4. Regulatory Developments

At its recent meetings, the Council of Financial Regulators (CFR) continued its focus on risks stemming from housing lending. In particular, the CFR discussed and supported the decision by the Australian Prudential Regulation Authority (APRA) to begin to remove the investor loan benchmark. It considered several other areas of interest in recent meetings, including the ongoing work by APRA to develop a loss-absorbing capacity framework for Australian banks. The Reserve Bank of Australia (RBA) and other CFR agencies have been engaging extensively with the International Monetary Fund (IMF) as part of its Financial Sector Assessment Program (FSAP) review of Australia. The CFR has also been continuing its discussions on ways to enhance its transparency.

Internationally, the Financial Stability Board (FSB) and other global bodies have focused recently on two main tasks related to the post-crisis financial reforms. They have been assessing, and assisting, the implementation of key standards applying to the banking sector, and to global systemically important banks (G-SIBs) in particular. They have also been evaluating the effects of the reforms. Notably, the FSB published for consultation evaluations of the impact of the reforms on infrastructure finance and on incentives to centrally clear over-the-counter (OTC) derivatives.

Efforts to enhance or replace interest rate benchmarks are ongoing. This is important given concerns that existing key global benchmarks may not be sustainable. The RBA and the Australian Securities and Investments Commission (ASIC) have worked with industry to enhance the robustness of the bank bill swap rate (BBSW), a key domestic interest rate benchmark. Financial technology, or 'fintech', has also remained on the agenda of many international and national bodies. Regulators recognise the potential benefits of innovation but remain alert to risks. A particular focus recently has been the potential risks posed by 'crypto-assets'.

The CFR continues to be an effective coordinating body

The CFR is a forum for collaboration and coordination of Australia's main financial regulatory agencies – APRA, ASIC, the RBA and the Australian Treasury. Its primary role is to contribute to the efficiency and effectiveness of financial regulation, and to promote the stability of the Australian financial system (see 'Box E: The Council of Financial Regulators'). The CFR is supported by a number of inter-agency working groups, which conduct policy-related analysis and provide recommendations to the CFR as appropriate.

Over the past six months, the CFR has continued to closely monitor housing lending and the housing market. Discussions have covered mortgage lending practices, competition among different types of lenders, and the impact of various regulatory measures. This work has been supported by the Housing Market Risk Working Group, which provides analysis to the CFR on risks related to housing debt and potential policy options to limit these risks. In

April, following consultation with the CFR, APRA announced plans to remove the investor loan growth benchmark for authorised deposit-taking institutions (ADIs) that meet specific requirements (see the 'Household and Business Finances' chapter for further information). Relaxation of the benchmark has been made possible by more permanent measures to strengthen lending standards.

CFR members have also discussed options for the adoption of a loss-absorbing capacity (LAC) framework in Australia. LAC comprises internal resources that are intended to absorb losses and be used to support actions that help facilitate the orderly resolution of a distressed bank. APRA intends to release soon a discussion paper on a proposed approach for Australian banks for consultation.

The CFR also discussed a number of other issues at its meetings in June and September 2018, as noted below.

- APRA kept the CFR informed of its work on recovery and resolution planning. It provided an update on the outcome of its latest review of the recovery plans of large and medium-sized ADIs. These plans focus on the actions an ADI could take to respond to significant stress and restore itself to a financially sound position. APRA also provided an update on its resolution planning work for ADIs. Following the passing of the *Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018* earlier this year, APRA is working towards formalising its prudential framework for resolution over the coming years.
- The Climate Change Working Group provided an update on the work of CFR agencies to address climate-related risks to the financial system, highlighting in particular efforts to improve risk management and disclosure in the sector. The Working Group noted that some meaningful change has already been observed among major institutions.
- The CFR began work on reviewing the regulatory arrangements for retail payment products. A particular focus is the arrangements for stored-value facilities, which were viewed by both the Financial System Inquiry and the Productivity Commission (PC) as complex and subject to potential regulatory overlap. An issues paper was released by the CFR in September to seek public input on the existing regulatory framework and possible approaches to reform.
- The CFR considered the final report of the PC's inquiry into competition in the Australian financial system. Discussions focused on the recommendations related to the CFR – for instance, the inclusion of a 'competition champion' on the CFR and the release of CFR minutes – along with initial consideration of the PC's other recommendations. CFR members supported the current composition of the CFR and arrangements for regular engagement with the Australian Competition and Consumer Commission (ACCC). They noted that the Treasury effectively played the role of 'competition champion'. They also noted that the establishment of the ACCC's Financial Services Unit had increased the level of engagement between individual CFR agencies and the ACCC on financial sector competition issues.
- Related to this, recognising the importance of transparency, the CFR considered possible approaches to further enhancing its external communications. The focus included finding the right balance between providing the public with an insight into the policy discussions at the CFR and maintaining confidentiality of sensitive regulatory

matters. The approach to communications will also need to recognise that regulatory responsibilities rest with individual agencies, rather than the CFR itself. The CFR expects to provide information on any changes in its approach later in the year.

- The CFR also considered the issues that have arisen to date from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, along with cyber security risks and developments.

In addition to its regular meetings and agendas, the CFR engages with other regulatory bodies as appropriate to discuss issues of common interest.

- In 2017, the CFR held its first scheduled meeting with a broad group of domestic agencies that have an interest in financial sector developments. The second of these annual meetings was held in June 2018, involving the ACCC, the Australian Taxation Office and the Australian Transaction Reports and Analysis Centre (AUSTRAC). Topics discussed included the implications of recent reports and inquiries related to the financial sector, along with developments in distributed ledger technology (DLT) and its regulation.
- CFR agencies continued to work with their New Zealand counterparts via the Trans-Tasman Council on Banking Supervision (TTBC) to further strengthen the cross-border crisis management framework. Most recently, the TTBC has been carrying out follow-up work to the cross-border crisis simulation conducted in September 2017.
- In September, the CFR met with representatives of the IMF to discuss the preliminary findings of its FSAP review of the Australian financial system and regulatory framework (see below).

The IMF's FSAP review of Australia is underway

The RBA and other CFR agencies have been working closely with the IMF as part of its 2018 FSAP review of Australia. The FSAP is conducted every five years or so in jurisdictions with systemically important financial sectors (Australia's previous FSAP was in 2012). In addition to assessing financial sector vulnerabilities, the IMF is focusing on the overall framework for systemic risk oversight. The FSAP includes an assessment of Australia's banking regulatory and supervisory framework and practices. It is also reviewing the regulation of financial market infrastructures (FMIs) and the insurance sector, along with crisis management arrangements and Australia's anti-money laundering and counter-terrorism financing regime. The FSAP has also involved an extensive 'top down' banking sector stress testing exercise. The IMF FSAP team has conducted two sets of meetings in recent months with the RBA and other CFR agencies, other government bodies, regulated institutions such as banks, ratings agencies, research houses and other organisations in forming its views. The RBA and other CFR agencies have participated in almost 100 meetings with the IMF FSAP team. Reports covering the above topics are expected to be published by the IMF in early 2019.

Internationally, efforts continue to address risks posed by globally systemic banks …

Work to address the risks posed by systemically important financial institutions (SIFIs) is ongoing. SIFIs are institutions whose size, complexity and/or interconnectedness means their distress could disrupt the broader financial system and the wider economy. One core G20 post-crisis reform aimed at addressing this 'too-big-to-fail' issue was to enhance resolution regimes – these are the legal and operational arrangements for managing a failing institution. The FSB's 2011 standard, the *Key Attributes of Effective Resolution Regimes for Financial Institutions (Key Attributes)* aims to ensure the orderly resolution of a SIFI in financial stress to limit wider contagion. Since that time, the FSB has been monitoring global implementation of the standard. In June, the FSB launched its third peer review of resolution regimes. This peer review is focusing on the implementation of the resolution planning standard set out in the *Key Attributes* and the guidance relating to banks.

The FSB has also recently released two documents to guide authorities in applying the *Key Attributes* to the G-SIBs. These aim to enhance regulators' ability to manage an orderly resolution of a G-SIB, though it is important to note that these arrangements have not yet been tested in the resolution of a large or systemic bank.

- *Principles on Bail-in Execution*. With bail-in, a bank is effectively recapitalised by write-downs and/or conversion of specific liabilities into equity. This aims to minimise the impact of a G-SIB resolution on financial stability, by ensuring the continuity of critical functions, while avoiding costs for taxpayers. The guidance sets out principles for authorities to consider as they make bail-in resolution strategies operational. The principles cover a range of issues surrounding bail-ins, including: disclosures on the instruments and liabilities affected; valuations; and communications to creditors and the market at large.
- *Funding Strategy Elements of an Implementable Resolution Plan*. This covers the development of a resolution funding plan for G-SIBs. It describes the home authority's strategy and actions that would be used to address liquidity stress. Areas covered include: the ability of G-SIBs to monitor, report on and estimate their funding needs in resolution and execute the funding strategy; the development of resolution funding plans by authorities; and access to temporary public-sector backstop funding and ordinary central bank facilities.

Related to this, the FSB issued in 2015 a standard on G-SIBs' total loss-absorbing capacity (TLAC). TLAC aims to ensure that G-SIBs have sufficient liabilities (or capacity) suitable for absorbing losses. The standard starts to come into force from 2019. The FSB is currently preparing a report on the extent to which jurisdictions have implemented the TLAC standard, as well as reviewing G-SIB issuance strategies and overall progress in meeting TLAC requirements. The report, due to be published in the first half of 2019, will seek to identify any technical issues or challenges relating to the implementation of TLAC.

In July, the Basel Committee on Banking Supervision (BCBS) issued revisions to the assessment methodology for identifying G-SIBs. This methodology is based on a wide range of indicators. These cover banks' size, interconnectedness and complexity as well as available substitutes for their services, and their cross-border activity. The core methodology was largely unchanged but the BCBS agreed on several modifications. The main revisions include: extending consolidation to include insurance subsidiaries; introducing a new trading volume indicator (addressing substitutability); and measuring cross-border activity with new consolidated international banking statistics from the Bank for International Settlements. The changes are to be implemented by 2021 when the next review of the G-SIB assessment methodology is also due to be completed.

… as well as the wider banking sector

Following the final agreement on Basel III capital reforms in late 2017, the BCBS is focusing more on monitoring the implementation of its post-crisis reforms and changes to banking standards. As part of its monitoring, the BCBS released several reports over the past six months:

- A progress report found that the implementation of Basel III reforms was advancing.
  - All jurisdictions have risk-based capital rules, Liquidity Coverage Ratio regulations and capital conservation buffers in place. In addition, all jurisdictions home to G-SIBs have final rules in force regarding G-SIB requirements.
  - Most jurisdictions now enforce the leverage ratio, and most have final rules in force for the countercyclical capital buffer and for domestic systemically important banks.
  - Jurisdictions made progress in implementing a number of other standards, broadly in line with their implementation deadlines. This includes the Net Stable Funding Ratio.
- Only marginal progress was made over the past year on banks' implementation of the *Principles for Effective Risk Data Aggregation and Risk Reporting* according to a progress report. These principles aim to enhance banks' risk management by improving their recording and reporting of risks. The BCBS noted that implementing the required improvements is complex. It made additional recommendations to assist and promote further adoption of the principles.

The BCBS has also continued its work to enhance standards for the regulation and oversight of the banking sector. In May, it issued a standard on the capital treatment for simple, transparent and comparable (STC) short-term securitisations. This standard provides guidance for banks acting as investors or sponsors of such securitisations. Also, the BCBS and the International Organization of Securities Commissions (IOSCO) issued criteria for identifying short-term STC securitisations. These build on earlier criteria for identifying STC securitisations issued by the BCBS and IOSCO in July 2015, and incorporate feedback from public consultation.

Evaluating the effects of reforms is a major ongoing focus of global bodies

The FSB and other international bodies are continuing to evaluate the effects of the core post-crisis reforms. They aim to assess whether the reforms are meeting their intended objectives and identify any material unintended consequences that may warrant an adjustment to the current approach. Any adjustments arising from FSB-coordinated evaluations would be made by the body that issued the standard. This would be done in a way that does not compromise the original objectives of the reforms or the agreed level of resilience.

Two FSB-led evaluations are currently underway. The first is on the incentives for market participants to centrally clear OTC derivatives. The second is on the effects of the reforms on financial intermediation, initially focusing on the cost and availability of infrastructure finance. Early findings from both evaluations have been presented at recent G20 meetings, and final reports will be delivered to the G20 Summit later this year.

- OTC derivatives markets were a core area of post-crisis reforms and so an early focus for evaluation. The reforms in this area aimed to reduce systemic risk and make derivatives markets safer, for example, by reducing complexity and improving transparency. Clearing standardised OTC derivatives through a central counterparty was seen as key to achieving these aims. Several reforms provided incentives to centrally clear, either directly or indirectly. The FSB and relevant standard-setting bodies released a consultation paper in July providing an initial assessment of how the post-crisis reforms interact and affect incentives to centrally clear.

- The changes observed in OTC derivatives markets were found to be consistent with the G20 aim of promoting central clearing, especially for the most systemic market participants. In particular, the capital, margin and clearing reforms combine to create an incentive to centrally clear OTC derivatives, at least for dealers and larger and more active clients. In addition, non-regulatory factors, such as market liquidity and counterparty credit risk management, can interact with regulatory factors to affect incentives to centrally clear. It was also found that the provision of client clearing services is concentrated in a relatively small number of bank-affiliated clearing firms. This can make access to central clearing difficult and costly for some smaller clients.
- One particular concern relates to the calculation of the Basel III leverage ratio. Initial margin paid by clients to a clearing service provider cannot be used by that provider to offset its potential future exposures when calculating its leverage ratio. Survey data indicate that this may be a disincentive for banks to offer or expand client clearing services. The consultation paper suggested that additional analysis would be useful to further assess these effects.

- Also in July, the FSB issued a consultation paper on the effects of financial regulatory reforms on infrastructure finance. The report focused on infrastructure finance that is provided in the form of corporate and project debt financing (loans and bonds). It noted that the effect of the G20 reforms on infrastructure finance is of a second order relative to other factors, such as the macrofinancial environment, government policy and institutional factors. It also noted that the analysis to date does not identify material negative effects of key reforms (such as Basel III) on the provision and cost of infrastructure finance.

The FSB has agreed on two new evaluations, to be launched in coming months. One will assess the effects of the reforms on the financing of small and medium-sized enterprises. This is part of the financial intermediation evaluation noted above, and is to be completed in 2019. The other evaluation will review the reforms addressing 'too-big-to-fail' and is to be completed in 2020.

Interest rate benchmarks are being enhanced and made more robust …

Efforts to enhance the integrity of major interest rate benchmarks continue. These benchmarks, or reference rates, support the smooth functioning of the financial system. They are referenced in a wide range of financial contracts, including derivatives, loans and securities. In response to instances of manipulation in the past, reforms have focused on increasing the extent to which benchmark rates are based on actual transactions, and on developing benchmarks based on (near) risk-free rates. Risk-free rates are typically based on overnight interbank markets where there are large volumes of transactions by many participants. This makes them more difficult to manipulate and means that sufficient transactions to produce benchmark rates are available more consistently. The development and adoption of new benchmarks has become more important given questions about the sustainability of the London Interbank Offered Rate (LIBOR). LIBOR is the key benchmark interest rate for several major currencies, but there are too few transactions for its reliable calculation.

One issue with moving to new benchmark rates is that many existing financial contracts refer to existing benchmark rates, such as the US dollar (USD) LIBOR. Many of these contracts have 'fallback' clauses if LIBOR were to cease, but these would be cumbersome to apply and could lead to significant market disruption. To address this risk, the FSB has encouraged the International Swaps and Derivatives Association (ISDA) to work with market participants to develop a more suitable fallback methodology – using the risk-free rate benchmarks that have been identified in particular jurisdictions. In July, ISDA launched a consultation on technical issues related to new benchmark fallbacks for derivatives contracts in several major non-USD currencies, as well as the BBSW in Australia. The consultation sets out options for adjustments that would apply to the fallback rate in the event that one of these benchmarks was permanently discontinued. And, in September, ISDA released its 'benchmarks supplement', which gives firms the ability to improve the contractual robustness of derivatives that reference certain benchmarks. By including this supplement into the terms of their derivatives contracts, market participants will be able to ensure that a cessation or material change to a benchmark is taken into account in their contracts and specify the fallback arrangements that would apply.

The United States in particular has made progress on this front. As noted in the previous *Review*, the Federal Reserve Bank of New York began publishing three new benchmark rates in April. One of these, the secured overnight financing rate (SOFR), was recommended by the Alternative Reference Rates Committee (ARRC) as the alternative to USD LIBOR.[1] To facilitate its adoption by market participants, the ARRC released guiding principles in July for referencing SOFR.

European bodies are also continuing to work on two fronts. First, they are seeking to identify an appropriate risk-free rate to replace a current benchmark (the euro overnight index average (EONIA)). Second, they are enhancing the robustness of another current euro benchmark rate (EURIBOR), as well as developing a possible replacement rate.

- In June, the European Central Bank announced the methodology for calculating its new unsecured overnight rate, which it plans to publish by October 2019. The new euro short-rerm rate (ESTER) will be based entirely on money market statistical reporting. It will complement existing benchmark rates and serve as a backstop reference rate. Related to this, in September, a working group of key European bodies recommended ESTER as the new risk-free rate for the euro. In particular, ESTER is recommended as a replacement for EONIA given that EONIA will not meet the criteria of the European Union's benchmarks regulation when it comes into force in 2020.
- With only limited transactions by a limited number of contributors, it is proving difficult to base EURIBOR on actual transactions. In response, its administrator (the European Money Markets Institute (EMMI)) has developed a hybrid model for the EURIBOR

1 The ARRC is a public-private body convened by the US Federal Reserve.

that will combine transactions, related market data and expert judgement. Industry feedback received during a consultation showed broad support for EMMI's proposal. EMMI recently undertook in-depth testing of the proposed methodology, with another consultation scheduled soon to provide further technical detail on the hybrid approach.

In Australia, the implementation of changes to a key benchmark rate is more advanced. Unlike LIBOR, Australia's main interest rate benchmark (BBSW) is generated from a market (the bank bill market) where there are considered to be enough transactions to calculate a robust benchmark. Nonetheless, the RBA and ASIC have been working with industry over recent years to enhance the robustness and longevity of BBSW. A number of important steps have been taken in recent months. In May, the BBSW methodology was strengthened to enable the benchmark to be calculated directly from a wider set of market transactions. The new methodology involves calculating BBSW as the volume-weighted average price of bank bill transactions during the morning rate set window. Further, in June, ASIC published rules for benchmark administrators (which, in the case of BBSW, is the ASX) based on new powers contained in legislation passed earlier this year. While BBSW is expected to remain a robust benchmark, it is prudent for users of BBSW to also have fallback arrangements in place in the event that BBSW was to be permanently discontinued. To address this risk, BBSW was included in the ISDA consultation noted above on benchmark fallbacks, with the relevant fallback for BBSW being the cash rate published by the RBA.[2]

The new legislation also gave ASIC the power to compel submissions to a 'significant benchmark' in the rare circumstances where the benchmark would otherwise cease to be published. It has also made the manipulation of financial benchmarks an offence. This new regulatory framework has reduced the uncertainty that institutions faced when participating in the BBSW rate-setting process. The RBA has also been encouraging the industry to consider whether risk-free interest rate benchmarks (such as the cash rate) are more appropriate for some financial contracts than credit-based benchmarks.

… as part of broader work to address misconduct in the financial sector

Enhancing the resilience of interest rate benchmarks is part of broader international and national efforts to address misconduct within financial institutions. In May, the FSB issued a consultation document on recommendations for consistent national reporting of data on the use of compensation tools to address misconduct risk. This is part of its *Workplan on Measures to Reduce Misconduct Risk*. If implemented, the recommendations would enhance supervisory authorities' capacity to consider and monitor the effectiveness of compensation tools and other mechanisms in addressing misconduct risk. The recommendations include: reporting on incentive and compensation systems, including training, promotion and disciplinary systems; the inclusion of conduct in individual goals, and the linking of performance ratings to compensation; and specifying how misconduct is identified.

Domestically, the Banking Executive Accountability Regime (BEAR) commenced on 1 July 2018 for large ADIs and will apply to other ADIs from 1 July 2019. As discussed in 'The Australian Financial System' chapter, the BEAR aims to enhance transparency and accountability in ADIs by ensuring that they are

2 For more information on interest rate benchmarks, and especially the new BBSW methodology, see Alim S and E Connolly (2018), 'Interest Rate Benchmarks for the Australian Dollar', RBA *Bulletin*, September.

clear about who holds ultimate responsibility for each part or aspect of their business. It imposes certain obligations on ADIs and their 'accountable persons' (senior executives and directors). Under the BEAR, courts can impose civil penalties on ADIs for breaches of these obligations, while APRA now has strengthened powers to disqualify accountable persons when they fail to meet their obligations. The BEAR also seeks to ensure that accountable persons face appropriate incentives for long-term decision-making by imposing minimum deferred remuneration requirements. More broadly, the CFR agencies regularly monitor developments related to culture within financial institutions.

Fintech and crypto-assets are attracting ongoing regulatory attention

Fintech continues to be closely watched by international bodies and national regulators. These efforts typically recognise the benefits of fintech such as increased financial inclusion, enhanced competition and increased efficiencies. However, there is also a need to manage risks as fintech grows. One type of fintech that has attracted particular interest by global bodies recently is crypto-assets (including what are sometimes referred to as cryptocurrencies and other digital tokens). In July, the FSB released a report detailing its work on crypto-assets, as well as that of standard-setting bodies. This work includes the following:

- The FSB concluded that crypto-assets do not pose a material risk to global financial stability at this time. However, there is a need to protect consumers and investors, and prevent their use for illicit activities such as money laundering. Given the speed of development of crypto-asset markets, the FSB, in collaboration with the Committee on Payments and Market Infrastructures (CPMI), has developed a framework for monitoring the financial stability implications of crypto-asset markets. The FSB will monitor the size and growth of crypto-asset markets. It will also monitor the use of leverage and financial institution exposures to crypto-asset markets.
- Given its mandate, the CPMI has paid particular attention to innovations in payments. It has conducted work on the use of DLT in payment, clearing and settlement activities, and on central bank digital currencies (CBDCs). The CPMI's current workplan for innovation includes analysing the use of digital currencies in wholesale settlement, including possible safety and efficiency considerations. This involves digital currencies where access is limited to a predefined group of users, in contrast to general purpose digital currencies which would be widely accessible. The workplan also includes monitoring of developments in CBDCs across a range of countries.
- IOSCO has established an initial coin offering (ICO) Consultation Network.[3] This will provide a forum for members to discuss their experiences with ICOs and bring their concerns, including any cross-border issues, to the attention of fellow regulators. It is also developing a framework to help members address domestic and cross-border investor protection issues arising from ICOs.

The UK Financial Conduct Authority (FCA) recently announced, in collaboration with ASIC and several other regulators and related organisations, the creation of the Global Financial Innovation Network (GFIN). The network aims

3 An ICO is a form of fundraising, used by a business or individual, to raise capital online. ICOs generally operate by allowing investors to use crypto-assets to purchase 'coins' that may offer some entitlement to future services. The ICOs are often global offerings that can be created anonymously and/or accepted anonymously.

to provide a more efficient way for innovative firms to interact with regulators, helping them navigate between countries as they look to test and develop new ideas. It will also create a new framework for cooperation between financial services regulators on innovation-related topics, sharing different experiences and approaches. The network is especially relevant for emerging technologies and business models that have cross-border application. The GFIN follows on from the FCA's proposal in February to create a global 'regulatory sandbox'. This would enable businesses to test products, services and business models for a limited time while subject to less stringent regulatory requirements.

Domestically, the RBA has continued to monitor fintech developments, including via the CFR Working Group on Distributed Ledger Technology. This monitoring in part focuses on fintech innovations in critical areas, such as FMIs, to make sure any vulnerabilities are managed and relevant systems and firms are resilient. Notably, the ASX has announced that it is replacing its core system for clearing, settlement and other post-trade services with a new system that uses DLT. The ASX released in September its implementation plan for the replacement, following public consultation earlier in the year.

The RBA has concluded that, at this stage, fintech developments do not raise major issues for monetary policy, payments system policy or its financial stability mandate. However, as in other countries, and as noted above, there are issues related to consumer and investor protection, and money laundering. Other Australian regulators have taken action in recent months in relation to crypto-assets:

- Legislation came into force in April that requires digital currency exchange (DCE) services to register with AUSTRAC and have a program to identify, mitigate and manage money laundering and terrorism financing risks. DCE providers exchange money (whether Australian or foreign currency) for digital currency (or vice versa).
- Also in April, ASIC received delegated powers from the ACCC in relation to crypto-assets.[4] These powers enable ASIC to take action against misleading or deceptive conduct in the marketing or selling of ICOs, even if the ICO does not involve a financial product.

4 ASIC has also issued guidance on crypto-assets, see ASIC (May 2018) Information Sheet 225: Initial coin offerings and crypto-currency.