or acquisition of equities or debt; or</li> </ul> </li> <li>• dealing in a financial product in Australia by underwriting the issue, acquisition or sale of the product.</li> </ul>	\$1.778m	344	<p><b>Revenue from corporate advisory activity</b></p> <p>The total gross revenue made in the financial year by the corporate adviser, and the authorised representative of the adviser, from:</p> <ul style="list-style-type: none"> <li>• providing financial product advice in Australia to a wholesale client in the course of advising on:                             <ul style="list-style-type: none"> <li>– takeover bids and/or mergers;</li> <li>– structure pricing and acquisition or disposal of assets or enterprises; and</li> <li>– raising or reducing capital through the issue or acquisition of equities or debt; and</li> </ul> </li> <li>• dealing in a financial product in Australia by underwriting the issue, acquisition or sale of the product.</li> </ul>	\$1,000	\$100,000	Minimum levy of \$1,000 plus \$4.43 per \$10,000 of total revenue above the \$100,000 threshold

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
OTC traders	<p>Entities that:</p> <ul style="list-style-type: none"> <li>hold an AFS licence or are exempt from holding a licence under s911A(2)(l) or 926A(2) of the Corporations Act;</li> <li>deal in, or hold out that they deals in, OTC products by acquiring, disposing or issuing OTC products to or from professional investors; and</li> <li>form part of, or is a related body corporate of, an entity in the corporate advisers subsector.</li> </ul> <p>An entity will not be part of the subsector, however, if it is part of the responsible entities, superannuation trustees and wholesale trustees subsectors and only deals in, or holds out that it deals in, OTC products as part of its activities relevant to those subsectors.</p>	\$16.821m	77 (2,264 FTE staff)	<p><b>FTE staff engaged in OTC trading activity</b></p> <p>The number of persons who ordinarily act on behalf of the OTC trader or their authorised representative and have, at any time in the financial year, carried out one or more of the following activities in relation to dealing in an OTC financial product with a professional investor:</p> <ul style="list-style-type: none"> <li>determining the terms on which the OTC trader is willing to deal;</li> <li>making or accepting an offer or an invitation to deal; and</li> <li>managing the financial risk arising from dealing in a financial product.</li> </ul>	\$1,000	No threshold	Minimum levy of \$1,000 plus \$7,396 per FTE staff engaged in OTC trading activity

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric description	Minimum levy	Graduated levy threshold	Indicative levy
Retail OTC derivative issuers	Entities that are AFS licensees with an authorisation to, with respect to retail clients, deal in a financial product by issuing derivatives and make a market in derivatives. An entity will not, however, fall within the subsector if it is regulated by APRA.	\$10.658m	98	<b>Number of days authorised</b> The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.	Not applicable	Not applicable	\$108,755
Wholesale electricity dealers	Entities that incur liabilities as part of their ordinary business operations in dealing in, or making a market in, OTC derivatives that relate to the wholesale price of electricity. An entity will not be part of the subsector if it is regulated by APRA or is a participant in a financial market.	\$0.080m	40	Flat levy	Not applicable	Not applicable	\$1,992

## Detailed breakdown of estimated costs of regulating each subsector in the market infrastructure and intermediaries sector

### Market infrastructure providers

#### Australian market licensees

##### *Large securities exchange operators*

136 ASIC's cost of regulating the subsector in 2020–21 was \$4.6 million. The estimated cost of regulating the subsector for 2021–22 is \$5.8 million: see Table 39.

**Table 39: Estimated levies to recover costs to regulate large securities exchange operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$1.303m	\$0.038m
Enforcement	\$0.504m	\$0.012m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.340m</i>	<i>\$0.006m</i>
<i>Education</i>	<i>\$0.002m</i>	<i>\$0.068m</i>
<i>Guidance</i>	<i>\$0.141m</i>	<i>\$0.001m</i>
<i>Policy advice</i>	<i>\$0.295m</i>	<i>\$0.003m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.716m</i>	<i>\$0.006m</i>
<i>IT support</i>	<i>\$0.684m</i>	<i>\$0.009m</i>
<i>Operations support</i>	<i>\$0.412m</i>	<i>\$0.021m</i>
<i>Property and corporate services</i>	<i>\$0.722m</i>	<i>\$0.004m</i>
<b>Total operating expenditure</b>	<b>\$5.118m</b>	<b>\$0.167m</b>
Allowance for capital expenditure	\$0.484m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$5.601m</b>	<b>\$0.167m</b>

##### *Large futures exchange operators*

137 ASIC's cost of regulating the subsector in 2020–21 was \$1.4 million. The estimated cost of regulating the subsector for 2021–22 is \$1.7 million: see Table 40.



**Table 40: Estimated levies to recover costs to regulate large futures exchange operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.415m	\$0.013m
Enforcement	\$0.028m	\$0.001m
Other regulatory activities		
<i>Industry engagement</i>	\$0.105m	\$0.002m
<i>Education</i>	\$0.000m	\$0.021m
<i>Guidance</i>	\$0.044m	\$0.000m
<i>Policy advice</i>	\$0.127m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.221m	\$0.003m
<i>IT support</i>	\$0.207m	\$0.003m
<i>Operations support</i>	\$0.119m	\$0.007m
<i>Property and corporate services</i>	\$0.211m	\$0.002m
<b>Total operating expenditure</b>	<b>\$1.477m</b>	<b>\$0.053m</b>
Allowance for capital expenditure	\$0.147m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$1.624m</b>	<b>\$0.053m</b>

*Small futures exchange operators*

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ASIC's cost of regulating the subsector in 2020–21 was \$639,776. The estimated cost of regulating the subsector for 2021–22 is \$186,632: see Table 41.

**Table 41: Estimated levies to recover costs to regulate small futures exchange operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.044m	\$0.001m
Enforcement	\$0.003m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.011m	\$0.000m
<i>Education</i>	\$0.000m	\$0.002m
<i>Guidance</i>	\$0.004m	\$0.000m
<i>Policy advice</i>	\$0.016m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.025m	\$0.000m
<i>IT support</i>	\$0.023m	\$0.000m
<i>Operations support</i>	\$0.013m	\$0.001m
<i>Property and corporate services</i>	\$0.024m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.164m</b>	<b>\$0.006m</b>
Allowance for capital expenditure	\$0.017m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.181m</b>	<b>\$0.006m</b>

*Small securities exchange operators*

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ASIC's cost of regulating the subsector in 2020–21 was \$570,028. The estimated cost of regulating the subsector for 2021–22 is \$581,132: see Table 42.

**Table 42: Estimated levies to recover costs to regulate small securities exchange operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.141m	\$0.005m
Enforcement	\$0.014m	\$0.001m
Other regulatory activities		
<i>Industry engagement</i>	\$0.034m	\$0.001m
<i>Education</i>	\$0.000m	\$0.007m
<i>Guidance</i>	\$0.014m	\$0.000m
<i>Policy advice</i>	\$0.046m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.075m	\$0.001m
<i>IT support</i>	\$0.072m	\$0.001m
<i>Operations support</i>	\$0.041m	\$0.003m
<i>Property and corporate services</i>	\$0.073m	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.509m</b>	<b>\$0.021m</b>
Allowance for capital expenditure	\$0.052m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.560m</b>	<b>\$0.021m</b>

*Small securities exchange operators with self-listing function only*

140 ASIC's cost of regulating the subsector in 2020–21 was \$934. The estimated cost of regulating the subsector for 2021–22 is \$1,129: see Table 43.

**Table 43: Estimated levies to recover costs to regulate small securities exchange operators with self-listing function only**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.000m	\$0.000m
Enforcement	\$0.000m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Education</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Guidance</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>IT support</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Operations support</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Property and corporate services</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$0.001m</b>	<b>\$0.000m</b>
Allowance for capital expenditure	\$0.000m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.001m</b>	<b>\$0.000m</b>

*New specialised market operators*

141 ASIC's cost of regulating the subsector in 2020–21 was \$3,736. The estimated cost of regulating the subsector for 2021–22 is \$4,516: see Table 44.

**Table 44: Estimated levies to recover costs to regulate new specialised market operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.001m	\$0.000m
Enforcement	\$0.000m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.000m	\$0.000m
<i>Education</i>	\$0.000m	\$0.000m
<i>Guidance</i>	\$0.000m	\$0.000m
<i>Policy advice</i>	\$0.000m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.001m	\$0.000m
<i>IT support</i>	\$0.001m	\$0.000m
<i>Operations support</i>	\$0.000m	\$0.000m
<i>Property and corporate services</i>	\$0.001m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.004m</b>	<b>\$0.000m</b>
Allowance for capital expenditure	\$0.000m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.004m</b>	<b>\$0.000m</b>

*Established specialised market operators*

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ASIC's cost of regulating the subsector in 2020–21 was \$685,469. The estimated cost of regulating the subsector for 2021–22 is \$831,504 see Table 45.

**Table 45: Estimated levies to recover costs to regulate established specialised market operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.188m	\$0.007m
Enforcement	\$0.012m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Other regulatory activities		
<i>Industry engagement</i>	\$0.046m	\$0.001m
<i>Education</i>	\$0.000m	\$0.010m
<i>Guidance</i>	\$0.018m	\$0.000m
<i>Policy advice</i>	\$0.076m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.115m	\$0.002m
<i>IT support</i>	\$0.105m	\$0.002m
<i>Operations support</i>	\$0.061m	\$0.003m
<i>Property and corporate services</i>	\$0.106m	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.728m</b>	<b>\$0.028m</b>
Allowance for capital expenditure	\$0.076m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.804m</b>	<b>\$0.028m</b>

#### Overseas market operators

143 ASIC's cost of regulating the subsector in 2020–21 was \$440,880. The estimated cost of regulating the subsector for 2021–22 is \$527,195: see Table 46.

**Table 46: Estimated levies to recover costs to regulate overseas market operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.121m	\$0.004m
Enforcement	\$0.008m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.030m	\$0.001m
<i>Education</i>	\$0.000m	\$0.007m
<i>Guidance</i>	\$0.012m	\$0.000m
<i>Policy advice</i>	\$0.047m	\$0.001m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.072m	\$0.001m
<i>IT support</i>	\$0.067m	\$0.001m
<i>Operations support</i>	\$0.038m	\$0.002m
<i>Property and corporate services</i>	\$0.067m	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.462m</b>	<b>\$0.017m</b>
Allowance for capital expenditure	\$0.048m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.510m</b>	<b>\$0.017m</b>

### CS facility operators

#### Tier 1 CS facility operators

144 ASIC's cost of regulating the subsector in 2020–21 was \$1.6 million. The estimated cost of regulating the subsector for 2021–22 is \$1.9 million: see Table 47.

**Table 47: Estimated levies to recover costs to regulate Tier 1 CS facility operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.442m	\$0.015m
Enforcement	\$0.027m	\$0.001m
Other regulatory activities		
<i>Industry engagement</i>	\$0.109m	\$0.002m
<i>Education</i>	\$0.000m	\$0.023m
<i>Guidance</i>	\$0.040m	\$0.000m
<i>Policy advice</i>	\$0.171m	\$0.002m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.256m	\$0.003m
<i>IT support</i>	\$0.236m	\$0.004m
<i>Operations support</i>	\$0.136m	\$0.008m
<i>Property and corporate services</i>	\$0.238m	\$0.003m
<b>Total operating expenditure</b>	<b>\$1.655m</b>	<b>\$0.061m</b>

Expense	Cost recovery levy	Statutory levy
Allowance for capital expenditure	\$0.169m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$1.824m</b>	<b>\$0.061m</b>

*Tier 2 CS facility operators*

145 ASIC's cost of regulating the subsector in 2020–21 was \$171,301. The estimated cost of regulating the subsector for 2021–22 is \$207,504: see Table 48.

**Table 48: Estimated levies to recover costs to regulate Tier 2 CS facility operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.047m	\$0.002m
Enforcement	\$0.003m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.012m</i>	<i>\$0.000m</i>
<i>Education</i>	<i>\$0.000m</i>	<i>\$0.003m</i>
<i>Guidance</i>	<i>\$0.004m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.019m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.029m</i>	<i>\$0.000m</i>
<i>IT support</i>	<i>\$0.026m</i>	<i>\$0.000m</i>
<i>Operations support</i>	<i>\$0.015m</i>	<i>\$0.001m</i>
<i>Property and corporate services</i>	<i>\$0.027m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$0.182m</b>	<b>\$0.007m</b>
Allowance for capital expenditure	\$0.019m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.201m</b>	<b>\$0.007m</b>

*Tier 3 CS facility operators*

146 ASIC's cost of regulating the subsector in 2020–21 was \$26,015. The estimated cost of regulating the subsector for 2021–22 is \$31,561: see Table 49.

**Table 49: Estimated levies to recover costs to regulate Tier 3 CS facility operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.007m	\$0.000m
Enforcement	\$0.000m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.002m</i>	<i>\$0.000m</i>
<i>Education</i>	<i>\$0.000m</i>	<i>\$0.000m</i>
<i>Guidance</i>	<i>\$0.001m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.003m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.004m</i>	<i>\$0.000m</i>
<i>IT support</i>	<i>\$0.004m</i>	<i>\$0.000m</i>
<i>Operations support</i>	<i>\$0.002m</i>	<i>\$0.000m</i>
<i>Property and corporate services</i>	<i>\$0.004m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$0.028m</b>	<b>\$0.001m</b>
Allowance for capital expenditure	\$0.003m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.031m</b>	<b>\$0.001m</b>

*Tier 4 CS facility operators*

147 ASIC's cost of regulating the subsector in 2020–21 was \$934. The estimated cost of regulating the subsector for 2021–22 is \$1,129: see Table 50.

**Table 50: Estimated levies to recover costs to regulate Tier 4 CS facility operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.000m	\$0.000m
Enforcement	\$0.000m	\$0.000m



Expense	Cost recovery levy	Statutory levy
Other regulatory activities		
<i>Industry engagement</i>	\$0.000m	\$0.000m
<i>Education</i>	\$0.000m	\$0.000m
<i>Guidance</i>	\$0.000m	\$0.000m
<i>Policy advice</i>	\$0.000m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.000m	\$0.000m
<i>IT support</i>	\$0.000m	\$0.000m
<i>Operations support</i>	\$0.000m	\$0.000m
<i>Property and corporate services</i>	\$0.000m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.001m</b>	<b>\$0.000m</b>
Allowance for capital expenditure	\$0.000m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.001m</b>	<b>\$0.000m</b>

*Exempt CS facility operators*

148 ASIC's cost of regulating the subsector in 2020–21 was \$3,587. The estimated cost of regulating the subsector for 2021–22 is \$1,411: see Table 51, as set out below.

**Table 51: Estimated levies to recover costs to regulate exempt CS facility operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.000m	\$0.000m
Enforcement	\$0.000m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.000m	\$0.000m
<i>Education</i>	\$0.000m	\$0.000m
<i>Guidance</i>	\$0.000m	\$0.000m
<i>Policy advice</i>	\$0.000m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.000m	\$0.000m
<i>IT support</i>	\$0.000m	\$0.000m
<i>Operations support</i>	\$0.000m	\$0.000m
<i>Property and corporate services</i>	\$0.000m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.001m</b>	<b>\$0.000m</b>
Allowance for capital expenditure	\$0.000m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.001m</b>	<b>\$0.000m</b>

#### Australian derivative trade repository operators

149 ASIC's cost of regulating the subsector in 2020–21 was \$127,212. The estimated cost of regulating the subsector for 2021–22 is \$152,571: see Table 52.

**Table 52: Estimated levies to recover costs to regulate Australian derivative trade repository operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.035m	\$0.001m
Enforcement	\$0.002m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.009m	\$0.000m
<i>Education</i>	\$0.000m	\$0.002m
<i>Guidance</i>	\$0.003m	\$0.000m
<i>Policy advice</i>	\$0.013m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.021m	\$0.000m
<i>IT support</i>	\$0.019m	\$0.000m
<i>Operations support</i>	\$0.011m	\$0.001m
<i>Property and corporate services</i>	\$0.019m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.134m</b>	<b>\$0.005m</b>
Allowance for capital expenditure	\$0.014m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.148m</b>	<b>\$0.005m</b>

### Exempt market operators

150 ASIC's cost of regulating the subsector in 2020–21 was \$68,440. The estimated cost of regulating the subsector for 2021–22 is \$83,033: see Table 53.

**Table 53: Estimated levies to recover costs to regulate exempt market operators**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.019m	\$0.001m
Enforcement	\$0.001m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.005m	\$0.000m
<i>Education</i>	\$0.000m	\$0.001m
<i>Guidance</i>	\$0.002m	\$0.000m
<i>Policy advice</i>	\$0.008m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.011m	\$0.000m
<i>IT support</i>	\$0.011m	\$0.000m
<i>Operations support</i>	\$0.006m	\$0.000m
<i>Property and corporate services</i>	\$0.011m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.073m</b>	<b>\$0.003m</b>
Allowance for capital expenditure	\$0.008m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.080m</b>	<b>\$0.003m</b>

### Credit rating agencies

151 ASIC's cost of regulating the subsector in 2020–21 was \$55,767. The estimated cost of regulating the subsector for 2021–22 is \$67,637: see Table 54.

**Table 54: Estimated levies to recover costs to regulate credit rating agencies**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.000m	\$0.016m
Enforcement	\$0.000m	\$0.001m
Other regulatory activities		
<i>Industry engagement</i>	\$0.000m	\$0.004m
<i>Education</i>	\$0.000m	\$0.001m
<i>Guidance</i>	\$0.000m	\$0.001m
<i>Policy advice</i>	\$0.000m	\$0.006m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.000m	\$0.009m
<i>IT support</i>	\$0.000m	\$0.009m
<i>Operations support</i>	\$0.000m	\$0.005m
<i>Property and corporate services</i>	\$0.000m	\$0.009m
<b>Total operating expenditure</b>	<b>\$0.000m</b>	<b>\$0.061m</b>
Allowance for capital expenditure	\$0.000m	\$0.006m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.000m</b>	<b>\$0.068m</b>

**Benchmark administrator licensees**

152 ASIC's cost of regulating the subsector in 2020–21 was \$424,035. The estimated cost of regulating the subsector for 2021–22 is \$481,683: see Table 55.

**Table 55: Estimated levies to recover costs to regulate benchmark administrator licensees**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.135m	\$0.004m
Enforcement	\$0.008m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.036m	\$0.001m
<i>Education</i>	\$0.000m	\$0.006m
<i>Guidance</i>	\$0.016m	\$0.000m
<i>Policy advice</i>	\$0.025m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.060m	\$0.001m
<i>IT support</i>	\$0.057m	\$0.001m
<i>Operations support</i>	\$0.033m	\$0.002m
<i>Property and corporate services</i>	\$0.059m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.429m</b>	<b>\$0.014m</b>
Allowance for capital expenditure	\$0.039m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.468m</b>	<b>\$0.014m</b>

## Market intermediaries

### Market participants

#### *Large securities exchange participants*

153 ASIC's cost of regulating the subsector in 2020–21 was \$19.9 million. The estimated cost of regulating the subsector for 2021–22 is \$19.2 million: see Table 56.

**Table 56: Estimated levies to recover costs to regulate large securities exchange participants**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$3.697m	\$0.087m
Enforcement	\$3.276m	\$0.552m
Other regulatory activities		
<i>Industry engagement</i>	\$0.950m	\$0.012m
<i>Education</i>	\$0.005m	\$0.214m
<i>Guidance</i>	\$0.456m	\$0.000m
<i>Policy advice</i>	\$0.141m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$2.093m	\$0.005m
<i>IT support</i>	\$2.067m	\$0.014m
<i>Operations support</i>	\$1.322m	\$0.060m
<i>Property and corporate services</i>	\$2.301m	\$0.001m

Expense	Cost recovery levy	Statutory levy
<b>Total operating expenditure</b>	<b>\$16.307m</b>	<b>\$0.946m</b>
Allowance for capital expenditure	\$1.978m	\$0.000m
Less costs funded by own-source revenue	(\$0.030m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$18.255m</b>	<b>\$0.946m</b>

*Large futures exchange participants*

154 ASIC's cost of regulating the subsector in 2020–21 was \$3.6 million. The estimated cost of regulating the subsector for 2021–22 is \$4.2 million: see Table 57.

**Table 57: Estimated levies to recover costs to regulate large futures exchange participants**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.774m	\$0.018m
Enforcement	\$0.047m	\$1.861m
Other regulatory activities		
<i>Industry engagement</i>	<i>\$0.216m</i>	<i>\$0.003m</i>
<i>Education</i>	<i>\$0.001m</i>	<i>\$0.027m</i>
<i>Guidance</i>	<i>\$0.105m</i>	<i>\$0.000m</i>
<i>Policy advice</i>	<i>\$0.023m</i>	<i>\$0.000m</i>
Indirect costs		
<i>Governance, central strategy and legal</i>	<i>\$0.256m</i>	<i>\$0.001m</i>
<i>IT support</i>	<i>\$0.259m</i>	<i>\$0.002m</i>
<i>Operations support</i>	<i>\$0.149m</i>	<i>\$0.007m</i>
<i>Property and corporate services</i>	<i>\$0.275m</i>	<i>\$0.000m</i>
<b>Total operating expenditure</b>	<b>\$2.106m</b>	<b>\$1.918m</b>
Allowance for capital expenditure	\$0.193m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$2.299m</b>	<b>\$1.918m</b>

### Securities dealers

155 ASIC’s cost of regulating the subsector in 2020–21 was \$1.9 million. The estimated cost of regulating the subsector for 2021–22 is \$1.8 million: see Table 58.

**Table 58: Estimated levies to recover costs to regulate securities dealers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.341m	\$0.008m
Enforcement	\$0.021m	\$0.733m
Other regulatory activities		
<i>Industry engagement</i>	\$0.095m	\$0.001m
<i>Education</i>	\$0.000m	\$0.011m
<i>Guidance</i>	\$0.046m	\$0.000m
<i>Policy advice</i>	\$0.011m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.112m	\$0.000m
<i>IT support</i>	\$0.114m	\$0.001m
<i>Operations support</i>	\$0.066m	\$0.003m
<i>Property and corporate services</i>	\$0.121m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.927m</b>	<b>\$0.758m</b>
Allowance for capital expenditure	\$0.074m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.006m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$1.007m</b>	<b>\$0.758m</b>

### Corporate advisers and OTC traders

#### Corporate advisers

156 ASIC’s cost of regulating the subsector in 2020–21 was \$1.7 million. The estimated cost of regulating the subsector for 2021–22 is \$1.8 million: see Table 59.

**Table 59: Estimated levies to recover costs to regulate corporate advisers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.367m	\$0.012m

Expense	Cost recovery levy	Statutory levy
Enforcement	\$0.207m	\$0.291m
Other regulatory activities		
<i>Industry engagement</i>	\$0.095m	\$0.002m
<i>Education</i>	\$0.000m	\$0.016m
<i>Guidance</i>	\$0.045m	\$0.000m
<i>Policy advice</i>	\$0.021m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.154m	\$0.001m
<i>IT support</i>	\$0.169m	\$0.002m
<i>Operations support</i>	\$0.106m	\$0.005m
<i>Property and corporate services</i>	\$0.185m	\$0.001m
<b>Total operating expenditure</b>	<b>\$1.349m</b>	<b>\$0.332m</b>
Allowance for capital expenditure	\$0.121m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	(\$0.024m)	\$0.000m
<b>Total levy to recover costs</b>	<b>\$1.446m</b>	<b>\$0.332m</b>

#### OTC traders

157 ASIC's cost of regulating the subsector in 2020–21 was \$8.7 million. The estimated cost of regulating the subsector for 2021–22 is \$16.8 million: see Table 60.

**Table 60: Estimated levies to recover costs to regulate OTC traders**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$3.306m	\$0.081m
Enforcement	\$1.727m	\$2.290m
Other regulatory activities		
<i>Industry engagement</i>	\$0.681m	\$0.009m
<i>Education</i>	\$0.003m	\$0.147m
<i>Guidance</i>	\$0.320m	\$0.000m
<i>Policy advice</i>	\$0.201m	\$0.001m



Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$1.559m	\$0.006m
<i>IT support</i>	\$1.537m	\$0.012m
<i>Operations support</i>	\$0.972m	\$0.044m
<i>Property and corporate services</i>	\$1.667m	\$0.002m
<b>Total operating expenditure</b>	<b>\$11.972m</b>	<b>\$2.593m</b>
Allowance for capital expenditure	\$2.254m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.001m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$14.227m</b>	<b>\$2.593m</b>

#### Retail OTC derivatives issuers

158

ASIC's cost of regulating the subsector in 2020–21 was \$10.6 million. The estimated cost of regulating the subsector for 2021–22 is \$10.7 million: see Table 61.

**Table 61: Estimated levies to recover costs to regulate retail OTC derivative issuers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$1.408m	\$0.034m
Enforcement	\$0.798m	\$4.647m
Other regulatory activities		
<i>Industry engagement</i>	\$0.389m	\$0.005m
<i>Education</i>	\$0.002m	\$0.071m
<i>Guidance</i>	\$0.187m	\$0.000m
<i>Policy advice</i>	\$0.070m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.691m	\$0.002m
<i>IT support</i>	\$0.684m	\$0.005m
<i>Operations support</i>	\$0.423m	\$0.019m
<i>Property and corporate services</i>	\$0.750m	\$0.000m
<b>Total operating expenditure</b>	<b>\$5.402m</b>	<b>\$4.784m</b>
Allowance for capital expenditure	\$0.472m	\$0.000m

Expense	Cost recovery levy	Statutory levy
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$5.874m</b>	<b>\$4.784m</b>

### Wholesale electricity dealers

159 ASIC's cost of regulating the subsector in 2020–21 was \$86,709. The estimated cost of regulating the subsector for 2021–22 is \$79,708: see Table 62.

**Table 62: Estimated levies to recover costs to regulate wholesale electricity dealers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.026m	\$0.001m
Enforcement	\$0.002m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.007m	\$0.000m
<i>Education</i>	\$0.000m	\$0.001m
<i>Guidance</i>	\$0.004m	\$0.000m
<i>Policy advice</i>	\$0.001m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.009m	\$0.000m
<i>IT support</i>	\$0.009m	\$0.000m
<i>Operations support</i>	\$0.005m	\$0.000m
<i>Property and corporate services</i>	\$0.009m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.072m</b>	<b>\$0.002m</b>
Allowance for capital expenditure	\$0.006m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.078m</b>	<b>\$0.002m</b>

## I Financial advice sector

### Key points

This section details the work we will do during 2021–22 to regulate the financial advice sector: see paragraphs 160–166. The key focus areas of our work in 2021–22 are outlined in Table 63.

This section also sets out the estimated levies to recover our costs. A summary of the indicative levies for each subsector are set out in Table 64. We have provided more detailed breakdowns of estimated costs for each subsector:

- licensees that provide personal advice to retail clients on relevant financial products (see Table 65);
- licensees that provide personal advice to retail clients on products that are not relevant financial products (see Table 66);
- licensees that provide general advice only to retail or wholesale clients (see Table 67); and
- licensees that provide personal advice to wholesale clients only (see Table 68).

The indicative levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2021–22.

In 2021–22, licensees that provide personal advice to retail clients on relevant financial products are subject to the financial adviser levy relief. The relief caps the graduated component of this subsector’s levy at the 2018–19 level.

For clarity, we have separately listed the estimated costs to be recovered through cost recovery levies and through statutory levies for each subsector.

### Overview of the financial advice sector

- 160 The financial advice sector consists of AFS licensees with an authorisation to provide financial product advice to retail or wholesale clients—that is, licensees that provide:
- (a) personal advice to retail clients on relevant financial products;
  - (b) personal advice to retail clients on products that are not relevant financial products;
  - (c) general advice only to retail or wholesale clients; and
  - (d) personal advice to wholesale clients only.
- 161 Our regulation of the financial advice sector is focused on promoting a fair, strong and efficient financial system for all Australians. Our work includes

monitoring the conduct of financial advisers and their compliance with advice conduct obligations under the Corporations Act. We carry out this work through supervision, surveillances and other actions, and identifying and addressing causes of harms or breaches of the Corporations Act and ASIC Act.

162 We use the full suite of our regulatory tools to promote integrity in this sector in order to bring about sound consumer and investor outcomes. This includes, where appropriate, taking enforcement action to address misconduct. This action may span over several years.

163 We engage with stakeholders to ensure harms that threaten good investor and consumer outcomes are identified and addressed. We also provide guidance and education to financial advisers regarding their legal obligations. We will continue to scrutinise unscrupulous behaviour that results in the provision of poor advice to consumers affected by pandemic-related losses or hardship. ASIC-wide working groups will work to target scams, false and misleading advertising, and unlicensed advice.

164 A key consideration across all of our work is how we can support the long-term economic recovery in Australia.

165 We will continue to support law reform and contribute to policy development.

### Focus areas for this sector

166 Table 63 sets out our areas of focus in the financial advice sector in 2021–22.

Note: In Table 63, ‘relevant subsectors’ are those in which we intend to or may conduct the regulatory activity during the year, depending on prevailing circumstances.

**Table 63: Focus areas in the financial advice sector (2021–22)**

Focus area	Key actions	Relevant subsector
Unlicensed advice	Continue to identify unlicensed advice and take action, including enforcement action, against misconduct where appropriate.	All financial advice subsectors  Note: The costs of our regulatory work in relation to unlicensed advice may be allocated to other relevant subsectors, where appropriate, depending on the scope of the misconduct.

Focus area	Key actions	Relevant subsector
Single disciplinary body (SDB)	<p>Work with stakeholders to implement legislation for the SDB. This will include:</p> <ul style="list-style-type: none"> <li>establishing the Financial Services and Credit Panel (FSCP) as the SDB for financial advisers;</li> <li>triaging and investigating matters reported to ASIC and, where applicable, referring matters to the FSCP; and</li> <li>actioning and reporting on FSCP sanctions and decisions.</li> </ul>	Licensees that provide personal advice to retail clients on relevant financial products
Administer the financial adviser exam	<p>Administer the delivery of the financial adviser exam from 1 January 2022, including:</p> <ul style="list-style-type: none"> <li>assessing advisers' eligibility to sit the exam</li> <li>issuing exam eligibility numbers;</li> <li>preparing guidance; and</li> <li>responding to queries from advisers.</li> </ul>	Licensees that provide personal advice to retail clients on relevant financial products
Registration of financial advisers	<p>Implement a new registration system for financial advisers, to improve the accountability and transparency of the financial services sector. All financial advisers will be required to be registered with ASIC by 1 January 2023.</p>	Licensees that provide personal advice to retail clients on relevant financial products
Other Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Financial Services Royal Commission) reforms	<p>Work with stakeholders to implement Financial Services Royal Commission reforms that relate to financial product advice. This work includes:</p> <ul style="list-style-type: none"> <li>publishing a legislative instrument and information sheet for a new reference checking and information sharing protocol for mortgage brokers and financial advisers—see <a href="#">ASIC Corporations and Credit (Reference Checking and Information Sharing Protocol) Instrument 2021/429</a> and <a href="#">Information Sheet 257 ASIC reference checking and information sharing protocol</a> (INFO 257);</li> <li>updating <a href="#">Regulatory Guide 78 Breach reporting by AFS licensees and credit licensees</a> (RG 78) on revised breach reporting requirements;</li> <li>publishing <a href="#">Information Sheet 259 Complying with the notify, investigate and remediate obligations</a> (INFO 259) about the new requirements for financial advisers and mortgage brokers; and</li> <li>continuing to progress enforcement matters arising from the Financial Services Royal Commission.</li> </ul>	Licensees that provide personal advice to retail clients on relevant financial products
Unmet advice needs	<p>Engage with industry and take appropriate regulatory action, including publishing guidance, to address impediments identified by industry in response to <a href="#">Consultation Paper 332 Promoting access to affordable advice for consumers</a> (CP 332). We will take action to the extent permitted by ASIC's regulatory powers and resources.</p>	Licensees that provide personal advice to retail clients on relevant financial products

Focus area	Key actions	Relevant subsector
Life insurance framework (LIF) reforms review	<ul style="list-style-type: none"> <li>• Review personal life insurance advice from before and after the LIF reforms were phased in.</li> <li>• Write to advice licensees where we have significant concerns about client detriment.</li> <li>• Collect aggregate-level data from life insurers every six months to observe industry trends across the period.</li> <li>• Share the advice reviews results and the data collected from life insurers with Treasury for further analysis in the context of the Australian Government’s Quality of Advice review.</li> </ul>	Licensees that provide personal advice to retail clients on relevant financial products
Respond to reports of misconduct, breach reports and other intelligence, including surveillances	<ul style="list-style-type: none"> <li>• Effectively handle and prioritise information reported to ASIC as the new breach reporting regime is introduced for financial services and credit licensees from October 2021.</li> <li>• Use information from breach reports to support early identification and resolution of issues.</li> <li>• Conduct surveillances and continue to monitor advice compliance across financial advice providers. We will take regulatory action where appropriate (e.g. bannings, licence cancellations, enforcement action and other sanctions related to new SDB role).</li> </ul>	All financial advice subsectors
Stakeholder engagement	<ul style="list-style-type: none"> <li>• Influence our regulated population to improve compliance and minimise consumer harm, while improving our understanding of issues and industry developments.</li> <li>• Communicate and consult with ASIC’s stakeholders, including professional bodies and associations, agencies, and other regulators.</li> </ul>	All financial advice subsectors

## Summary table of estimated industry funding levies for the financial advice sector

**Table 64: Estimated industry funding levies for the financial advice sector**

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Licensees that provide personal advice to retail clients on relevant financial products	<p>Entities that are AFS licensees authorised to provide financial product advice on relevant financial products to retail clients.</p> <p>Note: 'Relevant financial products' are financial products other than basic banking products, general insurance products, consumer credit insurance, or a combination of any of those products.</p>	\$24.012m*	2,759 AFS licensees with 17,402 advisers*	<p><b>Adjusted number of advisers on the financial advisers register</b></p> <p>The levy metric is based on the number of relevant providers (within the meaning of s910A) that are:</p> <ul style="list-style-type: none"> <li>• registered on the financial advisers register at the end of financial year; and</li> <li>• authorised to provide personal advice to retail clients on behalf of the entity.</li> </ul> <p>A licensee will only pay the levy in proportion to the number of days in the financial year that they held the relevant AFS licence authorisation.</p>	\$1,500	No threshold	Minimum levy of \$1,500 plus \$1,142 per adviser**

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Indicative levy
Licensees that provide personal advice to retail clients on products that are not relevant financial products	Entities that are AFS licensees authorised to provide financial product advice to retail clients only on basic banking products, general insurance products and consumer credit insurance.	\$0.066m	557	<p><b>Number of days authorised</b></p> <p>The number of days in the financial year on which the entity holds the prescribed AFS licence authorisation.</p> <p>Note: The subsector regulatory costs will be shared equally between entities that are part of the subsector for the full financial year, because regulatory effort for each entity is not dependent on the size of the entity.</p>	Not applicable	Not applicable	\$118
Licensees that provide general advice only	Entities that are AFS licensees authorised to provide financial product advice that is general advice only.	\$0.505m	1,039	<b>Flat levy</b>	Not applicable	Not applicable	\$486
Licensees that provide personal advice to wholesale clients only	Entities that are AFS licensees authorised to provide financial product advice to wholesale clients only.	\$0.035m	1,742	<p><b>Flat levy</b></p> <p>Note: The subsector regulatory costs will be shared equally between all entities in the subsector because our regulatory costs for each entity are not dependent on each entity's share of total business activity within the subsector. There is no proportional allocation of the levy for the number of days the entity held the relevant AFS licence authorisation, because the low annual levy rate means that pro rating the levy would be administratively burdensome and disproportionately increase costs to be passed on to the subsector.</p>	Not applicable	Not applicable	\$20

Note: \* Number of advisers on the financial advisers register as at 17 March 2022.

\*\* On 30 August 2021, the Australian Government announced the financial adviser levy relief—see paragraph 7. Following the decision to cap levies, the estimated costs that will be recovered from this subsector for 2021–22 is \$24.0 million.



## Detailed breakdown of estimated costs of regulating each subsector in the financial advice sector

### Licensees that provide personal advice to retail clients on relevant financial products

167 ASIC's cost of regulating the subsector in 2020-21 was \$25.8 million. The estimated cost of regulating the subsector for 2021–22 is \$24.0 million: see Table 65.

**Table 65: Estimated levies to recover costs to regulate licensees that provide personal advice to retail clients on relevant financial products**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$3.580m	\$0.083m
Enforcement	\$4.872m	\$4.982m
Other regulatory activities		
<i>Industry engagement</i>	\$0.206m	\$0.002m
<i>Education</i>	\$0.080m	\$0.331m
<i>Guidance</i>	\$0.337m	\$0.000m
<i>Policy advice</i>	\$0.254m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$2.829m	\$0.011m
<i>IT support</i>	\$2.261m	\$0.015m
<i>Operations support</i>	\$1.496m	\$0.068m
<i>Property and corporate services</i>	\$2.518m	\$0.000m
<b>Total operating expenditure</b>	<b>\$18.432m</b>	<b>\$5.492m</b>
Allowance for capital expenditure	\$1.611m	\$0.000m
Less costs funded by own-source revenue	(\$1.583m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.059m	\$0.000m
<b>Total</b>	<b>\$18.520m</b>	<b>\$5.492m</b>

Note: On 30 August 2021, the Australian Government announced the financial adviser levy relief for this subsector, and this has been reflected in the indicative levy. Following the decision to cap levies, the estimated costs that will be recovered from this subsector for 2021–22 is \$24.0 million.

### Licensees that provide personal advice to retail clients on products that are not relevant financial products

168 ASIC's cost of regulating the subsector in 2020-21 was \$189,817. The estimated cost of regulating the subsector for 2021–22 is \$65,575: see Table 66.

**Table 66: Estimated levies to recover costs to regulate licensees that provide personal advice to retail clients on products that are not relevant financial products**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.022m	\$0.001m
Enforcement	\$0.001m	\$0.000m
Other regulatory activities		
<i>Industry engagement</i>	\$0.001m	\$0.000m
<i>Education</i>	\$0.000m	\$0.001m
<i>Guidance</i>	\$0.002m	\$0.000m
<i>Policy advice</i>	\$0.002m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.009m	\$0.000m
<i>IT support</i>	\$0.006m	\$0.000m
<i>Operations support</i>	\$0.003m	\$0.000m
<i>Property and corporate services</i>	\$0.006m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.053m</b>	<b>\$0.002m</b>
Allowance for capital expenditure	\$0.004m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.006m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.063m</b>	<b>\$0.002m</b>

### Licensees that provide general advice only

169 ASIC's cost of regulating the subsector in 2020-21 was \$602,613. The estimated cost of regulating the subsector for 2021–22 is \$505,467: see Table 67.

**Table 67: Estimated levies to recover costs to regulate licensees that provide general advice only**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.142m	\$0.005m
Enforcement	\$0.023m	\$0.059m
Other regulatory activities		
<i>Industry engagement</i>	\$0.030m	\$0.001m
<i>Education</i>	\$0.000m	\$0.005m
<i>Guidance</i>	\$0.016m	\$0.000m
<i>Policy advice</i>	\$0.010m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.043m	\$0.000m
<i>IT support</i>	\$0.048m	\$0.001m
<i>Operations support</i>	\$0.029m	\$0.001m
<i>Property and corporate services</i>	\$0.050m	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.390m</b>	<b>\$0.074m</b>
Allowance for capital expenditure	\$0.034m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.008m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.432m</b>	<b>\$0.074m</b>

### Licensees that provide personal advice to wholesale clients only

170 ASIC's cost of regulating the subsector in 2020-21 was \$84,651. The estimated cost of regulating the subsector for 2021–22 is \$35,331: see Table 68.

**Table 68: Estimated levies to recover costs to regulate licensees that provide personal advice to wholesale clients only**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.003m	\$0.000m
Enforcement	\$0.000m	\$0.019m

<b>Expense</b>	<b>Cost recovery levy</b>	<b>Statutory levy</b>
Other regulatory activities		
<i>Industry engagement</i>	\$0.000m	\$0.000m
<i>Education</i>	\$0.000m	\$0.000m
<i>Guidance</i>	\$0.000m	\$0.000m
<i>Policy advice</i>	\$0.003m	\$0.000m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.002m	\$0.000m
<i>IT support</i>	\$0.002m	\$0.000m
<i>Operations support</i>	\$0.001m	\$0.000m
<i>Property and corporate services</i>	\$0.002m	\$0.000m
<b>Total operating expenditure</b>	<b>\$0.014m</b>	<b>\$0.020m</b>
Allowance for capital expenditure	\$0.001m	\$0.000m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.016m</b>	<b>\$0.020m</b>

## J Insurance sector

### Key points

This section details the work we will do during 2021–22 to regulate the insurance sector: see paragraphs 171–177. The key focus areas of our work in 2021–22 are outlined in Table 69.

This section also sets out the estimated levies to recover our costs. A summary of indicative levies for each subsector is set out in Table 70. We have provided more detailed breakdowns of estimated costs for each subsector:

- insurance product providers (see Table 71);
- insurance product distributors (see Table 72);
- risk management product providers (see Table 73); and
- claims handling and settling services providers (see Table 74).

The indicative levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2021–22.

For clarity, we have separately listed the estimated costs to be recovered through cost recovery levies and through statutory levies for each subsector.

### Overview of the insurance sector

- 171 The insurance sector consists of AFS licensees, including life and general insurance product providers, insurance product distributors (such as insurance brokers and AFS licensees who distribute products on behalf of an insurer), risk management product providers, and claims handling and settling services providers.
- 172 We will examine a range of insurance products and markets where we see potential threats to fair outcomes for consumers. We also protect consumers by ensuring that marketing and disclosure are clear and not misleading, and that insurance claims and disputes are handled in a timely and fair manner.
- 173 We monitor the compliance of entities through supervision and surveillances, using a risk-based approach to identify regulatory risks and determine appropriate actions.
- 174 We use the full suite of our regulatory tools to promote integrity in this sector in order to bring about sound consumer and investor outcomes. This includes, where appropriate, taking enforcement action to address misconduct. This action may span several years.

- 175 We continue to consult with and develop information for industry on our expectations of fair and transparent behaviour. We will review specific market sectors and products, and we will take regulatory and enforcement actions where necessary. These actions may include using ASIC’s product intervention power if there is a significant risk of consumer detriment.
- 176 Where appropriate, we will engage in intensified supervision of certain entities as part of our regulatory toolkit.

### Focus areas for this sector

- 177 Table 69 sets out our areas of focus in the insurance sector in 2021–22.

Note: In Table 69, ‘relevant subsectors’ are those in which we intend to or may conduct the regulatory activity during the year, depending on prevailing circumstances.

**Table 69: Focus areas in the insurance sector (2021–22)**

Focus area	Key actions	Relevant subsector
Financial Accountability Regime	<p>As part of the ongoing preparation for the proposed regime:</p> <ul style="list-style-type: none"> <li>• continue to collaborate with APRA to establish administrative and business processes and procedures; and</li> <li>• establish integrated data systems to support efficient joint administration.</li> </ul>	Insurance product providers
Claims handling	<ul style="list-style-type: none"> <li>• Monitor claims processes and outcomes in the general and life insurance space, to ensure consumers are not unfairly disadvantaged due to the effects of the COVID-19 pandemic.</li> <li>• Use our regulatory tools, including enforcement action, to deter claims handling related misconduct and ensure insurance claims are processed with utmost good faith.</li> <li>• Engage with industry to implement the claims handling law reform, including providing relief where appropriate.</li> </ul>	Claims handling and settling services providers
General insurance pricing misconduct	<ul style="list-style-type: none"> <li>• Review whether premiums and advertised discounts are correctly calculated and charged—see <a href="#">Media Release (21-270MR)</a> <i>ASIC launches Federal Court action and calls on general insurers to review pricing practices</i> (15 October 2021).</li> <li>• Review the adequacy of controls used by insurers to identify and adequately respond to pricing issues (such as overcharging of premiums to consumers).</li> <li>• Take regulatory action to deter pricing misconduct, including enforcement action if warranted.</li> </ul>	Insurance product providers

Focus area	Key actions	Relevant subsector
Small business insurance cover	<p>Continue to work with AFCA, APRA, general insurers and other stakeholders to help:</p> <ul style="list-style-type: none"> <li>• clarify business interruption policies for small businesses; and</li> <li>• maintain, facilitate and improve the performance of the general insurance market.</li> </ul>	Insurance product providers
Mis-selling	<p>Analyse the risk of inappropriate product design and distribution in the current environment by monitoring:</p> <ul style="list-style-type: none"> <li>• the design and sale of poor value insurance products;</li> <li>• the use of potentially unfair contract terms;</li> <li>• the distribution practices that may lead to poor outcomes for consumers and may breach the law; and</li> <li>• the mis-selling of unsuitable insurance products.</li> </ul> <p>We will also take swift action to deter misconduct and punish breaches of the law.</p>	Insurance product providers, insurance product distributors and risk management providers
Institutional supervision	<ul style="list-style-type: none"> <li>• Conduct continuous monitoring of the largest financial institutions that have the greatest potential impact on consumers and markets, to seek improvements in consumer outcomes. This is done through: <ul style="list-style-type: none"> <li>– the collection and analysis of a range of governance and risk management related information; and</li> <li>– regular structured engagements with senior executives.</li> </ul> </li> <li>• Conduct targeted proactive reviews (involving data analysis and interviews) of topical issues at the largest financial institutions, including reportable situations and their internal audit functions.</li> </ul>	Insurance product providers

Focus area	Key actions	Relevant subsector
<p>Implementation of Financial Services Royal Commission recommendations</p>	<p>Continue to support the recent reforms arising from the Financial Services Royal Commission, including:</p> <ul style="list-style-type: none"> <li>• a deferred sales model for add-on insurance—see <a href="#">Regulatory Guide 275</a> <i>The deferred sales model for add-on insurance</i> (RG 275);</li> <li>• making insurance claims handling and settling services a ‘financial service’ under the Corporations Act—see <a href="#">Information Sheet 253</a> <i>Claims handling and settling: How to comply with your AFS licence obligations</i> (INFO 253);</li> <li>• applying the hawking prohibition to insurance—see <a href="#">Regulatory Guide 38</a> <i>The hawking prohibition</i> (RG 38)</li> </ul> <p>We will also:</p> <ul style="list-style-type: none"> <li>• collect data to support the Australian Government’s response to Financial Services Royal Commission recommendation 2.3 (Review of measures to improve quality of advice); and</li> <li>• assist the development of a data request to support the Australian Government’s response to Financial Services Royal Commission recommendation 2.6 (General insurance and consumer credit insurance commissions), relating to how remuneration structures affect consumer outcomes in the sale of general insurance.</li> </ul> <p>We will analyse insurance terms to monitor compliance with Financial Services Royal Commission recommendation 4.7 (Extending unfair contract terms law to insurance) and take regulatory action where appropriate.</p>	<p>All insurance subsectors</p>
<p>Natural disaster working group</p>	<ul style="list-style-type: none"> <li>• Analyse data collected from insurers to measure consumer harms, and developing a risk-based approach for responding to consumer harms resulting from natural disasters—see <a href="#">Media Release (21-326MR)</a> <i>ASIC encourages home insurers to be consumer-centric in handling claims this summer</i> (1 December 2021).</li> <li>• Consider regulatory intervention where necessary (e.g. in relation to claims handling and design and distribution obligations)—see <a href="#">‘What recent reforms mean for disaster insurance claims’</a>, published 7 December 2021.</li> <li>• Use targeted communications and tools to help consumers navigate the claims process in response to future events.</li> </ul>	<p>Insurance product providers, claims handling and settling services providers</p>



Focus area	Key actions	Relevant subsector
Life insurance claims	<ul style="list-style-type: none"> <li>• Test whether claims practices are causing consumer harm, and use our findings to design an intervention to improve insurers’ controls, monitoring and supervision.</li> <li>• Take regulatory action, including enforcement action where warranted, to address misconduct.</li> <li>• Continue to work with APRA to collect six-monthly life insurance claims data, update ASIC’s Moneysmart life insurance claims comparison tool and analyse the data to inform our regulatory activities in the life insurance sector.</li> </ul>	Claims handling and settling services providers
Warranties surveillance	<ul style="list-style-type: none"> <li>• Review the motor vehicle extended warranty market (e.g. the extent to which warranty providers commit to, and voluntarily implement, a deferred sales model similar to that legislated for add-on insurance products).</li> <li>• Determine whether the sale and/or design of these products is causing significant consumer harm.</li> </ul>	Risk management product providers
Stakeholder engagement	<ul style="list-style-type: none"> <li>• Influence our regulated population to improve compliance and minimise consumer harm, while improving our understanding of issues and industry developments.</li> <li>• Undertake outreach work, communicate and consult with ASIC’s stakeholders, including professional bodies and associations (e.g. Financial Services Council and Insurance Council of Australia), agencies, and other regulators.</li> </ul>	All insurance subsectors

## Summary table of estimated industry funding levies for the insurance sector

Table 70: Estimated industry funding levies for insurance sector

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric definition	Minimum levy	Graduated levy threshold	Indicative levy
Insurance product providers	<p>Entities that are AFS licensees authorised to deal in general insurance products, life insurance products or investment life products, and that are a:</p> <ul style="list-style-type: none"> <li>• general insurer, authorised non-operating holding company or subsidiary of a general insurer or authorised non-operating holding company, within the meaning of the <i>Insurance Act 1973</i>; or</li> <li>• life company that is registered under s21 of the <i>Life Insurance Act 1995</i> or a registered non-operating holding company within the meaning of that Act; or</li> <li>• party to the types of arrangements prescribed in reg 72(2) of the Cost Recovery Levy Regulations.</li> </ul>	\$29.430m	94	<p><b>Gross premium and net policy revenue</b></p> <p>Gross amount of premiums written and net revenue received, less any reinsurance expenses, in relation to business covered by the entity’s AFS licence.</p> <p>Note: Our regulatory effort for insurance product providers varies, depending on whether the entity is a life insurer (or friendly society) or a general insurance product provider, and the scale of its operation. For example, a large general insurer with a substantial customer base presents a significantly larger risk to the broader financial system than a small general insurer with a limited number of products and customers.</p>	\$20,000	\$5m	Minimum levy of \$20,000 plus \$6.04 per \$10,000 of revenue above the \$5m threshold

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric definition	Minimum levy	Graduated levy threshold	Indicative levy
Insurance product distributors	Entities that are AFS licensees authorised to deal in general insurance products, life insurance products or investment life products. However, an entity is not part of this subsector if the entity is also part of the insurance product providers subsector for the financial year.	\$3.030m	3,345	<b>Flat levy</b>  Note: Our regulatory costs for insurance product distributors will be shared equally between all entities in the subsector, because our level of regulatory activity is relatively similar for entities with each authorisation.	Not applicable	Not applicable	\$906
Risk management product providers	Entities that are AFS licensees authorised to deal in a financial product for managing financial risk (that is not a financial product specified in s764A of the Corporations Act). An entity can be part of this subsector as well as another subsector.	\$0.598m	69	<b>Number of days authorised</b>  The number of days in the financial year on which the entity held the prescribed AFS licence authorisation.	Not applicable	Not applicable	\$8,664
Claims handling and settling services providers*	Entities that are AFS licensees authorised to provide claims handling and settling services. An entity can be part of this subsector as well as another subsector.	\$0.804m	299	<b>Number of insurance claims</b>  The number of claims relating to insurance products that the entity provided claims handling and settling services for in the financial year.	\$500	No threshold	ASIC is unable to reliably estimate the metric in the first year of the levy.

Note: \* This is the first financial year in which claims handling and settling services providers is a separate subsector and in which providers will be charged a levy. This follows on from the Australian Government's removal of the exclusion of claims handling and settling services from the definition of 'financial service'.

## Detailed breakdown of estimated costs of regulating each subsector in the insurance sector

### Insurance product providers

178 ASIC's cost of regulating the subsector in 2020-21 was \$24.6 million. The estimated cost of regulating the subsector for 2021–22 is \$29.4 million: see Table 71.

**Table 71: Estimated levies to recover costs to regulate insurance product providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$3.362m	\$0.161m
Enforcement	\$4.007m	\$4.755m
Other regulatory activities		
<i>Industry engagement</i>	\$0.955m	\$0.037m
<i>Education</i>	\$0.013m	\$0.403m
<i>Guidance</i>	\$1.478m	\$0.042m
<i>Policy advice</i>	\$1.145m	\$0.024m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$2.938m	\$0.052m
<i>IT support</i>	\$2.961m	\$0.068m
<i>Operations support</i>	\$2.066m	\$0.120m
<i>Property and corporate services</i>	\$3.131m	\$0.048m
<b>Total operating expenditure</b>	<b>\$22.056m</b>	<b>\$5.711m</b>
Allowance for capital expenditure	\$2.036m	\$0.030m
Less costs funded by own-source revenue	(\$0.403m)	\$0.000m
Adjustment for prior year (under or over recovery)	(\$0.001m)	\$0.000m
<b>Total levy to recover costs</b>	<b>\$23.689m</b>	<b>\$5.741m</b>

Note: Costs include expenses relating to novel relief applications where ASIC is not able to charge a fee.

### Insurance product distributors

179 ASIC's cost of regulating the subsector in 2020-21 was \$3.0 million. The estimated cost of regulating the subsector for 2021–22 is \$3.0 million: see Table 72.

**Table 72: Estimated levies to recover costs to regulate insurance product distributors**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.063m	\$0.003m
Enforcement	\$0.106m	\$2.632m
Other regulatory activities		
<i>Industry engagement</i>	\$0.020m	\$0.001m
<i>Education</i>	\$0.000m	\$0.009m
<i>Guidance</i>	\$0.031m	\$0.001m
<i>Policy advice</i>	\$0.019m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.066m	\$0.001m
<i>IT support</i>	\$0.066m	\$0.001m
<i>Operations support</i>	\$0.047m	\$0.003m
<i>Property and corporate services</i>	\$0.071m	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.488m</b>	<b>\$2.653m</b>
Allowance for capital expenditure	\$0.047m	\$0.001m
Less costs funded by own-source revenue	(\$0.176m)	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.019m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.377m</b>	<b>\$2.653m</b>

### Risk management product providers

180 ASIC's cost of regulating the subsector in 2020-21 was \$118,762. The estimated cost of regulating the subsector for 2021–22 is \$597,843: see Table 73.

**Table 73: Estimated levies to recover costs to regulate risk management product providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.079m	\$0.004m
Enforcement	\$0.090m	\$0.002m

Expense	Cost recovery levy	Statutory levy
Other regulatory activities		
<i>Industry engagement</i>	\$0.025m	\$0.001m
<i>Education</i>	\$0.000m	\$0.010m
<i>Guidance</i>	\$0.040m	\$0.001m
<i>Policy advice</i>	\$0.024m	\$0.001m
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.069m	\$0.001m
<i>IT support</i>	\$0.069m	\$0.002m
<i>Operations support</i>	\$0.049m	\$0.003m
<i>Property and corporate services</i>	\$0.074m	\$0.001m
<b>Total operating expenditure</b>	<b>\$0.520m</b>	<b>\$0.027m</b>
Allowance for capital expenditure	\$0.050m	\$0.001m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.570m</b>	<b>\$0.028m</b>

### Claims handling and settling services providers

181 This is the first financial year in which claims handling and settling services providers is a separate subsector and in which providers in this subsector will be charged a levy. The estimated cost of regulating the subsector for 2021–22 is \$804,069: see Table 74.

**Table 74: Estimated levies to recover costs to regulate claims handling and settling services providers**

Expense	Cost recovery levy	Statutory levy
Supervision and surveillance	\$0.159m	\$0.008m
Enforcement	\$0.016m	\$0.001m
Other regulatory activities		
<i>Industry engagement</i>	\$0.051m	\$0.002m
<i>Education</i>	\$0.000m	\$0.016m
<i>Guidance</i>	\$0.080m	\$0.002m
<i>Policy advice</i>	\$0.048m	\$0.001m

Expense	Cost recovery levy	Statutory levy
Indirect costs		
<i>Governance, central strategy and legal</i>	\$0.091m	\$0.003m
<i>IT support</i>	\$0.094m	\$0.003m
<i>Operations support</i>	\$0.065m	\$0.004m
<i>Property and corporate services</i>	\$0.093m	\$0.003m
<b>Total operating expenditure</b>	<b>\$0.698m</b>	<b>\$0.044m</b>
Allowance for capital expenditure	\$0.061m	\$0.002m
Less costs funded by own-source revenue	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.000m
<b>Total levy to recover costs</b>	<b>\$0.759m</b>	<b>\$0.045m</b>

Note: Costs include expenses relating to novel relief applications where ASIC is not able to charge a fee.

## **PART 2** Fees for service under ASIC industry funding model

182 Part 2 of this CRIS provides information on the implementation of fees for  
service under the industry funding model.

183 Part 2 sets out:

- (a) an introduction to the part (see Section K);
- (b) the policy and statutory authority for fees for service (see Section L);
- (c) the fees-for-service model (see Section M); and
- (d) the risk assessment we have undertaken (see Section N).

184 Our fees-for-service schedules are published on the [‘Fees for ASIC regulatory services’](#) page on our website. These include our flat and tiered fees for service. Forms with no fees attached are those that do not require a regulatory decision.



## K Introduction to Part 2

### Key points

The Australian Government has undertaken extensive consultation to develop and refine the fees-for-service model. Treasury consulted on the model in August 2015 and again in November 2017. In January 2019, the Government consulted on further amendments to the fees-for-service model.

Part 2 of this CRIS provides information on how we will recover our user-initiated and transaction-based regulatory costs via cost recovery fees. It includes information about the fees for service and the methodology for calculating the fees.

Note: In this CRIS we refer to our cost recovery fees as ‘fees for service’.

The regulatory activities where we charge fees for service are licensing and registration, compliance reviews of documents, requests for changes to market operating rules, and assessing applications for relief.

### Background to fees for service

185 On 20 April 2016, the Australian Government announced it would introduce an industry funding model for ASIC. This was in response to the recommendation of the FSI that the Government recover the cost of ASIC’s regulatory activities directly from industry participants through fees and levies. The FSI also recommended that the fees be calibrated to reflect the cost of regulating the different industry sectors that we regulate.

Note: See FSI, [Financial System Inquiry: Final report](#), December 2014, recommendation 29.

186 The industry funding levy component of the industry funding model commenced on 1 July 2017. However, following consultation, the Australian Government decided to delay the commencement of the fees-for-service proposals. This delay was to allow time to refine the model by gathering further data to support the setting of the fee amounts.

187 Before the commencement of fees for service, we charged industry fees for around 180 separate regulatory forms, but our fees did not accurately reflect the cost of processing and assessing those forms. Traditionally, many of these activities only attracted a nominal fee, which was not subject to any review. This resulted in the cost of these activities being subsidised by taxpayers.

188 The second phase of the ASIC industry funding model—the introduction of ASIC fees for service—commenced on 4 July 2018. From that date we have been recovering our costs for specific regulatory activities requested by an entity.

## Description of our regulatory activities

- 189 To achieve our vision of a fair, strong and efficient financial system for all Australians, we undertake a range of activities for specific entities at their request. These activities are recovered through fees for service. Our budget data for 2021–22 indicates that fee-related activities will account for approximately 3% of our total regulatory costs.
- 190 Table 75 outlines our regulatory activities where costs will be recovered through fees for service.

**Table 75: Fees-for-service activities**

Activity	Affected industry sectors or subsectors	Further discussion
Licence application or variation services	Credit licensees (all subsectors) AFS licensees (all subsectors) Market infrastructure providers (all subsectors)	Paragraphs 191–201
Registration application services	Responsible entities Registered liquidators Registered company auditors	Paragraphs 191–197 Paragraphs 202–203
Compliance review of documents lodged with ASIC (such as a prospectus or other compliance document)	Companies (all subsectors) AFS licensees (all subsectors)	Paragraphs 204–209
Requests for changes to market operating rules	Market infrastructure providers	Paragraph 210
Assessment of applications for relief	All sectors and subsectors	Paragraphs 211–217

### ASIC’s licensing and registration responsibilities

- 191 Our regulatory mandate includes licensing or otherwise authorising people to operate or participate in the markets and industries that we regulate. We play an important role in promoting trust and confidence in the financial services industry. We do this by performing our statutory licensing and registration responsibilities and ensuring applicants meet minimum statutory standards.
- 192 ASIC’s various statutory licensing and registration responsibilities are undertaken within three particular areas of ASIC. Applications for AFS licences, credit licences and professional registration are assessed by our Licensing team. Our Market Infrastructure team is responsible for assessing applications for market licences, CS facility licences, new Australian derivative trade repositories and financial benchmark administrators. Applications to register a managed investment scheme are assessed by our Investment Managers team.

### AFS licensing, credit licensing and professional registration

- 193 We assess whether a new applicant meets certain minimum statutory standards for AFS licensing, credit licensing or professional registration (with the exception of the registration of registered liquidators, which is done by independent committee). Each application is subject to a risk-rated assessment, where we apply more effort to applications with a higher risk profile. This enables us to allocate resources more effectively and efficiently. Our aim is to ensure that only suitable persons and organisations are licensed or registered, and that applicants are only licensed to provide financial and credit services and products that they are competent to provide. We have adopted a ‘whole of ASIC’ approach to assessing licensed and professional registered bodies. This approach involves considering all of the information known to ASIC and any other information collected from the public or other regulatory bodies.
- 194 As a result of our assessment, licensing or registration applications may be:
- (a) *rejected*—we may reject applications for lodgement because they are manifestly defective and information and content included in the application does not meet the minimum standards;
  - (b) *withdrawn*—during our assessment we may provide feedback and requisition further information from the applicant. This may cause the applicant to withdraw their application, rather than proceed;
  - (c) *approved*—we may assess applications as meeting the requirement to obtain a licence or licence variation, or for professional registration;
  - (d) *modified*—we may grant a licence that is different from that applied for, or that has additional conditions imposed on it. For example, we might:
    - (i) impose a key person requirement, require the applicant to appoint a compliance consultant, or tailor a special condition to limit the scope of the activity authorised under the licence; or
    - (ii) approve a narrower range of financial services or financial products that the applicant is allowed to offer than was applied for; or
  - (e) *refused*—we may refuse applications because we are not satisfied that the statutory requirements for granting a licence or registration have been met.
- 195 In addition to applying for new licences, existing licensees may apply to vary their licence to undertake more, or fewer, financial or credit services. Such variations may be the result of changes in a licensee’s business activities or in response to changes in organisational competence. For example, a licensee may wish to expand the scope of its financial services or credit activities or the financial products it deals in or advises on.

196 The regulatory outcomes set out at paragraph 194 apply equally to applications for a variation to an existing licence.

197 There is a narrower range of regulatory assessments for professional registrations, given the requirements that must be met are more limited compared with licensees.

### **Financial markets, CS facilities, financial benchmarks and trade repositories**

198 We are responsible for assessing licence applications for new financial markets, CS facilities, trade repositories and financial benchmark administrators. The team also assesses applications from entities seeking exemptions from some or all of the licensing requirements.

199 The Corporations Act sets out the market licensing regime (Pt 7.2), the CS facility licensing regime (Pt 7.3), the financial benchmark administrator licensing regime (Pt 7.5B) and the licensing regime for trade repositories (Pt 7.5A). The Corporations Act also empowers the Minister (or ASIC as a delegate of the Minister) to exempt a financial market, CS facility, trade repository and financial benchmark administrator from one or more of the licensing requirements. While we receive significantly fewer of these types of applications than applications for AFS and credit licences, they are typically larger and involve a higher degree of complexity in assessment.

200 When we assess these licence applications, our objective is to facilitate effective capital formation and risk management. This, in turn, will drive good consumer and investor outcomes and maintain the trust and integrity in the Australian financial system. This approach helps achieve our vision for a fair, strong and efficient financial system for all Australians.

201 To achieve this objective we may reject, approve, modify or refuse a licence application. We may modify the application by imposing additional conditions. For example, we might impose a condition on the licence that the licensee must:

- (a) not commence operating the market until they have provided evidence that they have adequate financial resources to cover the projected cash outflows for the first six months of operation of the market; or
- (b) confirm to ASIC in writing that it has employed or engaged all necessary people in all of the positions described in the application and that, as a result, has sufficient human resources to operate the market properly in accordance with its obligations under the Corporations Act.

### **Registration of a managed investment scheme**

202 When an application to register a managed investment scheme is lodged with ASIC, our Investment Managers team will assess whether it complies with

s601EA of the Corporations Act. We must register the scheme within 14 days of lodgement unless it appears to us that the application does not meet one or more of the requirements.

203 When assessing an application to register a scheme, we may seek clarification about specific provisions in the scheme’s constitution or require further information about the compliance plan. We may also ask for amendments to specific provisions in the constitution or compliance plan if they do not appear to comply with the requirements in the Corporations Act. If it appears to us that the application does not comply with s601EA, and a responsible entity or its advisers are unwilling or unable to amend the application or provisions as required within this 14-day period, we will refuse to register the scheme.

### **Compliance review of documents lodged with ASIC**

204 We undertake compliance reviews of a number of documents related to commercial transactions to promote good consumer and investor outcomes and maintain trust and integrity in the financial system. In reviewing these documents, we are concerned with identifying disclosure deficiencies and whether the disclosure complies with the law.

205 Compliance reviews of documents are primarily carried out by our Corporations team and Investment Managers team. These teams concurrently consider any relief sought to facilitate the transactions, as appropriate. In addition, we monitor the conduct of entities party to these transactions for compliance with requirements of the Corporations Act.

206 The types of activities and documents that we review for compliance include:

- (a) fundraising offers that require a disclosure document to be lodged with ASIC;
- (b) Product Disclosure Statements (PDSs) that must be lodged with ASIC;
- (c) control transactions, including takeover bids, court-ordered schemes of arrangement, and other acquisitions to be approved by shareholders or members (including in trust schemes); and
- (d) related party transactions.

207 We do not conduct a compliance review of every document lodged with ASIC. In some cases we employ a risk methodology to identify the documents that we will target for review.

208 We will intervene to protect investors if, in a compliance review of a document, we identify disclosure or conduct issues that may undermine market integrity and investor outcomes.

- 209 The regulatory outcomes we may achieve through compliance reviews of documents include:
- (a) corrective disclosure lodged with ASIC and provided to investors;
  - (b) structural changes to the form of a transaction, so that unacceptable circumstances are remedied and the transaction proceeds in a manner consistent with the principles in the Corporations Act;
  - (c) identification and removal or rectification of misleading advertising and/or statements;
  - (d) stopping the transaction, and in some instances, using ASIC’s stop-order powers; or
  - (e) if we are unable to resolve our concerns, we may take other action, including applying to the Takeovers Panel for a declaration of unacceptable circumstances or to the court for orders under s1324 or 1325A of the Corporations Act.

### **Requests for changes to market operating rules**

- 210 Market and CS facility licensees have an ongoing statutory obligation to inform ASIC of any changes to the operating rules of a licensed market or licensed CS facility. Our Markets teams assess these changes in light of the licensee’s obligations and the potential effect of the changes on the operation of the facility they are licensed to operate. Where required, the Markets teams will provide a recommendation to the Minister or their delegate about whether all, or a specified part, of the change to the operating rules should be disallowed.

### **Assessment of applications for relief**

- 211 ASIC has discretionary powers to grant relief from certain provisions of:
- (a) the Corporations Act;
  - (b) the SIS Act;
  - (c) the National Credit Act; and
  - (d) the *National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009*.
- 212 The relief includes exemptions from and modifications to the provisions of these Acts. The provisions of the Corporations Act where we most frequently exercise ASIC’s discretionary powers involve financial reporting, takeovers, fundraising, managed investment schemes, licensing and disclosure requirements for financial products. By granting appropriate relief, we allow the law to be flexible in its application, address unintended consequences of the law, and facilitate innovation.

- 213 We will consider and determine all applications for relief based on the facts, circumstances and merits of each individual application. In determining a particular application, we will take into account:
- (a) our vision and regulatory objectives (see paragraphs 15–18);
  - (b) any considerations that we are required to take into account under the law;
  - (c) the statutory context in which the discretionary power to grant relief appears, and the subject, matter, scope and purpose of the provisions of which it forms part;
  - (d) any relevant policy we have published and the underlying principles of that policy;
  - (e) the regulatory consequences that would flow from granting the relief on the conditions proposed, including whether:
    - (i) strict compliance with the provisions in the legislation would be impossible or disproportionately burdensome; and
    - (ii) consumers would still have the protection intended by Parliament; and
  - (f) our procedural fairness obligations to third parties.
- 214 We also attempt to achieve two broad objectives—consistency and definite principles. For more detail on our general approach to applications for relief, see [Regulatory Guide 51 Applications for relief](#) (RG 51).
- 215 Generally, an application for relief that is made in accordance with ASIC’s existing policy will take less time to consider than an application that raises novel issues. Novel issues are those that require ASIC to formulate substantive new policy because they:
- (a) raise new policy considerations;
  - (b) involve more than the application of existing policy (legislative policy or ASIC policy) to new situations; or
  - (c) involve a significant change to, or reversal of, existing ASIC policy.
- 216 When considering a novel issue, we:
- (a) may obtain internal legal advice on the relief sought;
  - (b) will consider the policy implications of the application, to determine whether the relief should be granted and, if so, on what conditions (this may involve liaising internally on policy issues and may take time); and
  - (c) may also seek public comment.
- 217 The additional costs associated with novel applications over and above the flat fee will be recovered under the industry funding levies. We recover the

additional costs associated with novel applications for relief under the industry funding levies because:

- (a) novel applications often have a wider industry benefit, by drawing our attention to the need for regulatory change or clarification where there are unintended consequences of the law;
- (b) the significantly higher costs associated with novel applications for relief may deter applicants from seeking relief regarding areas of law where regulatory change is desirable; and
- (c) a subsequent decrease in novel applications may mean that individually, entities face an increased regulatory burden and, industry wide, innovation and new policy development is hindered.

## Activities that are excluded from fees for service

### Certain lodgement fees

- 218 The fee for lodgement of certain forms are not recovered under fees for service. We have determined that we previously collected lodgement fees on approximately 60 forms, the funds of which were used to support work across an industry, rather than activities undertaken for an individual entity. An example of this is the lodgement of annual compliance certificates for credit licensees. In these cases, we no longer charge fees on lodgement and these activities are funded by the ongoing industry funding levies.

### Registry business

- 219 In April 2021, as a first step in the progressive rollout of the Modernising Business Registers (MBR) program, the Commissioner of Taxation was appointed as the Registrar. The role of the Registrar is to lead and implement the MBR program and perform statutory registry functions as a delegate of ASIC. ASIC's registry staff have moved to the Australian Taxation Office (ATO) to assist the Registrar, through a machinery of government change. At a later date, the Registrar will assume primary responsibility for the registry functions under law.
- 220 The costs associated with the remainder of our registry activities, including indirect costs, will not be recovered through the industry funding model. The fees attached to ASIC forms relating to updating an ASIC registry database will not be cost recovered under the [Australian Government Charging Framework](#). The fees for lodging these forms will continue to be set separately as a general tax, meaning the benefits to particular individuals as a result of these services are not typically distributed in proportion to the taxation payments made by those individuals.



## L Policy and statutory authority for fees for service

### Key points

Our regulatory costs will be recovered from all the industry sectors we regulate through a combination of industry funding levies and fees for service.

The legislative framework for fees for service is established by five pieces of legislation: see Table 76.

### Government policy approval for fees for service

- 221 On 20 April 2016, the Australian Government announced that it would introduce an industry funding model for ASIC.
- 222 We recover our regulatory costs from all the industry sectors we regulate, through a combination of:
- (a) industry funding levies (see Part 1 of this CRIS); and
  - (b) fees for service, for user-initiated and transaction-based activities where we provide a specific service to individual entities.
- 223 The second phase of the industry funding model—the introduction of fees for service—is contained in the following legislation, which passed both Houses of Parliament and was assented to by the Governor-General on 28 June 2018:
- (a) the *Treasury Laws Amendment (ASIC Fees) Regulations 2018*;
  - (b) the *Corporations (Fees) Amendment (ASIC Fees) Act 2018*;
  - (c) the *Superannuation Industry (Supervision) Amendment (ASIC Fees) Act 2018*;
  - (d) the *National Consumer Credit Protection (Fees) Amendment (ASIC Fees) Act 2018*; and
  - (e) the *Superannuation Auditor Registration Imposition Amendment (ASIC Fees) Act 2018*.

### Statutory authority for fees for service

- 224 We have set out the legislation that establishes the fees-for-service regime in Table 76.

**Table 76: Legislation that establishes the fees-for-service regime**

Amending legislation	Legislation amended	Amendments
<i>Treasury Laws Amendment (ASIC Fees) Regulations 2018</i>	<i>Corporations (Fees) Regulations 2001</i> (Fees Regulations)  <i>National Consumer Credit Protection (Fees) Regulations 2010</i>  <i>Superannuation Auditor Registration Imposition Regulation 2012</i>	Amendments made to: <ul style="list-style-type: none"> <li>• prescribe the cost recovery fees we can charge for services we provide to a specific entity;</li> <li>• repeal the fees for our regulatory activities that will be funded by the industry funding levies;</li> <li>• tier fees, to ensure the fees reflect the complexity of the service and, therefore, our effort in providing the service;</li> <li>• update the hourly rate that we charge for certain services to ensure the rate reflects our costs; and</li> <li>• ensure only registration fees continue to be indexed for inflation.</li> </ul>
<i>Corporations (Fees) Amendment (ASIC Fees) Act 2018</i>	<i>Corporations (Fees) Act 2001</i>	Amendments made to: <ul style="list-style-type: none"> <li>• enable ASIC to charge tiered fees, based on whether a chargeable matter is low, medium or high complexity;</li> <li>• increase the statutory caps on fees so we can recover the costs we incur; and</li> <li>• enable ASIC to charge a different fee for certain chargeable matters based on the type of entity.</li> </ul>
<i>Superannuation Industry (Supervision) Amendment (ASIC Fees) Act 2018</i>	SIS Act	Minor amendments made to allow ASIC to charge fees for applications to vary or revoke the conditions or cancel the registration of an approved SMSF auditor.
<i>National Consumer Credit Protection (Fees) Amendment (ASIC Fees) Act 2018</i>	National Credit Act	Amendment made to allow ASIC to charge different fees depending on: <ul style="list-style-type: none"> <li>• whether or not the applicant is an individual; and</li> <li>• the credit activities they engage in.</li> </ul>
<i>Superannuation Auditor Registration Imposition Amendment (ASIC Fees) Act 2018</i>	<i>Superannuation Auditor Registration Imposition Act 2012</i>	Amendments made to increase the maximum amount of the fee that can be prescribed in the regulations so we can recover the costs we incur when providing regulatory services to SMSF auditors.

## M Fees-for-service model

### Key points

The fees for service we charge for applications are calculated based on forecast costs and historical workflow analysis, rather than the actual cost of providing the service to the applicant.

We have adopted tiered fees for service for our regulatory activities that vary in complexity. This will help ensure the fees for service more closely align with our actual effort and, therefore, costs.

### Fees-for-service methodology

225 The methodology for calculating the costs for fees-for-service activities is based on the [Cost Recovery Guidelines](#). We have broken down each of our regulatory activities into distinct outputs and the key business processes that are used to produce those outputs. We then identified the relevant costs and attributed those costs to the outputs and processes.

#### Step 1: Outputs and business process of the activity

226 Our fees-for-service activities can be broadly categorised as follows:

- (a) licensing application or variation services;
- (b) registration application and renewal services;
- (c) compliance review of documents lodged with ASIC;
- (d) requests for changes to market operating rules; and
- (e) assessing applications for relief (see Table 75).

227 A regulatory form is lodged with ASIC for each fees-for-service activity. For each of these forms we have used workflow analysis to break down the regulatory activity into distinct outputs and the key business processes. Examples of the business process involved in the assessment and processing of three applications are set out in Table 77, Table 78 and Table 79.

#### Step 2: Costing the activity

228 Once we have identified the business process for our fees-for-service activity, the relevant costs need to be identified and attributed to the business process. We attribute the costs using a weighted average hourly rate. The hourly rate is calculated for each team involved in the business process and includes indirect costs (made up of property, IT and corporate services costs), apportioned according to average FTE staff.

- 229 The weighted average hourly rate for each of our regulatory teams is calculated to ensure we comply with the Cost Recovery Guidelines and only recover efficient costs, which are defined as ‘the minimum costs necessary to provide the activity while achieving the policy outcomes and legislative functions of the Australian Government’: see paragraph 83 of the [Cost Recovery Guidelines](#).
- 230 Our teams are not structured identically, and comprise a varying mix of staff at different levels of seniority and at different salary bands within those seniority levels. Therefore, we have not set a standard hourly rate for the agency as a whole, but instead have calculated weighted average hourly rates in accordance with the specific profile of the different teams.
- 231 In some cases, more than one team contributes to a regulatory activity. When this happens, we apply different weighted average hourly rates to capture our efficient costs of the activity.

## The fee amount

- 232 The total fee amount is determined by multiplying the weighted average hourly rate by the regulatory effort (i.e. the average number of hours) required to assess and process each form.

### **Example of calculating fees for service for multiple team regulatory effort**

- 233 Table 77 sets out an example of the methodology for calculating the costs for fees for service for an application involving regulatory effort by more than one of our teams.
- 234 Our Licensing team and our Financial Reporting and Audit team are involved in the assessment of an application for registration as an authorised audit company. To determine the efficient costs associated with this application, the weighted average hourly rate for the Licensing team is multiplied by the average time spent by the Licensing team to process a registration. The same calculation is performed for the Financial Reporting and Audit team. These amounts are added together to get the total cost that is charged for the activity.
- 235 The weighted average hourly rates are calculated as fully loaded annual salary under our enterprise agreement, plus indirect costs reflecting the composition of the particular team’s FTE staff.
- 236 Table 77 also sets out our estimates for direct and indirect costs for each step in the business process. The direct and indirect costs are added together to get the total cost.

**Table 77: Example 1—Application for registration as an authorised audit company****Licensing team**

<b>Business process</b>	<b>Direct costs (A)</b>	<b>Indirect costs (B)</b>	<b>Average hours (C)</b>	<b>Weighted average hourly rate (D)</b>	<b>Total (A+B or CxD)</b>
We receive an application into our workflow systems, which includes the submission of an electronic form and supporting proof documents.	Nil	Nil	Nil	Nil	Nil
An analyst is assigned the application and will initially review it at a high level to determine if the applicant provided the required information. If the application is incomplete, it may be rejected and not accepted for lodgement.	\$158	\$99	2	\$128.44	\$257
If accepted, the analyst will review the application to determine the scope of the assessment process and whether the analyst should consult ASIC's specialist supervisory teams about the application. The analyst will review the application and supporting documentation in detail. The analyst may also requisition the applicant and need to assess further supporting information.	\$711	\$445	9	\$128.44	\$1,156
The analyst assesses whether ASIC is satisfied that the applicant is capable of performing the duties of an auditor (including meeting the auditing competency standards or having the requisite practical experience) and is a fit and proper person to be registered as an auditor. The analyst will document their assessment of the material in an assessment worksheet. This worksheet is subject to supervisor review.	\$158	\$99	2	\$128.44	\$257
If the application is to be refused, we send a detailed statement of concerns to the applicant. The applicant may contest the analyst's concerns or withdraw their application.	\$158	\$99	2	\$128.44	\$257
If the application is contested, the analyst prepares a detailed brief to be reviewed by a senior person before the matter is referred to an ASIC delegate, who will convene an administrative hearing to provide the applicant an opportunity to be heard before final determination by the ASIC delegate.					
<b>Total fee for Licensing team</b>					<b>\$1,927</b>

### Financial Reporting and Audit team

Business process	Direct costs (A)	Indirect costs (B)	Average hours (C)	Weighted average hourly rate (D)	Total (A+B or CxD)
The team provides technical advice on applications for registration of company auditors.	\$277	\$118	2.5	\$158.18	\$395
The team reviews whether the applicant has complied with the requirements of <a href="#">Regulatory Guide 180 Auditor registration (RG 180)</a> .	\$444	\$189	4	\$158.18	\$633
In certain cases, the team will obtain and review audit engagement files to ascertain the capability of the applicant to be registered.	\$332	\$142	3	\$158.18	\$474
<b>Total fee for Financial Reporting and Audit team</b>					<b>\$1,502</b>

### Total fee

Team	Total
Licensing team	\$1,927
Financial Reporting and Audit team	\$1,502
<b>Total fee</b>	<b>\$3,429</b>

Note 1: All totals are rounded to the nearest dollar.

Note 2: The weighted average hourly rate is calculated as fully loaded annual salary as per the enterprise agreement plus indirect costs for a particular team's FTE composition, divided by working hours in a year, on an 80% utilisation rate.

Note 3: The time allocated for each step in the business process is an average allowance. The actual time taken will depend on the application. For example, we have allowed two hours under the business process if the application is refused; however, this step can take up to 85 hours if the decision is contested by the applicant.

## Tiered fees for service

237 Under our fees-for-service model, the fees payable may not match our exact costs in all cases. This is particularly likely for fees-for-service activities that can vary widely in their complexity, such as a notice of changes to operating rules. In these cases, we found there was considerable variance in the actual business process for the fees-for-service activity. To address this concern, the model adopts a more granular approach to determine the fees payable based on the complexity of the application. This will ensure entities pay the appropriate fee based on the complexity of the transaction for the service we provide and allow ASIC to closely recover the actual cost.

238 We will tier these fees to reflect the regulatory effort associated with the fees-for-service activities. We have applied tiered fees based on complexity for the following regulatory activities:

- (a) AFS licence applications;
- (b) credit licence applications;
- (c) market licence applications;
- (d) notices of changes to market and CS facility operating rules; and
- (e) CS facility licence applications.

239 The Australian Government also consulted on proposals to introduce new tiered fees for applications to vary or revoke conditions imposed on CS facility licences and market licences. These amendments commenced on 1 April 2019.

240 The complexity of an AFS licence application will be determined based on the applicant type and the financial service and product authorisation the applicant is seeking. Market licence applicants will be directed to contact a member of our Market Infrastructure team when submitting an application for a preliminary assessment of the complexity of the application.

241 The criteria we will apply to determine the complexity of an application is set out in [ASIC \(Fees—Complexity Criteria\) Instrument 2018/578](#).

### Examples of calculating tiered fees for service

242 Table 78 and Table 79 set out an example of the methodology for calculating the costs for fees for service for an application involving tiered fees reflecting the different levels of complexity. The AFS licence application has been divided into two levels of complexity: low and high.

243 To determine the efficient cost of assessing an application for an AFS licence, the weighted average hourly rate for the Licensing team is multiplied by the average time spent processing and assessing the application. The level of complexity of the application determines the seniority of the staff working

on the application and the average time taken to assess the application. For example, more experienced and qualified staff will assess a highly complex application, resulting in a higher hourly rate, and the assessment will, on average, take longer to finalise.

244 Table 78 and Table 79 also set out our estimates for direct and indirect costs for each step in the business process. The direct and indirect costs are added together to get the total cost.



**Table 78: Example 2—Application for an AFS licence (retail other than an individual)—High complexity**

Business process	Direct costs (A)	Indirect costs (B)	Average hours (C)	Weighted average hourly rate (D)	Total (A+B or CxD)
<p>We receive an application into our workflow systems, which includes the submission of an electronic form and supporting proof documents.</p> <p>The greater the complexity of the application, the greater the volume of material that will be included in the initial submission. Similarly, a body corporate applicant will typically submit more documentation than an individual—like information on multiple directors and responsible managers, which includes information on their fitness and propriety.</p>	Nil	Nil	Nil	Nil	Nil
<p>A manager will identify that the applicant has requested high-complexity products and/or services and assign the application. An analyst will initially review the application to determine if the applicant provided the required information (based on the authorisations selected and the responsible managers nominated by the applicant).</p> <p>If the application is incomplete, it may be rejected and not accepted for lodgement. If it is not accepted, the analyst typically discusses the deficiencies with the applicant and how to address them, followed by written confirmation.</p>	\$601	\$376	7	\$139.57	\$977
<p>If the application is accepted, the analyst will review it to determine the scope of the assessment process. This will include more in-depth analysis of obligations or risks applicable to higher complexity applicants, such as:</p> <ul style="list-style-type: none"> <li>• additional financial resources or insurance coverage;</li> <li>• client money and scheme property handling procedures; and</li> <li>• dealing (as principal) in derivatives or in other products on behalf of clients on a discretionary basis.</li> </ul> <p>This process is more likely to involve the analyst consulting with their supervisor or one of ASIC’s specialist supervisory teams on the application. The analyst will review the application and supporting documentation in detail to confirm that the applicant meets the licensing criteria. The analyst will likely requisition the applicant and need to assess further supporting information. This usually involves both phone and written correspondence.</p>	\$2,833	\$1,773	33	\$139.57	\$4,606

<b>Business process</b>	<b>Direct costs (A)</b>	<b>Indirect costs (B)</b>	<b>Average hours (C)</b>	<b>Weighted average hourly rate (D)</b>	<b>Total (A+B or CxD)</b>
<p>The analyst assesses whether the applicant can comply with its obligations as a licensee (including the competence of the nominated responsible managers), which are more extensive than for applicants seeking low-complexity authorisations.</p> <p>The analyst will document their assessment of the material in an assessment worksheet, which is subject to supervisor review. The analyst will consider feedback from the supervisor on their assessment. The analyst will undertake final intelligence checks before confirming their approval decision to the applicant in writing, and issuing a licence certificate to the applicant.</p>	\$601	\$376	7	\$139.57	\$977
<p>If the application is to be refused, the analyst prepares a detailed brief to be reviewed by a senior person before the matter is referred to an ASIC delegate, who will convene an administrative hearing to provide the applicant an opportunity to be heard before final determination by the ASIC delegate.</p>	\$601	\$376	7	\$139.57	\$977
<b>Total fee</b>					<b>\$7,537</b>

**Table 79: Example 3—Application for an AFS licence (retail other than an individual)—Low complexity**

<b>Business process</b>	<b>Direct costs (A)</b>	<b>Indirect costs (B)</b>	<b>Average hours (C)</b>	<b>Weighted average hourly rates (D)</b>	<b>Total (A+B or CxD)</b>
<p>We receive an application into our workflow systems, which includes the submission of an electronic form and supporting proof documents.</p> <p>The lower the complexity of the application, the lower the volume of material that will be included in the initial submission.</p>	Nil	Nil	Nil	Nil	Nil

<b>Business process</b>	<b>Direct costs (A)</b>	<b>Indirect costs (B)</b>	<b>Average hours (C)</b>	<b>Weighted average hourly rates (D)</b>	<b>Total (A+B or CxD)</b>
A manager will identify that the applicant has requested low complexity products and/or services and assign the application. An analyst will initially review the application to determine if the applicant provided the required information (based on the authorisations selected and the responsible managers nominated by the applicant). If the application is incomplete, it may be rejected and not accepted for lodgement. If not accepted the analyst typically discusses the deficiencies with the applicant and how to address them, followed by written confirmation.	\$305	\$191	4	\$124.04	\$496
If the application is accepted, the analyst will review it to determine the scope of the assessment process. This process may involve the analyst consulting with their supervisor or one of ASIC's specialist supervisory teams in relation to the application.  The analyst will review the application and supporting documentation in detail to confirm that the applicant meets the licensing criteria. The analyst may requisition the applicant and need to assess further supporting information. This usually involves both phone and written correspondence.	\$1,373	\$860	18	\$124.04	\$2,233
The analyst assesses whether the applicant is capable of complying with its obligations as a licensee (including the competence of the nominated responsible managers).  The analyst will document their assessment of the material in an assessment worksheet. This worksheet is subject to supervisor review. The analyst will consider feedback from the supervisor on their assessment. The analyst will undertake final intelligence checks before confirming their approval decision to the applicant in writing, and issuing a licence certificate to the applicant.	\$305	\$191	4	\$124.04	\$496
If the application is to be refused, the analyst prepares a detailed brief to be reviewed by a senior person before the matter is referred to an ASIC delegate who will convene an administrative hearing to provide the applicant an opportunity to be heard before final determination by the ASIC delegate.	\$305	\$191	4	\$124.04	\$496
<b>Total fee</b>					<b>\$3,721</b>

## Cost breakdown of our regulatory activities

245 Table 80 sets out the cost breakdown estimates for direct costs, indirect costs and capital costs for each of our regulatory activities where costs will be recovered through fees for service. These estimates are based on the average volume of applications received over the previous three years.

**Table 80: Cost breakdown estimates for our regulatory activities**

<b>Fees-for-service activities</b>	<b>Direct costs</b>	<b>Indirect costs</b>	<b>Capital costs</b>	<b>Total costs</b>
Licence applications or variations	\$3.767m	\$1.892m	Not applicable	\$5.659m
Registration application services	\$0.879m	\$0.412m	Not applicable	\$1.291m
Compliance review of documents	\$3.696m	\$1.688m	Not applicable	\$5.384m
Requests for changes to market operating rules	\$0.197m	\$0.082m	Not applicable	\$0.280m
Assessment of applications for relief	\$2.637m	\$1.635m	Not applicable	\$4.272m
<b>Total costs to be recovered</b>	<b>\$11.176m</b>	<b>\$5.710m</b>	<b>Not applicable</b>	<b>\$16.886m</b>

## N Risk assessment for fees for service

### Key points

The potential risks of the fees-for-service model include:

- the perception that the model lacks transparency about the basis of the fees;
- the fees for service may not match our actual regulatory costs;
- uncertainty about the classification of tiered fees; and
- the tiered fees could result in some entities being subject to a large increase in fees if they fall within the complex category.

Risks can be appropriately mitigated and managed by increasing the level of consultation and communication with stakeholders to ensure maximum transparency and understanding.

- 246 We have assessed the fees-for-service model as medium risk under the [Australian Government Regulatory Charging Risk Assessment](#) (PDF 196 KB). Charging a fee for the lodgement of forms with ASIC is not new. There is a change, however, in the complexity and materiality of those fees. Overall the setting of the fees for service and the subsequent collection is moderately complex.
- 247 The potential risks arising from the model and how we will mitigate those risks, are set out in Table 81.

**Table 81: Mitigation of risks arising from the introduction of fees for service**

Risk	Mitigation
The perception that the model lacks transparency about the basis of the fees	<p>Information about fees for service and the methodology for calculating the fees is included in this CRIS and will be published in future versions of the CRIS.</p> <p>In addition, we will consult on our fees every three years. Determining the fees every three years will provide certainty for regulated entities and provide an incentive for ASIC to ensure that we are delivering our services at an efficient cost. Consultation may need to occur earlier if there is an unforeseen change to the work required to provide a particular fee for service activity or if there appears to be a material variation between the actual costs of undertaking the activities and the fees charged. We will report on our actual costs in the financial performance section of this CRIS: see Section P.</p>

Risk	Mitigation
<p>The fees for service may not match our regulatory costs</p>	<p>Under our fees-for-service model, the fees payable may not match our exact costs in all cases because of the <i>ex-ante</i> nature of the model—that is, the fees are based on forecast costs and historical workflow analysis, rather than the actual cost of providing the service. This is particularly likely for fees-for-service activities that can vary widely in their complexity, such as a notice of changes to operating rules. We will tier these fees based on the complexity of the application to more accurately reflect our regulatory costs.</p> <p>We will review the fees to ensure they are aligned with regulatory costs.</p>
<p>Uncertainty about the classification of tiered fees</p>	<p>We made <a href="#">ASIC (Fees—Complexity Criteria) Instrument 2018/578</a>, which specifies the criteria for whether certain applications and notices are of low, medium or high complexity for the purposes of fees for service. The instrument enables applicants to understand which ‘category’ they fall under, and therefore which fee they will be expected to pay.</p> <p>Applicants for a market licence will also be directed to contact a member of our Market Infrastructure team for a preliminary assessment of complexity.</p>
<p>The tiered fees could result in some entities being subject to a large increase in fees if they fall within the complex category</p>	<p>The <a href="#">Australian Government Charging Framework</a> includes a Charging Policy Statement that underpins all Australian Government charging. It provides that ‘where specific demand for a government activity is created by identifiable individuals or groups they should be charged for it unless the Government has decided to fund that activity’: see <a href="#">Australian Government Charging Framework: Resource Management Guide No. 302</a>.</p> <p>The tiered fees are designed to comply with this principle. We can apply tiered fees to reflect our regulatory effort where there is considerable variance in the actual process or assessment. This will ensure:</p> <ul style="list-style-type: none"> <li>• entities pay the appropriate fee, based on the complexity of the transaction for the service we provide; and</li> <li>• we can closely recover our true cost.</li> </ul>

## **PART 3**      **CRIS engagement and evaluation**

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Part 3 of this CRIS sets out:

- (a) the stakeholder engagement undertaken for this CRIS and the industry funding and fees-for-service models (see Section O);
- (b) how we measure our financial and non-financial performance (see Section P)
- (c) the key events and estimated dates (see Section Q); and
- (d) the CRIS approval and change register (see Section R).

## O Stakeholder engagement

### Key points

This section outlines the following:

- our stakeholder engagement on this CRIS; and
- the Australian Government’s earlier consultation on industry funding levies and fees for service.

We will update this section with a summary of the feedback received on this draft CRIS and our responses.

### Stakeholder consultation on industry funding levies

249 This CRIS has been published for consultation. Submissions can be made to [policy.submissions@asic.gov.au](mailto:policy.submissions@asic.gov.au) by 28 June 2022. We will take into account stakeholder feedback in preparing the final CRIS.

250 The Australian Government has previously undertaken extensive consultation to develop and refine the industry funding model. Treasury consulted on the development of the industry funding model in August 2015 and again in November 2016. Exposure draft legislation was released for public consultation in 2017. Treasury also conducted roundtable meetings with various stakeholder groups.

251 The Australian Government also conducted public consultation on the Cost Recovery Levy Regulations in May 2017, and again on amendments to the regulations in April 2018. In January 2019, the Government consulted on further amendments to the Cost Recovery Levy Regulations, including the introduction of a new subsector for entities subject to close and continuous monitoring for a period of two years: see the [exposure draft of the \*Treasury Laws Amendment \(ASIC Cost Recovery and Fees\) Regulations 2019\*](#).

### Stakeholder consultation on the fees-for-service model

252 The Australian Government also led the consultation with industry to refine and settle the fees-for-service model.

253 In August 2015, the Government released the consultation paper, [Proposed industry funding model for the Australian Securities and Investments Commission](#). Treasury also held a number of stakeholder meetings and roundtables to refine aspects of the model. To address feedback received, the implementation of the fees-for-service proposal was delayed to allow time to refine the model by gathering further data to support the pricing of fees.



- 254 In November 2017, the Australian Government released the consultation paper, [\*Introduction of Australian Securities and Investments Commission’s fees-for-service under the industry funding model\*](#). The consultation paper contained a revised model for fees for service, reflecting feedback from the previous consultation, including:
- (a) the introduction of a tiered fee system for many activities, so that the amount of the fee more accurately reflects the complexity of the activity; and
  - (b) the removal of fees for novel relief applications, recognising the industry-wide benefits that often result from these activities.
- 255 In April 2018, the Australian Government consulted on the [\*exposure draft legislation to implement fees for service\*](#). On 22 January 2019, the Government released the [\*exposure draft of the Treasury Laws Amendment \(ASIC Cost Recovery and Fees\) Regulations 2019\*](#) for consultation.

## P Financial and non-financial performance

### Key points

This section sets out the variance between actual costs incurred in 2020–21 and our estimates in the [Cost Recovery Implementation Statement: ASIC industry funding model \(2020–21\)](#) (2020–21 CRIS). We explain any material variance by subsector.

We measure how well ASIC is performing by evaluating the outcomes we achieve against a number of benchmarks, which include qualitative and quantitative measures of our performance.

We publish a number of reports to provide greater transparency and understanding of our regulatory and fees-for-service activities.

## Financial estimates

### Industry funding levies

256 In 2021–22, \$332.2 million of costs relating to our regulatory activities are expected to be recovered through levies on industry: see Table 82.

**Table 82: Actual and estimated expenses, revenue, balances and cumulative balances**

Figure type	Actual figure for 2020-21	Estimates for 2021–22	Estimates for 2022–23	Estimates for 2023–24
Expenses	\$348.3m	\$367.7m	\$359.9m	\$361.8m
Revenue	\$313.5m	\$332.3m	\$359.9m	\$361.8m
Balance (revenue minus expenses)	(\$34.8m)	(\$35.4m)	Nil	Nil
Cumulative balance	(\$0.6m)	\$0.0m	Nil	Nil

Note: The financial adviser levy relief (see paragraph 7) resulted in an under recovery of \$34.2 million in financial year 2020–21. The \$0.6 million balance carried forward from 2020–21 to 2021–22 represents 2020–21 costs that were not recovered from deregistered companies. This amount is carried forward in accordance with s10(6)(b) of the Cost Recovery Levy Act.

### Variance analysis by industry sector

257 Table 83 sets out the actual expenses we incurred in 2020–21 for each sector and subsector and the variance between our estimates in the 2020–21 CRIS and actual expenses.

258 We continually refine our strategic planning and budgeting processes. This refinement ensures that we work efficiently and accurately to identify threats and harms in our regulated environment, and prioritise the work we need to

do to address those threats and harms. This enables us to allocate our resources—including staff and budget—in a strategic way and to minimise the risk of significant deviation from budget.

259 However, we cannot predict all changes in our operating environment and in the conduct of the regulated population, and we maintain flexibility in our resourcing to adapt to developments. This is likely to result in some variance between our estimated costs and our actual costs over the year. For instance, in the context of enforcement, we may necessarily have to shift or strengthen our focus in certain areas during the year and we have mechanisms, including the ESA, to adapt to those changes.

260 A key contributing factor to the variance in 2020–21 has been the variance in enforcement costs. In the 2020–21 Budget, ASIC received additional funding to meet the level of regulatory activity expected by the community and the Australian Government in response to conduct within the financial services industry. Following the Financial Services Royal Commission, we have used our increased resources to:

- (a) build our enforcement capability;
- (b) deal with a greater range of matters falling within our priority areas; and
- (c) accelerate enforcement outcomes.

261 The nature of enforcement matters often evolve as they progress through investigation and litigation. This also contributes to the variance between our estimated and actual costs. For example, enforcement costs may be higher than expected as the need for staff and external services increases, or lower than expected as a matter reaches a close.

262 Where there has been a material variance between the actual costs and the original estimate for 2020–21, we have provided a breakdown of the regulatory activities for the subsector: see Table 84–Table 95.

**Table 83: Variance between estimated and actual regulatory costs recoverable through levies in 2020–21, by industry sector and subsector**

**All industry sectors**

Sector	Actual cost	Estimated cost	Variance
Corporate sector	\$83.900m	\$84.427m	(\$0.527m)
Deposit taking and credit sector	\$59.314m	\$47.032m	\$12.282m
Investment management, superannuation and related services sector	\$59.127m	\$65.217m	(\$6.091m)
Market infrastructure and intermediaries sector	\$57.392m	\$60.804m	(\$3.412m)

Sector	Actual cost	Estimated cost	Variance
Financial advice sector	\$26.636m	\$76.129m	(\$49.493m)
Insurance sector	\$27.724m	\$26.014m	\$1.710m
<b>Total regulatory costs recovered through levies</b>	<b>\$314.092m</b>	<b>\$359.623m</b>	<b>(\$45.531m)</b>

**Corporate sector**

Subsector	Actual cost	Estimated cost	Variance
Listed corporations	\$58.247m	\$54.701m	\$3.546m
Unlisted public companies	\$2.973m	\$6.183m	(\$3.210m)
Large proprietary companies	\$7.925m	\$4.806m	\$3.119m
Auditors of disclosing entities	\$7.823m	\$7.077m	\$0.746m
Registered company auditors	\$1.807m	\$4.107m	(\$2.301m)
Registered liquidators	\$5.125m	\$7.552m	(\$2.427m)
<b>Total regulatory costs recovered through levies</b>	<b>\$83.900m</b>	<b>\$84.427m</b>	<b>(\$0.527m)</b>

Note: The figures in this table do not include the cost of regulating small proprietary companies.

**Deposit taking and credit sector**

Subsector	Actual cost	Estimated cost	Variance
Credit providers	\$33.057m	\$29.567m	\$3.491m
Small and medium amount credit providers	\$4.897m	\$2.220m	\$2.677m
Credit intermediaries	\$11.362m	\$8.153m	\$3.209m
Deposit product providers	\$7.521m	\$4.489m	\$3.032m
Payment product providers	\$2.406m	\$2.492m	(\$0.086m)
Margin lenders	\$0.070m	\$0.111m	(\$0.041m)
<b>Total regulatory costs recovered through levies</b>	<b>\$59.314m</b>	<b>\$47.032m</b>	<b>\$12.282m</b>

**Investment management, superannuation and related services sector**

Subsector	Actual cost	Estimated cost	Variance
Superannuation trustees	\$26.948m	\$29.213m	(\$2.265m)
Responsible entities	\$25.204m	\$28.944m	(\$3.740m)
Wholesale trustees	\$3.008m	\$3.402m	(\$0.393m)

Subsector	Actual cost	Estimated cost	Variance
Custodians	\$0.311m	\$0.787m	(\$0.476m)
IDPS operators	\$0.953m	\$0.934m	\$0.019m
MDA providers	\$2.418m	\$1.623m	\$0.795m
Traditional trustee company service providers	\$0.278m	\$0.314m	(\$0.036m)
Operators of notified foreign passport funds	\$0.007m	\$0.000m	\$0.007m
<b>Total regulatory costs recovered through levies</b>	<b>\$59.127m</b>	<b>\$65.217m</b>	<b>(\$6.091m)</b>

### Market infrastructure and intermediaries sector

Subsector	Actual cost	Estimated cost	Variance
Large securities exchange operators	\$4.601m	\$3.511m	\$1.090m
Large futures exchange operators	\$1.427m	\$1.386m	\$0.041m
Small futures exchange operators	\$0.640m	\$0.539m	\$0.100m
Small securities exchange operators with self-listing function only	\$0.001m	\$0.002m	(\$0.001m)
Small securities exchange operators	\$0.570m	\$0.430m	\$0.140m
New specialised market operators	\$0.004m	\$0.008m	(\$0.004m)
Established specialised market operators	\$0.685m	\$0.551m	\$0.134m
Overseas market operators	\$0.441m	\$0.231m	\$0.209m
Exempt CS facility operators	\$0.004m	\$0.005m	(\$0.001m)
Tier 1 CS facility operators	\$1.600m	\$1.791m	(\$0.192m)
Tier 2 CS facility operators	\$0.171m	\$0.201m	(\$0.029m)
Tier 3 CS facility operators	\$0.026m	\$0.091m	(\$0.064m)
Tier 4 CS facility operators	\$0.001m	\$0.007m	(\$0.006m)
Australian derivative trade repository operators	\$0.127m	\$0.371m	(\$0.244m)
Exempt market operators	\$0.068m	\$0.034m	\$0.035m
Credit rating agencies	\$0.056m	\$0.224m	(\$0.168m)
Large securities exchange participants	\$19.942m	\$18.996m	\$0.946m
Large futures exchange participants	\$3.624m	\$6.382m	(\$2.758m)

Subsector	Actual cost	Estimated cost	Variance
Securities dealers	\$1.945m	\$1.368m	\$0.576m
Corporate advisers	\$1.665m	\$2.527m	(\$0.862m)
OTC traders	\$8.725m	\$10.497m	(\$1.771m)
Retail OTC derivatives issuers	\$10.559m	\$11.164m	(\$0.606m)
Benchmark administrator licensees	\$0.424m	\$0.397m	\$0.027m
Wholesale electricity dealers	\$0.087m	\$0.091m	(\$0.005m)
<b>Total regulatory costs recovered through levies</b>	<b>\$57.392m</b>	<b>\$60.804m</b>	<b>(\$3.412m)</b>

### Financial advice sector

Subsector	Actual cost	Estimated cost	Variance
Licensees that provide personal advice to retail clients on relevant financial products	\$25.759m	\$71.354m	(\$45.595m)
Licensees that provide personal advice to retail clients on products that are not relevant financial products	\$0.190m	\$1.761m	(\$1.571m)
Licensees that provide general advice only	\$0.603m	\$2.971m	(\$2.368m)
Licensees that provide personal advice to wholesale clients only	\$0.085m	\$0.043m	\$0.041m
<b>Total regulatory costs recovered through levies</b>	<b>\$26.636m</b>	<b>\$76.129m</b>	<b>(\$49.493m)</b>

Note: The variance for licensees that provide personal advice to retail clients on relevant financial products is the result of the financial adviser levy relief—see paragraph 7.

### Insurance sector

Subsector	Actual cost	Estimated cost	Variance
Insurance product providers	\$24.595m	\$21.114m	\$3.480m
Insurance product distributors	\$3.011m	\$4.616m	(\$1.605m)
Risk management product providers	\$0.119m	\$0.284m	(\$0.165m)
<b>Total regulatory costs recovered through levies</b>	<b>\$27.724m</b>	<b>\$26.014m</b>	<b>\$1.710m</b>

### Analysis by regulatory activity for material variances

263

A variance is considered material if the difference between the total actual costs and the estimated costs for the subsector are greater than 10% of the estimated costs and greater than \$2 million in total.

*Small and medium amount credit providers*

- 264 Table 84 breaks down the difference between actual and estimated costs for each of our regulatory activities for the small and medium amount credit providers subsector in 2020–21.
- 265 The actual costs for the subsector exceeded our estimated costs by \$2.7 million (121%). The main driver for the variance was that enforcement costs were higher than estimated as a result of increased investigation and court action costs relevant to this subsector. Furthermore, increased intensity in our other regulatory work in this subsector also contributed to the variance, including increased surveillance work.
- 266 As a result of the variance in direct costs, the various indirect costs allocated to the subsector were also higher than our estimated costs.

**Table 84: Analysis for subsectors with a material variance—Small and medium amount credit providers (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$0.590m	\$0.369m	\$0.220m
Enforcement	\$1.940m	\$0.641m	\$1.300m
Other regulatory activities			
<i>Industry engagement</i>	<i>\$0.115m</i>	<i>\$0.058m</i>	<i>\$0.057m</i>
<i>Education</i>	<i>\$0.008m</i>	<i>\$0.016m</i>	<i>(\$0.007m)</i>
<i>Guidance</i>	<i>\$0.044m</i>	<i>\$0.026m</i>	<i>\$0.018m</i>
<i>Policy advice</i>	<i>\$0.077m</i>	<i>\$0.053m</i>	<i>\$0.024m</i>
Indirect costs			
<i>Governance, central strategy and legal</i>	<i>\$0.599m</i>	<i>\$0.259m</i>	<i>\$0.340m</i>
<i>IT support</i>	<i>\$0.553m</i>	<i>\$0.206m</i>	<i>\$0.347m</i>
<i>Operations support</i>	<i>\$0.423m</i>	<i>\$0.162m</i>	<i>\$0.262m</i>
<i>Property and corporate services</i>	<i>\$0.656m</i>	<i>\$0.310m</i>	<i>\$0.346m</i>
<b>Total operating expenditure</b>	<b>\$5.006m</b>	<b>\$2.099m</b>	<b>\$2.907m</b>
Allowance for capital expenditure	\$0.288m	\$0.120m	\$0.167m
Less costs funded by own-source revenue	(\$0.001m)	\$0.000m	(\$0.001m)
Adjustment for prior year (under or over recovery)	(\$0.395m)	\$0.001m	(\$0.395m)
<b>Total costs to be recovered by levy</b>	<b>\$4.897m</b>	<b>\$2.220m</b>	<b>\$2.677m</b>

*Deposit product providers*

- 267 Table 85 breaks down the difference between actual and estimated costs for each of our regulatory activities for the deposit product providers subsector.
- 268 The actual costs for the subsector exceeded our estimated costs by \$3.0 million (68%). The main driver for the variance was that enforcement costs were higher than estimated as a result of an increased volume of enforcement action relevant to this subsector.

**Table 85: Analysis for subsectors with a material variance—Deposit product providers (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$2.051m	\$2.061m	(\$0.010m)
Enforcement	\$3.195m	\$1.223m	\$1.972m
Other regulatory activities			
<i>Industry engagement</i>	<i>\$0.119m</i>	<i>\$0.097m</i>	<i>\$0.022m</i>
<i>Education</i>	<i>\$0.009m</i>	<i>\$0.022m</i>	<i>(\$0.013m)</i>
<i>Guidance</i>	<i>\$0.050m</i>	<i>\$0.050m</i>	<i>(\$0.000m)</i>
<i>Policy advice</i>	<i>\$0.172m</i>	<i>\$0.178m</i>	<i>(\$0.006m)</i>
Indirect costs			
<i>Governance, central strategy and legal</i>	<i>\$0.635m</i>	<i>\$0.302m</i>	<i>\$0.333m</i>
<i>IT support</i>	<i>\$0.630m</i>	<i>\$0.272m</i>	<i>\$0.357m</i>
<i>Operations support</i>	<i>\$0.567m</i>	<i>\$0.309m</i>	<i>\$0.258m</i>
<i>Property and corporate services</i>	<i>\$0.922m</i>	<i>\$0.619m</i>	<i>\$0.303m</i>
<b>Total operating expenditure</b>	<b>\$8.351m</b>	<b>\$5.134m</b>	<b>\$3.217m</b>
Allowance for capital expenditure	\$0.533m	\$0.345m	\$0.188m
Less costs funded by own-source revenue	(\$1.371m)	(\$1.000m)	(\$0.371m)
Adjustment for prior year (under or over recovery)	\$0.008m	\$0.010m	(\$0.002m)
<b>Total costs to be recovered by levy</b>	<b>\$7.521m</b>	<b>\$4.489m</b>	<b>\$3.032m</b>



*Large proprietary companies*

- 269 Table 86 breaks down the difference between actual and estimated costs for each of our regulatory activities for the large proprietary companies subsector.
- 270 The actual costs for this subsector exceeded our estimated costs by \$3.1 million (65%). The main driver for the variance was that enforcement costs were higher than estimated as a result of increased investigation and court action costs for a number of major enforcement actions relevant to this subsector.
- 271 As a result of the variance in direct costs, the various indirect costs allocated to the subsector were also higher than our estimated costs.

**Table 86: Analysis for subsectors with a material variance—Large proprietary companies (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$0.187m	\$0.118m	\$0.069m
Enforcement	\$4.223m	\$2.384m	\$1.838m
Other regulatory activities			
<i>Industry engagement</i>	\$0.032m	(\$0.001m)	\$0.033m
<i>Education</i>	\$0.005m	\$0.012m	(\$0.007m)
<i>Guidance</i>	\$0.017m	\$0.002m	\$0.015m
<i>Policy advice</i>	\$0.063m	\$0.039m	\$0.024m
Indirect costs			
<i>Governance, central strategy and legal</i>	\$0.799m	\$0.508m	\$0.291m
<i>IT support</i>	\$0.768m	\$0.439m	\$0.329m
<i>Operations support</i>	\$0.497m	\$0.293m	\$0.203m
<i>Property and corporate services</i>	\$0.944m	\$0.680m	\$0.264m
<b>Total operating expenditure</b>	<b>\$7.535m</b>	<b>\$4.475m</b>	<b>\$3.059m</b>
Allowance for capital expenditure	\$0.439m	\$0.245m	\$0.194m
Less costs funded by own-source revenue	(\$0.069m)	(\$0.068m)	(\$0.002m)
Adjustment for prior year (under or over recovery)	\$0.021m	\$0.154m	(\$0.133m)
<b>Total costs to be recovered by levy</b>	<b>\$7.925m</b>	<b>\$4.806m</b>	<b>\$3.119m</b>

*Credit intermediaries*

- 272 Table 87 breaks down the difference between actual and estimated costs for each of our regulatory activities for the credit intermediaries subsector in 2020-21.
- 273 The actual costs for this subsector exceeded our estimated costs by \$3.2 million (39%). The main driver for the variance was that enforcement costs were higher than estimated, due to an increased volume of enforcement action relevant to this subsector.
- 274 As a result of the variance in direct costs, the various indirect costs allocated to the subsector were also higher than our estimated costs.

**Table 87: Analysis for subsectors with a material variance—Credit intermediaries (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$1.204m	\$1.267m	(\$0.063m)
Enforcement	\$4.402m	\$2.312m	\$2.091m
Other regulatory activities			
<i>Industry engagement</i>	\$0.222m	\$0.191m	\$0.031m
<i>Education</i>	\$0.017m	\$0.082m	(\$0.065m)
<i>Guidance</i>	\$0.085m	\$0.085m	\$0.000m
<i>Policy advice</i>	\$0.148m	\$0.184m	(\$0.036m)
Indirect costs			
<i>Governance, central strategy and legal</i>	\$1.225m	\$0.833m	\$0.392m
<i>IT support</i>	\$1.137m	\$0.667m	\$0.470m
<i>Operations support</i>	\$0.866m	\$0.527m	\$0.339m
<i>Property and corporate services</i>	\$1.355m	\$1.011m	\$0.344m
<b>Total operating expenditure</b>	<b>\$10.661m</b>	<b>\$7.159m</b>	<b>\$3.502m</b>
Allowance for capital expenditure	\$0.611m	\$0.409m	\$0.201m
Less costs funded by own-source revenue	(\$0.008m)	\$0.000m	(\$0.008m)
Adjustment for prior year (under or over recovery)	\$0.099m	\$0.585m	(\$0.486m)
<b>Total costs to be recovered by levy</b>	<b>\$11.362m</b>	<b>\$8.153m</b>	<b>\$3.209m</b>

*Insurance product providers*

- 275 Table 88 breaks down the difference between actual and estimated costs for each of our regulatory activities for the insurance product providers subsector.

- 276 The actual costs for the subsector exceeded our estimated costs by \$3.5 million (17%). The main driver for the variance was that enforcement costs were higher than estimated due to an increased volume of enforcement action relevant to this subsector.
- 277 As a result of the variance in direct costs, the various indirect costs allocated to the subsector were also higher than our estimated costs.

**Table 88: Analysis for subsectors with a material variance—Insurance product providers (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$3.585m	\$3.514m	\$0.071m
Enforcement	\$5.847m	\$1.710m	\$4.137m
Other regulatory activities			
<i>Industry engagement</i>	\$0.959m	\$1.060m	(\$0.101m)
<i>Education</i>	\$2.956m	\$4.644m	(\$1.688m)
<i>Guidance</i>	\$0.676m	\$0.190m	\$0.486m
<i>Policy advice</i>	\$1.635m	\$2.182m	(\$0.548m)
Indirect costs			
<i>Governance, central strategy and legal</i>	\$2.138m	\$1.864m	\$0.274m
<i>IT support</i>	\$1.939m	\$1.428m	\$0.511m
<i>Operations support</i>	\$1.606m	\$1.055m	\$0.551m
<i>Property and corporate services</i>	\$2.525m	\$2.488m	\$0.037m
<b>Total operating expenditure</b>	<b>\$23.865m</b>	<b>\$20.135m</b>	<b>\$3.730m</b>
Allowance for capital expenditure	\$1.314m	\$1.044m	\$0.270m
Less costs funded by own-source revenue	(\$0.582m)	(\$0.092m)	(\$0.490m)
Adjustment for prior year (under or over recovery)	(\$0.002m)	\$0.027m	(\$0.029m)
<b>Total costs to be recovered by levy</b>	<b>\$24.595m</b>	<b>\$21.114m</b>	<b>\$3.480m</b>

*Credit providers*

- 278 Table 89 breaks down the difference between actual and estimated costs for each of our regulatory activities for the credit provider subsector in 2020–21.
- 279 The actual costs for this subsector exceeded our estimated costs by \$3.5 million (12%). The main driver for the variance was that enforcement costs were higher than estimated as a result of increased investigation and court action costs, as well as an increased volume of enforcement action, relevant to this subsector.

280 As a result of the variance in direct costs, the various indirect costs allocated to the subsector were also higher than our estimated costs.

**Table 89: Analysis for subsectors with a material variance—Credit providers (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$7.142m	\$6.914m	\$0.229m
Enforcement	\$9.975m	\$7.475m	\$2.501m
Other regulatory activities			
<i>Industry engagement</i>	\$1.122m	\$0.868m	\$0.254m
<i>Education</i>	\$0.070m	\$0.315m	(\$0.244m)
<i>Guidance</i>	\$0.431m	\$0.392m	\$0.039m
<i>Policy advice</i>	\$0.759m	\$0.831m	(\$0.072m)
Indirect costs			
<i>Governance, central strategy and legal</i>	\$3.213m	\$2.898m	\$0.315m
<i>IT support</i>	\$3.009m	\$2.349m	\$0.660m
<i>Operations support</i>	\$2.681m	\$2.006m	\$0.676m
<i>Property and corporate services</i>	\$3.595m	\$3.648m	(\$0.053m)
<b>Total operating expenditure</b>	<b>\$31.998m</b>	<b>\$27.695m</b>	<b>\$4.303m</b>
Allowance for capital expenditure	\$1.883m	\$1.642m	\$0.240m
Less costs funded by own-source revenue	(\$1.103m)	\$0.000m	(\$1.103m)
Adjustment for prior year (under or over recovery)	\$0.280m	\$0.229m	\$0.051m
<b>Total costs to be recovered by levy</b>	<b>\$33.057m</b>	<b>\$29.567m</b>	<b>\$3.491m</b>

*Responsible entities*

281 Table 90 breaks down the difference between actual and estimated costs for each of our regulatory activities for the responsible entities subsector in 2020–21.

282 The actual costs for the subsector were lower than our estimated costs by \$3.7 million (13%). The main contributor to the variance was enforcement costs being lower than estimated. This was largely due to certain matters reaching their closing stages, and lower investigation and court action costs for new and continuing enforcement matters relevant to this subsector.

**Table 90: Analysis for subsectors with a material variance—Responsible entities (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$3.432m	\$1.700m	\$1.732m

Expense	Actual cost	Estimated cost	Variance
Enforcement	\$6.660m	\$10.779m	(\$4.120m)
Other regulatory activities			
<i>Industry engagement</i>	\$0.865m	\$0.342m	\$0.523m
<i>Education</i>	\$1.295m	\$2.289m	(\$0.995m)
<i>Guidance</i>	\$1.769m	\$0.885m	\$0.883m
<i>Policy advice</i>	\$0.904m	\$0.760m	\$0.144m
Indirect costs			
<i>Governance, central strategy and legal</i>	\$2.450m	\$2.916m	(\$0.466m)
<i>IT support</i>	\$2.105m	\$2.189m	(\$0.084m)
<i>Operations support</i>	\$1.927m	\$1.720m	\$0.207m
<i>Property and corporate services</i>	\$2.610m	\$3.556m	(\$0.946m)
<b>Total operating expenditure</b>	<b>\$24.017m</b>	<b>\$27.138m</b>	<b>(\$3.121m)</b>
Allowance for capital expenditure	\$1.431m	\$1.569m	(\$0.138m)
Less costs funded by own-source revenue	(\$0.356m)	\$0.000m	(\$0.356m)
Adjustment for prior year (under or over recovery)	\$0.112m	\$0.237m	(\$0.125m)
<b>Total costs to be recovered by levy</b>	<b>\$25.204m</b>	<b>\$28.944m</b>	<b>(\$3.740m)</b>

#### *Registered liquidators*

- 283 Table 91 breaks down the difference between actual and estimated costs for each of our regulatory activities for the registered liquidators subsector in 2020–21.
- 284 The actual costs for the subsector were lower than our estimated costs by \$2.4 million (32%). This was mainly due to lower than estimated enforcement costs as certain matters reached their closing stages.

**Table 91: Analysis for subsectors with a material variance—Registered liquidators (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$1.536m	\$1.570m	(\$0.034m)
Enforcement	\$0.821m	\$1.812m	(\$0.991m)

Expense	Actual cost	Estimated cost	Variance
Other regulatory activities			
<i>Industry engagement</i>	\$0.227m	\$0.207m	\$0.020m
<i>Education</i>	\$0.042m	\$0.108m	(\$0.065m)
<i>Guidance</i>	\$0.043m	\$0.032m	\$0.011m
<i>Policy advice</i>	\$0.080m	\$0.079m	\$0.001m
Indirect costs			
<i>Governance, central strategy and legal</i>	\$0.674m	\$1.056m	(\$0.382m)
<i>IT support</i>	\$0.502m	\$0.705m	(\$0.203m)
<i>Operations support</i>	\$0.339m	\$0.495m	(\$0.157m)
<i>Property and corporate services</i>	\$0.555m	\$1.032m	(\$0.476m)
<b>Total operating expenditure</b>	<b>\$4.820m</b>	<b>\$7.096m</b>	<b>(\$2.276m)</b>
Allowance for capital expenditure	\$0.340m	\$0.444m	(\$0.105m)
Less costs funded by own-source revenue	(\$0.035m)	(\$0.034m)	(\$0.000m)
Adjustment for prior year (under or over recovery)	\$0.000m	\$0.046m	(\$0.046m)
<b>Total costs to be recovered by levy</b>	<b>\$5.125m</b>	<b>\$7.552m</b>	<b>(\$2.427m)</b>

#### *Large futures exchange participants*

- 285 Table 92 breaks down the difference between actual and estimated costs for each of our regulatory activities for the large futures exchange participants subsector in 2020–21.
- 286 The actual costs for the subsector were lower than our estimated costs by \$2.8 million (43%). This was largely due to lower than estimated enforcement costs as certain matters reached their closing stages.

**Table 92: Analysis for subsectors with a material variance—Large futures exchange participants (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$0.866m	\$0.868m	(\$0.002m)
Enforcement	\$1.081m	\$2.517m	(\$1.436m)
Other regulatory activities			
<i>Industry engagement</i>	\$0.220m	\$0.238m	(\$0.017m)
<i>Education</i>	\$0.002m	\$0.007m	(\$0.005m)
<i>Guidance</i>	\$0.108m	\$0.093m	\$0.015m
<i>Policy advice</i>	\$0.024m	\$0.039m	(\$0.014m)

Expense	Actual cost	Estimated cost	Variance
Indirect costs			
<i>Governance, central strategy and legal</i>	\$0.326m	\$0.646m	(\$0.320m)
<i>IT support</i>	\$0.285m	\$0.505m	(\$0.220m)
<i>Operations support</i>	\$0.204m	\$0.362m	(\$0.158m)
<i>Property and corporate services</i>	\$0.339m	\$0.776m	(\$0.438m)
<b>Total operating expenditure</b>	<b>\$3.455m</b>	<b>\$6.051m</b>	<b>(\$2.596m)</b>
Allowance for capital expenditure	\$0.209m	\$0.331m	(\$0.122m)
Less costs funded by own-source revenue	(\$0.041m)	\$0.000m	(\$0.041m)
Adjustment for prior year (under over recovery)	\$0.000m	\$0.000m	\$0.000m
<b>Total costs to be recovered by levy</b>	<b>\$3.624m</b>	<b>\$6.382m</b>	<b>(\$2.758m)</b>

*Unlisted public companies*

287 Table 93 breaks down the difference between actual and estimated costs for each of our regulatory activities for the unlisted public companies subsector in 2020–21.

288 The actual costs for this subsector were lower than our estimated costs by \$3.2 million (52%). The variance was mainly due to lower than estimated enforcement costs as certain matters reached their closing stages.

**Table 93: Analysis for subsectors with a material variance—Unlisted public companies (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$0.206m	\$0.073m	\$0.133m
Enforcement	\$1.710m	\$2.988m	(\$1.278m)
Other regulatory activities			
<i>Industry engagement</i>	\$0.042m	(\$0.019m)	\$0.061m
<i>Education</i>	\$0.001m	\$0.017m	(\$0.016m)
<i>Guidance</i>	\$0.020m	(\$0.007m)	\$0.027m
<i>Policy advice</i>	\$0.040m	\$0.011m	\$0.029m
Indirect costs			
<i>Governance, central strategy and legal</i>	\$0.157m	\$0.635m	(\$0.478m)
<i>IT support</i>	\$0.195m	\$0.559m	(\$0.364m)
<i>Operations support</i>	\$0.116m	\$0.364m	(\$0.248m)
<i>Property and corporate services</i>	\$0.223m	\$0.844m	(\$0.620m)

Expense	Actual cost	Estimated cost	Variance
<b>Total operating expenditure</b>	<b>\$2.711m</b>	<b>\$5.464m</b>	<b>(\$2.752m)</b>
Allowance for capital expenditure	\$0.162m	\$0.530m	(\$0.368m)
Less costs funded by own-source revenue	(\$0.000m)	\$0.000m	(\$0.000m)
Adjustment for prior year (under or over recovery)	\$0.100m	\$0.190m	(\$0.090m)
<b>Total costs to be recovered by levy</b>	<b>\$2.973m</b>	<b>\$6.183m</b>	<b>(\$3.210m)</b>

*Registered company auditors*

- 289 Table 94 breaks down the difference between actual and estimated costs for each of our regulatory activities for the registered company auditors subsector in 2020–21.
- 290 The actual costs for the subsector were lower than our estimated costs by \$2.3 million (56%). The variance was mainly due to lower than estimated enforcement costs as certain matters reached their closing stages.

**Table 94: Analysis for subsectors with a material variance—Registered company auditors (2020–21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$0.296m	\$0.299m	(\$0.004m)
Enforcement	\$0.655m	\$1.776m	(\$1.121m)
Other regulatory activities			
<i>Industry engagement</i>	<i>\$0.016m</i>	<i>\$0.017m</i>	<i>(\$0.001m)</i>
<i>Education</i>	<i>\$0.001m</i>	<i>\$0.000m</i>	<i>\$0.001m</i>
<i>Guidance</i>	<i>\$0.003m</i>	<i>\$0.007m</i>	<i>(\$0.004m)</i>
<i>Policy advice</i>	<i>\$0.019m</i>	<i>\$0.035m</i>	<i>(\$0.016m)</i>
Indirect costs			
<i>Governance, central strategy and legal</i>	<i>\$0.194m</i>	<i>\$0.472m</i>	<i>(\$0.278m)</i>
<i>IT support</i>	<i>\$0.181m</i>	<i>\$0.378m</i>	<i>(\$0.197m)</i>
<i>Operations support</i>	<i>\$0.118m</i>	<i>\$0.255m</i>	<i>(\$0.137m)</i>
<i>Property and corporate services</i>	<i>\$0.212m</i>	<i>\$0.591m</i>	<i>(\$0.379m)</i>
<b>Total operating expenditure</b>	<b>\$1.695m</b>	<b>\$3.829m</b>	<b>(\$2.135m)</b>
Allowance for capital expenditure	\$0.101m	\$0.208m	(\$0.107m)
Less costs funded by own-source revenue	(\$0.010m)	\$0.000m	(\$0.010m)



Expense	Actual cost	Estimated cost	Variance
Adjustment for prior year (under or over recovery)	\$0.021m	\$0.070m	(\$0.049m)
<b>Total costs to be recovered by levy</b>	<b>\$1.807m</b>	<b>\$4.107m</b>	<b>(\$2.301m)</b>

*Licensees that provide general advice*

291 Table 95 breaks down the difference between actual and estimated costs for each of our regulatory activities for the licensees that provide general advice only subsector in 2020–21.

292 The actual costs for the subsector were lower than our estimated costs by \$2.4 million (80%). The variance was mainly due to lower than estimated enforcement costs as certain matters reached their closing stages.

**Table 95: Analysis for subsectors with a material variance—Licensees that provide general advice (2020-21)**

Expense	Actual cost	Estimated cost	Variance
Supervision and surveillance	\$0.176m	\$0.190m	(\$0.014m)
Enforcement	\$0.086m	\$1.334m	(\$1.248m)
Other regulatory activities			
<i>Industry engagement</i>	\$0.033m	(\$0.020m)	\$0.053m
<i>Education</i>	\$0.006m	\$0.042m	(\$0.036m)
<i>Guidance</i>	\$0.020m	(\$0.002m)	\$0.022m
<i>Policy advice</i>	\$0.014m	\$0.014m	(\$0.000m)
Indirect costs			
<i>Governance, central strategy and legal</i>	\$0.058m	\$0.320m	(\$0.262m)
<i>IT support</i>	\$0.053m	\$0.294m	(\$0.242m)
<i>Operations support</i>	\$0.034m	\$0.187m	(\$0.153m)
<i>Property and corporate services</i>	\$0.061m	\$0.420m	(\$0.359m)
<b>Total operating expenditure</b>	<b>\$0.541m</b>	<b>\$2.779m</b>	<b>(\$2.238m)</b>
Allowance for capital expenditure	\$0.035m	\$0.157m	(\$0.123m)
Less costs funded by own-source revenue	\$0.000m	\$0.000m	\$0.000m
Adjustment for prior year (under or over recovery)	\$0.027m	\$0.035m	(\$0.008m)
<b>Total costs to be recovered by levy</b>	<b>\$0.603m</b>	<b>\$2.971m</b>	<b>(\$2.368m)</b>

*Licensees that provide personal advice to retail clients on relevant financial products*

293 We will recover \$25.8 million in regulatory costs from licensees that provide personal advice to retail clients on relevant financial products for 2020–21, compared with our estimated recovery of \$71.4 million. This variance is the result of the financial adviser levy relief (see paragraph 7), which restored in the graduated component of the levy charged for this subsector to its 2018–19 level for two years (2020–21 and 2021–22).

**Annual dashboard**

294 To increase the transparency of our expenditure, we publish the [annual dashboard report](#). The annual dashboard report discloses information about our regulatory costs for the previous financial year.

295 The annual dashboard shows, for each sector, how we have apportioned our costs in 2020–21 by the type of activity undertaken and the expenses incurred. It also sets out our total regulatory costs in relation to leviable entities, and how we have apportioned those costs across each industry sector and subsector.

**Fees for service**

296 We estimate that approximately \$16.9 million of our regulatory costs will be recovered under the fees-for-service model in 2021–22, based on historic volumes of applications: see Table 96.

**Table 96: Actual and estimated expenses, revenue and variances**

Figure type	Actual figures for 2020–21	Estimates for 2021–22	Estimates for 2022–23	Estimates for 2023–24
Expenses	\$25.1m	\$16.9m	\$16.9m	\$16.9m
Revenue	\$14.5m	\$16.9m	\$16.9m	\$16.9m
Variance (revenue minus expenses)	(\$10.6m)	Nil	Nil	Nil

Note: See Section N for a discussion of the risk that the fees for service will not match our actual regulatory costs.

297 The variance for 2020–21 is due to an increase in costs since 2017, when the fees were set.

298 We will continue to report our performance against our service charter targets in the annual performance statements we publish in our [annual report](#).

## Financial performance

299 The invoices for industry funding levies are issued each January. The CRIS will provide information about the recovery of regulatory costs for the financial year and the amount of any excess or shortfall in the recovery of our costs in relation to that financial year.

### Balance management strategy

300 Our balance management strategy is set out in the Cost Recovery Levy Act. This ensures that our balance management strategy is transparent and equitable. In allocating our regulatory costs we must reduce our regulatory costs by the amount of any excess levy paid in relation to the previous financial year. Similarly, where there has been a shortfall in the recovery of our costs in relation to the previous financial year, we must increase our regulatory costs by the shortfall. We must attribute any excess or shortfall to the subsectors in which the excess or shortfall previously arose.

## Non-financial performance

### Industry levies

301 There are a number of ways in which ASIC provides information on the non-financial performance of our regulatory activities.

### Corporate plan

302 The [corporate plan](#) outlines our vision and our strategic priorities to achieve them.

303 The corporate plan includes a specific section, *Measuring and evaluating our performance*, which sets out the outcomes we will use to measure our performance and the evidence of those outcomes.

### Annual report

304 Our [annual report](#) is a record of ASIC's activities and performance for the financial year. We publish an annual performance statement as part of our annual report each year, in compliance with s39(1)(a) of the *Public Governance, Performance and Accountability Act 2013*. This outlines how we have performed over the last financial year, using the performance indicators outlined in the corporate plan.

### ASIC quarterly updates

305 Our [quarterly updates](#) provide information on the key regulatory activities we undertook in each quarter. The most recent edition, [Report 725 ASIC quarterly update: January to March 2022](#) (REP 725), was published in April 2022.

### Regulator Performance Framework

306 We published our self-assessment under the Regulator Performance Framework for 2021–22 in May 2022: see [Report 727 Regulator Performance Framework: ASIC self-assessment 2020–21](#) (REP 727).

### Fees for service

307 We provide information on the non-financial performance of the fees-for-service activities on an ongoing basis. There are two key mechanisms that will enable stakeholders to evaluate whether outputs have been produced and outcomes have been achieved:

- (a) the review of the fee schedule every three years; and
- (b) our reporting on fees-for-service activities.

### Review of the fee schedules

308 Under the fees-for-service model, we will review our fees every three years. This ongoing assessment will ensure that the fees remain appropriate and provide an incentive to deliver our services at the most efficient cost. The review may need to occur earlier if there is:

- (a) a change to the work required to provide a particular fees-for-service activity; or
- (b) a material variation in the cost of delivering the activity and the fee charged.

309 Any amendments to Sch 1 to the Fees Regulations will require consultation, in accordance with the Australian Government’s legislative consultation process.

### Other accountability measures

310 Under the [Cost Recovery Guidelines](#), meeting the principle of transparency and accountability involves reporting on performance for the activity on an ongoing basis. Access to information about our fees-for-service activities can help stakeholders determine whether our cost-recovered activities are being implemented efficiently and effectively.

*ASIC service charter*

311 We take all reasonable steps to deliver on our commitments in our [ASIC service charter](#). The *ASIC service charter* sets out the most common interactions we have with our stakeholders and what our stakeholders can expect when they deal with ASIC. It explains how we respond to requests, including requests relating to our regulatory activities that will be recovered through fees for service, such as applications for licences or relief from the law.

312 The *ASIC service charter* sets out our target timeframes for resolving matters. If we are unable to deal with an application or query within our target timeframe, we will:

- (a) provide an interim response to inform you of our progress;
- (b) review the progress of your matter and prioritise its resolution as quickly as possible; and
- (c) where necessary, escalate your matter for consideration and decision by the appropriate decision-making body within ASIC.

313 We will continue to review our service standards and the *ASIC service charter* and report on our service charter results.

*Reports on our fees-for-service activities*

314 We publish a number of reports to provide greater transparency and understanding of our fees-for-service activities. For example:

- (a) *licensing and professional registration*—we publish an annual report on [our licensing and professional registration activities](#). The report provides greater transparency about our AFS licensing, credit licensing and professional registration assessment and decision-making processes and outcomes, and the risks we identified as part of those processes.
- (b) *compliance review of documents*—we provide [updates on our corporate finance regulation activities](#) through quarterly newsletters. These updates highlight key developments in our regulation and oversight of fundraisings, mergers and acquisitions transactions, corporate governance, and other general corporate finance matters.

## Q Key events and dates

### Key points

This section sets out an outline of the key events and estimated dates for industry funding.

**Table 97: Key events and estimated dates**

Key event	Estimated date
Publish annual dashboard report for 2020–21	December 2021
Issue invoices for 2020–21	February 2022
Publish draft 2021–22 CRIS for feedback	June 2022
Invoices due for payment	April 2022
Publish final 2021–22 CRIS	July to August 2022
ASIC portal opens for 2021–22 annual returns	July to September 2022
Publish <i>ASIC Corporate Plan 2022–26: Focus 2022–23</i>	August 2022
Publish <i>Annual Report 2021–22</i>	October 2022
Finalise final regulatory cost estimates for 2022–23	November 2022
Make legislative instrument with business activity details made and publish annual dashboard report for 2021–22	December 2022
Issue invoices for 2021–22	Between January and March 2023
Publish draft 2022–23 CRIS for feedback	Between April to June 2023

## R CRIS approval and change register

### Key points

The table below shows approvals and changes relating to this CRIS.

The Charging Risk Assessment rating for this CRIS is high.

**Table 98: CRIS approval and change register**

Date	Description	Approved by	Comments
To be determined	Certification of the CRIS	ASIC Chair	Not applicable
To be determined	Approval of the CRIS	Approved by the Treasurer and agreed for release by the Minister for Finance	Not applicable

## Key terms

Term	Meaning in this document
2020–21 CRIS	<a href="#">Cost Recovery Implementation Statement: ASIC industry funding model (2020–21)</a>
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services  Note: This is a definition contained in s761A.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act
allowance for capital expenditure	A figure equal to ASIC's departmental capital budget and equity injection appropriations to develop infrastructure to support new regulatory responsibilities
APRA	Australian Prudential Regulation Authority
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ASX	ASX Limited or the exchange market operated by ASX Limited
ATO	Australian Taxation Office
auditors of disclosing entities	Authorised audit companies and audit firms that audit disclosing entities with quoted securities
Australian derivative trade repository operators	Has the meaning given in reg 59 of the Cost Recovery Levy Regulations
Australian market licence	An Australian market licence under s795B of the Corporations Act that authorises a person to operate a financial market
benchmark administrator licence	A benchmark administrator licence under s908BC(1) of the Corporations Act that authorises a person to administer a significant financial benchmark
benchmark administrator licensee	The holder of a benchmark administrator licence
CADB	Companies Auditors Disciplinary Board, formerly known as the Companies Auditors and Liquidators Disciplinary Board (CALDB)
CFR	Council of Financial Regulators
claims handling and settling services providers	Has the meaning given in reg 72AA of the Cost Recovery Levy Regulations



Term	Meaning in this document
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
corporate advisers	Has the meaning given in reg 63 of the Cost Recovery Levy Regulations
Cost Recovery Guidelines	<a href="#">Australian Government Cost Recovery Guidelines</a>
Cost Recovery Levy Act	<i>ASIC Supervisory Cost Recovery Levy Act 2017</i>
Cost Recovery Levy Regulations	<i>ASIC Supervisory Cost Recovery Levy Regulations 2017</i>
credit licence	An Australian credit licence under s35 of the National Credit Act that authorises a licensee to engage in particular credit activities
credit licensee	A person who holds an Australian credit licence under s35 of the National Credit Act
credit provider	Has the meaning given in s5 of the National Credit Act
credit rating agencies	Has the meaning given in reg 60 of the Cost Recovery Levy Regulations
CRIS	Cost Recovery Implementation Statement
CS facility	A clearing and settlement facility as defined in s768A of the Corporations Act
CS facility licence	An Australian CS facility licence under s824B that authorises a person to operate a CS facility in Australia
CS facility operator	An entity that operates a CS facility under a CS facility licence
CSF	Crowd-sourced funding
CSF intermediary	An AFS licensee whose licence expressly authorises the licensee to provide a crowd-funding service Note: See s738C of the Corporations Act.
CSF regime	The statutory regime for crowd-sourced funding in Pt 6D.3A of the Corporations Act regulating CSF offers
custodian	A person with primary contractual responsibility to an AFS licensee to act as, or directly or indirectly engage, an asset holder
deposit product provider	Australian deposit-taking institutions (i.e. banks, credit unions and building societies) that provide deposit products to consumers, such as deposit accounts, certificates of deposit, and foreign currency deposits
ESA	ASIC Enforcement Special Account

Term	Meaning in this document
equity injection appropriation	Funds provided by the Australian Government to ASIC to enable investment in assets (e.g. capital expenditure)
exempt CS facility operators	Market infrastructure providers that hold an exemption from the requirement to hold a CS facility licence
exempt market operators	Market infrastructure providers that hold an exemption from the requirement to hold a market licence
fees for service	Fees charged to recover our costs for services provided
fees-for-service activities	<p>ASIC activities for which we will charge a fee. These can be broadly categorised as:</p> <ul style="list-style-type: none"> <li>• licensing application or variation services;</li> <li>• registration application services;</li> <li>• compliance review of documents lodged with ASIC;</li> <li>• requests for changes to market operating rules; and</li> <li>• assessing applications for relief</li> </ul>
Fees Regulations	<i>Corporations (Fees) Regulations 2001</i>
financial adviser levy relief	<p>Temporary relief for AFS licensees that provide personal advice to retail clients on relevant financial products. The relief restored the graduated component of the levy charged for this subsector to its 2018–19 level for two years (2020–21 and 2021–22)</p> <p>Note: See the Hon. Josh Frydenberg MP, former Treasurer, and Senator the Hon. Jane Hume, former Minister for Superannuation, Financial Services and the Digital Economy, <a href="#">Temporary and targeted relief on ASIC levies for financial advisers</a>, joint media release, 30 August 2021.</p>
financial advisers register	A register maintained by ASIC of individuals who are authorised to provide personal advice to retail clients on investments, superannuation and life insurance
financial product advice	<p>A recommendation or a statement of opinion, or a report of either of these things, that:</p> <ul style="list-style-type: none"> <li>• is intended to influence a person or persons in making a decision about a particular financial product or class of financial product, or an interest in a particular financial product or class of financial product; or</li> <li>• could reasonably be regarded as being intended to have such an influence.</li> </ul> <p>This does not include anything in an exempt document or statement</p> <p>Note: This is a definition contained in s766B of the Corporations Act.</p>
Financial Services Royal Commission	Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
flat levy	Has the meaning given in paragraphs 66–67

Term	Meaning in this document
FSI	Financial System Inquiry
FTE staff	Full-time equivalent staff
FYE	Full-year equivalent
general advice	Financial product advice that is not personal advice Note: This is a definition contained in s766B(4) of the Corporations Act.
graduated levy	A levy based on the graduated levy component formula, where all entities in a subsector must pay: <ul style="list-style-type: none"> <li>• a minimum levy; and</li> <li>• an additional variable component, based on each entity's share of relevant activity within the subsector</li> </ul>
IDPS	An investor directed portfolio service as defined in <a href="#">Class Order [CO 13/763]</a> <i>Investor directed portfolio services</i> or any instrument that amends or replaces that class order
IDPS operator	An entity that operates an IDPS
INFO 257 (for example)	An ASIC information sheet (in this example numbered 257)
insurance product distributors	Has the meaning given in reg 70 of the Cost Recovery Levy Regulations
insurance product providers	Has the meaning given in reg 72 of the Cost Recovery Levy Regulations
IOSCO	International Organization of Securities Commissions
IT	Information technology
large proprietary companies	Has the meaning given in reg 16 of the Cost Recovery Levy Regulations
LIF reforms	The Life Insurance Framework reforms, which came into effect on 1 January 2018
listed corporations	Has the meaning given in reg 22 of the Cost Recovery Levy Regulations
managed investment scheme	Has the meaning given in s9 of the Corporations Act
margin lenders	Has the meaning given in reg 23 of the Cost Recovery Levy Regulations
market licensee	The holder of an Australian market licence Note: This is a definition contained in s761A of the Corporations Act.
market participants	Has the meaning given in s761A of the Corporations Act

Term	Meaning in this document
market supervision cost recovery	Cost recovery for market competition associated with the transfer of the market supervision function to ASIC in 2010.
market surveillance system	ASIC's system for surveilling financial markets
MBR program	Modernising Business Registers program
MDA	Managed discretionary account
medium amount credit contract	Has the meaning given in s204 of the National Credit Code (Sch 1 to the National Credit Act)
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>
own-source revenue	Revenue generated from sources such as sub-leasing office space to other agencies, publishing royalties and the recovery of court-awarded costs
OTC	Over the counter
OTC traders	Has the meaning given in reg 66 of the Cost Recovery Levy Regulations
payment product providers	Has the meaning given in reg 28 of the Cost Recovery Levy Regulations
PDS	<p>A Product Disclosure Statement—a document that must be given to a retail client for the offer or issue of a financial product in accordance with Div 2 of Pt 7.9 of the Corporations Act</p> <p>Note: See s761A for the exact definition.</p>
personal advice	<p>Financial product advice given or directed to a person (including by electronic means) in circumstances where:</p> <ul style="list-style-type: none"> <li>the person giving the advice has considered one or more of the person's objectives, financial situation and needs; or</li> <li>a reasonable person might expect the person giving the advice to have considered one or more of these matters</li> </ul> <p>Note: This is a definition contained in s766B(3) of the Corporations Act.</p>
process service	The official service of documents on a party that alerts them that court proceedings have been initiated
reg 20 (for example)	A regulation of the Cost Recovery Levy Regulations (in this example numbered 20), unless otherwise specified
registered company auditors	Has the meaning given in reg 18 of the Cost Recovery Levy Regulations
registered liquidator	A person registered by ASIC under s20-30 of Sch 2 to the Corporations Act

Term	Meaning in this document
registered scheme	A managed investment scheme that is registered under s601EB of the Corporations Act
registrable superannuation entity	Has the meaning given in the SIS Act
relevant financial product	A financial product other than a basic banking product, general insurance product, consumer credit insurance, or a combination of any of these products: see s922C of the Corporations Act
REP 633 (for example)	An ASIC report (in this example numbered 633)
responsible entity	A responsible entity of a registered scheme as defined in s9 of the Corporations Act
retail client	A client as defined in s761G of the Corporations Act and Div 2 of Pt 7.1 of the <i>Corporations Regulations 2001</i>
retail OTC derivatives issuers	Has the meaning given in reg 61 of the Cost Recovery Levy Regulations
RG 260 (for example)	An ASIC regulatory guide (in this example numbered 260)
risk management product providers	Has the meaning given in reg 71 of the Cost Recovery Levy Regulations
RSE licensee	A registrable superannuation entity licensee—has the meaning given in s10 of the SIS Act
s912C (for example)	A section of the Corporations Act (in this example numbered 912C), unless otherwise specified
SCT	Superannuation Complaints Tribunal
securities dealers	Has the meaning given in reg 67 of the Cost Recovery Levy Regulations
SIS Act	<i>Superannuation Industry (Supervision) Act 1993</i>
small amount credit contract	Has the meaning given in s5 of the National Credit Act
small proprietary companies	Has the meaning given in s45A(2) of the Corporations Act
SMSF	A self-managed superannuation fund
superannuation fund	Has the meaning given in s10(1) of the SIS Act
superannuation trustee	A person or group of persons licenced by APRA under s29D of the SIS Act to operate a registrable superannuation entity (e.g. superannuation fund) (also known as an 'RSE licensee')

Term	Meaning in this document
supervisory college	Supervisory colleges were established to facilitate the exchange of information between the supervisors of internationally active credit rating agencies, to foster more effective supervision of these agencies
Takeovers Panel	The panel established under s171 of the ASIC Act and given various powers under Pt 6.10 of the Corporations Act
threats, harms and behaviours framework	Has the meaning given in paragraphs 49–50
Tier 1 CS facility	Has the meaning given in reg 54 of the Cost Recovery Levy Regulations
Tier 2 CS facility	Has the meaning given in reg 55 of the Cost Recovery Levy Regulations
Tier 3 CS facility	Has the meaning given in reg 56 of the Cost Recovery Levy Regulations
Tier 4 CS facility	Has the meaning given in reg 57 of the Cost Recovery Levy Regulations
TPD	Total and permanent disability
traditional trustee company services	Has the meaning given in s601RAC(1) of the Corporations Act, and includes: <ul style="list-style-type: none"> <li>performing estate management functions (as defined in s601RAC(2));</li> <li>preparing a will, a trust instrument, a power of attorney or an agency arrangement;</li> <li>applying for probate of a will, applying for grant of letters of administration, or electing to administer a deceased estate;</li> <li>establishing and operating common funds; and</li> <li>any other services prescribed by the regulations for the purpose of s601RAC(1)</li> </ul>
unlisted public companies	Has the meaning given in reg 17 of the Cost Recovery Levy Regulations
weighted average hourly rate	Has the meaning given in paragraphs 228–231
wholesale client	A client who is not a retail client as defined in s761G of the Corporations Act and Div 2 of Pt 7.1 of the <i>Corporations Regulations 2001</i>
wholesale electricity dealers	Has the meaning given in reg 62 of the Cost Recovery Levy Regulations
wholesale trustee	Has the meaning given in reg 37 of the Cost Recovery Levy Regulations

## Related information

### Headnotes

cost recovery, education, enforcement, fees for service, flat levy, graduated levy, guidance, industry engagement, industry funding model, levies, policy advice, regulatory activity, regulatory costs, stakeholder engagement, supervision and surveillance

### Instruments

[ASIC Corporations and Credit \(Reference Checking and Information Sharing Protocol\) Instrument 2021/429](#)

[ASIC \(Supervisory Cost Recovery Levy—Regulatory Costs\) Instrument 2021/0938](#)

[ASIC \(Supervisory Cost Recovery Levy—Annual Determination\) Instrument 2021/0936](#)

[ASIC \(Fees—Complexity Criteria\) Instrument 2018/578](#)

### Regulatory guides

[RG 38](#) *The hawking prohibitions*

[RG 51](#) *Applications for relief*

[RG 78](#) *Breach reporting by AFS licensees and credit licensees*

[RG 180](#) *Auditor registration*

[RG 260](#) *Communicating findings from audit files to directors, audit committees or senior managers*

[RG 271](#) *Internal dispute resolution*

[RG 275](#) *The deferred sales model for add-on insurance*

### Legislation

ASIC Act

*ASIC Supervisory Cost Recovery Levy (Collection) Act 2017*

*ASIC Supervisory Cost Recovery Levy (Consequential Amendments) Act 2017*

*ASIC Supervisory Cost Recovery Levy Amendment (Levies Relief) Regulations 2021*

*Australian Charities and Not-for-profits Commission Act 2012*

*Business Names Registration Act 2011*

Corporations Act, Ch 5; Pts 7.2, 7.3, 7.5A, 7.5B; s601EA, 764A, 791C, 795B, 827A, 910A, 911A(2)(1), 912C, 926A(2), 1324, 1325A

*Corporations (Fees) Act 2001*

*Corporations (Fees) Amendment (ASIC Fees) Act 2018*

*Corporations (Review Fees) Regulations 2003*

Cost Recovery Levy Act, s10(6)(b)

Cost Recovery Levy Regulations, regs 20(3), 72(2)

Fees Regulations

*Insurance Act 1973*

*Insurance Contracts Act 1984*

*Legislation Act 2003*

*Life Insurance Act 1995, s21*

*National Consumer Credit Protection (Fees) Amendment (ASIC Fees) Act 2018*

*National Consumer Credit Protection (Fees) Regulations 2010*

*National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009*

National Credit Act, s5

*Public Governance, Performance and Accountability Act 2013, s39(1)(a)*

SIS Act

*Superannuation Industry (Supervision) Amendment (ASIC Fees) Act 2018*

*Superannuation Auditor Registration Imposition Act 2012*

*Superannuation Auditor Registration Imposition Amendment (ASIC Fees) Act 2018*

*Superannuation Auditor Registration Imposition Regulation 2012*



[Treasury Laws Amendment \(ASIC Cost Recovery and Fees\) Regulations 2019 \(exposure draft\)](#)

*Treasury Laws Amendment (ASIC Fees) Regulations 2018*

## **Reports**

[REP 566](#) *Surveillance of credit rating agencies*

[REP 633](#) *Holes in the safety net: a review of TPD insurance claims*

[REP 675](#) *Default insurance in superannuation: Member value for money*

[REP 700](#) *Licensing and professional registration activities: 2021 update*

[REP 725](#) *ASIC quarterly update: January to March 2022*

[REP 727](#) *Regulator Performance Framework: ASIC self-assessment 2020–21*

## **Information sheets**

[INFO 257](#) *ASIC reference checking and information sharing protocol*

[INFO 259](#) *Complying with the notify, investigate and remediate obligations*

## **Consultation papers**

[CP 332](#) *Promoting access to affordable advice for consumers*

[CP 351](#) *Superannuation forecasts: Update to relief and guidance*

## **ASIC forms**

See ['Fees for ASIC regulatory services'](#)

## **Other ASIC documents**

[Annual Report 2020–21](#)

[ASIC service charter](#)

[Corporate Finance Update](#), Issue 8

[Corporate Plan 2021–25: Focus 2021–22](#)

[ePayments Code](#)

[Statement of Intent](#), August 2021

[What recent reforms mean for disaster insurance claims](#), December 2021

## Non-ASIC documents

[AASB 10 Consolidated financial statements](#)

CFR, [Application of the regulatory influence framework for cross-border central counterparties](#), March 2014

CFR, [Regulatory expectations for conduct in operating cash equities clearing and settlement](#), September 2017

Department of Finance, [Australian Government Charging Framework](#)

Department of Finance, [Australian Government Charging Framework: Resource Management Guide No. 302](#)

Department of Finance, [Australian Government Regulatory Charging Risk Assessment](#) (PDF 196 KB)

Department of Finance, [Cost Recovery Guidelines](#)

Frydenberg, J & Hume, J, [Temporary and targeted relief on ASIC levies for financial advisers](#), joint media release, 30 August 2021

FSI, [Financial System Inquiry: Final report](#), December 2014

O'Dwyer, K, [Registered charities not required to pay ASIC levy](#), July 2018

Senate Economics References Committee, [Performance of the Australian Securities and Investments Commission](#), June 2014

Treasury, [Introduction of Australian Securities and Investments Commission's fees-for-service under the industry funding model: Consultation paper](#), November 2017

Treasury, [Proposed industry funding model for the Australian Securities and Investments Commission: Consultation paper](#), August 2015