

10 July 2017

Innovation Hub
Australian Securities & Investments Commission
100 Market Street
SYDNEY NSW 2000

By email: innovationhub@asic.gov.au

Dear ASIC Innovation Hub

RE : FEEDBACK ON REPORT 523 – ASIC’S PROPOSED APPROACH TO “REGTECH”

Thank you for the opportunity to provide feedback on ASIC’s proposed approach to regulatory technology (“regtech”) as outlined in Report 523.

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The industry is responsible for investing more than \$2.7 trillion on behalf of 13 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

The FSC welcomes the spirit of ASIC’s approach to regtech and we have outlined our comments in response to Table 1 of Report 523 in Appendix A.

Should you wish to discuss this submission further please do not hesitate to contact me on (02) 9299 3022.

Yours sincerely



CARLA HOORWEG

Senior Policy Manager – Investment, Innovation & Technology

Appendix A

1. ASIC's overall approach

We support the approach ASIC is proposing in its guiding principles. In particular we support ASIC gathering input from the industry and international case studies in relation to regtech.

The FSC's membership represents a core customer base for regtech businesses. It is essential for ASIC to be gathering information from both solutions providers and customers when seeking to understand the potential for regtech.

2. Establishing a regtech liaison group

The FSC supports ASIC establishing a new regtech liaison group and would welcome the opportunity to participate in and contribute to the work of such a group.

We offer the following input in relation to formation of the group:

- (a) The group could be a formal advisory body that provides a sounding board to ASIC for development of regtech issues and ideas.
- (b) The purpose could be to seek further information, test and develop ideas, gather feedback on industry trends and test potential regulatory approaches in an informal and confidential setting. The group should have a clear set of objectives and responsibilities.
- (c) The group could meet quarterly at most in the usual case, or more regularly if specific issues arise which require greater attention.
- (d) The group should be invite-only to ensure that a good mix of skills, experience and industry perspectives are included.
- (e) The group should be no larger than 10-15 participants.
- (f) The group's primary purpose should be information sharing between ASIC and the industry, which could lead to opportunities for collaboration but also primarily as a sounding board for ideas to be tested and developed further by both industry and ASIC as the regulator.

3. Continued use of technology trials

The FSC supports ASIC's use of technology trials. We would welcome the opportunity to better understand how ASIC is using these trials and to understand where ASIC would like to see these develop in the future.

Incumbent businesses are interested to utilise regtech solutions to decrease internal compliance costs, reduce the risk of non-compliance and to ensure better outcomes for customers. We would like to see regtech solutions develop further in the Australian market and we believe there are opportunities to share information between industry and ASIC regarding solutions developed in other jurisdictions and under other regulatory environments.

4. Hosting a problem solving event

The FSC supports ASIC hosting a problem solving event is willing to assist if ASIC would like input from the industry. The FSC recently worked with EY to hold a highly successful Wealth and Asset Management technology PitchFest.¹ We found this event to be very informative at a number of levels and would welcome the opportunity to share our learnings from this event with ASIC.

¹ For more details see <http://www.ey.com/au/en/industries/financial-services/asset-management/ey-wamtech-pitchfest>