

April 2016

*PwC Regulatory Update*



## 1

# Legislative/Government developments

## Government's response to ASIC capability review

In July 2015, the Government announced a review to consider the capabilities of Australian Securities and Investments Commission (ASIC). The [Capability Review](#) forms part of the Government's response to the Financial System Inquiry (FSI) which recommended periodic reviews of the capabilities of financial and prudential regulators, commencing with a review of ASIC in 2015 to ensure it has the skills and culture to carry out its role effectively.

The Expert Panel, which led the Review, made 34 recommendations. The Government is progressing the five recommendations address to it while ASIC's Implementation Plan will address the remaining recommendations. The Government's reform measures include:

- Committing \$61.1 million to enhance ASIC's data analytics and surveillance capabilities as well as improving ASIC's information management systems.
- Introducing an industry funding model for ASIC, to commence in the second half of 2017.
- Committing \$9.2 million in funding for ASIC to accelerate implementation of law reform measures recommended by the FSI.
- Providing ASIC with \$57 million for surveillance and enforcement on an ongoing basis.
- Extending the term of ASIC Chairperson and appointing an additional ASIC Commissioner with experience in the prosecution of crimes in the financial services industry.

The Government's [response](#) to the recommendations of the review is available together with ASIC's [Implementation Plan](#).

Source: [Treasury](#), [Treasurer](#) and [Assistant Treasurer](#)

## Progressing professional standards reforms

The Government has announced proposed changes to ensure existing financial advisers are provided with a smooth transition as part of reforms to raise the education, training and ethical standards of the financial advice industry. The revised draft legislation and accompanying Explanatory Memorandum has been released for further targeted consultation.

The Government is proposing to:

- Establish a standard setting body, initially as a Commonwealth company, to administer the professional standards regime. The body will be responsible for developing and setting the industry exam, developing the code of ethics, and determining the education requirements for both new and existing advisers.
- Ensure reforms are not intended to require existing advisers to complete a bachelor's degree. Existing advisers will be required to reach degree-equivalent status, which can be achieved via a number of flexible pathways, including by completing bridging courses approved by the new standards body.
- Extend the amount of time that existing advisers will have to reach degree-equivalent status and to pass the new exam requirement for all advisers. The education and exam requirements are proposed to commence on 1 January 2019 (revised from 1 July 2017). Existing advisers will have until 1 January 2024 (5 years) to reach degree-equivalent status and until 1 January 2021 (2 years) to pass the exam. Exemption from exam is intended to be reserved for highly experienced advisers with exceptional skills and qualifications.

Source: [Minister for Small Business and Assistant Treasurer](#)

## 1

# Legislative/Government developments (cont'd)

## Life insurance remuneration reform regulations

The Government has released draft regulations that will support the Government's life insurance reform package to better align the interests of financial firms with consumers.

The regulations, combined with the legislation, will implement the reform package and are intended to address a number of issues raised during consultation on the legislation, including by:

- providing a 12 month transition period during which stamp duty relating to death benefits may be included in the calculation of commissions, while industry make necessary system changes to exclude it in the future
- prescribing certain limited circumstances under which 'clawback' arrangements are not intended to apply, such as in the case of self-harm by the insured, or where a premium is reduced due to a decision by the insured to quit smoking
- providing for the grandfathering of existing employee-employer remuneration arrangements in a manner broadly consistent with that under the Future of Financial Advice reforms.

[Exposure Draft](#) and [Explanatory Statement](#) are available.

Source: [Treasury](#)

## Asia Region Funds Passport signing the Memorandum of Cooperation

Minister for Small Business and Assistant Treasurer has signed the *Asia Region Funds Passport's Memorandum of Co-operation (MoC)* with Japan, Korea and New Zealand. The Passport is an international initiative that facilitates the crossborder offering of eligible collective investment schemes while ensuring investor protection in economies participating in the Passport. The MoC sets out the internationally agreed rules and cooperation mechanisms of the Passport.

Signing of the MoC is an outcome of over-six-years international negotiation on the Passport arrangements. Australia, Japan, Korea, New Zealand, the Philippines, Singapore and Thailand have contributed expertise to developing the framework in the Working Group.

The MoC comes into effect on 30 June 2016 and any other eligible economy that signs the MoC before then will be an original participant in the Passport. The MoC also ensures any other eligible APEC economies are able to participate in the Passport even after it comes into effect and have upto 18 months from 30 June 2016 to implement domestic arrangements.

Source: [Minister for Small Business and Assistant Treasurer](#)

## 1

# Legislative/Government developments (cont'd)

## Productivity Commission to examine arrangements supporting Australian Consumer Law

The Government has released the [terms of reference](#) for a Productivity Commission study into the enforcement and administration arrangements underpinning the Australian Consumer Law.

The study will focus on the effectiveness of the 'single-law, multiple regulator' model, a model where the national consumer law is jointly enforced and administered by the Australian Competition and Consumer Commission (ACCC) and state and territory consumer agencies, with ASIC enforcing similar consumer protections under the *ASIC Act* for financial products and services.

The study will make findings on how this model could be strengthened and will assess the complementary roles of Australian Consumer Law regulators. It will examine the interaction of specialist regulatory regimes such as food safety, therapeutic goods and electricity and natural gas regimes with Australian Consumer Law regulators.

The Productivity Commission is due to report back to the Government by March 2017.

Source: [Treasurer](#) and [Minister for Small Business and Assistant Treasurer](#)

## Government releases small amount credit contract final report

In August 2015, the Government announced a review of the small amount credit contract (SACC) laws contained in the *National Consumer Credit Protection Act 2009*.

In March 2016, the Panel which led the review provided the [Final Report](#) to the Government. The Government has released for consultation the Final Report which made 24 recommendations relating to the SACC and consumer leasing laws. Some of the key recommendations include:

- retaining the existing price caps on SACCs
- extending the SACC protected earnings amount requirement to all consumers and lowering it to 10 per cent of the consumer's net income (currently for those consumers who receive 50 per cent or more income through payments from Centrelink, total SACC repayments are capped at 20 per cent of a consumer's gross income)
- introducing a cap on the cost of consumer leases on household goods
- introducing a protected earnings amount requirement for consumer lease providers of 10 per cent of all consumer's net income.

The Government will consult with industry and consumers before making any decisions on the recommendations. Submissions are due by 17 May 2016.

Source: [Treasury](#) and [Minister for Small Business and Assistant Treasurer](#)

## 1

# Legislative/Government developments (cont'd)

## Government streamlines regulatory approvals

The Government is improving the process for when firms (financial market operators and clearing and settlement facilities) seek regulatory approval for licensing, operating rules and compensation arrangements.

The Minister for Small Business and Assistant Treasurer has [delegated](#) some of the regulatory powers under section 1101J of the *Corporations Act 2001* to authorised officers of ASIC. This delegation will reduce red tape and better facilitate innovation by enabling industry to bring services and products to market quickly.

The delegation of these regulatory powers is accompanied by [guidelines](#) for ASIC to take into account when exercising these delegated powers.

Source: [The Minister for Small Business and Assistant Treasurer](#)

## 2

# What have the regulators been up to?

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### Speech: From strength to resilience

Wayne Byres, Chairman at APRA addressed the AFR Banking & Wealth Summit at Sydney. He highlighted the strengthening of the banking system since the financial crisis, and outlined what remains to be done to turn that strength into resilience.

Beyond this strengthening of the banking system's capital adequacy position, asset quality across the banking system remains relatively high. The funding profile of the system has changed notably since 2008, with greater emphasis on traditional deposit funding and a corresponding material reduction in short-term wholesale funding. The overall profitability of the banking system remains healthy. He expects that the goal should be to have a banking system that has two key characteristics: it is strong and resilient.

Achieving the objective of moving from strength to resilience will involve work in four broad areas, and take the next several years to fully implement:

- reinforcing capital strength
- improving the stability of liquidity and funding profiles
- enhancing both the public and private sectors' readiness for adversity
- strengthening the risk culture within the financial system.

He concluded by stating that Australia has long benefited from a sound financial system, which has benefited from a long period of economic expansion. However, it is necessary to have a strong financial system, which is resilient in the face of adversity. That requires a regulatory architecture that allows for timely and effective intervention when needed.

The full speech can be found [here](#).

### Speech: Governance and culture in superannuation

Helen Rowell, Deputy Chairman at APRA addressed the AFR Banking and Wealth Summit at Sydney. She spoke on the topic of governance and culture in superannuation. In addressing this topic, she also discussed some of the current areas of industry practice that APRA is, or will be, focusing on over 2016.

The main points of the speech include:

- Sound governance requires rigorous decision-making and oversight processes to be adopted by trustees. In 2016, APRA will be taking a closer look at director appointment and board performance assessment processes. There are a few areas industry can lift its game in this regard.
- Another area on which APRA will be focusing over 2016 is strategic and business planning. The Government has commenced discussions with industry on implementation of comprehensive income products in retirement, as recommended by the FSI.
- Another important aspect of governance for superannuation boards is setting an appropriate investment strategy. Boards are encouraged to ensure they are applying adequate critical thinking in setting their investment strategy.
- There has been significant focus on the efficiency of the superannuation industry, in particular by the FSI. This will continue as the Productivity Commission undertakes the review in response to the FSI. The Stronger Super reforms placed considerable emphasis on enhanced transparency and disclosure for the superannuation industry.

The full speech can be found [here](#).

## 2

# What have the regulators been up to? (cont'd)

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### Submission in relation to efficiency and competitiveness of the superannuation system

APRA has made a submission to the Productivity Commission study to develop criteria to assess the efficiency and competitiveness of the superannuation system. An efficient and competitive superannuation system should lead to enhanced retirement outcomes for members. The criteria developed should seek to assess the extent to which improvements in efficiency and competition contribute to enhanced net outcomes for members.

An appropriately broad assessment necessarily involves both qualitative and quantitative assessment approaches and measures, which is consistent with the broad approach proposed by the Productivity Commission for development of assessment criteria. APRA encourages the Productivity Commission to establish criteria that recognise the importance of optimising overall long-term outcomes across a wide range of factors and taking into account the broad spectrum of funds and members across the superannuation system.

APRA noted that the lowest fee structure will not necessarily provide better outcomes for members over the long term. Enhancing overall long-term member outcomes may have a more material impact on long-term net outcomes for members than relatively small reductions in investment or administration fees. Optimising insurance arrangements to appropriately balance the cost of insurance with meeting member needs is also a relevant consideration in terms of overall long-term member outcomes.

The submission can be found [here](#).

### Submission in relation to inquiry into the scrutiny of financial advice - life insurance

APRA has made a submission to the Senate Economics Committee in relation to the *Inquiry into the Scrutiny of Financial Advice - Life Insurance*.

The submission details:

- financial regulation and APRA – APRA's role as one of four independent agencies that oversee the Australian financial system
- life insurance industry - state of the industry and recent prudential activity in the sector
- opportunities for regulatory reform – introduction of a mechanism to allow the rationalisation of legacy products to occur more easily.

The submission can be found [here](#).

## 2

# What have the regulators been up to? (cont'd)

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### ASIC welcomes significant reforms

ASIC has welcomed the Government's [response](#) to the [Capability Review](#). ASIC has provided an official [response](#) to the review, setting out the actions ASIC is already taking or will take to develop its capabilities in areas such as governance, culture and communication.

ASIC also noted the Government's commitment to ensuring the key recommendations from the FSI are implemented as a matter of priority. ASIC will work with the Government and Treasury to make sure the regulatory framework allows ASIC to most effectively address market misconduct and contains the appropriate incentives for firms to put their customers first.

ASIC also welcomed the Government's announcement of major additional funding for the regulator and introduction of an Industry Funding Model. The additional funding will enable further surveillance and enforcement in areas such as financial planning, responsible lending, life insurance, and misconduct and breach reporting. It will also allow ASIC to build technological capacity to identify and assess risks and misconduct.

See [media release](#)

### Speech: Regulating for the future - Innovation, disruption and cyber resilience

Greg Medcraft, Chairman at ASIC addressed the AFR Banking & Wealth Summit at Sydney. He discussed the topic, *Regulating for the future: Innovation, disruption and cyber resilience*. He started by stating that technology and innovation is disrupting and reshaping the world and discussed the following three topics:

- What innovation and digital disruption means for ASIC: New digital strategies continue to challenge traditional business models, disrupting financial services and markets and changing how they interact with investors and consumers, across a range of platforms and devices.
- How ASIC is responding to digital disruption: ASIC continuing to focus on:
  - promoting cyber resilience and identifying potential cyber attacks in markets through real time market monitoring
  - ensuring compliance with licensing obligations
  - taking steps to help industry take advantage of the opportunities on offer, by ensuring that investor and financial consumer trust and confidence is not compromised
  - monitoring overseas developments on regulating fintech.
- How regulators need to position themselves for the future: He discussed some of the work they have already been doing in positioning ASIC for the future. He also discussed the work being done in the international space.

The full speech can be found [here](#).



## 2

# What have the regulators been up to? (cont'd)

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### Speech: Why are we talking about culture?

Peter Kell, Deputy Chairman at ASIC, addressed the AFR Banking & Wealth Summit at Sydney.

He started his speech by stating that culture, and its links to conduct and regulation, has become central to discussions of how business operates, particularly in the finance sector.

ASIC hasn't been the only regulator highlighting the importance of culture in financial firms. Other regulators in Australia and overseas are also discussing this issue.

The FSI inquiry also highlighted the issue of business culture. Several of its key recommendations went to ensuring that both financial firms and regulators were better placed to address the problems we've seen in finance sector culture.

He outlined the FSI's findings on culture and provided some examples of the responses recommended by the FSI. In particular, he focused on those observations and recommendations that impact on ASIC's role and responsibilities.

The full speech can be found [here](#).

### Speech: The challenge of driving global economic growth

Greg Medcraft, Chairman at ASIC and Chairman of the Board of the International Organization of Securities Commission (IOSCO) addressed the US Securities Industry and Financial Markets Association Symposium. He discussed three topics which together are about the challenge of driving global economic growth:

- The role of capital markets: He emphasised that a key priority for IOSCO this year has been infrastructure finance. IOSCO is currently developing a mandate to look at what regulators can do to encourage and support greater investment in infrastructure in emerging markets. He highlighted the establishment of the Global Infrastructure Hub in Sydney as a significant initiative.
- The role of digital innovation: Committee on Emerging Risks has started work on understanding the opportunities offered by blockchain. IOSCO has worked with the CPMI on measures to enhance the cyber resilience of financial markets infrastructure. He focused on three initiatives taken in Australia: establishment of ASIC's Innovation Hub; Innovation Hub cooperation agreement concluded with Financial Conduct Authority (FCA) on the activities of the respective Innovation Hubs; ASIC provided regulated population with advice on how they might improve their cyber resilience.
- Cross-border regulatory cooperation: IOSCO has built, and continues to develop, its frameworks for cooperation in enforcement matters via the Multilateral Memorandum of Understanding (MMoU), as well as in supervisory cooperation matters. He highlighted two set of recent initiatives taken by ASIC: by facilitating opportunities for the regulated population and reducing barriers to entry through mutual recognition agreements.

The speech can be found [here](#).

## 2

# What have the regulators been up to? (cont'd)

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### ASIC remakes class orders on securitisation and financial calculators

ASIC has released updated regulatory guidance on relief for securitisation special purpose vehicles and financial calculators in Section C and Section D respectively of Regulatory Guide 167 *Licensing: Discretionary powers* (RG 167). ASIC has also released Report 477 *Response to submissions on CP 249 Remaking ASIC class order on generic financial calculators* (Report 477).

In March 2016, ASIC remade class order [CO 04/1526] into a new legislative [instrument](#), *ASIC Corporations (Securitisation Special Purpose Vehicles) Instrument 2016/272*, following [public consultation](#). The change involved the omission of one condition on the grounds that it did not appear to be relied on. This condition previously required an AFS licensee to enter into an irrevocable deed poll agreeing to be liable for the securitisation entity's acts or omissions.

In March 2016, ASIC remade class order [CO 05/1122] into a new legislative [instrument](#), *ASIC Corporations (Generic Calculators) Instrument 2016/207*, following [public consultation](#). A change under the new instrument is that if a financial calculator makes an estimate of a future return, it must be adjusted for inflation using an assumed rate of inflation of 2.5% (the mid-point of the Reserve Bank of Australia's target range for inflation over the cycle).

See [media release](#) related to securitisation and [media release](#) related to financial calculators

### ASIC remakes instruments on electronic and dual lodgement of financial reports and financial reporting and record keeping by foreign licensees

ASIC has issued a legislative [instrument](#), *ASIC Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181*, dealing with dual lodgement and electronic lodgement of directors' reports, financial reports and auditor's reports (reports) following [public consultation](#) to replace three class orders, which would have expired if not remade:

- class order [CO 00/2451] *Electronic lodgement of certain reports with the ASX: approval*, due to expire on 1 April 2017
- class order [CO 06/6] *Dual lodgement relief for NSX-listed disclosing entities*, due to expire on 1 April 2016
- class order [CO 98/104] *Dual lodgement relief for ASX-listed entities*, due to expire on 1 October 2016.

ASIC has issued a legislative [instrument](#), *ASIC Corporations (Foreign Licensees and ADIs) Instrument 2016/186*, following [public consultation](#), to replace two class orders, which would have expired if not remade:

- class order [CO 03/823] *Relief from licensing, accounting and audit requirements for foreign authorised deposit-taking institutions*, due to expire on 1 April 2017
- class order [CO 06/68] *Conditional relief for foreign licensees from financial reporting and record keeping obligations*, due to expire on 1 April 2016.

See [media release](#) related to electronic and dual lodgement of financial reports and [media release](#) related to financial reporting and record keeping by foreign licensees

## 2

# What have the regulators been up to? (cont'd)

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### ASIC releases market integrity report from 1 July to 31 December 2015

ASIC has released a market integrity report from 1 July to 31 December 2015, focusing on the three areas of deterrence, standards and education, and behavioural change. The report consists of a [short video](#) and [webpage](#).

ASIC achieved a total of 14 significant market integrity enforcement outcomes during the six month. This includes criminal conviction for insider trading, outcomes for continuous disclosure, market manipulation and ASIC market integrity rule breaches.

Reviews of high-frequency trading (HFT) and dark liquidity were completed, revealing that current levels of HFT and dark liquidity trading have not adversely affected the function of the markets.

ASIC achieved major milestones towards Australia's implementation of over-the-counter (OTC) derivatives market reforms, including rules for a mandatory central clearing regime.

ASIC ran an education campaign to encourage the reporting of suspicious activity in order to better regulate market conduct. This was widely communicated and a new form was launched on the Market Entity Compliance (MECS) portal to make lodging these reports easier.

Cyber threats, handling of confidential information and conduct risk remain the key issues facing Australia's financial markets (and ASIC) in 2016. ASIC has previously undertaken extensive work on these issues and last year established three taskforces to target them more deeply.

See [media release](#)

## 2

# What have the regulators been up to? (cont'd)

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### Central Counterparty Recovery: Response to consultation feedback on exposure draft rules for interim replenishment of default funds

In December 2015, ASX released a [consultation paper](#) on exposure draft rules for interim replenishment of default funds seeking feedback on proposed amendments to the ASX Recovery Handbook to provide for more rapid replenishment of the default funds of ASX Clear and ASX Clear (Futures) (ASX CCPs) if those funds are depleted as a result of a participant default.

ASX does not propose to make material changes to the proposal outlined in the consultation paper based on the feedback received. ASX has made some minor drafting amendments to clarify the operation of certain rules but those changes do not affect the substance of the proposed amendments.

The revised [ASX Recovery Rulebook](#) incorporating the changes made by ASX in response to consultation feedback is available together with a mark-up of the proposed [amendments](#) to the ASX Recovery Rulebook from those contained in the December 2015 consultation paper.

ASX intends to formally lodge the amended ASX Recovery Rulebook with ASIC for regulatory clearance in April 2016. Subject to regulatory clearance, the amended ASX Recovery Rulebook are expected to take effect in Q4 FY16. ASX will publish a market notice to confirm the effective date closer to the time.

ASX's response to consultation feedback can be found [here](#).

## 2

# What have the regulators been up to? (cont'd)

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

### AUSTRAC comments on the Report on the Statutory Review of the AML/CTF Act 2006

AUSTRAC has welcomed recommendations to simplify and modernise legislation to protect the economy from serious and organised crime and terrorism financing. AUSTRAC's CEO, Paul Jevtovic, strongly endorsed the 84 recommendations made in the [Report](#) on the Statutory Review of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF Act) and associated rules and regulations. He said the report recommendations would:

- provide the opportunity, together with business, to transform their collective approach to maximising financial intelligence through a genuine partnership framework
- bolster their compliance and enforcement response
- allow them to simplify the AML/CTF Act and Rules in areas that have not been effective and provide avenues to expand their ability to provide relief where risks are low
- on the flip-side, re-assess where risks have changed and, where necessary, address those regulatory gaps; for example professional facilitators whose activities are intertwined with the financial system, emerging platforms and off-shore services that may exploit vulnerabilities
- ensure a considered response to improvements recommended by the Financial Action Task Force in their 2015 evaluation of Australia's regime
- reflect modern global approaches to preventing, detecting and disrupting money laundering and terrorism financing.

See [media release](#)

### Privacy Impact Assessment finalised on draft amendments to Chapter 4 of AML/CTF Rules

The Privacy Impact Assessment ([PIA](#)) on the draft amendments to Chapter 4 of the *Anti-Money Laundering and Counter-Terrorism Financing Rules* regarding collecting information from other than the customer has been finalised.

In November 2015, AUSTRAC released the draft Privacy Impact Assessment (PIA) – Amendments to Chapter 4 of the *Anti-Money Laundering and Counter-Terrorism Financing Rules* in order to seek stakeholder feedback both on the potential privacy impacts of the proposed amendments and the preliminary recommendations. Public consultation on the draft PIA closed on 9 December 2015.

Currently, Chapter 4 requires reporting entities to collect and verify customer identification information 'from' their customers. The proposed amendments will allow reporting entities the discretion to collect identification information 'about' customers rather than directly from the customer.

PIA concluded that while the proposed amendments will have privacy impacts, AUSTRAC considers that these impacts can be managed appropriately.

See [media release](#)

## 3

# Industry bodies

## ABA

Australian Bankers'  
Association

## AFMA

Australian Financial Markets  
Association .

## APCA

Australian Payments Clearing  
Association

## ASFA

Association of  
Superannuation Funds  
of Australia

## COBA

Customer Owned Banking  
Association

## FPA

Financial Planning  
Association of Australia

## FSC

Financial Services Council

### ABA comments on new ASIC measures

ABA has welcomed the expanded powers and increased resources for ASIC announced by the Federal Government.

ABA Chief Executive Steven Münchenberg said that ABA supports:

- The introduction of a new industry funding model for ASIC. Contributions should be transparent and the amount of fees levied matches the level of regulation and resources required for ASIC.
- The extension of Mr Greg Medcraft's term as Chair. This will help continuity with the range of reforms affecting the banking and financial services industry, in particular the implementation of recommendations from the Financial System Inquiry (FSI).
- The product intervention power for ASIC to bolster consumer protections. However should be wary of any actions that may have unintended consequences and adversely impact on product innovation or consumer choice.
- The new obligation on product manufacturers, including banks and other financial institutions, to ensure design and distribution of financial products meets the needs of all consumers.

See [media release](#)

### Banks act to strengthen community trust

Australia's banks will begin to implement comprehensive new measures to protect consumer interests, increase transparency and accountability and build trust and confidence in banks.

The plan, parts of which are subject to regulatory approval or legislative reform, will be overseen by an independent expert. The industry has appointed Gina Cass-Gottlieb, Gilbert + Tobin Lawyers, to lead the work on establishing the governance arrangements around the implementation of the plan, the review process, public reporting, and the selection of an independent expert to oversee implementation of this initiative.

The following actions will further lift standards and transparency across the banking and financial services sector and bolster the existing strength of the regulatory framework:

- Reviewing product sales commissions.
- Making it easier for customers when things go wrong.
- Reaffirming ABA's support for employees who 'blow the whistle' on inappropriate conduct.
- Removing individuals from the industry for poor conduct.
- Strengthening commitment to customers in the Code of Banking Practice.
- Supporting ASIC as a strong regulator.

See [media release](#)

## 3

# Industry bodies (cont'd)

## ABA

Australian Bankers'  
Association

## AFMA

Australian Financial Markets  
Association .

## APCA

Australian Payments Clearing  
Association

## ASFA

Association of  
Superannuation Funds  
of Australia

## COBA

Customer Owned Banking  
Association

## FPA

Financial Planning  
Association of Australia

## FSC

Financial Services Council

### AFMA comments on Government measures to strengthen ASIC

AFMA CEO David Lynch commented on the measures announced by Government to strengthen ASIC.

- Cost Recovery - ASIC should be properly funded to meet its responsibilities and that participants in the financial services sector should be prepared to provide a proportionate amount of ASIC's funding through cost recovery.
- ASIC's Capability – A properly resourced securities and investments regulator with well-directed strategic priorities is important to the efficiency and fairness of the financial system for all users. The Capability Review Report offers clarity on the matters that are relevant to meeting this objective.
- Product Intervention Power - AFMA will work with government to ensure that the ASIC intervention power provides proper protection for consumers and does not unduly inhibit the ongoing development of products that benefit consumers.
- Product Approval Principles - AFMA's product approval principles received favourable comment by the FSI but do not have broader industry coverage or enforceability. A formal regulatory obligation would achieve a more standardised approach across the whole industry. AFMA will use the government consultation process to support development of an effective and proportionate design and distribution obligation.

See [media release](#)

### AFMA issues notice of change to the Cash Market Conventions

In March 2016, AFMA issued a [notice](#), outlining conventions changes proposed by the Reserve Bank of Australia (RBA) with regard to the calculation of the interbank overnight cash rate (IBOC), and specifically changes proposed to facilitate the transition from a calculation methodology relying on data submissions by banks to one using data extracted from RITS.

All feedback received has been supportive of this endeavour, and the Cash Committee has now unanimously agreed to the promulgation within the conventions of the required changes. Specifically, the Committee has agreed to the addition of Section 2.3.1 which prescribes the practice and procedures required to be followed by ESA holder banks when undertaking interbank cash rate transactions.

The RBA has separately advised all ESA holder banks of details that the effective date of its transition to the new calculation methodology will be 9 May 2016. However as a precursor to this, and with effect 18 April 2016, AFMA is introducing the changes to the [Cash Conventions](#) effective as of 18 April 2016 in order to support the transition.

The notice can be found [here](#).

## 3

## Industry bodies (cont'd)

### ABA

Australian Bankers'  
Association

### AFMA

Australian Financial Markets  
Association .

### APCA

Australian Payments Clearing  
Association

### ASFA

Association of  
Superannuation Funds  
of Australia

### COBA

Customer Owned Banking  
Association

### FPA

Financial Planning  
Association of Australia

### FSC

Financial Services Council

#### APCA releases report on the decline of cheques

APCA has released the fifth [Milestones Report](#), showing that the growing digital economy is accelerating the decline in cheque use.

According to the report, Australians used 16.3% fewer cheques in 2015 than 2014. This compares to a 14.3% drop in 2014. Over the last 10 years, cheque use has dropped by 71%. Cash use also continues to decline, with the number of ATM withdrawals down by 5.5% in 2015 having dropped 4.7% in 2014.

Australian businesses and consumers are increasingly choosing to use electronic payments in place of cheques and cash. Cards and other electronic payments continued to grow strongly in 2015:

- Direct entry transactions were up 6.3% in volume and 3.5% in value.
- Card payments were up 11.1% in volume and 6.8% in value.

The report provides updates on industry and government initiatives to support this evolution including:

- Progress on the Australian Payments Council's initiatives set out in the Australian Payments Plan.
- Electronic conveyancing for property settlement through the PEXA service.
- The Government's SuperStream for the superannuation system.

See [media release](#)



## 3

# Industry bodies (cont'd)

## ABA

Australian Bankers'  
Association

## AFMA

Australian Financial Markets  
Association .

## APCA

Australian Payments Clearing  
Association

## ASFA

Association of  
Superannuation Funds  
of Australia

## COBA

Customer Owned Banking  
Association

## FPA

Financial Planning  
Association of Australia

## FSC

Financial Services Council

### ASFA welcomes strengthening of ASIC

ASFA has commented on the Government announcement to strengthen ASIC. ASFA's CEO Pauline Vamos said that greater funding for the Superannuation Complaints Tribunal (SCT) will help to clear the current backlog of cases. It is important that these issues are resolved quickly as some complainants are in a difficult financial position.

ASFA supports adequate and appropriate funding for ASIC, and considers that all regulated industries should contribute to that funding via levies. ASFA has expressed concern about the lack of transparency and accountability inherent in the current process by which levies are applied and utilised.

ASFA welcomed the deferral of the industry funding model until 2017, and looks forward to engaging with the government on the details of the funding model. See [media release](#)

### ASFA comments on the Senate Committee report to address gender gap

ASFA has welcomed the release of the Senate Economics References Committee [report](#), *A husband is not a retirement plan – achieving economic security for women in retirement*. ASFA has long advocated for changes to the superannuation system, which will address the broken work patterns experienced by women throughout their working lives.

ASFA welcomed recommendations on payment of the Superannuation Guarantee (SG) on parental leave, abolishing the \$450 per month threshold for SG, maintaining the low income superannuation contribution, increasing the SG to 12 per cent as soon as possible and amending the *Sex Discrimination Act 1984* to allow higher superannuation contributions.

See [media release](#)

### ASFA releases its submission to Treasury on the objective of the superannuation system

ASFA has released its [submission](#) to Treasury on the objective of the superannuation system. ASFA believes that the primary purpose of the system should be defined and enshrined in legislation and proposes the following definition: "Ensure that all working Australians, save for their retirement throughout their working life to achieve an adequate level of income throughout retirement."

ASFA's CEO Pauline Vamos said that FSI proposal to "provide income in retirement to substitute or supplement the Age Pension" can be narrowly interpreted to mean that superannuation only provides assistance up to the level of the Age Pension. This would not deliver on the social goals of the system. However, the alternative definition proposes that the system delivers adequate retirement outcomes with commensurate economic and social well-being, free from undue hardship.

It proposes the ASFA Retirement Standard 'comfortable' income level as an additional appropriate goal.

ASFA has also proposed policy design principles and measures of success to ensure that policy is achieving the agreed objectives.

See [media release](#)

# 3

## *Industry bodies (cont'd)*

### ABA

Australian Bankers' Association

### AFMA

Australian Financial Markets Association .

### APCA

Australian Payments Clearing Association

### ASFA

Association of Superannuation Funds of Australia

### COBA

Customer Owned Banking Association

### FPA

Financial Planning Association of Australia

### FSC

Financial Services Council

#### **COBA comments on ASIC funding**

COBA has welcomed funding for ASIC to address major bank misconduct but believes that the levy should be paid for by those who are responsible for the scandals.

COBA's CEO Mark Degotardi said that COBA will always support measures that require regulators to give greater priority to promoting competition and consumer choice.

COBA agrees ASIC should be given the resources needed to tackle major bank misconduct but the only sustainable solution to addressing the endless scandals is a more competitive banking market. Increasing regulator funding will not by itself address the real problem. The most effective way to make significant positive change is to urgently implement the FSI agenda on resilience and competition in banking.

See [media release](#)

## 3

## Industry bodies (cont'd)

### ABA

Australian Bankers'  
Association

### AFMA

Australian Financial Markets  
Association .

### APCA

Australian Payments Clearing  
Association

### ASFA

Association of  
Superannuation Funds  
of Australia

### COBA

Customer Owned Banking  
Association

### FPA

Financial Planning  
Association of Australia

### FSC

Financial Services Council

#### FPA comments on strengthening of ASIC

The FPA has welcomed the Government's announcement of a reform package to strengthen ASIC. The reform measures will provide ASIC with stronger powers, and the funding to enhance surveillance capabilities and thus, help to reinforce consumer protection.

The FPA supports the decision to fast track product intervention powers for ASIC. The FPA is keen to better understand how the user pays model will ensure equity and fairness for small business operators. The funding model must not stifle competition or prohibit future entrants into the financial services industry. The FPA has requested Government to consider possible exemptions for small business operators similar to the model used by AUSTRAC.

See [media release](#)

#### FPA welcomes clarification of education and professional standards reforms

The FPA has welcomed the Government's proposed changes to education and professional standards reform in financial advice, in particular the transitional arrangements for existing financial planners. The Minister has proposed the establishment of a standard setting body to administer the professional standards regime, as well as to develop the industry exam and code of ethics and determine the education requirements for new and existing financial planners.

The reforms have proposed a number of flexible pathways for existing financial planners to achieve degree-equivalent status, and that they will be given sufficient time to achieve this, as they balance the competing demands of work and further education. In some cases, very experienced planners may be exempt from the new exam if their skills, expertise and experience are judged to be of an exceptionally high standard.

See [media release](#)

#### FPA urges Government to consider importance of the long term interest of super in Australians' retirement preparedness

The FPA is urging Government to consider policy decisions that support and encourage today's working Australians to become self-funded in their retirement. The FPA has made Government submissions regarding the [2016-2017 Federal Budget](#) and [The Objective of Super](#), recommending options that aim to improve the financial situation of all Australians and help them build a better financial future.

The FPA believes that the objective of super proposed by the FSI recommendation needs to have an ambition for Australians that is higher than the Age Pension. The FPA has proposed that the primary objective of super should be to provide income and capital in retirement to provide a comfortable standard of living.

In addition to setting the objective of super, the FPA recommended that the Government make positive and constructive changes that reflect the primary objective of super and reduce Australians' reliance on the social security system. These policy measures include:

- removing restrictions on the superannuation contribution age
- removing superannuation guarantee contributions from the concessional contributions cap
- reinstating the levels of the concessional contribution caps to allow flexibility at older ages when the capacity to contribute is higher.

The FPA also addressed the importance of increasing the number of Australians receiving financial advice.

See [media release](#)

## 3

# Industry bodies (cont'd)

## ABA

Australian Bankers'  
Association

## AFMA

Australian Financial Markets  
Association .

## APCA

Australian Payments Clearing  
Association

## ASFA

Association of  
Superannuation Funds  
of Australia

## COBA

Customer Owned Banking  
Association

## FPA

Financial Planning  
Association of Australia

## FSC

Financial Services Council

### FSC comments on the new ASIC structure

The FSC has welcomed the strengthening of ASIC with an increased focus on enforcement. More transparency, better governance and a stronger focus on enforcement are the outcomes for ASIC which were recommended by the FSI and the ASIC Capability Review.

The FSC supports the Government's decision to exempt ASIC from the *Public Service Act* which will allow the corporate regulator to recruit staff who have a strong understanding of the market it supervises. The FSC also supports the Government's user pays model for ASIC.

The FSC believes that the measures announced should be swiftly implemented and supports action, not further reviews or inquiries.

See [media release](#)

### FSC comments on the signing of the AFRP MoU

The FSC has welcomed the signing of the Asia Region Funds Passport (AFRP) Memorandum of Understanding (MoU). The historic signing means investors in the Asian region will benefit from more choice and competition in managed funds and will lead to an increase in the export of Australia's financial services products and funds management expertise.

The FSC also welcomed news that the Government intends to introduce a wider range of investment vehicles for the Passport in the 2016-17 Budget and urged the Government to quickly implement a broader range of investment vehicles and also, to simplify and streamline Australia's uncompetitive withholding tax regime.

See [media release](#)

### FSC releases its submission to Treasury on the objectives of superannuation

The FSC has released its proposed definition of 'objective of super' in its submission to the Government. The FSC's definition of the objective of super is: To deliver dignity and independence for all Australians in retirement by providing replacement income that is adequate to provide a comfortable standard of living.

The FSC's CEO Sally Loane said that defining the objective of superannuation and making it law should orientate the debate towards the long-term goal of ensuring a system which will provide adequate and comfortable retirements for all Australians.

The FSC recommends:

- The Government enshrine a short and concise objective in legislation.
- That enshrinement occurs through a stand-alone bill, rather than through existing superannuation law.

Ms Loane also said that the Government must take a long term view of any superannuation policy announced in coming months.

See [media release](#)

## 4

# Overseas developments – Global

## BCBS: Revisions proposed to the Basel III leverage ratio framework

The Basel Committee on Banking Supervision (BCBS) has released a [consultative document](#), *Revisions to the Basel III leverage ratio framework*, and responses to a third set of frequently asked questions ([FAQs](#)). This document proposes a set of changes to the standard released in January 2014. The proposed changes to the framework are an important element of the regulatory reform programme that the BCBS has committed to finalise by end-2016.

The final design and calibration of the proposals will be informed by a forthcoming comprehensive quantitative impact study.

Submissions are due by 6 July 2016.

Source: [BIS](#)

## BCBS: Publishes second report on RWAs in the banking book

The BCBS has published a second [report](#), *Regulatory consistency assessment programme (RCAP) - Analysis of risk-weighted assets for credit risk in the banking book*, to analyse variation in risk-weighted assets (RWA) in banks using internal ratings-based models to calculate credit risk capital requirements.

The BCBS observed different practices in the way that banks ensure independent evaluation of credit risk models used to calculate capital requirements.

The report describes sound practices observed in banks' independent model validation functions, including the governance of the validation process, the methodology and scope of banks' validation functions and the role of the validation function across different phases of model development and implementation.

Source: [BIS](#)

•

## BCBS: Publishes tenth progress report on adoption of Basel III standards

The BCBS has published the tenth progress [report](#) on *adoption of the Basel regulatory framework*, providing a high-level view of BCBS members' progress in adopting Basel III standards as of end-March 2016.

The report is based on information provided by individual members as part of the Committee's RCAP. The report includes the status of adoption of the Basel III risk-based capital standards, the leverage ratio, the liquidity coverage ratio (LCR), the net stable funding ratio (NSFR), the standards for global and domestic systemically important banks (SIBs), Pillar 3 disclosure requirements and the large exposure framework. The standards will become effective by 2019.

As of March 2016, all 27 BCBS member jurisdictions have final risk-based capital rules, LCR regulations and capital conservation buffers in force.

Source: [BIS](#)

## 4

# Overseas developments – Global (cont'd)

## BCBS: Issues standards for interest rate risk in the banking book

The BCBS has issued [standards](#) for *Interest Rate Risk in the Banking Book (IRRBB)*, revising the 2004 [principles for the management and supervision of interest rate risk](#), which sets out supervisory expectations for banks' identification, measurement, monitoring and control of IRRBB as well as its supervision.

The key enhancements include:

- More extensive guidance on the expectations for a bank's IRRBB management process.
- Enhanced disclosure requirements, including quantitative disclosure requirements based on common interest rate shock scenarios.
- An updated standardised framework, which supervisors could mandate their banks to follow or banks could choose to adopt.
- A stricter threshold for identifying outlier banks, that has been reduced from 20% of a bank's total capital to 15% of a bank's Tier 1 capital.

Source: [BIS](#)

## BCBS: Proposes definitions and disclosure of non-performing exposures and forbearance

The BCBS has issued a [consultation paper](#), *Prudential treatment of problem assets - definitions of non-performing exposures and forbearance*. At present, banks categorise problem loans in a variety of ways and there are no consistent international standards for categorising problem loans. The definitions proposed by the BCBS aim to promote harmonisation in the measurement and application of two important measures of asset quality and thereby foster consistency in supervisory reporting and disclosures by banks.

The proposed definitions complement the existing accounting and regulatory framework in relation to asset categorisation. They are intended to be used, for example, in the supervisory monitoring of a bank's asset quality as well as by banks in their credit risk management and as part of their internal credit categorisation systems.

Submissions are due by 15 July 2016.

Source: [BIS](#)

## CPMI: CPMI and World Bank issues report on payment aspects of financial inclusion

The Committee on Payments and Market Infrastructures (CPMI) and the World Bank Group have issued the final [report](#), *Payment aspects of financial inclusion*, seeking to tackle barriers to the adoption and usage of transaction accounts. This builds on an earlier version of the report that underwent public consultation in late 2015.

In addition to outlining guiding principles to help countries advance financial inclusion, the report suggests possible key actions, including providing basic accounts at little or no cost, stepping up efforts to increase financial literacy, and leveraging large-volume payment programmes, such as government payments, by adopting electronic payment services. Financial inclusion efforts are beneficial not only for those who will become financially included, but also for the national payments infrastructure and, ultimately, the economy.

Source: [BIS](#)

## 4

# Overseas developments – Global (cont'd)

## IOSCO: Updates information repository for Central Clearing Requirements for OTC derivatives

The International Organization of Securities Commissions (IOSCO) has released an update of its [information repository](#) (first made in August 2014) for central clearing requirements for OTC derivatives, providing regulators and market participants with consolidated information on the clearing requirements of different jurisdictions.

By providing this information, IOSCO seeks to assist authorities in their rule making and help participants comply with the relevant regulations in the OTC derivatives market.

The repository sets out central clearing requirements on a product-by-product level, and any exemptions from them. IOSCO first made the repository public in August 2014. The information in the repository will be updated periodically.

Source: [IOSCO](#)

## IOSCO: Publishes report on cyber security in securities markets

The IOSCO Board has published a [report](#), *Cyber Security in Securities Markets – An International Perspective*, providing a review of the different regulatory approaches related to cyber security and the potential tools available to regulators to respond to the cyber risk. The report also describes some of the practices adopted by market participants. The work was coordinated by the Québec Autorité des marchés financiers, with the assistance of the Singapore MAS and the China CSRC.

The content of the report is organised around the following segments of securities markets: reporting issuers, trading venues, market intermediaries, asset managers and financial market infrastructures. The regulatory issues, challenges and approaches are highlighted in relation to these segments. The report also details the issues and opportunities related to cooperation and information sharing among market participants and regulators.

Source: [IOSCO](#)

## 4

# Overseas developments – Europe

## EBA: Publishes final guidelines for disclosing confidential information under the BRRD

The European Banking Authority (EBA) has published its final [guidelines](#) defining how confidential information collected under the Bank Recovery and Resolution Directive (BRRD) should be disclosed in summary or collective form without identifying individual institutions or relevant entities.

The approach taken in these guidelines is intended to strike a balance between the need to achieve an appropriate level of convergence of practices regarding how confidential information should be provided in summary or collective form, and the need to ensure flexibility, considering that there may be many different types of confidential information, as well as many different circumstances and situations under which confidential information may need to be disclosed.

Source: [EBA](#)

## EBA: Consults on disclosure of encumbered and unencumbered assets

The EBA has released a [consultation](#) on *draft Regulatory Technical Standards (RTS) on disclosure of encumbered and unencumbered assets* for the provision of transparent and harmonised information on the topic, as laid down in the Capital Requirements Regulation (CRR). The RTS builds on the EBA guidelines on the same topic, detailing the disclosure requirements and provide additional information.

These draft RTS set out the data that is required to be disclosed on encumbered and unencumbered assets, the format, as well as the timing of the publication. The proposed requirements will disclose part of the data already reported through COREP on a continuous basis.

These draft RTS are addressed to institutions and provide three disclosure [templates](#) to be completed and published, along with line-by-line instructions for completing them.

Submissions are due by 25 July 2016.

Source: [EBA](#)

## EBA: Publishes report on securitisation risk retention, due diligence and disclosure

The EBA has published a [report](#), *EBA report on securitisation risk retention, due diligence and disclosure*, analysing measures taken by Competent Authorities in 2014 to ensure compliance by institutions with securitisation risk retention, due diligence and disclosure requirements.

The report highlights that institutions are generally undertaking appropriate actions to comply with such requirements, and only a very limited number of non-compliant institutions have been reported since EU rules were introduced in 2011. In total, 10 cases of non-compliance with risk retention and due diligence have been reported. Sanctions in the form of additional risk weights as per Article 407 of the Capital Requirements Regulation (CRR) were applied in one out of the 10 cases.

The EBA has identified a number of general supervisory best practices to guide Competent Authorities in their supervisory assessments of compliance with the risk retention, due diligence and disclosure requirements in their jurisdictions.

Source: [EBA](#)



## 4

# Overseas developments – Europe (cont'd)

## EBA: Publishes opinion on the application of customer due diligence measures

The EBA has published its [opinion](#), setting out measures credit and financial institutions can take to comply with EU Anti- Money Laundering and Counter-Terrorist Financing (AML/CFT) requirements when providing asylum seekers from higher-risk jurisdictions with access to basic financial products and services.

In this opinion, the EBA highlights that efforts to provide asylum seekers with access to financial products and services are both important and necessary and should go hand in hand with proportionate and effective AML/CFT control. In most cases, money laundering and terrorist financing (ML/TF) risks - including those associated with weaker forms of customer identification- can be managed effectively by offering a more limited range of services or setting up stricter internal controls, which will facilitate early intervention in the event of suspicion.

Source: [EBA](#)

## EBA: Consults on draft amending standards on CVA proxy spread

The EBA has launched a public [consultation](#) on *draft amending RTS on credit valuation adjustment (CVA) proxy spread*.

The proposed amendments are expected to lead to a more adequate calculation of own funds requirements for CVA risk, including in some cases a reduction of own funds requirements for CVA risk, thus partially remedying the over-estimation of current own funds requirements for counterparties in the scope of the CVA risk charge in the EU.

Submissions are due by 6 July 2016.

Source: [EBA](#)

## ECB: Publishes report on financial integration in Europe

The European Central Bank (ECB) has published a [report](#) on *financial integration in Europe*, showing that financial integration in the euro area is advancing, but the trend has slowed.

The report highlights a series of policy actions that support the financial re-integration trend.

The ECB's report makes a strong case for strengthening Europe's more bank-oriented financial system by better developing and integrating capital markets, specially in the equity space.

The report also explains the Eurosystem's support for the European Commission's proposal to establish a European Deposit Insurance Scheme (EDIS), saying that it is the necessary third pillar of the banking union. With banking supervision and resolution now at European level, EDIS would align control and liability in depositor protection.

Source: [ECB](#)

## 4

# Overseas developments – Europe (cont'd)

## EIOPA: Recommends to enhance risk assessment and transparency of pension funds

The European Insurance and Occupational Pensions Authority (EIOPA) has published its [opinion](#) on a *common framework for risk assessment and transparency for Institutions for Occupational Retirement Provision (IORPs)*. The opinion concludes a cycle of almost three years of EIOPA's own-initiative work and is addressed to the European Parliament and Council and the European Commission.

EIOPA recommends:

- pension funds to conduct a standardised risk assessment to calculate the impact of common, pre-defined stress scenarios on their financial situation and enhance transparency through public disclosure of a market-consistent balance sheet and the outcomes of a standardised risk assessment
- a proportionate approach to smaller pension funds through certain exemptions, the use of simplified methods and a lower frequency of risk assessments.

Source: [EIOPA](#)

## EIOPA: Publishes preparatory guidelines on POG

EIOPA has published preparatory [guidelines on product oversight and governance \(POG\) arrangements](#) to be followed by insurers (manufacturers of insurance products) and distributors. These guidelines provide early guidance and support national authorities and market participants with the implementation of POG requirements in preparation for formal requirements provided for in the Insurance Distribution Directive (IDD).

The guidelines require firms to include appropriate steps to identify the group of consumers for whom the manufacturer is designing the product (target market) for each product, to align this product with the relevant interests and objectives of the target market and to ensure the usage of appropriate distribution channels.

Source: [EIOPA](#)

## ESA: Identifies vulnerabilities affecting the EU financial system

The Joint Committee (JC) of European Supervisory Authorities (ESAs) (EBA, EIOPA, European Securities and Markets Authority (ESMA)) have published its *Spring 2016 report on risks and vulnerabilities in the EU Financial System*. The JC highlighted three main risks and suggested actions to tackle those risks:

- There is a need for forward-looking supervisory approaches to scrutinise business model sustainability to tackle low profitability in a low yield situation.
- Increasing interconnectedness of bank and non-bank entities should be tackled through enhanced supervisory monitoring of concentration risks, cross border exposures and regulatory arbitrage.
- The supervisors should include emerging market risk in sensitivity analyses or stress tests to avoid the risk of potential contagion from China and other emerging markets.

Source: [EBA](#)

## 4

# Overseas developments – Europe (cont'd)

## ESA: Finalises key information documents for retail investors

The JC of the ESAs has finalised its [proposal](#) for *RTS on key information documents (KIDs) for Packaged Retail and Insurance-based Investment Products (PRIIPs)*. These include:

- innovative and pioneering new approach on risks, performance and costs developed jointly by ESAs
- simple and comparable information for retail investors in all the financial sectors across the EU
- strong foundation for enhanced consumer protection.

The proposed KIDs provide retail investors across the EU with simple and comparable information on investment products in the banking, insurance and securities sectors. A 3-page document increases the transparency and comparability of information about the risks, performance and costs of these products.

Source: [EBA](#)

## ESMA: Publishes results of EU central counterparties stress test

The European Securities and Markets Authority (ESMA) has published the results of its *first EU-wide stress test exercise regarding Central Counterparties (CCPs)*, assessing the resilience and safety of the European CCP sector as well as to identify possible vulnerabilities.

The results of the test shows that the system of EU CCPs can overall be assessed as resilient to the stress scenarios used to model extreme but plausible market developments.

ESMA's stress test solely focused on the counterparty credit risk which CCPs would face as a result of multiple clearing member (CM) defaults and simultaneous market price shocks. Being the first stress test, ESMA decided to focus on the counterparty credit risk aspects of CCPs and leave additional risk dimensions for future exercises.

ESMA has also issued recommendations on how to improve CCPs' internal methodologies.

Source: [ESMA](#)

## ESMA: Publishes UCITS remuneration guidelines

ESMA has published its final [guidelines](#) on *sound remuneration policies under the UCITS Directive (directive) and AIFMD*. ESMA has also written a [letter](#) to the European Commission, European Council and European Parliament on the proportionality principle and remuneration rules in the financial sector.

The guidelines provide clarity on the requirements under the directive for management companies when establishing and applying a remuneration policy for key staff, ensuring a convergent application of these provisions and providing guidance on the governance of remuneration, requirements on risk alignment and disclosure. The guidelines will apply to UCITS management companies and national competent authorities from 1 January 2017.

ESMA proposes an approach on proportionality which is in line with the AIFMD remuneration guidelines and allows for the disapplication of certain requirements on an exceptional basis and taking into account specific facts.

Source: [ESMA](#)

## 4

# Overseas developments – Europe (cont'd)

## ESMA: No need to temporarily exclude ETDs from open access to trading venues and CCPs

ESMA sees no need to temporarily exclude exchange-traded derivatives (ETDs) from non-discriminatory access to CCPs and trading venues, which will be introduced by the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR).

MiFIR required ESMA to assess whether ETDs should be exempted for a period of 30 months from the non-discriminatory access provisions. The analysis found that open access to ETDs does not create undue risks to the overall stability and orderly functioning of European financial markets.

As potential risks relating to open access are already addressed by the legislative frameworks of MiFID II, MiFIR and EMIR (the European Markets Infrastructure Regulation), ESMA proposed to the European Parliament and Council not to introduce an ETD specific phase-in regarding the access provisions of MiFID II.

Source: [ESMA](#)

## ESMA: Publishes MiFID suitability requirements peer review report

ESMA has published a [peer review](#) on how national regulators assess compliance with MiFID's suitability requirements when firms provide investment advice to retail clients.

ESMA found that:

- National regulators have a good understanding of the types of distribution methods used in their jurisdictions and where the boundary between investment advice and information lies. However, limited supervision was performed to verify whether clients are receiving investment advice in practice or have the perception that they are receiving advice.
- Most regulators do not perform supervision which is targeted at the particular behaviour of a firm or group of firms as part of a specific suitability project.

- Most regulators stated they used a wide range of tools to monitor the main aspects of advice suitability but only a limited number of regulators provided specific information on the tools they use to supervise compliance with the suitability requirements.
- Enforcement action, such as imposing fines or placing restrictions on firms' activities, was rarely taken. Many regulators considered their supervisory approach alone was sufficient to address issues.
- In many cases, regulators could improve how they publicly communicate with stakeholders on their supervision and enforcement activities and findings.

The findings will help to identify those areas where there is a need for further supervisory convergence among regulators.

Source: [ESMA](#)

## 4

# Overseas developments – UK

## Bank of England: Becomes administrator of SONIA interest rate benchmark

The Bank of England has become the administrator of the Sterling Overnight Index Average (SONIA) interest rate benchmark.

From 25 April 2016, the Bank will assume overall responsibility for the SONIA benchmark and will provide oversight and governance. The Bank will administer SONIA in line with international best practice, as encapsulated by the IOSCO principles for financial benchmarks.

The Bank plans to broaden the range of transactions underpinning SONIA to include bilaterally negotiated, as well as brokered, transactions in order to make it more resilient.

The Bank's new money market data collection will provide comprehensive coverage of sterling unsecured overnight deposit transactions and, once fully established, will be used as the data source for reformed SONIA. It is anticipated that SONIA will transition to the new basis in Q2 2017.

Source: [Bank of England](#)

## FCA: Proposes measures to improve the effectiveness of UK primary listed debt markets:

The Financial Conduct Authority (FCA) has published a [report](#) proposing a series of measures aimed at enhancing the UK's debt listing regime. The key measures include:

- an extension of the scope of the FCA's 'Wholesale Debt Approach' to reviewing wholesale debt documents
- an extension of the scope of the FCA's 'Same Day Service' under which prospectus supplements are reviewed
- an 'early engagement team' designed to help prospective overseas issuers understand better the process for listing debt securities'
- a new engagement strategy designed to make the FCA's UK Listing Authority (UKLA) Department staff more accessible to practitioners
- various other practical service enhancements aimed at improving the 'user-friendliness' of the FCA's listing processes.

Source: [FCA](#)

## FCA: Consults on rules for secondary annuity market

The FCA has published a consultation paper, *Secondary annuity market – proposed rules and guidance* ([CP16/12](#)), seeking views on the proposed new rules and guidance for the secondary annuity market, which is due to start in April 2017. The FCA proposes:

- Brokers must set out their charges upfront and agree them with the consumer selling their annuity, rather than being paid by commission from firms acting as buyers.
- Buyers and brokers making an offer for a seller's annuity income will be required to present their offer alongside the 'replacement cost' of the annuity income, if it were to be bought new on the open market.
- Annuity providers will only be able to recover reasonable costs when charging to facilitate annuity income sale and that the sale of the annuity will fall within the scope of both the Financial Ombudsman Service and the Financial Services Compensation Scheme.

Source: [FCA](#)

## 4

# Overseas developments – UK (cont'd)

## FCA: Publishes thematic review on meeting investors' expectations

The FCA has published thematic review, *Meeting Investors' Expectations* ([TR16/3](#)), evaluating whether UK authorised investment funds and segregated mandates were operated in line with investors' expectations as set by marketing material, disclosure material and investment mandates.

The review covered 19 UK fund management firms responsible for 23 UK authorised funds and four segregated mandates.

Funds that were clear with investors provided a thorough explanation of their investment strategy, as well as specific information about the aims and asset allocation of the fund. However, some funds were not providing a clear enough explanation of how they were managed.

Fund managers have a responsibility to ensure that their funds are sold appropriately through third parties. Not all the firms sampled carefully monitored the distribution of their funds.

Source: [FCA](#)

## FCA: Consults on changes to the DEPP and the EG

The FCA has released a consultation paper, *Changes to the Decision Procedure and Penalties Manual and the Enforcement Guide for the implementation of the Market Abuse Regulation (2014/596/EU)* ([CP16/13](#)), consulting on proposed changes to the Decision Procedure and Penalties Manual (DEPP) and the Enforcement Guide (EG) to set out how to enforce the market abuse regulation.

The paper proposes:

- updating the list of 'Warning notices and decision notices' and 'Supervisory notices' in DEPP 2 annexures to make reference to the new powers and delete DEPP 6.3, as it relates to defunct 'reasonableness' defences
- applying current penalty policy to all breaches of EU MAR by a firm
- applying current policy on suspensions and restrictions to breaches of MAR.

Submissions are due by 22 May 2016.

Source: [FCA](#)

## FCA: Publishes policy statement on pension reforms

The FCA has published a policy statement, *Pension reforms – feedback on CP15/30 and final rules and guidance* ([PS16/12](#)), summarising the responses received to the consultation paper, *Pension reforms – proposed changes to our rules and guidance* ([CP15/30](#)) and publishing final rules and guidance on the areas where changes were proposed to the handbook.

PS16/12 will be relevant to all those with an interest in pensions and retirement, including:

- providers of pensions and retirement income products
- trustees of defined contribution pension schemes
- individuals and firms providing advice and information in this area
- distributors of financial products
- trade bodies representing financial services firms
- individual consumers.

Source: [FCA](#)

## 4

# Overseas developments – UK (cont'd)

## FCA: Proposed implementation of the Enforcement Review and the Green Report

In November 2015, the PRA and the FCA have published two reports: *Joint report into the failure of HBOS plc*; and Andrew Green QC's *Report into the FSA's enforcement actions following the failure of HBOS (the Green Report)*. The [Green Report](#) made four recommendations, three of which are relevant to the HM Treasury [review](#) of enforcement decision-making recommendations, published in 2014. They cover:

- pre-referral decision-making
- ongoing dialogue between enforcement and supervision during an investigation
- informing the subject of an investigation about the matters under investigation.

The FCA has published a consultation paper, *Proposed implementation of the Enforcement Review and the Green Report (CP16/10)*, incorporating the PRA and FCA's proposals for implementing recommendations (2) and (3). Chapter 2 explains the PRA and FCA's implementation at an operational level of recommendation.

Source: [FCA](#)

## FCA: Publishes investment and corporate banking study and IPO process discussion paper

The FCA has published an interim [report](#) on *Investment and corporate banking market study*, focussing on choice, transparency, bundling and cross-subsidisation in debt and equity capital markets, and mergers and acquisitions. It also considered links between competition in these primary market services and related activities such as corporate lending and broking, and ancillary services.

The FCA has also released a [discussion paper](#) *Availability of information in the UK Equity IPO process*, ensuring market participants have access to the right information at the right time during the IPO process. Currently there is a blackout period, typically of 14 days, between research on the issuer being published by the banks supporting the IPO and circulation of the issuer's prospectus. This means that investors only have access to an important source of information late in the process.

Source: [FCA](#)

## PRA: Publishes proposals to enhance enforcement decision-making processes with FCA

The FCA and the Prudential Regulation Authority (PRA) have published proposals aimed at strengthening the transparency and effectiveness of the FCA and PRA's enforcement decision-making processes.

It addresses recommendations made by HM Treasury in its *'Review of enforcement decision-making at the financial services regulators'* and Andrew Green QC's *'Report into the FSA's enforcement actions following the failure of HBOS'*.

The FCA proposes to amend the Enforcement Guide and the Decision Procedure and Penalties Manual to provide a framework and incentives for partly contested cases. The FCA is not proposing any changes to the process for agreeing a full resolution of all issues, which will continue to have a 30% discount applied to the penalty at Stage 1.

The PRA will consult separately on the recommendations dealing with settlement and contested decision-making, once the Bank of England and Financial Services Bill has passed through Parliament.

Source: [Bank of England](#)

## 4

# Overseas developments – US

## CFTC: Sign counterparts with three Canadian authorities to MOU

The U.S. Commodity Futures Trading Commission (CFTC) Chairman Timothy Massad has signed Counterparts with authorities in three Canadian provinces ([New Brunswick](#), [Saskatchewan](#) and [Nova Scotia](#)) to a 2014 Memorandum of Understanding (MOU) regarding cooperation and the exchange of information in the supervision and oversight of regulated entities that operate on a cross-border basis in the United States and in Canada.

The CFTC and Canadian Authorities expressed their willingness to cooperate pursuant to the MOU, originally executed on March 25, 2014, in the interest of fulfilling their respective regulatory mandates. The scope of the MOU includes markets and organised trading platforms, central counterparties, trade repositories, and intermediaries, dealers, and other market participants.

Source: [CFTC](#)

## FDIC: Publication focuses on Corporate Governance

The Federal Deposit Insurance Corporation (FDIC) has issued a special [edition](#) of Supervisory Insights, *A Community Bank Director's Guide to Corporate Governance: 21st Century Reflections on the FDIC Pocket Guide for Directors*, reviewing the Pocket Guide and incorporates more recent guidance and technical resources to help board members effectively fulfill their role and duties.

The Pocket Guide, first issued in 1988, remains a valuable resource for information about the core responsibilities of bank directors, particularly directors of community banks. The commentary highlights key governance concepts, roles, and responsibilities of directors and senior management, and discusses how FDIC examiners evaluate governance at community banks. A list of resources, with links to regulations, guidance, and training materials, is included.

Source: [FDIC](#)

## FDIC: Adopts final rule to increase deposit insurance fund to statutorily required level

The Board of Directors of the FDIC has approved a final [rule](#) that amends the way small banks are assessed for deposit insurance.

The final rule affects banks with less than \$10 billion in assets that have been FDIC insured for at least five years. It updates the data and revises the methodology that the FDIC uses to determine risk-based assessments for these institutions to better reflect risks and to help ensure that banks that take on greater risks pay more for deposit insurance than their less risky counterparts.

The FDIC has revised the online assessment [calculator](#) that allows institutions to estimate their assessment rates to reflect the final rule.

The final rule will be used to determine assessment rates for small banks beginning the quarter after the Deposit Insurance Fund reserve ratio reaches 1.15 percent, but no earlier than the third quarter of 2016.

Source: [FDIC](#)



## 4

# Overseas developments – US (cont'd)

## FDIC: Announce determinations and provide feedback on resolution plans of eight SIDBIs

The FDIC and the Federal Reserve Board (FRB) have jointly announced determinations and provided firm-specific feedback on the *2015 resolution plans of eight systemically important, domestic banking institutions (SIDBIs)*.

The agencies have issued joint notices of deficiencies to five of these firms detailing the deficiencies in their plans and the actions the firms must take to address them by 1 October 2016. Failure would attract stringent prudential requirements.

The deadline for the next full plan submission for all eight SIDBIs is 1 July 2017. The agencies will evaluate all eight of the full plans submitted in 2017 under the statutory standard.

FRB is releasing the feedback letters issued to each firm. Each letter details the deficiencies and shortcomings of each firm's plan, as well as the specific remediation required of each firm. Additionally, the agencies are releasing new guidance for the July 2017 submission of all firms.

Source: [FDIC](#)

## FRB: Proposes amendments to rule on holding additional amounts of risk-based capital

The Federal Reserve Board (FRB) proposed technical amendments to its rule *requiring global systemically important bank holding companies (GSIBs) to hold additional amounts of risk-based capital*.

The final rule established the criteria for identifying a firm as a GSIB and the methodology a GSIB is required to use to determine its risk-based capital surcharge, which corresponds to its systemic risk.

The proposed amendments clarify that GSIBs must continue to calculate their surcharges using year-end data, while their related surcharge data will be reported on a quarterly basis and require computation of surcharge scores using billions of dollars.

The amendments also provide additional information on how GSIBs should calculate their short-term wholesale funding scores, which help to determine their surcharges, during the rule's transition period.

Submissions are due by 13 May 2016.

Source: [FRB](#)

## FRB: Finalises rule adding certain bonds big banks may hold during time of financial stress

The FRB has finalised a [rule](#) to include certain U.S. general obligation state and municipal securities in the range of assets large banking organizations may use to satisfy regulatory requirements designed to ensure that these banking organizations have the capacity to meet their liquidity needs during a period of financial stress.

The final rule allows investment-grade, U.S. general obligation state and municipal securities to be counted as high-quality liquid assets (HQLA) up to certain levels if they meet the same liquidity criteria that currently apply to corporate debt securities. The limits on the amount of a state's or municipality's securities that could qualify are based on the liquidity characteristics of the securities.

Community banks are not subject to the LCR requirement. The final rule does not include the restriction on insured municipal securities and the limit on the amount of a municipal securities issuance that may count as HQLA. The final rule will be effective on 1 July 2016.

Source: [FRB](#)

## 4

# Overseas developments – US (cont'd)

## OCC: Comptroller discusses innovation during retail banking conference

Comptroller of the Currency Thomas J. Curry discussed innovation and its impact on retail banking while addressing audience at the American Banker Retail Banking Conference. He discussed the role of innovation in the financial services industry and offer some thoughts on how new approaches and new technology will affect retail bankers, consumers of banking services and regulatory agencies like the Office of the Comptroller of the Currency (OCC).

During his remarks, the Comptroller also added detail to the agency's principles for implementing a framework for identifying, understanding, and evaluating financial service innovation affecting the federal banking system.

The full speech can be found [here](#).

## OCC: Comptroller statement regarding the proposed incentive-based compensation rule

Comptroller of the Currency Thomas J. Curry made a statement at a board meeting of the FDIC on his vote approving the proposed Incentive-Compensation Rule, implementing Section 956 of the Dodd-Frank Consumer Protection and Wall Street Reform Act of 2010. The Comptroller signed the proposed rule on behalf of the OCC. The main points include:

- This proposed rule recognises the important role that compensation plays in the risks that banks and other financial institutions assume.
- By requiring proper alignment of compensation incentives with an organization's risk appetite, the rule calls on lending officers and other employees to put the interests of their institution above their own.

The full statement can be found [here](#).

## OCC: Comptroller statement regarding the proposed NSFR

Comptroller of the Currency Thomas J. Curry made a statement at a board meeting of the FDIC on his vote approving the proposed Net Stable Funding Rule (NSFR). The Comptroller signed the proposed rule on behalf of the OCC.

The proposed rule would reduce the probability that covered institutions will encounter funding stress by requiring covered institutions to have sources of funding that are stable over a one-year period.

The rule would cover depository institutions with more than \$250 billion in total consolidated assets or \$10 billion in foreign exposure. The proposed rule will increase the resiliency of the banking system, the agencies' enhanced capital standards, and the OCC's robust bank supervision.

The full statement can be found [here](#).

## 4

# Overseas developments – US (cont'd)

## SEC: Adopts business conduct standards for swap dealers and participants

The U.S. Securities and Exchange Commission (SEC) voted to adopt final [rules](#) implementing a comprehensive set of business conduct standards and chief compliance officer requirements for security-based swap dealers and major security-based swap participants (security-based swap entities).

The final rules are adopted under *Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act*, which authorises the Commission to implement a framework for regulating the over-the-counter security-based swap markets.

The final rules requires compliance with a range of provisions designed to enhance transparency, facilitate informed customer decision-making, and heighten standards of professional conduct.

The rules also establish supervision and chief compliance officer requirements. The rules address the cross-border application of these requirements and the potential availability of substituted compliance.

Source: [SEC](#)

## 4

# Overseas developments – Asia

## Hong Kong: SFC adopts initiatives to enhance fund authorisation process

The Securities and Futures Commission (SFC) has issued a [circular](#) entitled *Circular to management companies of SFC-authorized unit trusts and mutual funds – Formal adoption of revamped fund authorization process* containing details on the formal adoption of the Revamped Process by the SFC in processing new fund applications and another [circular](#), *Formal adoption of the six-month application lapse policy for SFC-authorized mandatory provident fund (MPF) products and pooled retirement funds (PRFs)* containing details on the formal adoption of the six-month application lapse policy by the SFC in processing new MPF and PRF products.

The Revamped Process will be extended to applications made by Mainland Funds seeking authorisation under the mutual recognition of funds arrangement between the Mainland and Hong Kong (MRF Applications). The six-month application lapse policy for MPF and PRF products will also be formally adopted with effect from 9 May 2016 after consulting the Mandatory Provident Fund Schemes Authority.

Source: [SFC](#)

## Japan: FSA's approach to introduce the TLAC framework

The Financial Services Agency (FSA) has released its [approach](#) to introduce the *Total Loss-Absorbing Capacity (TLAC) framework for Japanese global systemically important banks (G-SIBs)*, taking account of the progress in international discussions on developing a framework for a prompt and orderly resolution of G-SIBs.

The FSA already has in place the *Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions, etc. for Ensuring Financial System Stability* through an amendment to the Deposit Insurance Act (promulgated in June 2013 and enforced in March 2014).

The relevant regulations (including supervisory guidelines) will be revised following further deliberations.

Source: [FSA](#)

## Japan: FSA establishes GLOPAC

The FSA has established the Global Financial Partnership Center (“GLOPAC”), as a successor organisation of the Asian Financial Partnership Center (“AFPAC”) launched in April 2014, addressing the issues related to the global financial markets, to effectively conduct financial sector technical assistance for infrastructure development, and to further strengthen cooperative relationships with financial authorities around the world.

The GLOPAC continues to offer a fellowship program while extending its global reach, and invites financial regulators and supervisors from around the world as Visiting Fellows. It also serves as a platform to conduct research on the issues related to the financial market and holds seminars and conferences.

Source: [FSA](#)

## 4

# Overseas developments – Asia (cont'd)

## Singapore: New FinTech office to promote Singapore as a FinTech hub

The Monetary Authority of Singapore (MAS) and the National Research Foundation (NRF) have announced that a FinTech Office will be set up on 3 May 2016 to serve as a one-stop virtual entity for all FinTech matters and to promote Singapore as a FinTech hub.

FinTech businesses intending to set up in Singapore can seek advice through the FinTech Office on various FinTech and technology-related government grants and schemes. The FinTech Office will:

- review, align and enhance FinTech-related funding schemes across government agencies
- identify gaps and propose strategies, policies, and schemes in industry infrastructure, talent development and manpower requirements, and business competitiveness
- manage the branding and marketing of Singapore as a FinTech hub through FinTech events and initiatives.

Source: [MAS](#)

## South Korea: FSC announces its first CCyB rate

The Financial Services Commission (FSC) has announced its first Countercyclical Capital Buffer (CCyB) rate for banks and bank holding companies in Korea, with effect from March 31, 2016.

At present, the buffer rate is set at 0% considering the current sequence of credit-to-GDP gap, macroeconomic conditions, coordination with relevant fiscal and monetary policies, and the current CCyB implementation cases of the other countries.

The FSC will continue to check whether the Korean banking sector is in an appropriate position in light of the current credit growth and system-wide risks, and will adjust the buffer rate if necessary.

The FSC will conduct its quarterly review based on analyses and data provided by Financial Supervisory Service, in which the result will be shared with the policy-relevant institutions, such as Ministry of Strategy and Finance and the Bank of Korea.

Source: [FSC](#)

## 5

# PwC publications

## PwC US: What is Fintech?

PwC US has published a report, *What is Fintech?*. The report defines FinTech and answers various questions related to FinTech. The term can refer to startups, technology companies, or even legacy providers. The lines are blurring, and it's getting harder to know where technology ends and financial services begin.

PwC's US FinTech Practice co-leads, Haskell Garfinkel and Dean Nicolacakis, help to better understand the FinTech ecosystem by answering the following questions:

- Who's doing this? What does a typical FinTech company look like?
- Where have you seen the most disruption in financial services so far?
- What do you see unfolding over the next 12 months?
- What should incumbents do about all this? Do they need a FinTech strategy?
- Do you have any recommendations for the longer term?

See [publication](#)

## PwC US: Integrating compliance into financial technology initiatives

PwC US has published a report, *Integrating compliance into financial technology initiatives*. Virtually every financial institution is enhancing or expanding its use of technology. Despite the many drivers for technology change, the financial services industry carries significant hurdle due to the complex supervisory environment and expectations for regulatory compliance.

As the technology initiative transitions between design, build, and testing, PwC has seen significant gaps in managing and documenting compliance – particularly when institutions engage with new financial technology firms not accustomed to the heavily regulated US market.

This report is intended to help institutions avoid unfortunate consequences. After providing some background information on industry standards for technology initiatives, the report describes action steps institutions can take to integrate compliance across the technology development lifecycle

See [publication](#)

## PwC US: Making sense of bitcoin, cryptocurrency, and blockchain

PwC US has published an article, *Making sense of bitcoin, cryptocurrency, and blockchain*. The article provides definitions of these terms together with their benefits and applications. It also explains why a lot of industry observers are paying close attention to them.

Blockchain has potential applications far beyond bitcoin and cryptocurrency. The major innovation is that the technology allows market participants to transfer assets across the Internet without the need for a centralised third party.

Financial institutions are exploring how they could also use blockchain technology to upend everything from clearing and settlement to insurance.

See [publication](#)

# 6

## Contacts



### ***Nicole Salimbeni***

Partner  
nicole.salimbeni@au.pwc.com  
(02) 8266 1729



### ***Edwina Star***

Partner  
edwina.star@au.pwc.com  
(02) 8266 4940



### ***Sarah Hofman***

Partner  
sarah.hofman@au.pwc.com  
(02) 8266 2231



### ***Craig Stafford***

Partner  
craig.stafford@au.pwc.com  
(02) 8266 3725

---

*[www.pwc.com.au](http://www.pwc.com.au)*

© 2016 PricewaterhouseCoopers. All rights reserved.

PwC refers to the Australian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

Liability is limited by the Accountant's Scheme under the Professional Standards Legislation.

PwC Australia helps organisations and individuals create the value they're looking for. We're a member of the PwC network of firms in 158 countries with close to 169,000 people. We're committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at [www.pwc.com.au](http://www.pwc.com.au)