April 2025

PwC Regulatory Update

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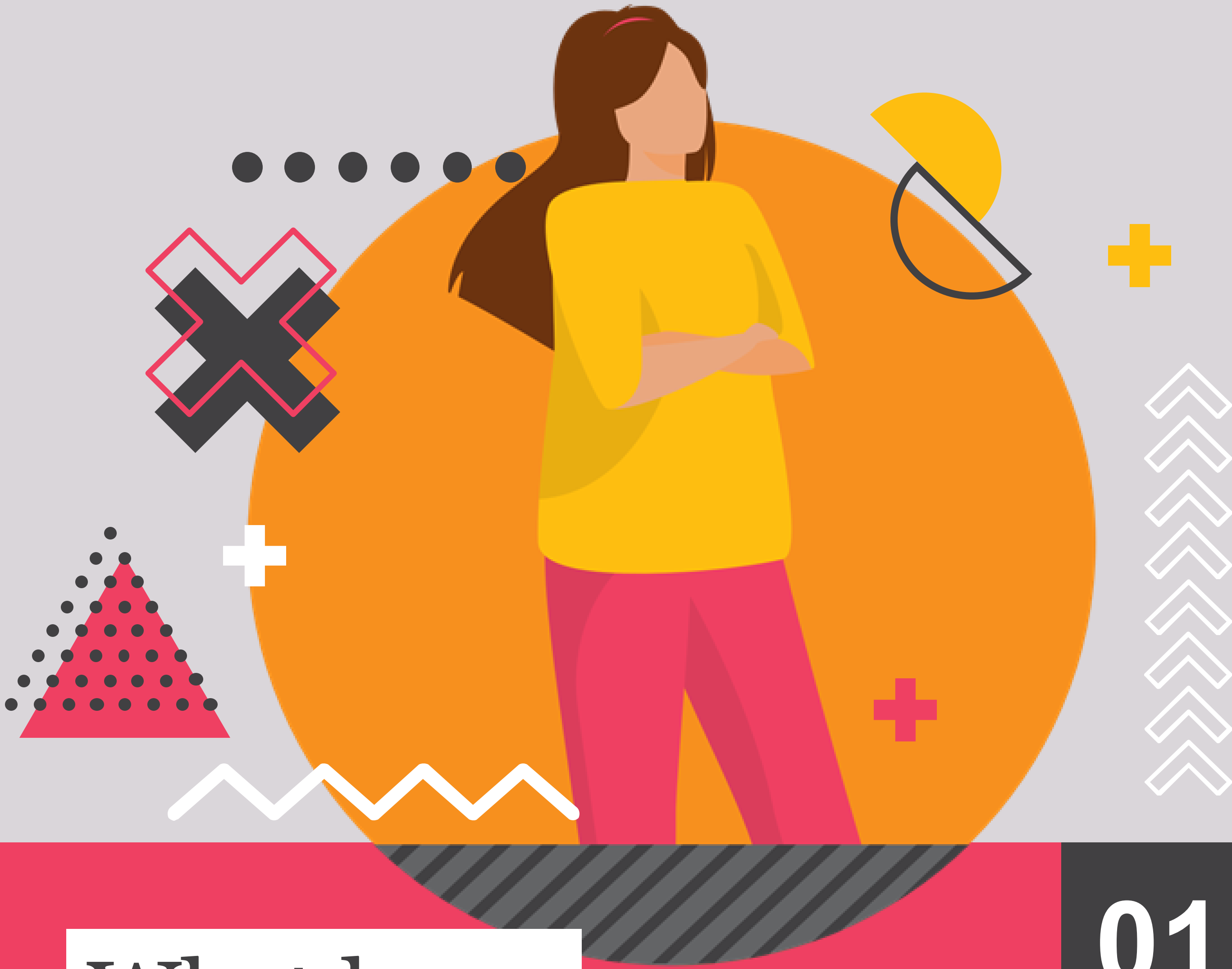

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What have the regulators been up to?

APRA
Australian Prudential Regulation Authority

Consequential reporting changes to ARS 110.0 – Capital Adequacy

The Australian Prudential Regulation Authority (APRA) has issued a response to submissions regarding proposed updates to Reporting Standard ARS 110.0 Capital Adequacy (ARS 110).

These changes include collecting data on unrealised losses in liquid asset portfolios, validating Interest Rate Risk in the Banking Book (IRRBB) capital requirements, and adjusting reporting from March 2026. APRA received no submissions during the consultation and will proceed with the proposed updates. The finalised reporting standard is available on the APRA website. APRA will also update APRA Connect and release taxonomy artefacts in the coming weeks to align with these changes.

Source: APRA

APRA and the RBA release joint statement on the use of the RBA's overnight standing facility

The APRA and the Reserve Bank of Australia (RBA) have issued a joint statement on the use of the RBA's overnight standing facility.

The RBA recently announced updates to its ample reserves with full allotment system, including changes in its open market operations and the role of the overnight standing facility. Both regulatory bodies consider the use of the facility by banks to be consistent with routine liquidity management activities.

They will be liaising with banks to ensure their understanding of the use of the facility for their liquidity management practices. The authorities consider these facilities vital for supplying reserves needed to keep the cash rate close to its target.

Source: APRA

ASIC

Australian Securities and Investments Commission

ASIC to launch new portal for Australian financial services licensees

The Australian Securities and Investments Commission (ASIC) is creating a new digital portal for financial services licensing.

The portal, which will go live on 5 May 2025, will allow current licensees and applicants to apply for, maintain, adjust, and cancel their Australian Financial Services (AFS) license.

The new portal aims to streamline the licensing process and reduce assessment times. It does not change the eligibility criteria for an AFS license or the information required by ASIC to assess an application.

The development marks a significant phase in ASIC's ongoing digital transformation, with the aim of providing a single digital entry point for all stakeholders.

Source: ASIC

ASIC consults on plan to increase visibility of firms' breach and complaints data

The ASIC is mulling over the idea of publishing two dashboards in second half of 2025 that will contain firm-level reportable situations (RS) and internal dispute resolution (IDR) data.

The intent behind this step is to enhance transparency and accountability and drive firms to improve their performance. The dashboard will also highlight areas of significant breaches and complaints, enabling firms to improve their consumer outcomes and compliance.

ASIC Commissioner Alan Kirkland believes that publishing such data will also help increase consumer and investor confidence in the financial system.

The public can provide feedback on ASIC's proposal by COB Wednesday 14 May 2025.

Source: ASIC

ACCC
Australian Competition and Consumer Commission

RBA
Reserve Bank of Australia

ACCC releases draft decision proposing to authorise collaborations on sustainable finance initiatives

The Australian Competition and Consumer Commission (ACCC) has proposed authorising the Australian Sustainable Finance Institute (ASFI) to collaborate with other industry organisations in sustainable finance.

ASFI aims to allow participants to share information to improve integration of natural capital data into financial decision-making, co-design investment structures and develop regulatory reforms for sustainable finance. The collaboration seeks to raise investment in projects preserving Australia's environment and facilitate cost savings. ACCC has proposed conditions to limit potential negative impacts and plans to ensure adequate oversight and transparency.

ASFI is a voluntary organisation including representatives from Australia's financial sector, civil society, academia and regulators. ACCC's final decision is expected following responses to a draft determination by 2 May 2025.

Source: ACCC

Statement by the Monetary Policy Board: Monetary Policy Decision

The Reserve Bank of Australia (RBA) has maintained the cash rate at 4.10% and the interest on Exchange Settlement balances at 4%, after the February meeting of the board. The RBA board reported inflation has decreased considerably since the 2022 peak, adding that recent evidence suggests inflation continues to slide in accordance with the latest predictions. Household incomes are improving, the board said and although certain sectors have found consumer weakness challenging, monetary policy and tight conditions in the labour market are well placed to respond to international developments. However, the board also noted uncertainties about how rapidly household consumption will grow, along with concerns about the USA's new tariff policy, which it suggested may disrupt global activity.

Source: RBA

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Overseas developments

The EBA updates list of indicators used to perform risk assessments

The European Banking Authority (EBA) has revealed an updated list of risk indicators and tools for risk analysis, along with its methodological guide.

The update doesn't increase reporting burden for reporting banks or regulatory authorities. It provides clarity on how risk indicators are calculated in EBA publications and ensures the uniform interpretation of key banking figures in risk assessments. The advice is based on EBA's reporting framework version 4.0 and covers indicators related to profitability, solvency and operational risk among others. The update also includes new sets of risk indicators from the Banking Package Capital Requirements Regulation and Capital Requirements Directive (CRR3CRD6), ESG-related indicators and those used in determining the Minimum Requirement for Own Funds and Eligible Liabilities (MREL).

Source: EBA

The EBA publishes its annual assessment of banks' internal approaches for the calculation of capital requirements

The EBA has released its 2024 Reports on annual market and credit risk benchmarking exercises. This marks the first time the EBA has published a report on the fundamental review of the trading book alternative standardized approach (FRTB ASA).

For market risk, the report found a decline in the dispersion of various risk measures, though initial market valuations saw slightly higher variability compared to 2023. For credit risk, however, the variability of risk-weighted assets remained stable year-on-year but lessened for some asset classes in the long term. Competent authorities found that over- and under-estimations of RWAs were mostly understandable and that mitigating actions are in place. The FRTB ASA benchmarking could become more crucial in the future as it is expected to be extended to banks that did not receive permission to use internal models for market risks' own funds requirements.

Source: EBA

The EBA consults on New Rules related to the Anti-Money Laundering and Countering the Financing of Terrorism Package

The EBA has started a public consultation on 4 draft Regulatory Technical Standards (RTS) to be included in its response to the European Commission's request for advice on the new EU anti-money laundering and counter-terrorist financing (AML/CFT) regime.

The RTS will determine how institutions and supervisors comply with their AML/CFT obligations under the new laws. The draft proposals address how the EU Authority for AML/CFT will determine which institutions are subject to direct supervision, risk assessment methodology, customer due diligence, and penalties.

The proposals aim to ensure consistent risk assessment across EU members, limit regulatory burden for cross-border institutions, and promote proportionate, dissuasive, and effective enforcement actions.

Source: EBA

ECB publishes indicative operational calendars for 2026

The European Central Bank (ECB) has released the indicative calendars for the Eurosystem's regular tender operations and reserve maintenance periods for 2026.

The schedule for the reserve maintenance periods considers the calendar for Governing Council meetings in 2026 and the agenda for regular tender activity. The indicative calendar for regular tender operations only includes main refinancing operations and three-month longer-term refinancing operations. It does not include any supplementary or ad hoc operations that might happen in 2026.

Source: **ECB**

Project Meridian FX shows possibility of cross-border linkages for FX transactions between wholesale payment infrastructures

Project Meridian FX, a collaboration between the Bank for International Settlements, Bank of England, Banque de France, Banca d'Italia, Deutsche Bundesbank, and the European Central Bank has shown that wholesale payment infrastructures such as Real-Time Gross Settlement (RTGS) systems can interoperate for FX transactions through new tech.

Using distributed ledger technology, transactions could be synchronised across jurisdictions and various infrastructures, thus reducing foreign exchange settlement risk and helping to establish connections between different countries' wholesale payment networks. The experiment used a 'synthetic' version of the UK's RTGS linked to three experimental Eurosystem interoperability solutions. The knowledge gained from the project will support the work of the partnering central banks.

Source: **ECB**

CP10/25 – Enhancing banks' and insurers' approaches to managing climate-related risks – Update to SS3/19

The Prudential Regulation Authority (PRA) has issued a consultation paper outlining its proposals for updated supervisory expectations for banks and insurers to manage the effects of climate change on their businesses.

These aim to help firms manage the impacts of climate change, such as severe weather events and longer-term effects like sea level rises, which are expected to escalate over time. The proposals advocate for firms to strengthen their risk management and resilience, enabling informed strategic decisions and uncovering financing opportunities to boost economic growth. They build on lessons from the UK and international experiences, providing clearer guidance on effective risk management rather than imposing strict rules. The PRA expects firms to proportionately address climate risks based on their exposure, with more action required from those significantly affected.

Engagement with industry groups is encouraged to foster best practices.

Source: BOE

Prudential Regulation Authority Business Plan 2025/26

The PRA has released its strategic initiatives for the year ahead. The deputy governor of the PRA, Sam Woods, highlighted some of the authority's key work on competitiveness and growth in his annual letter to the Chancellor of the Exchequer.

The PRA has designed rules to implement the Basel 3.1 standard to support small and medium enterprises (SMEs) and infrastructure lending, trade finance and has implemented Solvency UK for insurers. Work is also underway to simplify capital requirements for small banks to boost competition while reinforcing the economic sector. The PRA will run stress tests for the banking and life insurance sectors and continue preparing for the implementation of the Basel 3.1 standards. A major initiative will be to combat operational and cyber resilience threats. The regulator also plans to consult on policy related to the management of Information and Communication Technology (ICT).

Source: BOE

CFTC Staff Seek Public Comment on 24/7 Trading

The US Commodity Futures Trading Commission (CFTC) has issued a public request for comment on the potential advantages and disadvantages of a move to 24/7 trading in the derivatives markets it oversees.

The consultation aims to gather information about the effects of longer trading hours on trading, clearing, risk management and other markets functions currently limited to standard hours. The CFTC will also investigate any potential risks associated with round-the-clock trading operations.

All feedback received will be used by the CFTC to help shape and adapt future regulatory policy to the changing dynamics of the financial markets it governs. Interested parties have until 21 May to submit their comments.

Source: CFTC

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PwC Publications

Navigating the Financial Accountability Regime (FAR) Post-Launch: Key Steps for Financial Institutions

With the Financial Accountability Regime (FAR) now active, organisations have established baseline governance processes to fulfil FAR obligations. As they transition to routine operations, more emphasis will be placed on exploring reasonable steps obligations.

Though many entities are still developing comprehensive guidance, recommended support for Accountable Persons (APs) includes:

- A Standardised Reasonable Steps Template, which aids APs in meeting obligations and evolving their processes.
- A Handbook provides practical advice on maintaining evidence, while periodic assessments ensure the guide card remains current.
- Attestations to control attestations or annual required minimum distribution (RMD) sign offs.
- Testing Plans are crucial for formalising reviews and assessments.

Digitising reasonable steps guide cards using Governance, Risk and Compliance systems is emerging as best practice, offering real-time support and efficiency. FAR has facilitated organisations in reassessing governance frameworks, and the APRA's Governance Review Discussion Paper invites continuous improvements. We have successfully supported various financial entities through FAR implementation, leveraging our governance, risk, and culture expertise to assist clients in their maturity journeys.

See: Publication

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Thank you