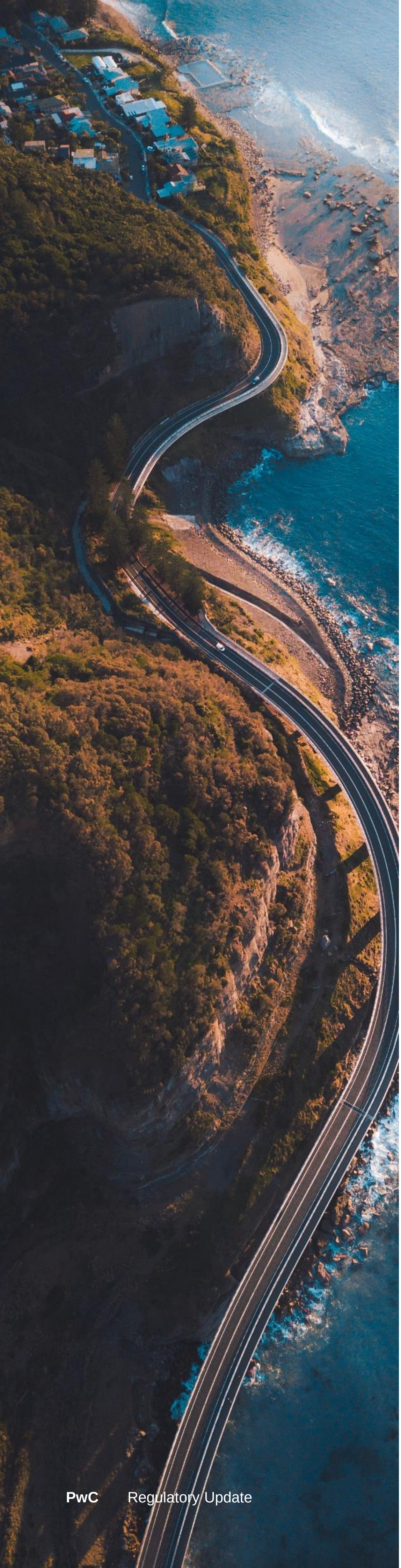
PwC Regulatory Update

June 2025



Contents

Regulatory Update Summary June 2025

Regulatory developments

ACCC – Australian Competition and Consumer Commission

- ACCC authorises collaboration to improve the sustainability of cash-in-transit services

APRA – Australian Prudential Regulation Authority

- APRA proposes changes to capital framework for annuity products
- APRA reinforces expectations on authentication controls in superannuation sector
- ASIC and APRA provide update on review of life insurance premium practices

ASIC – Australian Securities and Investments Commission

- ASIC issues updated guidance for managed investment schemes
- ASIC gives further relief for licensees under the reportable situations regime
- ASIC tells home insurers: Fix your oversight of independent experts and improve communication on cash settlements

RBA – The Reserve Bank of Australia

- Consultation on Guidance for the Australian Clearing and Settlement Facility Resolution Regime

Overseas developments

Europe

- Trade tensions and uncertainty cloud global economy: BIS
- Basel Committee publishes framework for voluntary disclosure of climate-related financial risks
- ESAs launch consultation on how to integrate ESG risks in the financial stress tests for banks and insurers
- The EBA consults on technical standards on acquisitions in credit institutions
- The EBA publishes key regulatory products on operational risk capital requirements and related supervisory reporting
- ECB's Governing Council updates its monetary policy strategy

UK

- Prudential Regulation Authority Annual Report 2024/25
- Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 – Annual Report 2024/25
- Key considerations in implementing a possible motor finance consumer redress scheme
- FCA allows firms to experiment with AI alongside NVIDIA

USA

- SEC Solicits Public Comment on the Foreign Private Issuer Definition

01

What have the regulators been up to?

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ACCC – Australian Competition & Consumer Commission

ACCC authorises collaboration to improve the sustainability of cash-in-transit services

The ACCC has granted conditional authorisation for the Australian Banking Association, major banks, retailers, Australia Post, and others to collaborate on supporting the continuity and sustainability of cash-in-transit (CIT) services, primarily provided by Armaguard. This includes allowing financial support for Armaguard, coordination on operational efficiencies, and developing, but not yet implementing, an independent pricing framework for CIT services. The ACCC believes these steps will reduce the risk of disruption to cash services, ensuring continued public access to cash. Conditions require independent stakeholder consultation regarding the pricing mechanism. The authorisation provides protection from certain competition law breaches, given the public benefits outweigh any detriments. The decision reflects the ACCC's ongoing oversight of the CIT sector, following recent mergers and interim authorisations, but does not yet approve implementing any pricing proposals. Further authorisations and consultations are expected as the industry adapts to ensure business continuity and cash availability.

Source: **ACCC**

APRA – Australian Prudential Regulation Authority

APRA proposes changes to capital framework for annuity products

APRA has released a consultation paper proposing changes to the capital framework for annuities. The key proposal is to reduce capital requirements for annuity products, provided life insurers implement stricter risk management and better match assets to liabilities. This aims to enable more competitively priced annuities without increasing risk to policyholders and aligns Australian regulations more closely with international standards. The initiative is designed to benefit retirees by improving annuity options. APRA is seeking feedback from industry and stakeholders, with submissions due by 25 July 2025. Further details are available on the APRA website.

Source: **APRA**

APRA reinforces expectations on authentication controls in superannuation sector

APRA has reminded all superannuation fund board chairs of their obligations to strengthen information security, following recent credential stuffing attacks that highlighted authentication weaknesses in the sector. In a letter, APRA cited requirements under Prudential Standard CPS 234, urging funds to assess and strengthen their authentication controls, implement multi-factor authentication (MFA) or equivalent measures for high-risk activities, and report significant weaknesses or breaches. Funds must also identify the individuals accountable for CPS 234 compliance under the Financial Accountability Regime. The full letter is available on APRAs website.

Source: **APRA**

ASIC and APRA provide update on review of life insurance premium practices

APRA and ASIC have updated on the progress of Australian life insurers and friendly societies in addressing concerns over premium increases, product design, and disclosures. Following repeated regulatory notifications, the latest review notes improvements in premium setting, product governance, and marketing materials. However, measures to reduce premium volatility through better product design are still in early stages, and their effectiveness cannot yet be assessed. Regulators will continue working with companies needing further improvement. The main takeaway is that, while some progress has been made, more work is required to ensure life insurance products meet consumer needs, provide reasonable premium stability, and maintain clear communication about premium changes. More details are available on the APRA website.

Source: **APRA**

ASIC – Australian Securities and Investments Commission

ASIC issues updated guidance for managed investment schemes

ASIC has made minor, technical updates to two regulatory guides for managed investment schemes: RG 132 (compliance and oversight) and RG 136 (discretionary powers). These changes do not alter legal requirements or introduce new regulatory burdens but reflect recent legal changes and ASIC's legislative relief measures. RG 132 now references the updated compliance management standard AS ISO 37301:2023, replacing the older 2015 standard, without substantive changes. RG 136 has been revised to address new legal provisions allowing scheme meetings to be held virtually or in hybrid form, which may reduce the need for certain regulatory relief. Additional updates clarify definitions and update references. The updates are mainly administrative, with no external consultation undertaken. ASIC remains committed

Source: **ASIC**

ASIC gives further relief for licensees under the reportable situations regime

ASIC has provided targeted relief to Australian financial services and credit licensees under the reportable situations regime, following industry feedback. The relief exempts reporting of certain misleading/deceptive conduct and civil penalty breaches, extends investigation periods reportable to ASIC from 30 to 60 days, and allows breach reports lodged with APRA to count as ASIC reports if all information is included. These changes aim to reduce reporting burdens while maintaining oversight. Key adjustments include raising rectification thresholds: breaches affecting up to 10 consumers or causing losses up to $1,000 within 60 days are not reportable, provided all criteria are met. Some industry suggestions for broader relief were declined, as legislative changes require government action. ASIC reminds licensees to maintain effective systems for identifying and managing breaches, as the regime supports higher industry standards and better consumer outcomes.

Source: **ASIC**

ASIC tells home insurers: Fix your oversight of independent experts and improve communication on cash settlements

ASIC's recent review found that while Australian home insurers have improved oversight of builders and repairers after the 2022 floods, significant gaps remain in monitoring independent experts who provide crucial reports for claim decisions. Insurers often lack robust systems for checking the quality and accuracy of these expert reports. Additionally, consumer information on cash settlements is frequently inadequate; fact sheets often fail to clearly explain review options or processes, leaving customers potentially uninformed. ASIC urges insurers to better educate consumers and strengthen claims-handling oversight, especially before the next major weather event. Continuing issues include staffing, customer communication, identifying vulnerable customers, and ongoing audit programs. ASIC expects insurers to address these findings proactively to improve overall claims handling. For more details, consumers can visit ASIC's Moneysmart website.

Source: **ASIC**

RBA – The Reserve Bank of Australia

Consultation on Guidance for the Australian Clearing and Settlement Facility Resolution Regime

The Reserve Bank of Australia (RBA) has released a consultation paper on its proposed guidance for resolving crises at Australian Clearing and Settlement (CS) facilities. Following new legislation in September 2024, the RBA now has powers to address risks to the stability of Australia's financial system or CS facility operations.

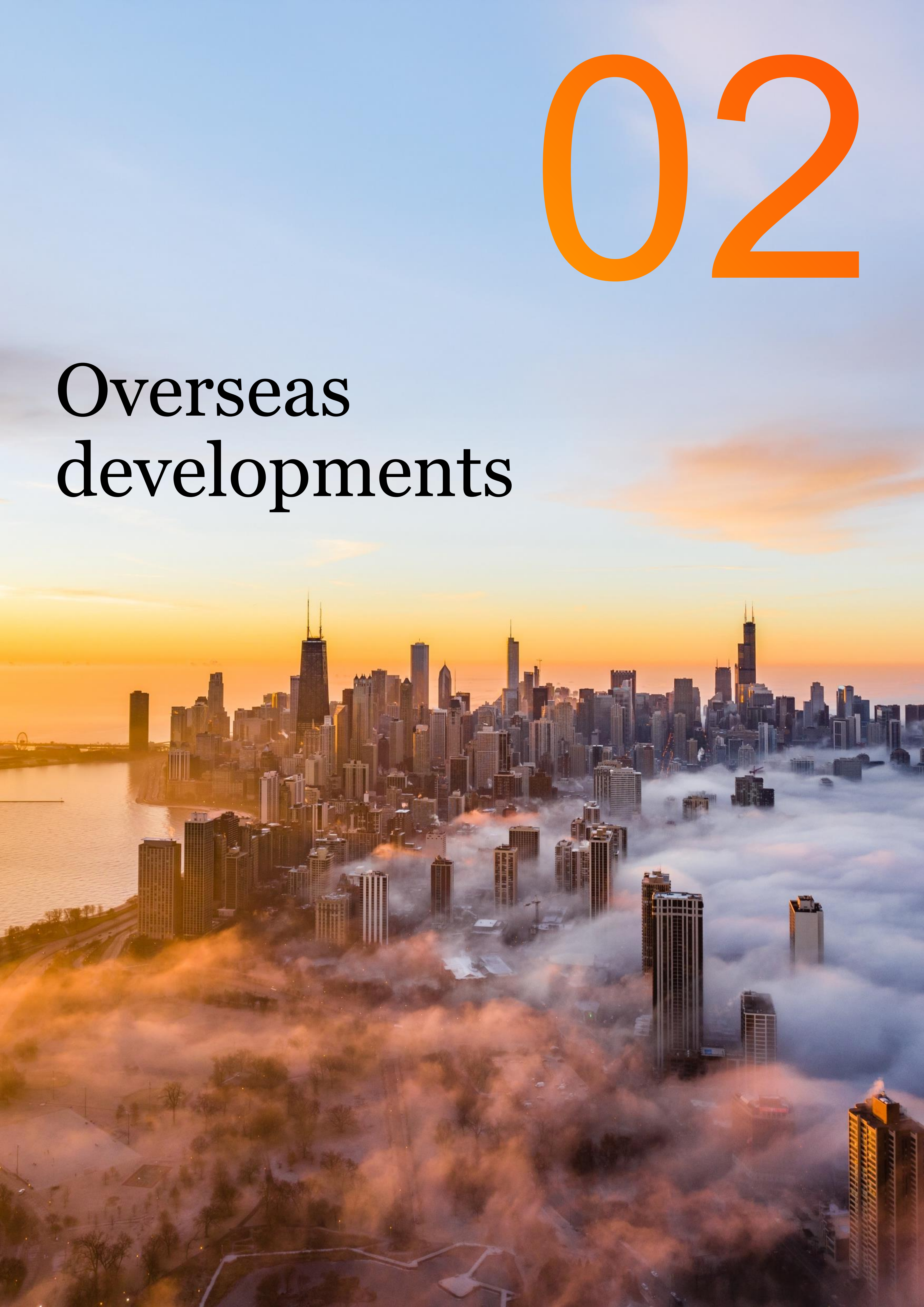
The draft guidance outlines when and how the RBA would exercise these powers, aiming to provide transparency and help stakeholders – including CS facilities and market participants understand the RBA's approach and what it could mean for them.

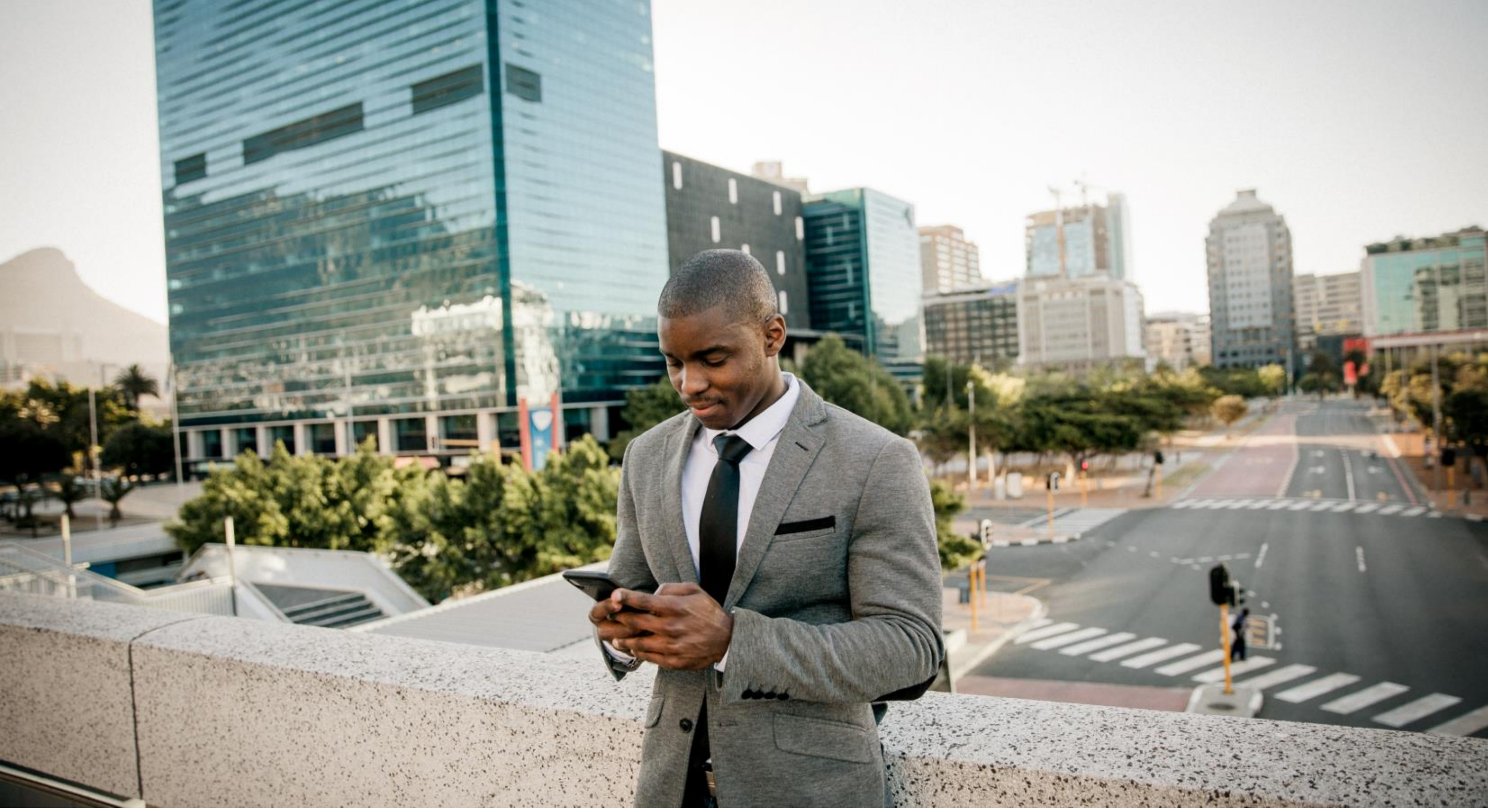
The RBA is seeking feedback on the guidance by 11 August 2025, after which it will finalize and publish the document.

Source: **RBA**

02

Overseas developments





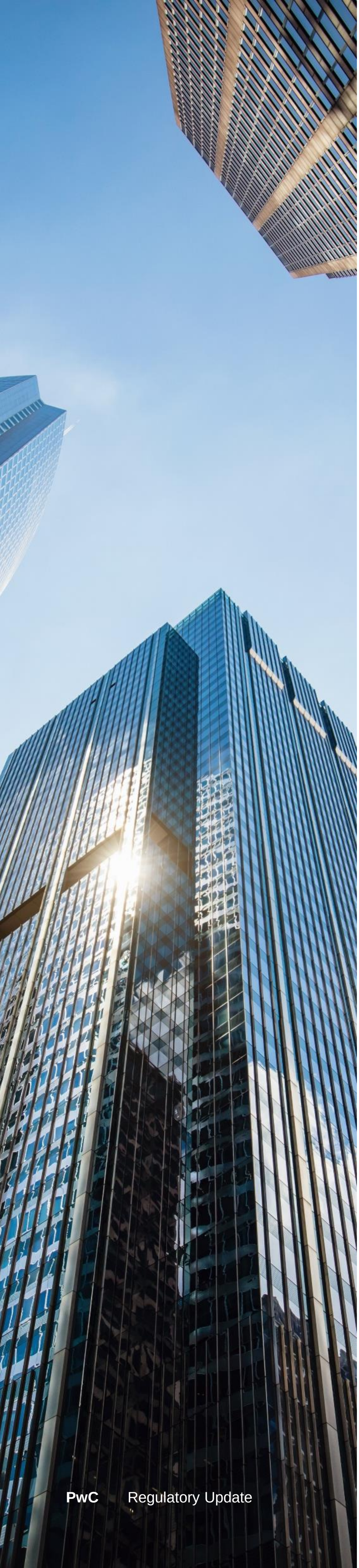
Overseas developments

BIS– Bank for International Settlements

Trade tensions and uncertainty cloud global economy: BIS

The Bank for International Settlements (BIS) highlights growing policy uncertainty and strained trade relations, impacting global growth and inflation prospects. Central banks focus on price stability while governments are urged to implement structural reforms and sustainable fiscal management. The rise of non-banks in financing public debt heightens international financial condition transmission and stability risks. The report stresses trade tensions and uncertainty as threats to global economic and financial stability, calling for policymakers to act decisively. The BIS's 2025 Annual Economic Report outlines increased unpredictability, examining vulnerabilities like economic fragmentation, post-pandemic inflation scarring, and rising public debt, which heighten sensitivity to interest rate fluctuations. Structural shifts in the financial system, such as expanded FX swap markets, increase market interconnectedness. To counteract productivity decline and rigid economies, structural reforms and reduced trade barriers are crucial. Fiscal policies must ensure sustainable debt levels, and central banks should maintain price stability. Additionally, the BIS's medium-term strategy, Innovation BIS 2025, is showcased in the Annual Report 2024/25.

Source: **BIS**



Europe

Basel Committee publishes framework for voluntary disclosure of climate-related financial risks

The Basel Committee on Banking Supervision has released a voluntary framework for disclosing climate-related financial risks, aimed at guiding jurisdictions in assessing such risks. Recognizing the evolving nature of climate-related data, the framework offers flexibility in its implementation and encompasses both qualitative and quantitative disclosures. It aims to provide a comprehensive overview of banks' exposures, acknowledging that various metrics and information are necessary. The framework's voluntary nature allows jurisdictions to decide on domestic implementation. The Committee will keep track of developments, including other reporting frameworks and disclosure practices by internationally active banks, to determine if future revisions are necessary. This initiative underscores the importance of understanding the strengths and limitations of the disclosed information, ensuring users have a holistic view of climate-related financial risks. The Basel Committee's monitoring ensures the framework remains relevant and adaptable to meet the industry's changing needs concerning climate data and risk assessment.

Source: **BIS**

ESAs launch consultation on how to integrate ESG risks in the financial stress tests for banks and insurers

The European Supervisory Authorities (ESAs), comprising EBA, EIOPA, and ESMA, have launched a public consultation on draft Joint Guidelines for integrating environmental, social, and governance (ESG) risks into stress testing for banks and insurers. Mandated by the Capital Requirements Directive and Solvency II Directive, these Guidelines aim to harmonise methodologies and practices among supervisors, ensuring effective ESG stress testing across the EU financial system. The draft provides comprehensive guidance on designing ESG - related stress tests, including necessary organisational and governance arrangements, resource allocation, data management systems, and scenario timelines. The consultation, open until 19 September 2025, seeks stakeholder feedback via an online survey, with a public hearing scheduled for 26 August 2025. The Guidelines, developed by the ESAs' Joint Committee, do not introduce new test requirements but ensure consistency in supervisory practices for ESG risk assessment. This initiative supports a consistent, long-term approach to ESG stress testing, accommodating future methodological and data advancements.

Source: **EBA**

The EBA consults on technical standards on acquisitions in credit institutions

The European Banking Authority (EBA) is consulting on draft Regulatory Technical Standards (RTS) to standardize notifications to authorities about acquiring holdings in credit institutions. The RTS aim for harmonized assessment aligned with the Capital Requirements Directive (CRD) criteria. The consultation runs until 18 September 2025, requiring detailed information on the acquirer's identity, reputation, financial soundness, and business plans, including funding source legitimacy to address money laundering or terrorist financing. Exemptions apply for already available information, ensuring efficiency. Reduced data requests apply for acquisitions with minimal indirect influence. Feedback can be submitted online, with a public hearing on 15 July 2025.

Source: **EBA**

The EBA publishes key regulatory products on operational risk capital requirements and related supervisory reporting

The European Banking Authority (EBA) released three final draft technical standards crucial for implementing the EU Banking Package, enhancing supervision of compliance. They include RTS on calculating and adjusting the Business Indicator (BI) for operational risk, ITS mapping BI components to FINREP to ensure consistency and cost efficiency and amending ITS for operational risk reporting to align with updated regulations. These standards facilitate accurate operational risk assessment by refining BI components and providing clear guidelines for mergers, acquisitions, and disposals. This initiative is part of the EBA's Phase 2 roadmap, mandated by the Capital Requirements Regulation (CRR) and its amendments.

Source: **EBA**

ECB's Governing Council updates its monetary policy strategy

The European Central Bank (ECB) Governing Council has published its updated monetary policy strategy, reaffirming a symmetric 2% inflation target over the medium term. This means the ECB will act decisively when inflation deviates significantly from the target, in either direction, to prevent persistent divergence and anchor inflation expectations. Amid increased uncertainty from factors like geopolitical fragmentation, advances in artificial intelligence, demographic changes, and environmental risks, the ECB emphasizes maintaining an adaptable and robust policy framework. All current monetary policy tools will remain available, ensuring agile responses to new economic shocks following a thorough proportionality assessment. The updated strategy will be implemented at the July 2025 policy meeting, with regular reviews planned, the next in 2030. The assessment involved significant collaboration across the euro area central banks, reinforcing the ECB's commitment to price stability in a changing environment.

Source: **ECB**

UK

Prudential Regulation Authority Annual Report 2024/25

The Bank of England and the Prudential Regulation Authority (PRA) have released their annual reports for the year ending 28 February 2025. The PRA report highlights their commitment to maintaining the safety and soundness of the banking and insurance sectors, ensuring ongoing resilience. It emphasizes their proactive approach to identifying emerging risks and developing international policy. The PRA also focuses on supporting competitive, dynamic markets and facilitating international competitiveness and growth. Additionally, they aim to operate as an inclusive, efficient, and modern regulator within the central bank.

Source: **BOE**

Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 – Annual Report 2024/25

The Bank of England and its Prudential Regulation Authority (PRA) serve as Prescribed Persons under The Public Interest Disclosure Order 2014, facilitating confidential whistleblowing in the financial sector. This enables workers to report wrongdoing directly to regulators rather than their employers. Whistleblowing is valued for its role in uncovering risks, with reports handled sensitively by dedicated case officers. Confidential disclosure reports are mandated yearly since April 2017, detailing the number and nature of disclosures received. From April 2024 to March 2025, the Bank and PRA received 264 disclosures, 252 of which were protected under the Employment Rights Act 1996. Though some disclosures fell outside regulatory or whistleblower definitions, all provided insights vital for supervision. Supervisory action was taken on 32 disclosures, while other information was retained for future use. 76 disclosures continue to be subject to ongoing supervisory assessment. The annual report, published within six months post-period, summarises responses to disclosures without identifying whistleblowers or implicated parties.

Source: **BOE**

Key considerations in implementing a possible motor finance consumer redress scheme

The motor finance market sees over 2 million vehicle purchases per year using financing. To ensure fair competition and consumer deals, January 2021 marked the banning of discretionary commission arrangements, where brokers could adjust interest rates to benefit from higher commissions. Following this, numerous complaints emerged about undisclosed commission details prior to the ban, with firms often rejecting these claims, arguing no unfair practices or losses occurred. The Court of Appeal found that it was unlawful for car dealers to receive commissions without consumer consent. Depending on the Supreme Court's judgment, a consumer redress scheme could be proposed in March 2025. This scheme would outline firm rules for processing claims and calculating compensation. Consumers are advised against seeking services from claims management companies or law firms prematurely to avoid unnecessary fees. Stakeholder engagement is ongoing, with consultation planned for any potential redress scheme, guided by fair consumer principles and market integrity.

Source: **FCA**

FCA allows firms to experiment with AI alongside NVIDIA

A new collaboration offers financial services firms a chance to innovate using NVIDIA accelerated computing and AI Enterprise Software through the Supercharged Sandbox. This initiative provides access to better data, technical know-how, and regulatory guidance, supporting firms in the early phases of AI experimentation. For further developed firms, an AI Live Testing service is available. The FCA aims to drive economic growth by fostering innovation through technology like AI. Jessica Rusu, FCA's chief data officer, highlights the collaboration's role in assisting firms interested in AI but lacking resources, ensuring benefits for markets and consumers while stimulating growth. Dr Jochen Papenbrock from NVIDIA explains that AI is transforming finance by automating tasks and enhancing data analysis, decision-making, and risk management for improved efficiency. Firms can apply via the FCA’s website to use the Supercharged Sandbox, with successful applicants starting experimentation in October.

Source: **FCA**

USA

SEC Solicits Public Comment on the Foreign Private Issuer Definition

On June 4, 2025, the Securities and Exchange Commission (SEC) issued a concept release seeking public feedback on the definition of a foreign private issuer. This release aims to assess whether the definition should be revised due to significant changes in the foreign private issuer landscape since 2003. Foreign private issuers enjoy specific exemptions from U.S. disclosure and filing requirements, and the SEC seeks to balance attracting foreign companies to U.S. markets with ensuring U.S. investors receive essential information, without disadvantaging domestic firms. SEC Chairman Paul S. Atkins emphasized the need to determine which foreign companies qualify as foreign private issuers. The concept release invites public comments on the current definition and the potential impacts of regulatory changes, with the comment period open for 90 days post-publication in the Federal Register.

Source: **SEC**

03

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Thank you

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