

Jurisdiction: **Australia**

2016 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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| I. Hedge funds | | | | | |
| 1 (1) | Registration, appropriate disclosures and oversight of hedge funds | <p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</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 adequate risk management. (London)</p> | <p>Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009), in particular recommendations 1 and 2.</p> <p>In their response, jurisdictions should specify whether:</p> <ul style="list-style-type: none"> - Hedge Funds (HFs) and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Final rule (for part of the reform) in force since : 1 June 2012 <p><input checked="" type="checkbox"/> Implementation completed as of: 1 June 2012</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Surveillance activities across both the wholesale and retail hedge fund sectors.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>ASIC has been able to identify 473 hedge funds and funds of hedge funds domiciled in or actively marketed in</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>ASIC has regulatory responsibility for hedge fund managers, and conducts proactive survey and surveillance activities across both the wholesale and retail hedge fund sectors. The last survey was the third biennial hedge fund systemic risk survey conducted in the final quarter of 2014 as part of a global data gathering exercise coordinated by IOSCO. Currently, ASIC surveillance activity in the wholesale hedge fund sector relies on data collected by commercial agencies and information gathered through the exercise of ASIC's compulsory notice powers on licensee managers. ASIC surveillance of the hedge fund sector has been merged to ASIC general surveillance of risk profiled entities.</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>Australia as at September 2014. These funds commanded AU\$95.9bn in AUM. These funds commanded AU\$95.9bn in AUM. All managers of domestic hedge funds are required to hold an Australian Financial Services Licence (AFSL) issued by ASIC. Further, retail managed investment schemes must be registered with ASIC. AFSL licences impose organisational and operational standards on licensees relating to: risk management; management of conflicts of interest; having adequate resources (including financial, technological and human); training and supervision of personnel and compliance. A gap was identified in relation to investor disclosure (wholesale and retail) between the disclosures contemplated in IOSCO's Hedge Fund Oversight (June 2009) and disclosures required of registered managed investment schemes (MIS) (i.e. retail funds) and wholesale schemes. In particular, registered MIS hedge funds are generally required to use a short (i.e. 8 page) investor product disclosure format that could not readily accommodate the disclosures contemplated by IOSCO and otherwise</p> | |

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| | | | | <p>considered appropriate by ASIC. In June 2012 ASIC issued Class Order 12/749 exempting hedge funds from the shorter PDS regime and in September issued RG 240: Hedge Funds: Improving Disclosure. The Class Order and RG 240 came into effect in February 2014.</p> <p>ASIC has participated in three coordinated surveys by all members of the IOSCO Task Force on Unregulated Financial Entities (TFUFE – now the Hedge Fund Subcommittee of IOSCO's Standing Committee 5 on Collective Investment Schemes) to:</p> <ul style="list-style-type: none"> • facilitate international cooperation regarding possible systemic risk in the sector; • provide a forum for the discussion of potential regulatory options; and • gain a better insight into the global hedge fund industry. <p>ASIC first participated in this survey at the end of 2010. In the most recent survey, ASIC surveyed its 18 largest hedge fund managers, soliciting detailed asset level exposure information from the 27 largest hedge funds. These 27 funds control approximately 44 % of sector AUMs. Aggregated local data has been supplied to the TFUFE members designated to compile regional and then global aggregated data and to</p> | |

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| | | | | <p>conduct initial analysis of the information. ASIC issued a snapshot report on the Australian hedge funds industry on 1 July 2015. Over the first half of 2014 ASIC conducted a hedge fund sector engagement project meeting with mainly service providers to hedge funds and hedge fund investors to get a better understanding of sector dynamics and risks so as to better inform ASIC deliberations on where its supervisory focus should be going forward.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>Class Order [12/749] (13-117MR ASIC to further improve hedge fund disclosure): http://asic.gov.au/regulatory-resources/superannuation-funds/superannuation-shorter-pds-regime/ Regulatory Guide 240 (Hedge funds: Improving disclosure): http://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-240-hedge-funds-improving-disclosure/ Report 439 (Snapshot of the Australian Hedge Funds Sector): http://asic.gov.au/regulatory-</p> | |

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| | | | | resources/find-a-document/reports/rep-439-snapshot-of-the-australian-hedge-funds-sector/. | |

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| 2 (2) | Establishment of international information sharing framework | 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 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. (London) | <p>Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since : <p><input checked="" type="checkbox"/> Implementation completed as of: 31 December 2013</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>ASIC has been able to implement this recommendation via "MOUs and other ongoing work". More specifically, ASIC has been able share information in relation to hedge funds both through ASIC's IOSCO membership and related work as well as bilateral agreements (i.e. MOUs) with other regulators. ASIC is a member of the IOSCO Task Force on</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Legislative changes have been made to facilitate ASIC's ability to share information and -cooperate with other regulators in an international context. ASIC has entered into a number of MOUs that are aligned with the Principles Regarding Cross-border Supervisory Cooperation. Recent MOUs include: • Alternative Investment Fund Manager Directive (AIFMD) MOUs with EU regulators. • A bilateral supervisory MOU with Luxembourg CSSF. • A bilateral supervisory MOU with AMF France. • A bilateral supervisory MOU with the Financial Supervisory Service of the Republic of Korea.</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>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.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year's survey:</p> <p>Australia is in continued discussions with a number of additional regulators regarding the sharing of information relating to hedge funds to expand our information sharing networks.</p> <p>Web-links to relevant documents:</p> <p>http://www.iosco.org/library/pubdocs/pdf/IOSCOPD322.pdf</p> | |

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| 3 (3) | Enhancing counterparty risk management | <p>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. (London)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)</p> | <p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO Report on Hedge Fund Oversight (Jun 2009).</p> <p>In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III, since it is monitored separately by the BCBS.</p> <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since : <p><input checked="" type="checkbox"/> Implementation completed as of: 2007 and November 2011</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Short description of the content of the legislation/ regulation/guideline:</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</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>APRA proposes to reviews its large exposures requirements and treatment of banks' equity investments in funds in 2016</p> <p>Web-links to relevant documents:</p> <p>Regulatory Guide 166 (Licensing: Financial requirements): http://download.asic.gov.au/media/3278616/rg166-published-1-july-2015.pdf</p> |

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| | | | | <p>at least quarterly by directors. In 2013 ASIC introduced new financial requirements for custodians. To meet the new net tangible asset (NTA) capital requirements, REs must hold the greater of: (a) if the assets of the schemes it operates are either held by a licensed custodian, not required to be held by a custodian or are categorised as special custody assets or the licensee does not operate any registered schemes or Investor Directed Portfolio Services (IDPS)—at least the greatest of: (i) \$150,000; or (ii) an amount of up to \$5 million, being 0.5% of the average value of scheme and IDPS property of registered schemes and IDPSs (if any) operated by the licensee; or (iii) 10% of the average RE and IDPS revenue of the licensee; (b) otherwise—at least the greater of: (i) \$10 million; or (ii) 10% of average RE and IDPS revenue of the licensee. The regulatory regime generally does not subject bodies regulated by APRA to requirements under the Corporations Act for resources and risk management systems: see s912A(1)(d) and 912A(1)(h). However, if the licensee is an RSE licensee authorised to operate registered managed</p> | |

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| | | | | <p>investment schemes, the above financial resource requirements will apply. If the licensee is a body regulated by APRA, and not required to comply with s912A(1)(d), we will not require you to comply with our financial requirements. However, as a condition of the AFS licence, the licensee must remain at all times a body regulated by APRA and their auditor must confirm this to us annually on a positive assurance basis, and at any other time that we request. The AFS licensee obligations and our licence conditions also apply if the licensee is a related body corporate of a body regulated by APRA, but is not itself a body regulated by APRA.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: Regulatory Guide 166 (Licensing: Financial requirements): http://download.asic.gov.au/media/3278616/rg166-published-1-july-2015.pdf</p> | |

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| II. Securitisation | | | | | |
| 4 (4) | Strengthening of regulatory and capital framework for monolines | Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008) | <p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monoline insurers (where these exist).</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum document on Mortgage insurance: market structure, underwriting cycle and policy implications (Aug2013). | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2013 (revised capital framework), 2015 (CPS 220)</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>On 1 January 2013, APRA implemented a revised capital framework for all general insurers, including lenders’ mortgage insurers (LMIs), after a multi-year review that was focused on</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>No planned actions</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>alignment across the life and non-life insurance industries and on improving the risk-sensitivity of the capital frameworks. As part of APRA’s work to harmonise and enhance its risk management requirements, a new cross-industry prudential standard and prudential practice guide on risk management came into effect on 1 January 2015. Prudential Standard CPS 220 Risk Management (CPS 220) and Prudential Practice Guide CPG 220 Risk Management apply to all general insurers, including LMIs.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents: http://www.apra.gov.au/MediaReleases/Pages/05_45.aspx http://www.apra.gov.au/MediaReleases/Pages/12_25.aspx</p> | |

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| 5 (5) | Strengthening of supervisory requirements or best practices for investment in structured products | Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008) | <p>Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: July 2014</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>ASIC published Report 400 Responses to feedback on REP 384 Regulating complex products in July 2014. In REP 400, it says that ASIC will be: (a) continuing our current work (e.g. our use of risk-based surveillance to assess</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>compliance with disclosure and advertising obligations); (b) encouraging industry-led initiatives that address the risks outlined in REP 384 (e.g. our work with the Australian Financial Markets Association (AFMA) to develop principles relating to retail structured products); and (c) monitoring the outcome of the Financial System Inquiry.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-400-responses-to-feedback-on-rep-384-regulating-complex-products/</p> | |

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| 6 (6) | Enhanced disclosure of securitised products | Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008) | <p>Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.</p> <p>See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012), Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010) and report on Global Developments in Securitisation Regulations (November 2012), in particular recommendations 4 and 5.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: January 2013</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>APRA has incorporated the Pillar 3 disclosures for securitisation through APS 330. On 9 July 2013, ASIC made the ASIC Derivative Transaction Rules (Reporting) 2013 ("Rules"), which set out the requirements for counterparties to</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>ASIC has been encouraging industry bodies such as the Australian Securitisation Forum (ASF) to work with industry participants and to develop disclosure guidance on securitised products/underlying assets. The ASF has released industry standards on disclosure and reporting. ASIC is working with industry groups (including the ASF) in relation to the implementation of OTC Derivative trade reporting requirements.</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>report derivative transaction and position information to derivative trade repositories. The implementation of the Rules should assist with providing transparency on the use of (and exposure to) OTC derivatives by securitisation vehicles (which may impact underlying assets and hence values of securitisation product). To facilitate orderly implementation of the reporting regime, ASIC is working with industry groups (including the Australian Securitisation Forum) in relation to implementation issues and has granted transitional relief in a number of areas. Central Bank Operations Enhancing information - The Reserve Bank of Australia (RBA) recently introduced new mandatory reporting requirements for asset-backed securities (ABS) that are eligible for use as collateral in RBA repo transactions. Issuers of these securities need to provide detailed information regarding the structure of the securities, collateral quality, and transactions, and in most cases are also required to provide data on the individual loans underlying the deal. The requirements also specify that certain data be made available to permitted users. It is intended that these measures will</p> | |

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| | | | | <p>help reduce the reliance on CRA assessments by the RBA and other investors.</p> <p>Highlight main developments since last year's survey:</p> <p>On 28 May 2015, Treasury published for consultation a package introducing relief from the reporting requirements in the ASIC Derivative Transaction Rules (Reporting) 2013 for entities with low levels of OTC derivatives transactions. The relief is in the form of amendments to the Corporations Regulations 2001, which would allow single-sided reporting for such entities provided that transactions are concluded with entities that are already required or have agreed to report. The final phase of the implementation commenced on 4 December 2015, requiring all smaller Reporting Entities to commence reporting.</p> <p>Web-links to relevant documents:</p> <p>https://www.legislation.gov.au/Details/F2015C00262</p> | |

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| III. Enhancing supervision | | | | | |
| 7 (7) | Consistent, consolidated supervision and regulation of SIFIs | All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh) | <p>Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors; (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.</p> <p>In their response to (3) above, jurisdictions should note any significant changes in their approach, strategy or practices to enhance SIFI supervision.</p> <p>Jurisdictions should mention, but not provide details on, policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are monitored separately by the BCBS.</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Jul 2013) • Framework for D-SIBs (Oct 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 January 2016</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In December 2013, APRA released an information paper on its framework for dealing with domestic systemically important banks (D-SIBs) in Australia.</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>No planned actions</p> <p>Web-links to relevant documents:</p> |

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| | | | <p><i>and initial assessment methodology</i></p> <ul style="list-style-type: none"> • <i>IAIS SRMP guidance - FINAL (Dec 2013)</i> • <i>Guidance on Liquidity management and planning (Oct 2014)</i> <p>FSB:</p> <ul style="list-style-type: none"> • <i>Framework for addressing SIFIs (Nov 2011)</i> | <p>The information paper provides details on the methodology APRA has used to identify D-SIBs in Australia, names the four identified D-SIBs, and outlines considerations taken into account in determining appropriate higher loss absorbency requirements for D-SIBs. In May 2015, APRA finalised disclosure requirements in relation to the indicators used to identify G-SIBs. These requirements commenced on 1 July 2015.</p> <p>Highlight main developments since last year’s survey:</p> <p>Since 1 January 2016, the four D-SIBs are required to hold an additional one per cent Common Equity Tier 1 capital as an extension of the capital conservation buffer. Australia does not currently have any global systemically important banks (G-SIBs); however, the four Australian D-SIBs currently meet the Basel Committee on Banking Supervision’s size threshold for G-SIB disclosure and participate in its annual G-SIB identification process.</p> <p>Web-links to relevant documents:</p> <p>http://www.apra.gov.au/adi/Publications/Documents/Information-Paper-Domestic-</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | systemically-important-banks-in-Australia-December-2013.pdf http://apra.gov.au/adi/Pages/May-2015-Response-disclosure-leverage-ratio-LCR-G-SIBs.aspx | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| 8 (8) | Establishing supervisory colleges and conducting risk assessments | <p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)</p> | <p>Reporting in this area should be undertaken solely by home jurisdictions of G-SIBs and G-SIIs.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIBs and G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities.</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Principles for effective supervisory colleges (Jun 2014) • Progress report on the implementation of principles for effective supervisory colleges (Jul 2015) <p>IAIS:</p> <ul style="list-style-type: none"> • ICPs 24 and 25, especially guidance 25.1.1 – 25.1.6, 25.6, 25.7 and 25.8 • Application paper on supervisory colleges (Oct 2014) | <p><input checked="" type="checkbox"/> Not applicable</p> <p>There are no G-SIBs or G-SIIs headquartered in Australia.</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| 9 (9) | Supervisory exchange of information and coordination | <p>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. (Rec V.7 , FSF 2008)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p> | <p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.</p> <p>Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2013</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Engagement through international fora (e.g. BCBS, IAIS), MOUs, cross-border supervisory activities..</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>APRA has established close interactions with supervisors in relevant jurisdictions for APRA-regulated entities, in particular</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>No planned actions</p> <p>Web-links to relevant documents:</p> |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>New Zealand and the United Kingdom. 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 also has direct engagement with foreign supervisors as part of its supervisory activities, and engagement through its long standing involvement in international fora (for example, the BCBS, IAIS and, for ASIC, IOSCO). APRA currently has 29 international MOUs/Letters of Arrangement and is in the process of considering several further MOUs. APRA was also an early signatory to the IAIS's Multilateral MOU which currently has 55 signatories. Australia and New Zealand have been actively engaging in cross-border supervisory activity. APRA participated in the trans-Tasman crisis simulation exercise in November 2011. It was agreed that the exercise was successful in testing the ability of the Trans-Tasman Council on Banking Supervision (TTBC) agencies to coordinate the resolution of a distressed trans-Tasman banking group. Since then, Australia and New Zealand authorities have continued to work</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>together, through the TTBC, to build on lessons learned from the simulation exercise. This includes work on developing particular strategies that might be followed in the resolution of a trans-Tasman group, as well as work on the operational aspects of undertaking a coordinated response to a crisis. In January 2013, the Reserve Bank Act 1959 was amended to allow the RBA to share institution-specific information with a domestic or foreign financial sector supervisory agency, or a foreign central bank. Finally, APRA also continues to keeps abreast of and contributes to international developments including through membership of the BCBS and its Sub-Committees/Working Groups, IAIS and FSB Committees/Working groups</p> <p>Highlight main developments since last year's survey:</p> <p>APRA continues to interact closely with relevant foreign regulators to ensure effective cross-border supervision, both on a bilateral basis and through multilateral fora convened by international standard setting bodies. APRA has also established supervisory</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>colleges for complex conglomerates with material cross-border activities where it is the group-wide supervisor, and participates in several other colleges as a host supervisor. In addition, it has continued to work with New Zealand authorities on crisis preparedness through the TTBC.</p> <p>Web-links to relevant documents: http://www.apra.gov.au/AboutAPRA/Pages/ArrangementsandMoUs.aspx</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| 10 (10) | Strengthening resources and effective supervision | <p>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. (Seoul)</p> <p>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. (FSF 2008)</p> <p>Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)</p> | <p>Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB thematic peer review report on supervisory frameworks and approaches to SIBs (May 2015).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: The Government has committed to ongoing periodic reviews of regulators' capabilities and powers</p> <p>Short description of the content of the legislation/ regulation/guideline: (cont.)</p> | <p>Planned actions (if any) and expected commencement date: Actions are ongoing as outlined in the 'progress to date' section.</p> <p>Web-links to relevant documents:</p> |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>In 2015 the Australian Government established the Regulator Performance Framework to assess regulators' performance when interacting with business, the community and individuals while carrying out their functions. APRA reports annually on its performance under this framework. In addition, APRA's Corporate Plan articulates its supervisory strategy and priorities, its engagements and objectives, data collections, and resourcing. APRA reports on actions and progress on its strategy in its Annual Report. Finally, APRA also reports on developments in the financial sector through its statistical publications, Annual Report, and Insight publication.</p> <p>Highlight main developments since last year's survey: Recommendations 1, 2, 3, 4 and 7 of the FSB peer review on Supervisory frameworks and approaches for SIBs: Recommendation 1 – establishing a formal process for evaluating supervisory effectiveness: APRA reports annually on its defined supervisory strategy and priorities in its Annual Report. APRA is strengthening and embedding internal performance measurement and reporting in line with its 2015-2019 Corporate Plan. The Financial System Inquiry (FSI) in 2014-15 made recommendations that regulators need to have clearer expectations from Government, more stable funding over 3 year periods, and more competitive and flexible staffing and remuneration arrangements. The Australian</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>Government broadly agreed with the FSI recommendations, including a periodic review of regulator capabilities and clearer Statements of Expectations for regulators. In 2015 the Australian Government established the Regulator Performance Framework to assess regulators' performance when interacting with business, the community and individuals while carrying out their functions. APRA reports annually on its performance under this framework. Recommendation 2 – Strengthening engagement with Boards. APRA continues to have significant supervisory engagement with Boards and senior management of APRA regulated institutions. APRA published an aid for directors in 2014 and wrote to regulated entities in August 2015 highlighting that APRA will be reviewing board requirements to improve the clarity of APRA's language describing board obligations. Recommendation 3 – supervisors to press banks to improve IT and MIS to provide info on institution's risk on enterprise-wide basis. Prudential Standard CPS 220 Risk Management became effective on 1 January 2015. It has requirements for an APRA-regulated institution's MIS supported by a robust data framework that enables the aggregation of exposures and risk measures. Recommendation 4 - Supervisors to ensure that data requests are evaluated for purpose and intent and support effective supervision. APRA regularly updates its prudential data</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>collections to ensure they remain aligned with the changes in the regulatory framework and effectively meets supervisory needs. For example, in 2015, APRA consulted on eight data collections across banking, health insurance and superannuation industries. APRA has a long-standing process for consulting on data collections through which we seek to strike an appropriate balance between ensuring APRA has the information required for effective supervision without imposing undue cost/regulatory burden on industry. Recommendation 7 – National authorities should make further progress on establishing a talent management strategy that supports the attraction and retention of appropriately skilled supervisory resources. APRA regularly reviews its people strategy with a focus on attracting and retaining skilled supervisory and support resources. As part of that process, APRA assesses its resource needs in light of international and domestic developments. In the last 12 months APRA has enhanced resources in areas of strategic importance: crisis management and resolution, and APRA’s internal enterprise strategy and risk team led by a Chief Risk Officer (a newly created role). APRA has also formed a specialist governance, culture, and remuneration team that will focus on assessment of the risk and governance practices and culture in supervised entities.</p> <p>Web-links to relevant documents: http://fsi.gov.au/</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | http://www.treasury.gov.au/PublicationsAndMedia/Publications/2015/Govt%20response%20to%20the%20FSI http://www.apra.gov.au/AboutAPRA/Publications/Pages/Regulator-Performance-Framework.aspx http://www.apra.gov.au/AboutAPRA/Publications/Pages/Annual-Report.aspx http://www.apra.gov.au/insight/Pages/default.aspx http://www.apra.gov.au/CrossIndustry/Pages/August-2015-LTI-the-review-of-board-requirements.aspx http://www.apra.gov.au/CrossIndustry/Documents/Prudential-Standard-CPS-220-Risk-Management-January-2015.pdf http://www.apra.gov.au/CrossIndustry/Documents/Aid-for-Directors-October-2014.pdf http://www.apra.gov.au/AboutAPRA/Publications/Pages/Corporate-Plan.aspx | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| IV. Building and implementing macroprudential frameworks and tools | | | | | |
| 11 (11) | Establishing regulatory framework for macro-prudential oversight | <p>Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks¹ and private pools of capital to limit the build up of systemic risk. (London)</p> <p>Ensure that national regulators possess the powers for 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. (London)</p> | <p>Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place since the global financial crisis, particularly over the past year.</p> <p>Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Implementation completed as of September 2012</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>APRA is a national statistics collection agency for the financial sector and actively shares information with a</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

¹ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>number of regulatory agencies, including the RBA, to assist in macro-prudential oversight. In September 2012, APRA and the RBA jointly published a paper, originally developed as background for Australia’s participation in the IMF’s Financial Sector Assessment Program in 2012 (Macroprudential Analysis and Policy in the Australian Financial Stability Framework). This paper sets out the tools and practices of these two agencies that are designed to support financial stability from a system-wide perspective.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>There have been no changes to the regulatory framework for macro-prudential oversight since last year’s survey.</p> <p>Web-links to relevant documents:</p> <p>http://www.comlaw.gov.au/Details/C2011C00325 http://www.apra.gov.au/AboutAPRA/Publications/Documents/2012-09-map-aus-fsf.pdf</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| 12 (12) | Enhancing system-wide monitoring and the use of macro-prudential instruments | <p>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...(Rec. 3.1, FSF 2009)</p> <p>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. (Cannes)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p> | <p>Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.</p> <p>Please indicate the use of macroprudential tools in the past year, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> CGFS report on Operationalising the selection and application of macroprudential instruments (Dec 2012) FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011) IMF staff papers on Macroprudential policy, an organizing framework (Mar 2011), Key Aspects of Macroprudential policy (Jun 2013), and Staff Guidance on Macroprudential Policy (Dec 2014) | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 July 2016 (for countercyclical capital buffer and D-SIBs)</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Supervisory actions, speeches, written publications, industry surveys.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>APRA’s legislative mandate requires it to promote financial system stability in Australia while balancing its objectives of financial safety and efficiency, competition, contestability and</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>http://apra.gov.au/adi/Documents/150507-APS-110-Capital-Adequacy.pdf</p> <p>http://www.apra.gov.au/Speeches/Pages/Sound-Lending-Standards-and-Adequate-Capital.aspx</p> |

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| | | | | <p>competitive neutrality. Further, APRA’s prudential policy framework explicitly addresses systemic risk and adopts a system-wide analytical perspective, including tools targeted at systemic risk. APRA’s risk-based approach subjects institutions that pose greater systemic risks to more intensive supervision, and potentially higher capital or other prudential requirements. APRA’s mandate to promote financial stability also empowers it to deploy its prudential tools in response to system-wide risks. In September 2012, APRA and the RBA jointly published a paper, Macroprudential Analysis and Policy in the Australian Financial Stability Framework, originally developed as background for Australia’s participation in the IMF’s Financial Sector Assessment Program in 2012. This paper sets out the tools and practices of these two agencies that are designed to support financial stability from a system-wide perspective. The countercyclical capital buffer (CCyB) came into effect from 1 January 2016. In December 2015, APRA published an information paper, The countercyclical capital buffer in Australia that sets out its approach to the CCyB.</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>From 1 January 2016, the four D-SIBs were required to hold an additional one per cent Common Equity Tier 1 capital as an extension of the capital conservation buffer, to address the systemic risk posed by these institutions. In addition, APRA also intends to implement the BCBS’s leverage ratio regime, in line with the BCBS timeline. From July 2015 ADIs that have approval from APRA to use the internal ratings-based approach to credit risk were required to disclose information on their leverage ratios in accordance with BCBS measures.</p> <p>Highlight main developments since last year’s survey:</p> <p>APRA’s countercyclical capital buffer framework commenced on 1 January 2016.</p> <p>Web-links to relevant documents:</p> <p>https://www.comlaw.gov.au/Series/C2004A00310 http://www.apra.gov.au/AboutAPRA/Publications/Documents/2012-09-map-aus-fsf.pdf http://apra.gov.au/adi/Pages/May-2015-Response-disclosure-leverage-ratio-LCR-G-SIBs.aspx http://www.apra.gov.au/adi/PrudentialFramework/Pages/Capital-buffers.aspx</p> | |

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| V. Improving oversight of credit rating agencies (CRAs) | | | | | |
| 13 (13) | Enhancing regulation and supervision of CRAs | <p>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. (London)</p> <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 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. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance</p> | <p>Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) (including governance, training and risk management) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) <p>Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2010 (licensing), 2015 (amendments to match IOSCO code changes)</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Domestic implementation: Licensing of CRAs took effect from 1 January 2010. Licence conditions for all CRAs require compliance with the IOSCO Code on a mandatory basis. All CRAs must lodge</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

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| | | <p>obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p> | | <p>with ASIC at least annually, and upon request, a Compliance Report that contains information in relation to the CRA's adoption, publication and adherence to a code of conduct that complies with the IOSCO Code stipulated in the CRAs Australian Financial Services Licence (AFSL). ASIC Information Sheet 147 Credit rating agencies: Lodging a compliance report with ASIC explains what information must be included in the Compliance Report. IOSCO: Within IOSCO C6, ASIC has participated in 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 CRAs. IOSCO Committee 6 has released a report on the establishment of supervisory colleges for globally active CRAs and recommendations about the operation and functions of such colleges. Colleges for Fitch, S&P and Moody's have been established and ASIC has been participating in their discussions. ASIC has also been involved in the IOSCO C6 on revisions to the IOSCO CRA Code. Collaboration with other regulators: An</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>MOU between ASIC and ESMA concerning cross-border CRAs was executed on 21 December 2011. In addition, ESMA endorsed Australia's CRA regulatory framework as being 'as strict as' European CRA Regulation allowing credit ratings issued in Australia to be endorsed by European established CRAs for regulatory purposes in the EU. On 5 October 2012, the European Commission recognised the legal and supervisory framework of Australia as equivalent to the European CRA requirements allowing certain credit ratings issued by a CRA established in Australia, who are certified in Europe, to be used in Europe without being endorsed. ASIC is also a member of the three CRA supervisory colleges, as noted above.</p> <p>Highlight main developments since last year's survey:</p> <p>Updated CRA AFS Licence's to reflect 2015 IOSCO Code changes. In addition, updated INFO Sheet 147 advising CRA's of updated IOSCO Code provisions and enhanced guidance on what information is expected by ASIC in relation to CRA's Annual Compliance Reports.</p> | |

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| | | | | <p>Web-links to relevant documents: http://www.asic.gov.au/regulatory-resources/financial-services/credit-rating-agencies/credit-rating-agencies-lodging-compliance-report-with-asic/</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| 14 (14) | Reducing the reliance on ratings | <p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>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. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance 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. (Cannes)</p> <p>We call for accelerated progress by national authorities and standard setting</p> | <p>Jurisdictions should indicate the steps they are taking to address the recommendations of the May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, including by implementing their agreed action plans. Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.</p> <p>Jurisdictions may refer to the following documents:</p> <ul style="list-style-type: none"> • FSB Principles for Reducing Reliance on CRA Ratings (Oct 2010) • FSB Roadmap for Reducing Reliance on CRA Ratings (Nov 2012) • BCBS Consultative Document Revisions to the Standardised Approach for credit risk (Dec 2015) • IAIS ICP guidance 16.9 and 17.8.25 • IOSCO Good Practices on Reducing Reliance on CRAs in Asset Management (June 2015) • IOSCO Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>As part of its supervisory functions, APRA continues to monitor regulated institutions’ risk assessment processes and procedures. This includes ADIs’ and insurers’ compliance with the revised 2014 prudential requirements on risk management. It also includes monitoring investment governance for superannuation (pension) entities,</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>The BCBS’s work on revisions to the standardised approach to credit risk is intended to help reduce mechanistic reliance on external credit ratings. Once this framework is finalised, APRA intends to revise the standardised credit risk framework in Australia. Central bank operations - Review: The RBA is reviewing how the reported data on ABS deals can be used to further reduce reliance on CRAs and lead to better and more independent assessments of credit risk for ABS. The reported data are already being used to inform credit risk assessments. CCPs: CPMI and IOSCO recently conducted a survey on the use of CRA ratings by CCPs. The survey found that CRA ratings are not used in isolation (or purely mechanistically) by CCPs in their internal assessment frameworks. In addition, there is evidence that post-crisis CCPs have either already changed or plan to change the way in which they use CRA ratings. Given this, CPMI and IOSCO have concluded that no additional guidance is required for CCPs at this</p> |

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| | | <p>bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)</p> <p>We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)</p> | <p>Use of External Credit Ratings (Dec 2015).</p> | <p>specifically the use of external advisers in making investment decisions. APRA also continues to monitor and engage in the BCBS work on reducing reliance on CRAs, including through participation on relevant working groups.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Central bank operations - Enhancing information - The RBA introduced mandatory reporting requirements for asset-backed securities (ABS) that are eligible for use as collateral in RBA repo transactions (such as in open market operations and standing facilities). Information providers need to submit detailed information regarding the structure of the securities and collateral composition. For mortgage-backed securities, data on the individual loans underlying the deal are required. It is intended that these measures will help reduce the reliance on CRA assessments by the RBA and other investors. CCPs - No legislation / regulation / guideline required, part of ongoing oversight (see below).</p> <p>Highlight main developments since last year's survey:</p> <p>The mandatory reporting requirements</p> | <p>junction.</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>for asset-backed securities (ABS) came into effect on 30 June 2015.</p> <p>Web-links to relevant documents:</p> <p>http://www.rba.gov.au/media-releases/2012/mr-12-31.html</p> <p>http://www.rba.gov.au/media-releases/2013/mr-13-21.html</p> <p>http://www.rba.gov.au/securitisations/</p> | |

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| VI. Enhancing and aligning accounting standards | | | | | |
| 15 (15) | 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. (Washington) | <p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (eg equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx.</p> <p>As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 January 2005</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>monitoring fair values as part of prudential supervision.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Fair value accounting: APRA requires that fair values must be reliable; and use of fair values and associated valuations</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Australia will continue to adopt IFRS standards as and when issued with operative dates consistent with IFRSs. In particular, 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. APRA continues to engage with other jurisdictions on the BCBS PDG-AEG Joint Task Force on Expected Loss Provisioning with a view to revising APRA’s prudential standards in relation to loan loss provisioning in future.</p> <p>Web-links to relevant documents:</p> |

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| | | | <p>accounting requirements for expected loan loss provisioning for impaired loans that are being introduced by the IASB and are scheduled to be introduced by the FASB.</p> <p>See, for reference, the following BCBS document:</p> <ul style="list-style-type: none"> • <i>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</i> | <p>are covered by the ADI's risk management systems. APRA also participates on the BCBS Accounting Experts Group which is contributing to the development of the IASB standards. APRA revised its approach to fair value in implementing Basel III, in Attachment A of Prudential Standard APS 111 Capital Adequacy: Measurement of Capital. Basel III allows most unrealised fair value gains or losses (with limited exceptions) to be included in Common Equity Tier 1 capital without any prudential filters or haircuts subject to the reliability of the valuation. Also in January 2013, APRA specifically introduced a new reporting requirement (Reporting Standard ARS 111.0 Fair Values (ARS 110.0)) to monitor ADIs' use of fair values. APRA monitors fair value data collections as part of prudential supervision. Loan loss provisioning: APRA represents Australia on the BCBS PDG-AEG Joint Task Force on Expected Loss Provisioning. APRA engages in prudential supervision through its monitoring of regulated entities which have early adopted the IFRS 9 impairment requirements. Section 296 of the Corporations Act requires listed</p> | |

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| | | | | <p>entities, and other entities preparing financial reports in accordance with Chapter 2M of the Corporations Act, to report compliance with accounting standards. Accounting standards are made by the Australian Accounting Standards Board (AASB) pursuant to section 334 of the Corporations Act and are fully compliant with IFRS. Australia adopted IFRS, including Interpretations, in 2005 and has been adopting all subsequent revisions for publicly accountable for-profit entities through the AASB. Entities preparing financial reports under the Corporations Act must prepare financial reports using these standards. IFRS has also been adapted for application by not-for-profit entities, including governments and other public sector entities. 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</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>financial reporting in the region. Australia was chair of the AOSSG from November 2011 for two years and hosted the 3rd Annual AOSSG Meeting in Melbourne in November 2011. 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. ASIC, AASB and APRA are members of the Financial Reporting Council (FRC), a body responsible for overseeing the effectiveness of the financial reporting framework in Australia. APRA is also a member of the Basel Committee’s Accounting Experts Group (AEG) and the IAIS. The IASB, FASB and AASB have progressed the following Financial Crisis related projects: 1. IFRS 9 Financial Instruments: Classification and Measurement; 2. IFRS 10 Consolidated Financial Statements; 3. IFRS 13 Fair Value Measurement; and 4. IFRS 11 Joint Arrangements. Entities preparing financial reports under the Corporations Act and all APRA-regulated entities must report using IFRS.</p> <p>Highlight main developments since last</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>year's survey:</p> <p>Accounting standards continue to be made consistent with changes to IFRS and with the same operative dates. This includes changes to IFRS 9 "Financial instruments".</p> <p>Web-links to relevant documents:</p> <p>http://www.apra.gov.au/adi/Documents/20140408-APS-111-(April-2014)-revised-mutual-equity-interests.pdf</p> <p>http://www.apra.gov.au/adi/ReportingFramework/Documents/Reporting_Standard_AR_S_111_0_January_2013.pdf</p> <p>http://www.bis.org/bcbs/publ/d350.htm</p> | |

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| VII. Enhancing risk management | | | | | |
| 16 (17) | Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks | <p>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. (Washington)</p> <p>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. (Rec. II.10, FSF 2008)</p> <p>Regulators and supervisors in emerging markets¹ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p> <p>We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)</p> | <p>Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices.</p> <p>Jurisdictions may also refer to the following documents:</p> <ul style="list-style-type: none"> • FSB's thematic peer review report on risk governance (Feb 2013); • Joint Forum's Developments in credit risk management across sectors: current practices and recommendations (June 2015); and • BCBS Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012) and Principles for sound stress testing practices and supervision (May 2009). | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2015</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Prudential Standard CPS 220 Risk Management (CPS 220) and Prudential</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>APRA will release a draft Prudential Standard for the NSFR prior to finalising the standard in late 2016. The Prudential Standard will take effect from 1 January 2018 consistent with the Basel timetable.</p> <p>Web-links to relevant documents:</p> <p>http://www.apra.gov.au/MediaReleases/Pages/16_12.aspx</p> |

¹ Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>Practice Guide CPG 220 Risk Management (CPG 220) came into effect on 1 January 2015. CPS 220 sets out requirements in relation to the risk management framework of an APRA-regulated institution, and Level 2 and Level 3 groups. CPG 220 provides guidance in relation to risk management. From 1 January 2015, larger, more complex authorised deposit-taking institutions (ADIs) (LCR ADIs) are subject to the liquidity coverage ratio (LCR) requirements set out in Prudential Standard APS 210 Liquidity (APS 210). Qualitative aspects of the risk management framework with respect to liquidity came into force from January 2014. APRA finalised public disclosure requirements for the LCR in May 2015. These requirements, which commenced in July 2015, are contained in Prudential Standard APS 330 Public Disclosure.</p> <p>Highlight main developments since last year's survey:</p> <p>APRA re-commenced consultation on implementation of the Net Stable Funding Ratio (NSFR) on 31 March 2016.</p> <p>Web-links to relevant documents:</p> <p>http://www.apra.gov.au/MediaReleases/Pages/16_12.aspx</p> | |

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| 17 (18) | Enhanced risk disclosures by financial institutions | <p>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. (Washington)</p> <p>We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)</p> | <p>Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks and Implementation Progress Report by the EDTF (Dec 2015), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 January 2013</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Accounting standard AASB 13 "Fair Value Measurement" is fully compliant with IFRS 13. IFRS 13 applied in full from years commencing 1 January 2013, the application date set by the IASB. Accounting standards AASB 7 "Financial Instruments: Disclosures" and AASB 9 "Financial instruments" contain disclosure requirements for financial</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>APRA will continue to monitor international developments relating to enhanced risk disclosures by its regulated institutions.</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>instruments (including disclosures on expected losses) and are consistent with the equivalent IFRSs. AASB 7 and AASB 9 also apply at the same times as the equivalent IFRSs. AASB 9 (December 2014) applies to annual periods beginning on or after 1 January 2018 with early adoption permitted. It is consistent with IFRS 9 (July 2014) and supersedes earlier versions of AASB 9. AASB 9 (December 2014) specifies instances where early adoption of superseded versions of AASB 9 are permitted. AASB 9 (December 2014) contains complex transitional provisions. AASB 7 (August 2015) has been amended for IFRS 9 and IFRS 13. It applies to annual periods beginning on or after 1 January 2018. Earlier application is permitted.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>APRA requires locally-incorporated ADIs to meet minimum requirements for the public disclosure of information on capital, risk exposures, remuneration practices and, for some ADIs, the leverage ratio, liquidity coverage ratio and indicators for the identification of global systemically important banks, so</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>as to contribute to the transparency of financial markets and to enhance market discipline. APRA's disclosure requirements are based on those set out by the BCBS.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>For the relevant accounting standards, please refer to: http://www.aasb.gov.au/admin/file/content105/c9/AASB7_08-15.pdf http://www.aasb.gov.au/admin/file/content105/c9/AASB9_12-14.pdf http://www.aasb.gov.au/admin/file/content105/c9/AASB13_08-15.pdf http://apra.gov.au/adi/Documents/150714-APS-330-August-2015-final.pdf http://www.apra.gov.au/Policy/Documents/150422-RIS-APS330-FINAL.pdf http://www.apra.gov.au/adi/Documents/150714-APS-330-August-2015-final.pdf</p> | |

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| VIII. Strengthening deposit insurance | | | | | |
| 18 (19) | Strengthening of national deposit insurance arrangements | National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008) | <p>Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems:</p> <ul style="list-style-type: none"> • Adoption of an explicit deposit insurance system (for those jurisdictions that do not have one) • Addressing the weaknesses and gaps to full implementation of the Core Principles for Effective Deposit Insurance Systems issued by IADI in November 2014. | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: 2016</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>FCS Website, Inter-agency workshops, FCS assurance framework.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The Crisis Management Bill is intended to strengthen and simplify APRA’s crisis management powers in relation to Authorised Deposit-taking Institutions</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>APRA plans to strengthen its FCS assurance framework in 2016/17. APRA will also continue to strengthen its readiness for execution of the FCS if required by improving its internal procedures and organisational pre-positioning for dealing with failure of an ADI. APRA will consider further development of cross-border co-operation and information exchange with foreign deposit insurers where relevant.</p> <p>Web-links to relevant documents:</p> |

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| | | | | <p>(ADIs), general and life insurers.</p> <p>Highlight main developments since last year's survey:</p> <p>Crisis Management Bill (Principle 2) APRA has developed a suite of proposed amendments to the Banking Act 1959 (and Insurance Act 1973) that aim to enhance APRA's ability to effectively and efficiently administer the Financial Claims Scheme (FCS). Proposed statutory enhancements include enabling APRA to use the FCS to facilitate a transfer of business and amending the trigger for FCS activation. Safety net participant workshops (Principle 4) APRA has continued to develop and participate in safety net agency workshops and walkthroughs that are designed to improve the coordination and planning steps to ensure operational efficiency in a failure scenario. FCS website (Principle 10) APRA has developed a dedicated FCS microsite that will serve to i) educate the public during non-crisis periods through the provision of FCS coverage and administration information and ii) to provide urgent and failure specific communications during a</p> | |

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| | | | | <p>crisis event. FCS assurance framework (Principle 15) APRA is developing a FCS assurance framework that seeks to build on ADIs' ability to meet APRA's requirements regarding FCS data, systems and processes.</p> <p>Web-links to relevant documents: http://www.apra.gov.au/CrossIndustry/FCS/Pages/default.aspx</p> | |

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| IX. Safeguarding the integrity and efficiency of financial markets | | | | | |
| 19 (20) | Enhancing 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. (Cannes) | <p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendations:</p> <ul style="list-style-type: none"> in relation to dark liquidity, as set out in the IOSCO Report on Principles for Dark Liquidity (May 2011). on the impact of technological change in the IOSCO Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011). on market structure made in the IOSCO Report on Regulatory issues raised by changes in market structure (Dec 2013). | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: May 2011 and November 2012</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>http://www.asic.gov.au/regulatory-resources/markets/market-integrity-rules/ http://www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-223-guidance-on-asic-market-integrity-rules-for-competition-in-exchange-markets/ http://asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-241-electronic-trading/ http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-331-dark-liquidity-and-high-frequency-trading http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-452-review-of-high-frequency-trading-and-dark-liquidity/ http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-331-dark-liquidity-and-high-frequency-trading/ http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-452-review-of-high-frequency-trading-and-dark-liquidity/</p> |

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| | | | | <p>controls, market operator cooperation and dark liquidity (i.e. requiring lit order priority), among other things. In November 2012, these rules were amended to enhance market operator systems and controls, participant systems and controls for automated trading, enhanced data for market surveillance and additional rules on dark liquidity. The output of ASIC's 2012/2013 taskforces on dark liquidity and high-frequency was additional rules to strengthen the existing framework for electronic trading and to build on existing rules for broker crossing systems (e.g. on transparency of access and operations, conflicts of interest and supervision, clarifying the circumstances where orders are considered to be manipulative). These changes were fully implemented in 2014.</p> <p>Highlight main developments since last year's survey:</p> <p>During the course of 2015, ASIC undertook two new reviews on dark liquidity and high-frequency trading and published the findings in October 2015 in Report 452. The reviews updated and built on our earlier analysis of equity markets and assessed the effect of high-frequency trading on the futures market.</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>The reviews concluded that the existing regulatory settings are largely adequate and effective. No further regulation is proposed at this stage.</p> <p>Web-links to relevant documents:</p> <p>http://www.asic.gov.au/regulatory-resources/markets/market-integrity-rules/ http://www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-223-guidance-on-asic-market-integrity-rules-for-competition-in-exchange-markets/ http://asic.gov.au/regulatory-resources/find-a-document/consultation-papers/cp-168-australian-equity-market-structure-further-proposals/ http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-331-dark-liquidity-and-high-frequency-trading/</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|---|--|---|---|---|
| 20 (21) | Regulation and supervision of commodity markets | <p>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 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. (Cannes)</p> <p>We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)</p> | <p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the update to the survey published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: July 2013</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>There is pre and post transparency in exchange traded commodities markets in Australia. ASIC as well as market operators already have powers to address disorderly markets, in the case of exchange traded commodities. ASIC has</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>The OTC derivative reporting obligation is currently being implemented in a phased manner and includes reporting of commodity derivatives (other than electricity derivatives, which are outside scope). ASIC is working with industry on implementation and transitional issues under the reporting regime. Expected commencement date was: 1 October 2013 (Phase 1); 1 April 2014 (Phase 2); 1 October 2014 (Phase 3).</p> <p>Web-links to relevant documents:</p> |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>the power to prevent market abuse for exchange and OTC trade commodity futures. 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. 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>Highlight main developments since last year's survey:</p> <p>The OTC derivative reporting obligation has been implemented in a phased approach with the largest Reporting Entities - the major Australian Banks (the "big four" and Macquarie Bank Limited) - commencing reporting OTC derivative transactions to trade repositories from 1 October 2013. The final phase of the implementation commenced on 4 December 2015, requiring all smaller Reporting Entities to commence reporting. The OTC derivative reporting obligation includes reporting of OTC</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>commodity derivatives (other than electricity derivatives, which are outside scope).</p> <p>Web-links to relevant documents:</p> <p>http://www.asic.gov.au/asic/asic.nsf/byheadline/Derivatives+transaction+reporting?openDocument</p> <p>http://www.asic.gov.au/asic/asic.nsf/byheadline/Derivative+trade+repositories?openDocument</p> <p>https://www.legislation.gov.au/Details/F2015C00262</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|--------------------------------|---|--|------------------|------------|
| 21 (22) | Reform of financial benchmarks | We support the establishment of the FSB’s Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO’s Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg) | Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the <i>IOSCO Principles for Financial Benchmarks</i> . | | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|---|---|--|---|---|---|
| X. Enhancing financial consumer protection | | | | | |
| 22 (23) | Enhancing 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 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. (Cannes) | <p>Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>Jurisdictions may also refer to OECD’s September 2013 and September 2014 reports on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation.</p> <p>Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: May 2011 and November 2012</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Ongoing monitoring</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Australia has progressed reforms to strengthen the financial advice and consumer credit industries. These reforms already meet many of the G20 High</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
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| | | | | <p>Level Principles on Financial Consumer Protection. 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. 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. The financial services regulator (Australian Securities and Investments Commission) monitors and administers the Consumer credit laws and the regulation of financial advice. 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. In</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>November 2012, these rules were amended to enhance market operator systems and controls, participant systems and controls for automated trading, enhanced data for market surveillance and additional rules on dark liquidity. The output of ASIC's 2012/2013 taskforces on dark liquidity and high-frequency was additional rules to strengthen the existing framework for electronic trading and to build on existing rules for broker crossing systems (e.g. on transparency of access and operations, conflicts of interest and supervision, clarifying the circumstances where orders are considered to be manipulative). These changes were fully implemented in 2014</p> <p>Highlight main developments since last year's survey:</p> <p>In April 2016, the Australian Government announced a package of reforms to improve outcomes for consumers in the financial sector. This included additional funding for ASIC to undertake surveillance and enforcement, as well as funding to enhance their data analysis capabilities to help identify misconduct. The Government has also committed to accelerate implementation of a number of</p> | |

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>measures aimed at improving consumer outcomes. These are:</p> <ul style="list-style-type: none"> •a product intervention power to enable ASIC to respond to market problems in a flexible, timely, effective, and targeted way; •product distribution obligations for industry to foster a more customer-focussed culture; •a review of ASIC’s enforcement regime, including penalties, to ensure that it can effectively deter misconduct; and •the strengthening of consumer protections in the ePayments Code, which regulates consumer electronic payments and includes a number of consumer protections, to ensure that it keeps pace with emerging technologies. <p>Web-links to relevant documents:</p> <p>http://www.asic.gov.au/regulatory-resources/markets/market-integrity-rules/ http://www.asic.gov.au/regulatory-resources/find-a-document/regulatory-guides/rg-223-guidance-on-asic-market-integrity-rules-for-competition-in-exchange-markets/</p> | |

XI. Source of recommendations:

- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)
- [Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)
- [Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)
- [Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)
- [Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)
- [Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)
- [London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)
- [Washington: 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 \(25 September 2009\)](#)
- [FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XII. List of Abbreviations used:

AASB: Australian Accounting Standards Board ADI: Authorised Deposit-taking Institutions
 AFMA: Australian Financial Markets Association 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) CPSS: Committee on Payment and Settlement Systems CRA: Credit rating
 agencies DIS: Deposit Insurance Scheme DNSFR Report: Joint Forum report on Review of
 the Differentiated Nature and Scope of Financial Regulation ERC: Emerging Risk Committee
 ESMA: European Securities and Markets Authority FINRA: Financial Industry Regulatory
 Authority (USA) FMI: Financial market infrastructure FCS: Financial Claims Scheme 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 LMI: Lenders' Mortgage Insurance MIS: Managed Investment
 Schemes MOU: Memoranda of Understanding 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 RE: Responsible Entities
 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