

Jurisdiction: Australia

2018 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Contact information

- I. Hedge funds
- II. Securitisation
- III. Enhancing supervision
- IV. Building and implementing macroprudential frameworks and tools
- V. Improving oversight of credit rating agencies (CRAs)
- VI. Enhancing and aligning accounting standards
- VII. Enhancing risk management
- VIII. Strengthening deposit insurance
- IX. Safeguarding the integrity and efficiency of financial markets
- X. Enhancing financial consumer protection

List of abbreviations used

Sources of recommendations

List of contact persons from the FSB and standard-setting bodies

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat (imn@fsb.org) by **Friday, 8 June 2018** (*representing the most recent status at that time*). The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are only required to include information about main developments since last year's survey and future plans (if applicable) ("Update and next steps" table). New reforms to enhance the existing framework in that area should be described, but should not lead to a downgrade from implementation completed to ongoing. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the FSB's website at around the time of the 2018 G20 Summit in Buenos Aires. The FSB Secretariat will contact member jurisdictions ahead of the Summit to check for any updates or amendments to submitted responses before they are published.

I. Hedge funds

II	III	IV	V	VI	VII	VIII	IX	X
----	-----	----	---	----	-----	------	----	---

1. Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds.
(Seoul)

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)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

2. Establishment of international information sharing framework

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 31 December 2013

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

2. Establishment of international information sharing framework

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <div style="background-color: #e0e0e0; padding: 10px; min-height: 400px;"> <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 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> </div>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; min-height: 300px;"></div>

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

2. Establishment of international information sharing framework

Update and next steps

Update and next steps	Planned actions (if any) and expected commencement date
<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. Legislative changes have been made to facilitate ASIC's ability to share information and -cooperate with other regulators in an international context. These changes were flagged for the FSB in the response provided in 2016. As previously indicated, 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 Services Commission (FSC) and Financial Supervisory Service (FSS) of the Republic of Korea.</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links

Web-links to relevant documents	<p>http://www.iosco.org/library/pubdocs/pdf/IOSCOPD322.pdf</p>
--	--

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

3. Enhancing counterparty risk management

G20/FSB Recommendations

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)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Remarks

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.

In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO [Report on Hedge Fund Oversight \(Jun 2009\)](#).

In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III capital requirements for counterparty risk, since it is [monitored separately](#) by the BCBS.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO [Objectives and Principles of Securities Regulation](#), and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- Draft in preparation, expected publication by
- Draft published as of
- Final rule or legislation approved and will come into force on
- Final rule (for part of the reform) in force since

I. Hedge funds

II	III	IV	V	VI	VII	VIII	IX	X
----	-----	----	---	----	-----	------	----	---

3. Enhancing counterparty risk management

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>In November 2011 ASIC introduced new financial requirements for responsible entities (REs) of managed investment schemes (MISs) including retail hedge funds. REs must prepare 12-month cash-flow projections which must be approved at least quarterly by directors. 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:</p> <p>(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:</p> <p>(i) \$150,000; or</p> <p>(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</p> <p>(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.</p> <p>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 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 the licensee to comply with 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 ASIC annually on a positive assurance basis, and at any other requested time. The AFS licensee obligations and 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

3. Enhancing counterparty risk management

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>In March 2017, ASIC introduced Regulatory Guide 259 (RG259). RG259 provides guidance to REs of MISs on the adequacy of their risk management systems (a licence obligation pursuant to s912A(1)(h)). RG259 includes minimum procedures and practices (benchmarks), guidance on ensuring that risk management systems are adaptable to changing market conditions and remain effective in identifying and managing risks on an ongoing basis.</p>	<p>Planned actions (if any) and expected commencement date</p> <p>ASIC proposes to update guidance to REs of MISs, including hedge funds, about ASIC's expectations for compliance plans. This guidance is contained in Regulatory Guide 132 (RG132). REs of registered MISs are subject to broad compliance obligations under the Corporations Act 2001 (Cth). For example:</p> <ul style="list-style-type: none"> • An AFS licensee is required to do all things necessary to ensure its financial services are provided efficiently, honestly and fairly under s912A(1)(a); • Comply with the financial services laws under s912A(1)(c); and • Comply with the conditions on its AFS licence under ss912A(1)(b). <p>RG132 provides guidance on how REs can prepare a compliance plan that meets these and other obligations. The compliance plan for a scheme plays a key role in the range of measures designed to protect scheme members.</p>

Relevant web-links	
<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> <p>Regulatory Guide 259 (Risk management systems of responsible entities): http://asic.gov.au/media/4196472/rg259-published-27-march-2017.pdf</p>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

4. Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I II. Securitisation III IV V VI VII VIII IX X

5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

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.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer-Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

5. Strengthening of supervisory requirements or best practices for investment in structured products

Progress to date	
<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 checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <div style="background-color: #e0e0e0; padding: 10px; min-height: 400px;"> <p>ASIC published Report 400 Responses to feedback on REP 384 Regulating complex products in July 2014. In REP 400, ASIC will be: (a) continuing current work (e.g. the use of risk-based surveillance to assess compliance with disclosure and advertising obligations); (b) encouraging industry-led initiatives that address the risks outlined in REP 384 (e.g. 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> </div>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; min-height: 300px;"></div>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

5. Strengthening of supervisory requirements or best practices for investment in structured products

Update and next steps

<p>Highlight main developments since last year's survey</p> <p>The Government has - as part of its response to the Financial System Inquiry - accepted recommendations to introduce:</p> <ul style="list-style-type: none"> • design and distribution obligations for financial products to ensure that products are targeted at the right retail consumers ; and • a temporary product intervention power for ASIC when there is a risk of significant retail consumer detriment. 	<p>Planned actions (if any) and expected commencement date</p> <p>The Australian Government is progressing legislation to introduce a new “product intervention” power which allows ASIC to proactively reduce the risk of retail consumers suffering significant detriment from financial or credit products. The Government is also progressing legislation to introduce of design and distribution obligations for financial service providers to identify an appropriate retail target market for their financial products, and target their distribution accordingly. The consultation period for draft legislation implementing these reforms concluded on 9 February 2018.</p>
---	--

Relevant web-links

<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/ http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2016/Design-and-distribution-obligations-and-product-intervention-power</p>
---	---

I II. Securitisation III IV V VI VII VIII IX X
6. Enhanced disclosure of securitised products

G20/FSB Recommendations

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)

Remarks

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.

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.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

6. Enhanced disclosure of securitised products

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Central Bank Operations enhancing information - The Reserve Bank of Australia (RBA) has 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 help reduce the reliance on CRA assessments by the RBA and other investors.</p> <p>Derivatives enhancing transparency - On 9 July 2013, ASIC made the ASIC Derivative Transaction Rules (Reporting) 2013 (“Rules”), which set out the requirements for counterparties to 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).</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #cccccc; height: 150px; width: 100%;"></div>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

6. Enhanced disclosure of securitised products

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #d3d3d3; height: 400px;"></div>
--	---

Relevant web-links

<p>Web-links to relevant documents</p>	<p>https://www.legislation.gov.au/Details/F2015C00262 ASF Framework for RMBS Loan Level Data Disclosure (October 2016): http://www.securitisation.com.au/standards</p>
---	---

I II III. Enhancing supervision IV V VI VII VIII IX X

7. Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (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.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIFIs, since these are monitored separately by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIFIs \(Jul 2013\)](#)
- [Framework for D-SIFIs \(Oct 2012\)](#)

IAIS

- [Global Systemically Important Insurers: Policy Measures \(Jul 2013\) and revised assessment methodology \(updated in June 2016\)](#)
- [IAIS SRMP guidance - FINAL \(Dec 2013\)](#)
- [Guidance on Liquidity management and planning \(Oct 2014\)](#)

FSB

- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 1 January 2016

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

7. Consistent, consolidated supervision and regulation of SIFIs

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>APRA’s framework for identifying systemically important banks (D-SIBs) is set out in its December 2013 information paper, Domestic systemically important banks in Australia. The names of the four identified D-SIBs are included in this paper and on APRA’s website. APRA’s risk-based approach subjects institutions that pose greater systemic risks to more intensive supervision, and potentially higher capital or other prudential requirements (in addition to the D-SIB surcharge). There are no Australian global systemically important banks or insurers. For example, the four identified D-SIBs fall under the public G-SIB disclosure framework which is included in Prudential Standard APS 330 Public Disclosure.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

7. Consistent, consolidated supervision and regulation of SIFIs

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <p>No planned actions</p> <div style="background-color: #d3d3d3; height: 400px;"></div>
--	---

Relevant web-links

<p>Web-links to relevant documents</p>	<p>http://www.apra.gov.au/adi/Publications/Documents/Information-Paper-Domestic-systemically-important-banks-in-Australia-December-2013.pdf http://apra.gov.au/adi/Pages/May-2015-Response-disclosure-leverage-ratio-LCR-G-SIBs.aspx</p>
---	---

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

8. Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

I II III. Enhancing supervision IV V VI VII VIII IX X

9. Supervisory exchange of information and coordination

G20/FSB Recommendations

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)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

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.

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).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

9. Supervisory exchange of information and coordination

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>APRA has established close interactions with supervisors in relevant jurisdictions for APRA-regulated entities, in particular New Zealand. Australia and New Zealand are subject to legislative requirements to keep each other informed of matters that might affect the other’s financial stability; both work closely to review trans-Tasman resolution strategies. APRA currently has 32 bilateral international MOUs/Letters of Arrangement, is in the process of considering several further MOUs and APRA also was an early signatory to the IAIS’s Multilateral MOU. 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

9. Supervisory exchange of information and coordination

Update and next steps

Highlight main developments since last year's survey

APRA entered into one MOU.

Planned actions (if any) and expected commencement date

APRA will continue to interact closely with relevant foreign regulators to ensure effective cross-border supervision, both on a bilateral basis and through supervisory colleges and multilateral fora convened by international standard setting bodies.

Relevant web-links

Web-links to relevant documents

<http://www.apra.gov.au/AboutAPRA/Pages/ArrangementsandMoUs.aspx>

I II III. Enhancing supervision IV V VI VII VIII IX X

10. Strengthening resources and effective supervision

G20/FSB Recommendations

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)

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)

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)

Remarks

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 \(May 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of [redacted]

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

[Large greyed-out text area for justification]

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of 7 March 2018 (Prud+)
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

10. Strengthening resources and effective supervision

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>APRA’s prudential and reporting framework incorporate requirements and guidance regarding systems, data and operational risk management In particular: Prudential Standard CPS 220 Risk Management (CPS 220), Prudential Practice Guide CPG 234 Management of Security Risk in Information and Information Technology (CPG 234), Prudential Practice Guide CPG 235 Managing Data Risk (CPG 235) and APRA’s information paper, Outsourcing involving shared computer service (including cloud).</p> <p>Other actions: The Government has committed to ongoing periodic reviews of regulators’ capabilities and powers.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

10. Strengthening resources and effective supervision

Update and next steps

Highlight main developments since last year's survey

The following sets out APRA's actions with respect to recommendations 1, 2, 3, 4 and 7 of the FSB peer review on Supervisory frameworks and approaches for SIBs.

- Recommendation 1 APRA reports annually on its performance in its Annual Report. APRA continues to strengthen and embed internal performance measurement and reporting.
- Recommendation 3 -APRA is currently developing prudential requirements for Information security. Supervisors have engaged with banks on a variety of data quality issues in an effort to improve the quality and consistency of risk and regulatory reporting.
- Recommendation 4 - APRA regularly updates its prudential data collections to ensure they remain aligned with the changes in the regulatory framework and effectively meet supervisory needs.
- Recommendation 7 - APRA's Strategic Plan highlights the strategic initiative of 'enhancing leadership, culture and opportunities for our people.' This includes enhancing our employee value proposition, building inclusive leadership and fostering a desired culture. Fintech APRA has an internal forum to monitor fintech developments and identify areas where APRA's requirements may require review.

Planned actions (if any) and expected commencement date

In 2018, APRA expects to release its final prudential requirements for information security

Relevant web-links

Web-links to relevant documents

<https://www.apra.gov.au/adi-standards-and-guidance>
<https://www.apra.gov.au/annual-reports>

11. Establishing regulatory framework for macro-prudential oversight

G20/FSB Recommendations

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 banks and private pools of capital to limit the build up of systemic risk. (London)

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)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national 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.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
---	----	-----	--	---	----	-----	------	----	---

11. Establishing regulatory framework for macro-prudential oversight

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The Australian authorities view macroprudential policy as subsumed within the broader and more comprehensive financial stability policy framework. The (macro) prudential elements of that framework rest with APRA, with analytical support from the RBA. APRA is solely responsible for microprudential banking regulation and supervision. APRA has wide powers to collect and share information with financial sector agencies, including the RBA.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV. Building and implementing macroprudential frameworks and tools V VI VII VIII IX X

11. Establishing regulatory framework for macro-prudential oversight

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Legislation was passed in March 2018 giving APRA additional powers over non-banks' lending when it considers that their provision of finance materially contributes to the risk of instability in the Australian financial system. APRA also has been given strengthened monitoring powers over non-bank lenders so that it can collect information from non-bank lenders to enable APRA to perform its functions or exercise its powers.</p> <p>The intention of the amendments is to provide appropriate tools for APRA to deploy should the size of the non-bank sector change, or lending practices within the sector become a cause for concern when viewed through the lens of risk to the stability of the Australian financial system.</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links	
Web-links to relevant documents	<p>https://www.legislation.gov.au/Details/C2018C00054</p> <p>https://www.apra.gov.au/macprudential-analysis-and-policy-australian-financial-stability-framework</p> <p>https://www.legislation.gov.au/Details/C2018C00147</p> <p>https://www.apra.gov.au/media-centre/speeches/housing-importance-solid-foundations</p> <p>http://www.apra.gov.au/Speeches/Pages/Housing-The-importance-of-solid-foundations.aspx</p> <p>http://www.comlaw.gov.au/Details/C2011C00325</p>

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

G20/FSB Recommendations

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)

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)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

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.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 1 July 2016 (for country)

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
---	----	-----	--	---	----	-----	------	----	---

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>APRA’s approach to assessing the appropriate settings for the countercyclical capital buffer in Australia is outlined in its December 2015 information paper- The countercyclical capital buffer in Australia. Since late 2014, APRA and ASIC have announced a number of prudential and supporting supervisory measures to address the growing risks being undertaken by the banking sector and households. These steps included:</p> <ul style="list-style-type: none"> - January 2016: APRA’s countercyclical capital buffer framework commenced on 1 January 2016. - March 2017: further measures to reinforce sound residential mortgage lending practices including requiring banks to limit new interest only lending to no more than 30 per cent of new mortgage lending. - April 2018, APRA announced plans to remove the 10 per cent investor lending benchmark. <p>As described in Question 11, legislation was passed in March 2018 to give APRA additional powers over non-banks’ lending when it considers that the provision of finance materially contributes to the risk of instability in the Australian financial system. APRA also has strengthened monitoring powers over non-bank lenders so that it can collect information from non-bank lenders to enable APRA to perform its functions or exercise its powers.</p> <p>Systemic risks are monitored and discussed regularly at the Council of Financial Regulators, with appropriate action being taken by each agency.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
---	----	-----	--	---	----	-----	------	----	---

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

Update and next steps	Planned actions (if any) and expected commencement date
<p>Highlight main developments since last year's survey</p> <p>In March 2017, APRA announced further measures to reinforce sound residential mortgage lending practices. Among other things, this required banks to limit new interest only lending to no more than 30 per cent of new mortgage lending.</p> <p>In April 2018, APRA announced plans to remove the 10 per cent investor lending benchmark.</p> <p>In May 2018, banks and other authorised deposit-taking institutions (ADIs) began reporting under the new residential mortgage lending reporting standard. This provides authorities with additional quarterly data on the characteristics and asset quality of new and outstanding residential mortgage lending.</p>	<p>APRA will continue to monitor residential mortgage lending standards.</p>

Relevant web-links

Web-links to relevant documents	
	<p>https://www.comlaw.gov.au/Series/C2004A00310</p> <p>https://www.legislation.gov.au/Series/C2004A00310</p> <p>http://www.apra.gov.au/AboutAPRA/Publications/Documents/2012-09-map-aus-fsf.pdf</p> <p>http://www.apra.gov.au/adi/PrudentialFramework/Pages/Capital-buffers.aspx</p> <p>http://www.apra.gov.au/adi/PrudentialFramework/Pages/APG-223-Residential-mortgage-lending-Oct16.aspx</p> <p>http://www.apra.gov.au/adi/PrudentialFramework/Pages/residential-mortgage-lending-reporting-requirements-ADIs-Oct16.aspx</p>

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

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)

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.

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.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Remarks

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:

- [Code of Conduct Fundamentals for Credit Rating Agencies \(Mar 2015\)](#) (including on governance, training and risk management)

Jurisdictions may also refer to the following IOSCO documents:

- 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 \(Jul 2013\)](#)

Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 2010 (licensing), 2015

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I II III IV

V. Improving oversight of credit rating agencies (CRAs)

VI VII VIII IX X

13. Enhancing regulation and supervision of CRAs

Progress to date	
<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 checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</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 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).</p> <p>ASIC Information Sheet 147 Credit rating agencies (Lodging a compliance report with 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 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. ASIC has also updated CRA AFSLs to reflect 2015 IOSCO Code changes. In addition, updated INFO Sheet 147 advising CRAs of updated IOSCO Code provisions and enhanced guidance on what information is expected by ASIC in relation to Annual Compliance Reports received from CRAs. 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.</p> <p>Collaboration with other regulators: An 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
---	----	-----	----	---	----	-----	------	----	---

13. Enhancing regulation and supervision of CRAs

Update and next steps

<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; padding: 5px;"> <p>ASIC will be reviewing its legal and supervisory framework for CRAs in 2018 to consider changes that may be required to ensure the regime is consistent with overseas regulation.</p> </div>
---	--

Relevant web-links

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

14. Reducing the reliance on ratings

G20/FSB Recommendations

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)

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)

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)

We call for accelerated progress by national authorities and standard setting 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)

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)

Remarks

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.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
---	----	-----	----	---	----	-----	------	----	---

14. Reducing the reliance on ratings

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Central bank operations - Enhancing informationThe RBA has 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.</p> <p>CCPs: No legislation / regulation / guideline required, part of ongoing oversight (see below). APRA continues to use its risk-based supervisory processes and procedures to check the adequacy of APRA-regulated institutions' credit assessment processes and procedures and to create a culture of prudent credit assessment. APRA seeks to ensure entities have their own view on the creditworthiness of obligors even though external ratings might constitute an input into that view. APRA actively encourages institutions to develop their own internal risk measures and not rely on CRAs.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

14. Reducing the reliance on ratings

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date
<p>[Empty area for highlighting main developments]</p>	<p>Central bank operations: There is ongoing work to use reported data on ABS deals to further reduce the RBA's 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.</p> <p>CCPs: No further work planned. Ongoing oversight confirms that CCPs do not use CRA ratings in isolation or purely mechanistically.</p> <p>Regulated collective investment schemes (CIS): ASIC is exploring ways to encourage regulated CIS operators that have raised public money to consider, where relevant, the risk that there could be over-reliance on credit ratings when making investment decisions on rated instruments and the need to ensure that other information is given weight in making these decisions. This work will include discussions with industry on best practice.</p> <p>Securities firms: Over the next 12 months, ASIC will review and assess already identified references to CRA ratings affecting securities firms in line with Principle 1 of the FSB's Principles for Reducing Reliance on CRA Ratings. ASIC is participating in the work of IOSCO on reducing mechanistic reliance by market +</p>

Relevant web-links

Web-links to relevant documents	
	<p>The mandatory reporting requirements for asset-backed securities (ABS) came into effect on 30 June 2015.</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>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

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>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 1 January 2013

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV	V	VI. Enhancing and aligning accounting standards	VII	VIII	IX	X
---	----	-----	----	---	---	-----	------	----	---

15. Consistent application of high-quality accounting standards

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Australia adopted the International Financial Reporting Standards (IFRS), including Interpretations, as Australian accounting standards in 2005 and has been adopting all the revisions ever since for publicly accountable for-profit entities. IFRS has also been adapted for application by not-for-profit entities, including governments and other public sector entities. The standards have the force of law for financial reporting under the Corporations Act 2001.</p> <p>The Financial Reporting Council (FRC) provides broad oversight of the process for setting accounting standards of the Australian Accounting Standards Board. Under a broad strategic direction from the FRC, the AASB has adopted IFRSs for application by entities reporting under the Corporations Act 2001. General purpose financial statements, prepared by for-profit entities in accordance with Australian accounting standards, are also in accordance with IFRS. ASIC has an active program of surveillance of financial reports of about 300 listed entities and other public interest entities each year.</p> <p>ASIC issued guidance in December 2016 on the implementation of the new accounting standards, including IFRS 9. ASIC also initiated and led the work on the corresponding IOSCO release. ASIC continues to highlight implementation issues in its 6 monthly releases on financial reporting focuses, including a release on 31 May 2018. ASIC is also leading discussions with the largest audit firms on the audit of expected credit losses.</p> <p>Fair value accounting: APRA incorporated the Basel III requirements for fair value accounting in its prudential and reporting framework and requires that fair values must be reliable; and use of fair values and associated valuations are covered by the bank’s risk management systems. APRA monitors fair value data collections as part of prudential supervision. Loan loss provisioning: APRA monitors entities which have adopted the IFRS 9 impairment requirements.</p> <p>Other actions: Ongoing monitoring of fair values as part of prudential supervision.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

Update and next steps

Highlight main developments since last year's survey

APRA has released the following letters to our banks about changes arising from the introduction of AASB 9 (Australian equivalent of IFRS 9 Financial Instruments):

- Prescribed provisioning and AASB 9 Financial Instruments (21 April 2017); <<http://www.apra.gov.au/adi/Publications/Pages/other-information-for-adis.aspx>> and
- Provisions for regulatory purposes and AASB 9 Financial Instruments (4 July 2017) <<http://www.apra.gov.au/adi/Publications/Pages/other-information-for-adis.aspx>>.

APRA has also engaged with the larger banks on their AASB 9 provisioning methodologies and to better understand the capital impact of AASB 9.

Planned actions (if any) and expected commencement date

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. In 2018, APRA expects to consult on revisions to Prudential Standard APS 220 Credit Quality and develop a prudential guidance for commercial property lending.

Relevant web-links

Web-links to relevant documents

- <http://www.aasb.gov.au/Pronouncements.aspx>
- [http://www.apra.gov.au/adi/Documents/20140408-APS-111-\(April-2014\)-revised-mutual-equity-interests.pdf](http://www.apra.gov.au/adi/Documents/20140408-APS-111-(April-2014)-revised-mutual-equity-interests.pdf)
- <http://apra.gov.au/adi/Publications/Documents/Letter%20to%20ADIs%20Provisions%20for%20regulatory%20purposes%20and%20AASB%209%20Financial%20Instruments.pdf>
- http://www.apra.gov.au/adi/ReportingFramework/Documents/Reporting_Standard_ARS_111_0_January_2013.pdf
- <http://www.bis.org/bcbs/publ/d350.htm>



16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

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)

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)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;¹ and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

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

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 1 January 2015 (LCR+)

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Progress to date	
<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 checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Prudential Standard CPS 220 Risk Management (CPS 220) and Prudential Practice Guide CPG 220 Risk Management (CPG 220) set out APRA's requirements for institutions' risk management framework. These came into effect on 1 January 2015. Prudential Standard APS 210 Liquidity (APS 210) and Prudential Guidance APG 210 Liquidity (APG 210) set out APRA's liquidity requirements, including both the LCR and the NSFR. APRA conducts regular industry stress tests.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>APRA's requirements for the Net Stable Funding Ratio came into effect on 1 January 2018.</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.apra.gov.au/MediaReleases/Pages/16_12.aspx</p>

17. Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

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)

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)

Remarks

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.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 1 January 2013

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

17. Enhanced risk disclosures by financial institutions

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Each AASB includes a ‘comparison with IFRS’ paragraph. Accounting standard AASB 13 has incorporated IFRS 13 but adds “Australian Paragraphs” which allows entities preparing general purpose financial statements under “Australian Accounting Standards - Reduced Disclosure Requirements” (Reduced Disclosure Requirements) not to comply with nominated disclosure requirements required in IFRS 13. Apart from this exception AASB 13 is in compliance with IFRS 13.</p> <p>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 instruments (including disclosures on expected losses) and are generally consistent with the equivalent IFRSs.</p> <p>AASB 7 and AASB 9 also apply at the same times as the equivalent IFRSs. However, AASB 7 has incorporated IFRS 7 but adds Australian Paragraphs which allows entities preparing general purpose financial statements under Reduced Disclosure Requirements and not for profit entities not to comply with nominated disclosure requirements required in IFRS 7. 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. 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. APRA’s disclosure requirements are based on those set out by the BCBS.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

17. Enhanced risk disclosures by financial institutions

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Prudential requirements for credit risk management, including problem asset management and loan-loss provisions, are contained in Prudential Standard APS 220 Credit Quality (APS 220). APRA is currently reviewing APS 220 to take into account AASB 9 and the BCBS Guidance on credit risk and accounting for expected credit losses (Dec 2015) link: http://www.bis.org/bcbs/publ/d350.pdf</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>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>https://www.legislation.gov.au/Details/F2015L01177 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> <p>For the relevant accounting standards, please refer to:</p>

18. Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI’s 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

18. Strengthening of national deposit insurance arrangements

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Australia’s national deposit insurance framework (the Financial Claims Scheme, or FCS) was established in 2008. The Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018- ‘Crisis resolution power’-, establishes an additional payment mechanism that allows APRA to transfer deposits to a new institution utilizing the funding available under the FCS; and to grant ministerial discretion to declare the FCS at an earlier time to provide depositors with greater certainty as to the status of their deposits.</p> <p>Other actions: FCS Website, Inter-agency workshops, FCS assurance framework.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 150px; width: 100%;"></div>

18. Strengthening of national deposit insurance arrangements

Update and next steps

Highlight main developments since last year's survey

The passage of the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018.

The completion of a preliminary self-assessment of the revised IADI Core Principles and associated guidance in anticipation of the forthcoming 2018 FSAP.

APRA has continued to strengthen the FCS assurance framework to build on ADIs' ability to meet APRA's requirements regarding FCS data, systems and processes. This has included embedding APRA's FCS assurance framework (consisting of benchmarking, onsite reviews and a survey) and the development of a semi-annual reporting standard (Reporting Standard ARS 910.0 - Financial Claims Scheme Data Collection) to better collect FCS data on a regular basis.

Planned actions (if any) and expected commencement date

APRA will continue its program of FCS-focused onsite reviews on an ongoing basis. APRA will also review and document internal steps and processes necessary to initiate and administer an FCS declaration. In addition, APRA, together with the CFR agencies, is looking at ways to improve FCS public awareness over time.

Relevant web-links

Web-links to relevant documents

- <http://www.apra.gov.au/CrossIndustry/FCS/Pages/default.asp>
- <http://www.fcs.gov.au>
- <https://www.legislation.gov.au/Details/C2018A00010/Amends>

19. Enhancing market integrity and efficiency

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- 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 \(Dec 2013\)](#).

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of May 2011 and November 2011

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

19. Enhancing market integrity and efficiency

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</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 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

19. Enhancing market integrity and efficiency

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date
<p>[Empty area for highlighting main developments]</p>	<p>ASIC are currently re-running our analysis on high-frequency trading in equities and futures and extending it to FX markets. Early results indicate that volumes of high-frequency trading in Australia's equity market have not increased since the 2015 review. This is a data analysis exercise only and not expected to lead to changes in the regulatory framework.</p>

Relevant web-links

Web-links to relevant documents	
	<p>Report 331 Dark liquidity and high-frequency trading (2013) http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-331-dark-liquidity-and-high-frequency-trading/ Report 452 Review of high-frequency trading and dark liquidity (2015) http://asic.gov.au/regulatory-resources/find-a-document/reports/rep-452-review-of-high-frequency-trading-and-dark-liquidity/ ASIC Market Integrity Rules (Securities Markets) 2017 (includes rules for crossing system operators (ie dark pools) https://www.legislation.gov.au/Details/F2017L01474 Regulatory Guide 265 Guidance on ASIC market integrity rules for participants of securities markets (includes guidance for crossing system operators (ie dark pools))</p>

20. Regulation and supervision of commodity markets

G20/FSB Recommendations

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)

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)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

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 \(Sep 2011\)](#).

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.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- Draft in preparation, expected publication by
- Draft published as of
- Final rule or legislation approved and will come into force on
- Final rule (for part of the reform) in force since

20. Regulation and supervision of commodity markets

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</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 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. The OTC derivative reporting obligation is in full effect with the final phase implemented in December 2015. The OTC derivative reporting obligation includes reporting of OTC commodity derivatives (other than electricity derivatives, which are carved out from the reporting requirements).</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

20. Regulation and supervision of commodity markets

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #e0e0e0; height: 400px;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #e0e0e0; padding: 10px;"> <p>ASIC is liaising with industry groups (including the Australian Securitisation Forum) in relation to transitional relief on particular data elements of the OTC Derivative trade reporting requirements. At this stage, this has not required revisions to implementation of OTC derivative reporting obligations specific to commodity derivatives.</p> </div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://asic.gov.au/regulatory-resources/markets/otc-derivatives-reform/derivative-transaction-reporting/ http://www.asic.gov.au/regulatory-resources/markets/otc-derivatives-reform/derivative-trade-repositories/ https://www.legislation.gov.au/Details/F2015C00262</p>

21. Reform of financial benchmarks

G20/FSB Recommendations

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 IOSCO Principles for Financial Benchmarks.

22. Enhancing financial consumer protection

G20/FSB Recommendations

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)

Remarks

Jurisdictions should describe progress toward implementation of the OECD’s [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

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.

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.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of May 2011 and November 2011

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

22. Enhancing financial consumer protection

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Implementation for this reform area has been complete since May 2011. The most recent reforms - described in Australia's response to previous surveys - were made in November 2012 with the implementation of the Competition Market Integrity Rules. This aspect of reform addressed the OECD's High-Level Principles with respect to disclosure and transparency, data protection and competition in markets. Since that time, ASIC continues to focus on advancing consumer protection policies into Australia's financial services regulatory framework. In April 2016, the Australian Government announced a package of reforms to improve outcomes for consumers in the financial sector. This involved including additional funding for ASIC to undertake surveillance and enforcement, as well as funding to enhance data analysis capabilities in order to identify misconduct.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

22. Enhancing financial consumer protection

Update and next steps	
<p>Highlight main developments since last year’s survey</p> <p>The Australian Government continues to progress reforms to address the mis-selling of unsuitable financial products to retail investors and consumers. New design and distribution obligations will be imposed on issuers and distributors, which will help ensure financial products are targeted and sold to the right consumers. The Design and Distribution Obligations will require issuers of financial products to:</p> <ul style="list-style-type: none"> • identify target markets for their products, having regard to the features of products and consumers in those markets; • select appropriate distribution channels; and • periodically review arrangements to ensure they continue to be appropriate. <p>In addition, distributors of financial products will be required to:</p> <ul style="list-style-type: none"> • put in place reasonable controls to ensure products are distributed in accordance with the identified target markets; and • comply with reasonable requests for information from the issuer in relation to the product’s review. <p>ASIC will also be given a new power to intervene in the sale or distribution of a product in circumstances where ASIC perceives a risk of significant consumer detriment.</p>	<p>Planned actions (if any) and expected commencement date</p> <p>As mentioned, the Australian Government is exploring the introduction of legislative reform to confer “product intervention” powers to ASIC - effectively furthering ASIC’s consumer protection powers where a financial product poses a significant threat to consumers. The Government is also considering the introduction of design and distribution obligations for financial service providers to ensure that products are targeted at the right people. Legislation to implement these reforms is planned for introduction in the second half of 2018.</p>

Relevant web-links	
<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/ https://treasury.gov.au/consultation/c2017-t247556</p>

I	II	III	IV	V	VI	VII	VIII	IX	X	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



Sources of recommendations

- [Hamburg: G20 Leaders' Communique \(7-8 July 2017\)](#)
- [Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)
- [Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)
- [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 \(1 November 2012\)](#)