

Progress in the Implementation of G20/FSB Recommendations – June 2012

Jurisdiction: AUSTRALIA

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1. Refining the regulatory perimeter						
1 (new)	Cannes	Strengthening the oversight of shadow banking	We agree to strengthen the regulation and oversight of the shadow banking system. ¹	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input checked="" type="checkbox"/> Others, please specify: Additional monitoring.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The shadow banking system in Australia accounts for a small and declining share of the financial system. While shadow banking entities are not prudentially regulated, many are required to meet disclosure, licensing and conduct requirements set by the ASIC. Given the limited risks posed by shadow banking entities in Australia, no changes to existing regulatory arrangements are planned. However, the RBA will provide an annual update on the shadow banking system to the CFR. This should identify any emerging risks, which may lead to changes</p>	<p>Planned actions (if any): Money Market Funds: ASIC will produce an internal report by 30 June 2012 on money market funds. Any further work in this sector will be informed by the internal report and its conclusions regarding whether or not appropriate regulation is in place.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

¹ For this survey, the focus is exclusively on the recommendations for monitoring the shadow banking system, discussed in section 2 of the October 2011 FSB report: “Shadow Banking: Strengthening Oversight and Regulation”, which is available here: http://www.financialstabilityboard.org/publications/r_111027a.pdf.

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					<p>to regulatory arrangements if that is warranted.</p> <p>Market Integrity Rules</p> <p>Further consultation by ASIC around Market Integrity Rules took place in October 2011. Feedback closed in January 2012.</p> <p>Consultation was around 1. Extreme Price Movements, 2. Best Execution, 3. Pre-Trade Transparency, 4. Post-Trade Transparency and 5. Regulatory data.</p> <p>Emerging Risk Committee</p> <p>ASIC has an Emerging Risk Committee (ERC). The key purpose of the ERC is to channel senior level advice from within ASIC to help ASIC gain a deeper understanding of emerging risks within the financial services industry which are likely to have implications across all of our regulatory activities. An example of a risk identified and discussed within the ERC include the monitoring of complex shadow banking groups.</p> <p>Money Market Funds</p> <p>ASIC has conducted a project on money</p>	

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					<p>market funds involving market analysis of the Australian market, making enquiries of firms providing these products, analysis of risks in these products in Australia, the US and Europe.</p> <p>Web-links to relevant documents: http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/MIRs-Broader-Market-Structure-ASX-Chi-X-Competition-published-%2020-October-2011.pdf/\$file/MIRs-Broader-Market-Structure-ASX-Chi-X-Competition-published-%2020-October-2011.pdf</p>	
2 (11)	(Lon)	Review of the boundaries of the regulatory framework	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Reviews ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: FSAP</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>Australia's regulatory framework is currently under external review as part of the FSAP update.</p> <p>FSB peer review</p> <p>Australia was the subject of an FSB country peer review in 2011, and the review report was published on 21 September 2011.</p> <p>Joint Forum work</p> <p>ASIC contributed to work on revisions to the Principles for the Supervision of Financial Conglomerates. A consultation draft of these Principles was released in December 2011.</p> <p>ASIC contributed to work on the mandate Cross-sectoral standards on Point of Sale disclosure. The mandate will identify and assess the impact of different regulatory approaches to POS disclosure for products competing for consumer savings.</p> <p>Web-links to relevant documents: http://www.financialstabilityboard.org/publications/r_110926b.pdf</p>	
(i) Hedge funds						
3 (13)	(Seoul)	Regulation (including	We also firmly recommitted to	End-2009	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being	Planned actions (if any): ASIC has joined a sub-group of

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	(Lon)	<p>registration) of hedge funds</p>	<p>work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds, ...</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have</p>		<p>developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: In late 2010, ASIC surveyed Australia's nine largest managers (controlling 50% of sector assets) to assess the potential systemic significance of local hedge funds. The data was analysed and a summary was provided to Treasury, APRA and the RBA. An aggregated summary was also provided to IOSCO which combined it with data from other TFUFE members and reported the results to the FSB in July 2011.</p> <p>A gap was identified in relation to investor disclosure (wholesale and retail). ASIC and Treasury are addressing the identified gap on disclosure through the following channels: 1. ASIC, though various IOSCO fora, has attempted to achieve some flexibility in the IOSCO assessment methodology on</p>	<p>TFUFE members to review the questions in the TFUFE systemic risk survey. The next scheduled survey is to be undertaken in 2012.</p> <p>Even though the limited data available suggests most funds can opt into the shorter PDS regime, ASIC will press ahead with issuing a draft regulatory guide on appropriate disclosures to be made by hedge funds in long form PDS.</p> <p>ASIC has regulatory responsibility for hedge fund managers, and is undertaking ongoing supervision of funds and fund managers. ASIC is currently undertaking two pro-active surveillance projects.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			adequate risk management.		<p>wholesale disclosure.</p> <p>2. On 23 Feb 2012 ASIC released a second consultation paper (CP 174), Hedge funds: Improving disclosure, on proposed regulatory guidance on retail hedge fund disclosure. Comments were due by 19 April 2012.</p> <p>3. As foreshadowed in CP 147 ASIC is working to exclude retail hedge funds from the short form PDS disclosure regime.</p> <p>The final IOSCO methodology for assessing compliance with the hedge fund principles was adopted at the end of September 2011. Regulatory reform will need to be considered to facilitate the mandating of appropriate disclosure by wholesale funds.</p> <p>Web-links to relevant documents: http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/cp147.pdf/\$file/cp147.pdf</p>	
4 (14)	(Lon)	Effective oversight of cross-border funds	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p>	<p>Planned actions (if any): Some legislative changes will be required to facilitate ASIC sharing information and otherwise cooperating with other regulators in an international context.</p> <p>Expected commencement date:</p>

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			fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009.		<input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: ASIC is a member of the IOSCO Task Force on Supervisory Cooperation, which has developed Principles Regarding Cross-Border Supervisory Cooperation (May 2010). The Principles are supported by an Annotated Sample MOU, to guide cooperation in a number of areas, including hedge funds. Web-links to relevant documents: http://www.iosco.org/library/pubdocs/pdf/IOSCOPD322.pdf	Web-links to relevant documents:
5 (15)	(Lon)	Effective management of counter-party risk associated with hedge funds	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2007 Overview (short description) of action(s)	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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					<p>taken: Effective risk management and limits on large exposures already form part of APRA's supervisory framework.</p> <p>Counterparties not supervised by APRA, but licensed by ASIC, are required to have adequate risk management systems.</p> <p>APRA's prudential standard governing large exposures for banks and other ADIs was updated in January 2008. The standard includes risk management requirements and exposure limits for counterparties and groups of related counterparties.</p> <p>ASIC's regulatory guide relating to risk management and other general licensing obligations was published in 2007.</p> <p>In November 2011 ASIC introduced new financial requirements for responsible entities (REs) of managed investment schemes (MISs) including retail hedge funds. REs must prepare 12-month cash-flow projections which must be approved at least quarterly by directors.</p> <p>To meet the new net tangible asset (NTA) capital requirements, REs must hold the greater of: * \$150,000</p>	

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					<p>* 0.5% of the average value of scheme property (capped at \$5 million), or * 10% of the average RE revenue (uncapped).</p> <p>A liquidity requirement has also been introduced where an RE must hold at least 50% of its NTA requirement in cash or cash equivalents, and an amount equal to the NTA requirement in liquid assets.</p> <p>Web-links to relevant documents:</p> <p>APRA Prudential Standard APS 221 Large Exposures (APS 221): http://www.apra.gov.au/adi/Documents/cfdocs/APS-221-12-12-07-3.pdf</p> <p>ASIC regulatory guide 104: http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/rg104.pdf/\$file/rg104.pdf</p> <p>ASIC class order CO 11/1140: http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/co11-1140.pdf/\$file/co11-1140.pdf</p>	
6 (16)	(FSF 2008)	Guidance on the management of exposures to leveraged	II.17 Supervisors will strengthen their existing guidance on the management of exposures to	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of	Planned actions (if any): Expected commencement date:

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		counterparties	leveraged counterparties		<input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: See #5. Web-links to relevant documents:	Web-links to relevant documents:
(ii) Securitisation						
7 (17)	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	During 2010, supervisors and regulators will: <ul style="list-style-type: none"> implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish clear rules for banks' management 	During 2010	No response required for this survey. Please refer to the BCBS progress report on the Basel 2.5 adoption, available at: http://www.bis.org/publ/bcbs/b2_5prog_rep_table.htm	

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			and disclosure;			
			<ul style="list-style-type: none"> implement IOSCO's proposals to strengthen practices in securitisation markets. 		<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any): ASIC has asked Treasury to consider law reform to enable regulatory support (and/or codification) of industry standards, as ASIC does not currently have powers to regulate wholesale market disclosure.</p> <p>While Australia currently has no regulatory requirement that addresses wholesale market disclosure however, as financial products they would still be subject to civil and criminal liabilities in relation to: misleading or deceptive conduct, false or misleading representations/statements, dishonest conduct and inducing persons to deal (ss1041E-H of the Corporations Act 2001 and ss12DA, DB, DF of the ASIC Act 2001)</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
					<input checked="" type="checkbox"/> Others, please specify: Work ongoing.	
					<input type="checkbox"/> Completed as of	
					<p>Overview (short description) of action(s) taken: APRA, ASIC and Treasury are in discussions with industry about how the IOSCO recommendations could be implemented through industry guidelines and other measures.</p> <p>The ASF have released industry standards for RMBS on: * Pre-issuance Disclosure; * Securities Information; * Pool Information; * Loan Level Data; * Arrears Calculation & Reporting; and * Representations & Warranties.</p>	

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			underlying assets, thus encouraging them to act prudently.		<p>Force further published, in March 2011, a report on how its recommendations have been implemented in member jurisdictions.</p> <p>IOSCO's Standing Committee 5 has also published guidelines on due diligence processes of investment managers in relation to structured finance instruments.</p> <p>Joint Forum</p> <p>The Joint Forum published a report in July 2011 on Asset Securitisation which reiterated the importance of transparency, measures to address misaligned incentives and measures to support increased standardisation of securitised products in supporting the recovery of securitisation markets.</p> <p>Web-links to relevant documents:</p>	<p>of retention requirements and measures to enhance transparency and standardisation of securitisation products in member jurisdictions. Results are to be reported to the FSB in July 2012.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
9 (19)	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p>	<p>Planned actions (if any):</p> <p>The Joint Forum is undertaking a new mandate to examine the structure and regulatory framework of the mortgage insurance sector. This work was requested by the FSB in its Thematic Review on Mortgage Underwriting and Origination</p>

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					<input checked="" type="checkbox"/> Completed as of 2006 Overview (short description) of action(s) taken: Lenders' mortgage insurance companies are the most significant monolines operating in Australia. From 2006, APRA significantly increased its minimum capital requirements for lenders' mortgage insurers. APRA is consulting on refinements to the capital framework for general insurers (including lenders' mortgage insurers). Web-links to relevant documents: http://www.apra.gov.au/GI/PrudentialFramework/Pages/General-and-Life-Insurance-Capital-Review-Consultation-on-Draft-Prudential-Standards.aspx	Practices (March 2011). APRA intends implementing its revised capital standards for general insurers from 1 January 2013. Expected commencement date: Web-links to relevant documents:
10 (20)	(FSF 2008)	Strengthening of supervisory requirements or best practices for investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: Work ongoing.	Planned actions (if any): APRA has announced that it will commence a review of its prudential standard applying to securitisation exposures held by authorised deposit-taking institutions in 2012. ASIC has commenced a project to conduct a 'health check' on the

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					<input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: ASIC regulation and guidance ASIC conducts risk based surveillance of structured products including reviews of selected product disclosure statements and where appropriate field visits to the issuers. Industry initiative ASIC is aware that (and has been encouraging) AFMA has set up a working group to develop proposed industry guidelines for new structured product approval processes. Also see #8. Web-links to relevant documents:	capital protected and capital guaranteed structured product market. The report is expected to be publicly released in H2 2012. Also see #8. Expected commencement date: Web-links to relevant documents:
11 (21)	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	Planned actions (if any): ASIC is encouraging industry bodies such as the ASF to work with industry participants and relevant clearing and settlement entities to improve pre- and post-issuance information available to

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			products and their underlying assets.		<input checked="" type="checkbox"/> Others, please specify: Work ongoing. <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: TFUMP has published recommendations in relation to disclosure. IOSCO's SC1 developed and published, in April 2010, disclosure principles for public offerings of asset backed securities. IOSCO's SC2 examined the viability of post-trade transparency for SFPs. In July 2010, SC2 published its report recommending that member jurisdictions should seek to enhance post-trade transparency of SFPs in their respective jurisdictions taking into account the benefits of, and issues related to, post-trade transparency discussed in the report. Web-links to relevant documents:	the industry and ultimately the public. The ASF has released industry standards on disclosure and reporting. As mentioned above, ASIC has asked Treasury to consider law reform as ASIC does not currently have powers to regulate wholesale market disclosure. Expected commencement date: Web-links to relevant documents:
2. Enhancing supervision						
12 (5)	(Pitts)	Consistent, consolidated supervision and	All firms whose failure could pose a risk to financial	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by	Planned actions (if any): APRA intends releasing for consultation draft prudential

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		regulation of SIFIs	stability must be subject to consistent, consolidated supervision and regulation with high standards.		<input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by H2 2013 <input checked="" type="checkbox"/> Others, please specify: Ongoing monitoring. <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: APRA already undertakes a vigilant approach to supervision, taking a consolidated view where appropriate. APRA also adopts a graduated approach to supervision. Larger and more systemically important firms are subject to more intensive supervision. In March 2010, APRA released a discussion paper, 'Supervision of Conglomerate Groups', describing its proposed approach to the supervision of conglomerate groups, including APRA-regulated entities, that have material operations in more than one regulated industry and/or that include material unregulated entities. The RBA has responsibility for monitoring, and promoting, overall financial system	standards in Q2 2012, with implementation planned for H2 2013. Expected commencement date: Web-links to relevant documents:

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					<p>stability. This was reconfirmed most recently in the September 2010 Statement on the Conduct of Monetary Policy between the RBA Governor, as Chairman of the Reserve Bank Board, and the Australian Government.</p> <p>ASIC conducts surveillance of securities firms. These include APRA-regulated and non-regulated institutions. For example, as the conduct and disclosure regulator ASIC undertakes:</p> <ol style="list-style-type: none"> 1. Risk-based surveillance: this is a proactive, ongoing program of surveillance of the sector where ASIC engages with securities firms based on the targeted areas. 2. Reactive surveillance: responding to complaints, breach and audit notifications concerning securities firms and conducting further surveillance as required. 3. Proactive (risk-based) and reactive PDS surveillance: includes liaising with securities firms in relation to PDS and marketing materials of complex structured products <p>Also see #16 on FMI.</p> <p>Web-links to relevant documents: http://www.apra.gov.au/CrossIndustry/Consultations/Pages/Supervision-of- </p>	

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					conglomerate-groups.aspx	
13 (8)	(Lon)	Establishment of Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009 (for establishing supervisory colleges)	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: At March 2012, APRA was a member of over 12 supervisory colleges, and has hosted three colleges (for two major Australian banks and one major insurance group).</p> <p>The IOSCO Technical Committee has approved a mandate for SC6 to prepare a report recommending the establishment of supervisory colleges for globally active CRAs and recommendations about the operation and functions of such colleges.</p> <p>ASIC is a member of 2 supervisory colleges:</p>	<p>Planned actions (if any): APRA expects to host three supervisory colleges in Q2 2012, and is reviewing whether other Australian financial institutions should be subject to supervisory colleges.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>* Business Conduct Roundtable ran by FINRA (USA) to discuss business conduct of mutual interest focussing on the practical application supervisory methods and techniques.</p> <p>* Supervisory College ran by FINRA (USA) to discuss the conduct of entities significant to multiple jurisdictions. ASIC attended the conference in September 2011 and will be attending again in October 2012.</p> <p>Web-links to relevant documents:</p>	
14 (8)	(Seoul)	Conducting risk assessments through international supervisory colleges	We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: See #13.</p>	<p>Planned actions (if any): See #13.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					Web-links to relevant documents:	
15 (9)	(FSF 2008)	Supervisory exchange of information and coordination	V.7 To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Legislation was passed in 2006 in Australia and New Zealand, emphasising the need for both countries to keep each other informed of actions that may impact on the financial stability of the other.</p> <p>The TFSC has developed the Principles Regarding Cross-Border Supervisory Cooperation (May 2010). The Principles are supported by an Annotated Sample MOU.</p> <p>Web-links to relevant documents: http://www.iosco.org/library/pubdocs/pdf/IOSCOPD322.pdf</p>	<p>Planned actions (if any): Legislative change will be necessary to enhance ASIC's powers to promptly share supervisory information with other regulators and with supervisory colleges on a proactive basis. While ASIC's powers are currently restricted, this does not prevent information sharing in many circumstances.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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16 (10)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The CFR released a consultation paper on proposals to enhance the supervision of Australia's critical financial market infrastructure on 21 October 2011. Submissions for this consultation paper closed in December 2011. The Treasurer announced on 30 March 2012 that he had received the advice and was instructing his department to engage further with stakeholders on implementing the framework requested in the advice. In April 2012, the Government released a consultation paper on a number of OTC derivatives markets reforms, including the supervision of FMIs.</p>	<p>Planned actions (if any): Comments on the April 2012 consultation paper are due in June 2012.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					Web-links to relevant documents: http://www.treasury.gov.au/ConsultationsandReviews/Submissions/2011/Review-of-Financial-Market-Infrastructure http://www.treasury.gov.au/ConsultationsandReviews/Submissions/2012/Over-the-counter-derivatives-commitments-consultation-paper	
17 (12)	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: Work ongoing. <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: The budgetary resources allocated to APRA and ASIC are regularly monitored to ensure they continue to be adequate. At present, ASIC has a stable and continuous source of funding. The Government is committed to ensuring this	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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					<p>continues to be the case.</p> <p>In 2009 ASIC initiated a drive to hire staff with relevant market experience. This was complimented by the transfer of 23 staff when ASIC assumed responsibility of markets supervision in July 2010.</p> <p>With the introduction of competition in October 2011, ASIC created the role of Markets Cluster Knowledge and Development Manager to ensure ASIC keeps pace with industry. The priorities include a skills analysis of existing staff and planning for future hires, industry speakers and experts to present to ASIC on hot topics and a broker engagement strategy to assist ASIC in its understanding of business models.</p> <p>Web-links to relevant documents:</p>	
3. Building and implementing macro-prudential frameworks and tools						
18 (23)	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk.		<input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of Aug 2009 Overview (short description) of action(s) taken: The charter of the CFR includes a mandate to identify important issues and trends in the financial system, including those that may impinge upon overall financial stability. The CFR also monitors the adequacy of Australia's financial system architecture in light of ongoing developments. The RBA monitors these trends and risks as part of its normal work in assessing financial system stability. Both the RBA (non-legislative) and APRA (legislative) have mandates to promote financial stability. ASIC has a legislative mandate to limit systemic risk in certain financial market infrastructures. Inter-agency division of responsibilities is governed by Memoranda of Understanding. Web-links to relevant documents:	
19 (24)	(Lon)	Powers for gathering relevant	Ensure that national regulators possess the powers for	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by	Planned actions (if any): Some legislative changes will be required to ASIC's powers to

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
		information by national regulators	gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions.		<input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: Work ongoing. <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: In recognition of the inter-connectedness of the Australian and New Zealand banking systems, legislation was passed in 2006 in Australia and New Zealand, emphasising the need for both countries to keep each other informed of actions that may impact on the financial stability of the other. APRA's data gathering and sharing powers were further enhanced in 2010 when the Financial Sector (Collection of Data) Act 2001 was amended. Under these amendments, APRA has the power to collect data from any entity providing financial services in order to assist another financial sector agency (including the RBA and ASIC) to perform its functions.	facilitate data collection and to promptly share supervisory information with other regulators. Expected commencement date: Web-links to relevant documents:

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					Web-links to relevant documents: http://www.comlaw.gov.au/Details/C2011C00325	
20 (25)	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level... Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions.	End-2009 and ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work is ongoing in relation to margin requirements for non-centrally cleared derivatives in conjunction with regulators locally and globally.</p> <p><input checked="" type="checkbox"/> Completed as of May 2009</p> <p>Overview (short description) of action(s) taken: APRA and the RBA are keeping abreast of international developments and are contributing as appropriate, including through membership of the BCBS. APRA's legislative mandate to promote financial stability already empowers it to deploy its prudential tools in response to macro (system-wide) risks.</p> <p>Australia's OTC Derivatives Working</p>	<p>Planned actions (if any): APRA is implementing the Basel III framework, including the counter-cyclical capital buffer and leverage ratio. Quantitative indicators of leverage will be taken into account when setting the counter-cyclical buffer, but analysis will not be limited to these data. The full array of available data and analysis will be marshalled to support the detection of a harmful credit boom, and the full suite of prudential tools - including but not limited to this buffer - remain available for use in response.</p> <p>In relation to OTC derivatives, Australian regulators are awaiting the international work being undertaken by the BCBS/IOSCO/CPSS/CGFS working group on the margining requirements for non-centrally cleared derivatives, due for consultation by June 2012.</p>

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	(Cannes)		We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject.		<p>Group conducted a survey, released on 22 May 2009, which found that Australia has exhibited a continuing trend towards collateralisation of exposures, underpinned by the negotiation of Credit Support Annexes attached to Master Agreements, with these also increasingly incorporating lower unsecured thresholds and more frequent use of initial margining.</p> <p>ASIC is participating in the Working Group on Margin Requirements, which is setting principles on margin requirements for non-centrally cleared derivatives.</p> <p>Web-links to relevant documents:</p>	<p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
21 (26)	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 2004</p> <p>Overview (short description) of action(s)</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>taken: The RBA already monitors asset prices and their implications for the macroeconomy and financial system stability, and reports its assessments regularly in the Statement on Monetary Policy, the Financial Stability Review, Board minutes and other communication vehicles.</p> <p>Web-links to relevant documents:</p>	
22 (27)	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of 1998</p> <p>Overview (short description) of action(s) taken: The RBA and APRA agreed on a Memorandum of Understanding in 1998, which, among other things, sets out some of the specifics of the modes of co-operation and procedures for information sharing.</p>	<p>Planned actions (if any): See #15.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>There is also a high degree of cooperation and liaison between the two agencies, with the key formal structure for bilateral co-operation between the RBA and APRA being the regular meeting of the Co-ordination Committee. This meeting occurs roughly every six weeks. The Co-ordination Committee's standing agenda includes discussions on market developments and any issues of note concerning specific institutions. Ahead of the meeting, the two agencies typically circulate relevant internal analysis to each other.</p> <p>Because strong relationships between the agencies are so important to the effectiveness of financial stability oversight, co-operation between the RBA and APRA occurs not only through formal processes, but through close informal relationships at both senior executive and working levels. Individual executives at both agencies are accountable for building and maintaining inter-agency relationships, as set out in their job description and terms of employment.</p> <p>The CFR has a MOU in place between council members on managing periods of financial stress.</p> <p>As at March 2012, APRA has 21 MOUs or</p>	

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					<p>similar arrangements with foreign counterparts.</p> <p>As at April 2012, ASIC has 45 MOUs or similar arrangements with foreign counterparts. It is also a signatory to the IOSCO MMOU.</p> <p>See also #19.</p> <p>Web-links to relevant documents:</p>	
4. Improving oversight of credit rating agencies						
23 (35)	(Lon)	Registration of CRAs etc.	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals.	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of Jan 2010</p> <p>Overview (short description) of action(s) taken: Licensing of CRAs took effect from 1 January 2010.</p>	<p>Planned actions (if any): The remaining two licensed CRAs will submit their first report by 30 April 2012.</p> <p>ASIC is using the reported information in an expanded risk-based surveillance program from February 2012.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>Licence conditions for all CRAs require compliance with the IOSCO Code on a mandatory basis.</p> <p>Three licensed CRAs have submitted their first IOSCO Code Annual Compliance Report in January 2012.</p> <p>Web-links to relevant documents:</p>	
24 (36)	(Lon)	CRA practices and procedures etc.	<p>National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.</p> <p>CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record</p>	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Within IOSCO SC6, ASIC continues to advocate for the establishment of supervisory colleges for globally relevant CRAs to facilitate further cooperation and information sharing between authorities and assist authorities' oversight of cross-border</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			<p>and the information and assumptions that underpin the ratings process.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO.</p>		<p>CRA's. The IOSCO Technical Committee has approved a mandate for SC6 to prepare a report recommending the establishment of supervisory colleges for globally active CRA's and recommendations about the operation and functions of such colleges.</p> <p>An MOU between ASIC and ESMA concerning cross-border CRA's was executed on 21 December 2011.</p> <p>Also see #23.</p> <p>Web-links to relevant documents:</p>	
25 (37)	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRA's	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRA's) as early as possible in 2010.	As early as possible in 2010	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: ASIC implemented CRA regulation</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>consistent with the IOSCO code of conduct. On 1 January 2010 ASIC withdrew class order relief that allowed issuers of financial products to cite credit ratings in prospectuses and product disclosure statements without the consent of CRAs. As liability for the content of disclosure attaches to persons who have consented to having their statements cited, the withdrawal of the class order relief has implications for the accountability of CRAs.</p> <p>In December 2011 ESMA endorsed Australia's CRA regulatory framework which allows credit ratings issued in Australia to be used for regulatory purposes in the EU.</p> <p>Also see #23 - #24.</p> <p>Web-links to relevant documents:</p>	
26 (38)	(Seoul)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should	Ongoing	<p>No response required for this survey.</p> <p>Please refer to national summary tables in <i>Progress Report on Reducing Reliance on CRA Ratings</i> (forthcoming).</p>	

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	(FSF 2008)		<p>not rely mechanistically on external credit ratings.</p> <p>IV. 8 Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation.</p> <p>We reaffirm our commitment to reduce authorities' and financial institutions' reliance</p>			

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			on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings.			
5. Enhancing and aligning accounting standards						
27 (28)	(WAP)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input checked="" type="checkbox"/> Completed as of 2005 Overview (short description) of action(s) taken: Australia adopted IFRS in 2005.	Planned actions (if any): Australia strongly encourages non-adopting jurisdictions to adopt or converge with IFRS. Australia will monitor progress of IFRS-US GAAP convergence and will continue to promote broader adoption and convergence with IFRS within the Asia-Pacific region. Expected commencement date: Web-links to relevant documents:

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					<p>Australia adopted IFRS, including Interpretations, in 2005 and has been adopting all the revisions ever since for publicly accountable for-profit entities. IFRS has also been adapted for application by not-for-profit entities, including governments and other public sector entities.</p> <p>In 2009, Australia, through the AASB and the FRC was instrumental in the formation of the AOSSG. The AOSSG aims to: (a) promote adoption of, and convergence with, IFRS in the region; (b) promote consistent application of IFRS in the region; (c) coordinate input from the region to the IASB; and (d) cooperate with governments and regulators and other regional and international organisations to improve the quality of financial reporting in the region.</p> <p>Australia is chair of the AOSSG from November 2011 for two years and hosted the 3rd Annual AOSSG Meeting in Melbourne in November 2011.</p> <p>ASIC contributes to IOSCO's submissions on IASB discussion papers and exposure drafts, and participates in the sharing of information on IFRS regulatory decisions and interpretations, as well as emerging issues, with other securities regulators.</p>	

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					<p>APRA is a member of the FRC. APRA is also a member of the Basel Committee's Accounting Task Force and the IAIS.</p> <p>The IASB, FASB and AASB have progressed the following Financial Crisis related projects:</p> <ol style="list-style-type: none"> 1. IFRS 9 Financial Instruments: <ul style="list-style-type: none"> * Classification and measurement. The IASB indicated in November 2011 that the Classification and Measurement Phase would be reopened to enable convergence with the FASB. * Impairment * Hedge accounting 2. IFRS 10 Consolidated Financial Statements (completed) and effective from 1 January 2013. 3. IFRS 13 Fair Value Measurement (completed) and effective from 1 January 2013. 4. IFRS 11 Joint Arrangements (completed) and effective from 1 January 2013. <p>Australia has hosted delegations from other countries that are interested in Australia's implementation of IFRS.</p> <p>Web-links to relevant documents: http://www.ifrs.org/IFRSs/IFRS.htm</p>	

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28 (30)	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak.	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Australia adopted IFRS in 2005 and has been adopting all revisions ever since.</p> <p>The IASB is currently replacing IAS 39 with IFRS 9 Financial Instruments which will be effective 1 January 2015.</p> <p>The IASB has completed Classification and measurement of Financial Assets and Liabilities. This has been issued as IFRS 9 Financial Instruments in December 2010.</p> <p>IFRS 9 is scheduled to be re-issued to also deal with financial asset impairment, general hedge accounting and macro hedge accounting. Limited improvements are also being considered for classification and</p>	<p>Planned actions (if any): Replacements to IAS 39 (IFRS 9 phases) are included in Australian Accounting Standards as they become available.</p> <p>The AASB remains an active commentator in the IASB's processes to revise IAS 39, both directly and through its leadership of the AOSSG Financial Instruments Working Group.</p> <p>ASIC is providing input into the proposals through IOSCO.</p> <p>APRA is taking steps to implement the new Basel III requirements, including appropriate transitional arrangements.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>measurement. Exposure drafts and/or standards on those remaining topics is targeted for H2 2012.</p> <p>The mandatory application date of IFRS 9 has been extended from 1 January 2013 to 1 January 2015 to allow for all phases to be adopted at the same time.</p> <p>IFRS 13 Fair Value Measurement is effective from 1 January 2013 and provides enhanced transparency by requiring additional disclosures about fair values derived using models and offers clearer and more consistent guidance on the application of fair value measurement in inactive markets.</p> <p>Web-links to relevant documents:</p>	
29 (31)	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting.	End-2009	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p>	<p>Planned actions (if any): The IASB is progressing its project on general hedge accounting and macro hedge accounting, an objective of which includes simplifying hedge accounting requirements. The AASB will continue to monitor the work of the IASB with a view to incorporating the outcome into AASB 9 in due course.</p>

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			Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements.		<input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: See #28. In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which has been included in the Australian Accounting Standard AASB 13. APRA requires that fair value must be prudent and apply an extra degree of conservatism. APRA also participates on the BCBS Accounting Task Force which is contributing to the development of the IASB standards. Web-links to relevant documents:	Also see #28. Expected commencement date: Web-links to relevant documents: http://www.aasb.gov.au/Pronouncements/Current-standards.aspx
6. Strengthening adherence to international financial standards						
30 (32)	(Lon)	Adherence to international prudential regulatory and supervisory standards, as well as agreeing to undergo FSAP/ FSB periodic peer	We are committed to strengthened adherence to international prudential regulatory and supervisory standards. FSB members	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <input checked="" type="checkbox"/> Others, please specify: Work ongoing.	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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		<p>reviews</p> <p>(Note) Please try to prioritise any major initiatives conducted specifically in your jurisdiction</p>	<p>commit to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other evidence IMF / World Bank FSAP reports.</p>	<p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Australia's prudential standards were assessed under the IMF FSAP process in 2006. Australia is fully or largely compliant with 13 of the 14 standards being reviewed under the FSB's peer review for non-cooperative jurisdictions. In addition, Australia is a full member of the IOSCO MMOU.</p> <p>Australia was one of the first countries to be mutually evaluated against FATF's 49 AML/CFT standards in 2005. Australia was rated as compliant or largely compliant with 26 standards. Legislation introduced in 2006 addressed 19 of the 23 Recommendations for which Australia was rated non-compliant or partially compliant. Australia participated in a ROSC on data dissemination during 2010. The IMF published a report on Australia's compliance with the relevant standards in November 2010.</p> <p>An FSB country peer review of Australia was published in September 2011. It found that Australia had made significant progress in addressing key recommendations from</p>	

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					<p>the 2005/06 FSAP. The 2012 FSAP is currently underway.</p> <p>See also #2.</p> <p>Web-links to relevant documents: http://www.imf.org/external/pubs/ft/scr/2006/cr06372.pdf</p>	
7. Enhancing risk management						
31 (4)	(WAP)	Enhancing guidance to strengthen banks' risk management practices	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Risk management is an integral component of APRA's supervisory model. Risk management requirements are embedded in APRA's prudential standards and seek to ensure strong risk management practices within banks and other ADIs. APRA adopts a risk-based approach to its prudential</p>	<p>Planned actions (if any): Ongoing stress tests.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>supervision including the assessment of risk management practices within ADIs.</p> <p>Web-links to relevant documents: http://www.apra.gov.au/adi/PrudentialFramework/Pages/adi-prudential-standards-and-guidance-notes.aspx</p>	
32 (4)	(FSF 2009)	Validation of adequacy of banks' capital buffers	1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: APRA undertakes regular stress testing of regulated institutions. For instance, APRA undertook two rounds of ADI stress testing in the second half of 2009 and has just initiated another ADI industry-wide stress testing exercise.</p> <p>APRA prudential requirements also require institutions to conduct regular and robust</p>	<p>Planned actions (if any): Ongoing stress tests.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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					<p>stress testing of capital adequacy and liquidity management.</p> <p>In 2009, APRA benchmarked advanced banks' stress testing practices against the BCBS principles.</p> <p>Web-links to relevant documents:</p>	
33 (4)	(FSF 2008)	Monitoring the implementation of updated guidance on liquidity risk	II.10 National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input checked="" type="checkbox"/> Draft regulations/guidelines published as of Nov 2011</p> <p><input checked="" type="checkbox"/> Final rules expected to be in force by Jun 2013</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: APRA participated in the relevant BCBS exercises during 2010, specifically the bank self assessment against the 2008 principles and the Quantitative Impact Study (and subsequent calibration of the quantitative standard). Since January 2012, APRA is collecting LCR and NSFR data from the</p>	<p>Planned actions (if any): Ongoing stress tests.</p> <p>The BCBS principles for liquidity management will be formally incorporated in APRA's prudential standards as part of its implementation of the Basel III liquidity requirements. These qualitative requirements will be expected to be implemented by ADIs from the effective date of the revised standard.</p> <p>Expected commencement date: H1 2013</p> <p>Web-links to relevant documents:</p>

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					<p>relevant banks to monitor progress towards compliance with the quantitative requirements.</p> <p>Web-links to relevant documents:</p>	
34 (4)	(FSB 2009)	Enhancing banks' operations in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: N/A</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any): N/A</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
35 (39)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p>	<p>Planned actions (if any): See #32.</p> <p>Expected commencement date:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<input type="checkbox"/> Final rules expected to be in force by <input type="checkbox"/> Others, please specify: <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: See #32. Web-links to relevant documents:	Web-links to relevant documents:
36 (40)	(Pitts)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed.	Ongoing	Implementation ongoing: <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input checked="" type="checkbox"/> Final rules expected to be in force by Jan 2013 <input checked="" type="checkbox"/> Others, please specify: Work ongoing. <input type="checkbox"/> Completed as of Overview (short description) of action(s) taken: APRA updated and strengthened its capital quality rules for banks in 2005.	Planned actions (if any): APRA is taking steps to implement the new Basel III capital requirements. APRA intends that final prudential standards to give effect to Basel III will take effect on 1 January 2013. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>Enhancements to the Basel II Framework came into effect from 1 January 2012.</p> <p>In March 2012, APRA released for public consultation draft standards implementing the Basel III capital reforms.</p> <p>Web-links to relevant documents: http://www.apra.gov.au/adi/PrudentialFramework/Pages/Basel-III-Capital-Reforms-March-2012.aspx</p>	
37 (41)	(WAP)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate.	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input type="checkbox"/> Others, please specify:</p> <p><input checked="" type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: The RBA Governor wrote to Australia's internationally active banks in 2008 encouraging them, where relevant, to draw on the best practice disclosures template</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>developed at the request of the FSF. In response, these Australian banks have improved their disclosure in their existing reporting.</p> <p>APRA and ASIC completed the review template for Australia as part of the FSB's thematic review of risk disclosure practices. APRA's prudential standards giving effect to the Basel II enhancements to Pillar 3 disclosures came into effect on 1 January 2012.</p> <p>IFRS 7 (Financial Instruments: Disclosures) is included in the Australian Accounting Standard AASB 7.</p> <p>Web-links to relevant documents: http://www.apra.gov.au/adi/Documents/AP_S330-Public-Disclosure-of-Prudential-Information-January%202012.pdf</p>	
8. Strengthening deposit insurance						
38 (42)	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen	Ongoing	<p>No response required for this survey.</p> <p>Please refer to peer review report on deposit insurance systems published in February 2012, available at: http://www.financialstabilityboard.org/publications/r_120208.pdf</p>	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			arrangements where needed.			
9. Safeguarding the integrity and efficiency of financial markets						
39 (new)	(Cannes)	Market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012.	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p> <p>Overview (short description) of action(s) taken: Rules for the cash equity market for the introduction of competition (Competition Market Integrity Rules) were made in May 2011 and implemented in October 2011. The rules address volatility controls, market operator cooperation and dark liquidity (i.e. requiring lit order priority), among other things.</p> <p>Draft regulations/guidelines were published for consultation (Market Structure CP) in October 2011 on market operator systems and controls, participant systems and</p>	<p>Planned actions (if any): Further consultation on possible rules for broker crossing systems (e.g. on transparency of access and operations, conflicts of interest and surveillance) towards the end of 2012.</p> <p>We will continue to monitor the development of electronic liquidity providers and consider whether any adjustment is required to our short selling relief for naked short selling.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					<p>controls for automated trading, enhanced data for market surveillance and additional rules on dark liquidity.</p> <p>Final rules (i.e. to the draft ones published in October 2011) are expected to be made in October 2012 with implementation staggered from mid-2013 to early 2014.</p> <p>Web-links to relevant documents:</p> <p>Competition Market Integrity Rules http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/ASIC-market-integrity-rules-competition-in-exchange-markets-2011.pdf/\$file/ASIC-market-integrity-rules-competition-in-exchange-markets-2011.pdf</p> <p>Guidance on competition market integrity rules http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/RG223-published-29-April-2011.pdf/\$file/RG223-published-29-April-2011.pdf</p> <p>Market structure CP http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/cp168-published-20-October-2011-2.pdf/\$file/cp168-published-20-October-2011-2.pdf</p> <p>Draft market structure rules</p>	

# (# in brackets are from 2011 template)	G20/FSB Recommendations		Deadline	Progress to Date	Planned Next Steps	
				http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/MIRs-Broader-Market-Structure-ASX-Chi-X-Competition-published-%2020-October-2011.pdf/\$file/MIRs-Broader-Market-Structure-ASX-Chi-X-Competition-published-%2020-October-2011.pdf		
40 (new)	(Cannes)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position	Ongoing	<p>Implementation ongoing:</p> <input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by <input type="checkbox"/> Draft regulations/guidelines published as of <input type="checkbox"/> Final rules expected to be in force by	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
					<input checked="" type="checkbox"/> Others, please specify: Work ongoing.	
					<input type="checkbox"/> Completed as of	
					<p>Overview (short description) of action(s) taken: There is already pre and post transparency in exchange traded commodities markets in Australia.</p> <p>ASIC as well as market operators already have powers to address disorderly markets, in the case of exchange traded commodities. ASIC has the power to prevent market abuse for exchange and OTC trade</p>	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012		<p>commodity futures.</p> <p>Market operators have the power to impose position limits, and do in some cases, in order to satisfy their primary license obligation of ensuring a fair, orderly and transparent market.</p> <p>Participants in exchange and OTC commodities markets who provide financial services, such as advice or dealing on behalf of clients, are required to obtain an Australian Financial Services Licence, and are subject to supervision by ASIC.</p> <p>Web-links to relevant documents:</p>	
10. Enhancing consumer protection						
41 (new)	(Cannes)	Financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection	Ongoing	<p>Implementation ongoing:</p> <p><input type="checkbox"/> Draft regulations/guidelines being developed, expected publication by</p> <p><input type="checkbox"/> Draft regulations/guidelines published as of</p> <p><input type="checkbox"/> Final rules expected to be in force by</p> <p><input checked="" type="checkbox"/> Others, please specify: Work ongoing.</p> <p><input type="checkbox"/> Completed as of</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			<p>and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions.</p>		<p>Overview (short description) of action(s) taken: Australia has progressed reforms to strengthen the financial advice and consumer credit industries. These reforms already meet many of the G20 High Level Principles.</p> <p>The FSB report on consumer finance protection focuses on issues related to consumer credit, including mortgages, credit cards, and secured and unsecured loans. ASIC responded to a survey on this topic in June 2011 and set out in its response the main features of the new Consumer Credit regime - licensing, responsible lending, disclosure and conduct.</p> <p>The Consumer Credit regime appears to meet several of the high level principles on financial consumer protection prepared by the OECD (together with the FSB). More detailed information on these principles was provided to the FSB in our response to the survey questions.</p> <p>Web-links to relevant documents:</p>	

Origin of recommendations:

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)

Seoul: The Seoul Summit Document (11-12 November 2010)

Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)

Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)

Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)

WAP: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)

FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)

FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)

FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)

Index of acronyms

Example:

FSB: Financial Stability Board

AASB: Australian Accounting Standards Board

AFMA: Australian Financial Markets Association

AML/CFT: Anti-money laundering and Counter-terrorism financing

AOSSG: Asian-Oceanian Standards Setters Group

APRA: Australian Prudential Regulation Authority

ASF: Australian Securitisation Forum

ASIC: Australian Securities and Investments Commission

ASX: Australian Stock Exchange

BCBS: Basel Committee on Banking Supervision

CFR: Council of Financial Regulators (comprising the RBA, APRA, ASIC and Treasury)

CGFS: Committee on the Global Financial System

CPSS: Committee on Payment and Settlement Systems

CRA: Credit rating agencies

DNSFR Report: Joint Forum report on Review of the Differentiated Nature and Scope of Financial Regulation

ESMA: European Securities and Markets Authority

FATF: Financial Action Task Force

FINRA: Financial Industry Regulatory Authority (USA)

FMI: Financial market infrastructure

FRC: Financial Reporting Council

FSAP: Financial Sector Assessment Program

FSB: Financial Stability Board

GAAP: Generally accepted accounting principles

IASB: International Accounting Standards Board

IFRS: International Financial Reporting Standards

IMF: International Monetary Fund

IOSCO: International Organization of Securities Commissions

LCR: Liquidity coverage ratio

NSFR: Net stable funding ratio

OECD: Organisation for Economic Co-operation and Development

OTC: Over-the-counter

PDS: Product disclosure statement

RBA: Reserve Bank of Australia

RMBS: Residential mortgage backed securities
ROSC: Report on the Observance of Standards and Codes
SFP: Structured finance products
TFUFE: IOSCO Task Force on Unregulated Financial Entities
TFUMP: IOSCO Task Force on Unregulated Financial Markets and Products
TFSC: IOSCO Task Force on Supervisory Cooperation