Fact sheet

Using technology to help identify and assess poor market disclosure by listed companies

Challenge summary

The Australian Securities and Investment Commission (ASIC) is seeking an innovative technology solution to analyse market announcements (and other corporate disclosures) by listed companies and entities to help identify and assess poor market disclosure.

Potential themes

Artificial intelligence, machine learning, advanced data analytics, unstructured data processing, image recognition, optical character recognition (OCR), and interoperable systems.

Overview of challenge

ASIC's regulatory activity includes manual review and assessment of various documents and materials related to capital markets and financial services.

This BRII challenge focuses on developing a technology solution to help ASIC analyse corporate disclosures and other datasets to identify and assess compliance by listed companies with a range of requirements, including:

*   continuous disclosure (price sensitive disclosure) and other disclosure obligations to the market
*   financial reporting obligations

*   the prohibition against misleading or deceptive disclosure (such as misleading categorisation of market announcements)
*   the prohibition against practices that manipulate the pricing of securities.

The goal of the solution is to deliver a more efficient and effective way for ASIC to supervise and enforce conduct of business, disclosure and reporting obligations of listed companies.

Solution requirements

As part of this challenge, ASIC wants to explore the potential of integrating various technology-assisted functions into a single service or functionality.

The solution will need to:

*   assess new information being communicated to the market by a listed company (such as through market announcements, price query letters and responses), and analyse it against historical market information from the company and other data sources to identify anomalies in disclosure

*   compare a listed company's market disclosures to sector peers to identify anomalies in disclosure
*   compare financial statements by a listed company with the company's market announcements and other data sources (including concerning the company's peers) for indicators of potential non-compliance with a company's financial reporting and related disclosure obligations.

In addition, the technology-assisted solution will be required to:

*   source, collect and integrate market announcements, financial reports and other relevant data sources across a variety of formats
*   apply legal obligations, ASIC and industry guidance and other indicators related to listed company disclosures to the market
*   efficiently and accurately identify anomalies and areas of concern across the materials and documents being assessed

- cross-examine data found in related materials/documents (e.g. 'Fact Finder')
- rank and prioritise risks of materials/documents being analysed
- extract key information from materials/documents to allow ASIC staff to be better informed of the features of the materials/documents being assessed
- automate (as far as practical) an explanation of ASIC's potential concerns with the material in question
- integrate with commonly used forms of IT architecture (including ASIC's) and related tools
- satisfy high security protocols in its design
- enrich analysis by considering other relevant extraneous data.

Successful applicants for this BRII challenge will be required to enter into a non-disclosure agreement with ASIC.

Benefits of the solution

A solution of this kind would help ASIC to drive:

- automated analysis of high volumes of documents and materials
- greater cost efficiency by minimising time spent on manual review and assessment
- better targeting of its resources and supervisory focus, thereby reducing the regulatory burden on compliant listed companies.

And, importantly, an adapted and tailored form of the solution will benefit listed companies by reducing the regulatory burden on them. These companies would be able to meet their risk management and compliance requirements in less time, using fewer resources.

Furthermore, the solution is expected to enhance market integrity, and deliver better outcomes for investors and consumers.

More broadly, the solution would demonstrate technological capability to regulators and regulated firms. This includes helping identify and assess compliance by businesses across a range of conduct of business and disclosure obligations beyond capital markets.

How to apply

For information on how to apply, visit business.gov.au/BRII