

## ASIC 2022 regulatory priorities

On 3 March 2022, the Chairman of the Australian Securities and Investments Commission (ASIC), Joe Longo, announced ASIC's 2022 regulatory priorities. These priorities factor in emerging issues and developments in the market to adjust the broader strategic priorities outlined in ASIC's 2021 – 22 Corporate Plan.

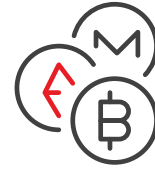
### General regulatory priorities for 2022



Working with other regulators, industry and social media platforms to combat and disrupt **financial scams**



Addressing the deceptive promotion of **riskier asset classes**, eg crypto-assets



Disrupting investment **'gamification'** on digital platforms



Protecting **financially vulnerable consumers** adversely affected by predatory lending practices or high-cost credit



Addressing **misleading or deceptive conduct** relating to investment products, including those advertised through digital means that obscure their risks



Ensuring that consumers receive the benefits of the new **design and distribution obligations**, using targeted surveillance and appropriate enforcement measures

### Key corporate governance priorities for 2022



**Non-financial risk governance failures** that result in significant harm to consumers and investors, eg, failures to identify and manage relevant risks, ensure that appropriate resources are allocated to deal with risks, and respond to indicators of poorly-managed risks



**Cyber governance and resilience failures**, eg, failures to have adequate policies, systems and resources in place to manage cyber security and resilience appropriately



**Egregious governance failures or misconduct resulting in corporate collapse**, eg, misapplying or misappropriating company or creditor funds

### Non-financial risks targeted by ASIC

ASIC wants companies to:

1. recognise and actively manage their **cyber risks**, continually improve **cyber resilience** and report breaches to ASIC or the market where appropriate
2. make **climate-related disclosures** that enable investors to make fully-informed decisions on climate/sustainability risks (especially if listed)
3. look out for **greenwashing** when disclosing environmental risks and opportunities or promoting ESG-focused financial products
4. have accurate, complete and up-to-date **whistleblower** policies to comply with the enhanced whistleblower protection regime.

### What should companies and businesses do?

1. Prioritise the **effective management of non-financial risks**, including by establishing effective risk-management structures, information flows, and governance practices to ensure that appropriate measures and personnel are in place to seek out the "known unknowns" that your business faces.
2. Take an **enhanced cybersecurity position** in the current heightened threat environment, including by focusing on managing cyber risk and improving cyber resilience. Boards should also consider where they have an obligation to report breaches to ASIC and make market disclosures. Be aware that ASIC has signalled it will take enforcement action where it considers a company has not met its cyber risk obligations.
3. **Make climate change a headline item** for listed companies. Take a proactive approach to the governance and disclosure of climate-related risks. Be alert to the potential for greenwashing, and check for potentially misleading or deceptive representations made to consumers and shareholders around climate-related issues. Ensure that "green" representations accurately reflect the company's actual practices.
4. **Review whistleblower policies** to ensure they are complete, accurate, up to date and include oversight arrangements. Make sure you have a whistleblower program that properly handles disclosures, uses disclosed information to address identified issues proactively, and is subject to appropriate executive oversight.
5. **Review compliance with the design and distribution obligations regime** for issuing and distributing financial products, given ASIC's clear focus on enforcement in this area.

#### If there is one thing to remember...

ASIC will take a pragmatic approach to governance practices and risk management. The focus is on effective management of risks, not the elimination of risks. Boards should continually ask, "what reasonably foreseeable risks and compliance issues does the business face?" and ensure that if things go wrong, they can respond appropriately to avoid a repeat occurrence.

### Internal ASIC priorities

**Digital transformation** – Continuing to invest in new systems and technologies to keep ASIC at the forefront of supervisory technology, with a focus on reducing the time regulated entities take to interact with ASIC (eg, streamlining of director identification).



**Regulatory efficiency** – Tasking ASIC's new Regulatory Efficiency Unit with reducing regulatory burden and driving improved compliance, including by meeting with external stakeholders and identifying initiatives to drive efficiency.

For more information, see ASIC's Corporate Plan 2021-25 – Focus 2021-22 and the transcript of Mr Longo's [speech](#).

For more detailed analysis of ASIC's 2022 priorities, visit [Practical Guidance Corporations](#), [Practical Guidance Mergers & Acquisitions](#) and [Practical Guidance Business](#). For regular updates on corporations and business law and issues, [subscribe to our practice area round-up emails](#).