



PwC Regulatory Update

May 2026





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May 2026

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01

Legislative/ Government developments





Legislative/ Government developments

Australian Government – Treasury

Review of the Australian Office of Financial Management

The Secretary to the Treasury commissioned an independent review of the Australian Office of Financial Management (AOFM), led by Dr. Guy Debelle, following a request from the AOFM CEO.

The review examines the AOFM's operations, capabilities, and organisational effectiveness in managing Australia's sovereign debt, currently around \$990 billion. It confirms the AOFM effectively meets the government's financing needs, maintains a well-functioning securities market, and operates cost-effectively. The review also assesses the AOFM's financing approach, cash management, risk frameworks, and governance with Treasury. Results and recommendations will be reported in April 2026, with findings published except for sensitive content. Treasury and the AOFM will use the review to ensure continued performance in a changing fiscal and market environment.

Source: [Treasury](#)

02

What have
the regulators
been up to?





What have the regulators been up to?

ASIC – Australian Securities and Investment Commission

ASIC updates guidance on financial reporting and audit relief

ASIC has reissued Regulatory Guide 43 (RG 43) to update and streamline guidance on obtaining financial reporting and audit relief under the Corporations Act 2001. The update reflects recent legislative changes, consolidates relevant guidance (including the now-withdrawn RG 29 on dual listed companies), and simplifies the application process. RG 43 assists entities such as companies, managed investment schemes, and superannuation entities in understanding how ASIC grants relief from financial reporting and audit requirements, and outlines steps to apply for individual relief if class relief does not apply. The changes follow industry consultation and replace the 2011 guidance, making it easier for entities and their auditors to navigate ASIC's requirements.

Source: ASIC

ASIC continues finfluencer crackdown alongside global regulators

ASIC, alongside 16 global regulators, is intensifying its crackdown on unlawful social media finfluencers amid rising concerns about their influence, especially on younger Australians. Warning notices have been issued to four finfluencers for suspected unlicensed advice and misleading claims (like guaranteed returns). ASIC is also reviewing the supervision of 15 finfluencers by three AFS licensees, emphasising that licensees must actively oversee finfluencer conduct. The coordinated action, part of the Global Week of Action Against Unlawful Finfluencers, aims to protect consumers from financial harm due to misinformation. Research shows 63% of Gen Z rely on social media for financial advice, often trusting finfluencers. ASIC urges Australians to check credentials before acting on online advice and warns that unlicensed financial advice can result in severe penalties. Licensees remain liable for their representatives conduct, and ongoing monitoring/enforcement will continue to safeguard consumers.

Source: [ASIC](#)

RBA – Reserve Bank of Australia

Roundtable Opens Public Consultation on Draft Vision for Account-to-Account Payments in Australia

The Account-to-Account (A2A) Payments Roundtable has released a public consultation seeking feedback on its draft vision for the future of A2A payments in Australia, with submissions open until 22 May. The Roundtable, comprising AusPayNet, Australian Payments Plus (AP+), the Reserve Bank of Australia, and the Commonwealth Treasury, aims to set a strategic direction and roadmap for A2A payments. The draft vision, developed after extensive stakeholder engagement, outlines long-term goals: maintaining a safe, reliable, low-cost, easy-to-use, and inclusive payments system amid rapid technological and societal change. Key priorities include supporting millions of daily transactions and ensuring A2A payments remain a trusted national asset. Stakeholder input will refine the vision and guide industry development. The consultation paper is available online, and submissions can be sent via email or directly to Roundtable members.

Source: [RBA](#)



APRA - Australian Prudential Regulation Authority

APRA calls for a step-change in AI-related risk management and governance

APRA has urged banks, insurers, and superannuation trustees to significantly improve their management of AI-related risks amid rapid technological evolution. Its supervisory review found AI adoption is outpacing governance, risk management, assurance, and operational resilience, leading to new financial and operational vulnerabilities, especially with advanced and frontier models increasing cyber attack risks. Boards often lack technical expertise, concentration risks are rising due to provider dependence, and transparency in AI systems is limited. Existing risk and assurance frameworks are fragmented and insufficient for AI's challenges. APRA expects entities to align practices with prudential standards and to close gaps in oversight but is not introducing new requirements yet. Continuous engagement with regulators and enhancements in cyber resilience are emphasized to safeguard the financial system as AI use grows.

Source: [APRA](#)

APRA finalises targeted amendments to CPS 230 Operational Risk Management

APRA has finalised targeted changes to prudential standard CPS 230 and related documents, introducing limited exemptions from specific contractual requirements for certain non-traditional service providers (NTSPs), such as central banks and clearing houses, when strict compliance is not feasible. Developed in response to industry feedback, these amendments aim to streamline regulatory obligations for entities working with NTSPs while upholding essential operational risk management objectives. The new rules will be effective from 1 July 2026. Further details are available on APRA's website.

Source: [APRA](#)

APRA and ASIC publish latest data on life insurance claims and disputes - December 2025

APRA has published its latest Life Insurance Claims and Disputes Statistics, covering data from 1 January to 31 December 2025, for 13 direct life insurers in Australia. This report details industry and company-level outcomes on key claim and dispute metrics. ASIC MoneySmart Life Insurance Claims Comparison Tool has been updated with this information, allowing users to compare insurers by claims acceptance rates, payment times, dispute numbers, and policy cancellation rates.

Source: [APRA](#)

AUSTRAC - Australian Transaction Reports and Analysis Centre

Banks step up to disrupt illicit tobacco profits

Australian banks have intensified efforts to disrupt financial flows fueling the illicit tobacco trade, a major organised crime issue linked to violence, tax evasion, and community harm.

Following warnings from AUSTRAC and the Illicit Tobacco and E-Cigarette Commissioner in late 2025, banks enhanced monitoring, reporting, and, where necessary, exited high-risk customers. AUSTRAC provided a unique code for suspicious activity reports, aiding law enforcement in tracking illicit tobacco proceeds. Since then, over 1,000 customers have been exited or recommended for exit, with 337 suspicious reports submitted and 76 referrals made to partner agencies. Nearly 90% of banks responded with strengthened controls and governance. Officials emphasize that combating illicit tobacco requires financial crime disruption alongside health and border measures.

Proposed reforms to improve information sharing could further hinder criminal networks. Government and industry collaboration has proven effective in protecting Australia's financial system and reducing harm from illicit tobacco trade.

Source: [AUSTRAC](#)

AUSTRAC directs audit of payment platform over AML/CTF concerns

AUSTRAC has ordered MHITS Limited to appoint an external auditor to assess its compliance with anti-money laundering and counter-terrorism financing (AML/CTF) obligations, following concerns from a sector-wide supervisory campaign.

This campaign revealed payment platforms failing to manage risks of funds being used for child sexual exploitation material purchases. AUSTRAC CEO Brendan Thomas emphasised the expectation for strong risk management, timely suspicious matter reporting, and exit of high-risk customers. The audit, at MHITS Limited's expense, must be completed within 180 days and will inform potential further regulatory actions. AUSTRAC warns cross-border payment businesses to proactively manage risks, highlighting a 264% increase in reports related to suspected child sexual exploitation, enhancing detection and investigation chances in the sector.

Source: AUSTRAC

03

Industry bodies





Industry bodies

ABA – Australian Banking Association

Banks pay \$16 billion in tax as regulatory imbalance comes into focus

Australia's banks paid a record \$16 billion in taxes and levies in the 2025 financial year, according to a report by the Australian Banking Association (ABA). This contribution supports essential public services, funding over 370 million bulk-billed GP visits, nearly 880,000 secondary students in public schools for a year, and over 180,000 nurse salaries in public hospitals.

ABA CEO Simon Birmingham highlighted banks' pivotal economic role, noting their effective tax rate was 40%, second only to mining. Beyond taxes, banks invested \$2.5 billion in combating financial crime and \$700 million in community projects and disaster relief. Banks have also spent billions developing Australia's digital banking infrastructure, including the New Payments Platform and Consumer Data Right. However, the report points out a regulatory imbalance, as many multinational tech companies operating in Australia pay less tax and face looser regulation. The ABA calls for these firms to be held to similar regulatory and fiscal standards as domestic banks to ensure a level playing field.

Source: [ABA](#)

Transcript of joint press conference with the Alliance of Industry Associations

At a joint press conference, leaders from major Australian industry groups—including the Business Council of Australia, Australian Retail Council, Council of Small Business Organisations Australia, National Farmers' Federation, and Australian Banking Association—called for a 25% reduction in red tape by 2030.

They highlighted the excessive regulatory burden costs, estimated at \$160 billion annually, affecting sectors from farming to retail and small business. Speakers emphasised the urgent need to streamline overlapping federal, state, and local regulations to boost productivity, encourage investment, and improve economic resilience amid global uncertainties. Examples cited include multiple licenses required for simple activities and inconsistent state laws on payroll tax and workers' compensation.

The alliance urged all government levels to commit to cutting red tape and support reforms with adequate resources. The group welcomed government signals toward regulatory reform and stressed ongoing collaborative efforts ahead of the federal Budget to alleviate regulatory costs and foster a more competitive, efficient Australian economy.

Source: [ABA](#)

Banks step up support in face of fuel supply uncertainty

Australian banks are increasing support for customers facing financial hardship due to rising interest rates, fuel costs, and supply chain disruptions. ABA CEO Simon Birmingham emphasized that banks have specialist teams ready to assist small businesses, farmers, and communities dealing with these pressures. Customers are encouraged to contact their banks early to access tailored help, such as temporary interest-only payments, payment deferrals, fee waivers, loan restructuring, flexible access to savings, and emergency credit increases. To raise awareness, the Australian Banking Association has launched the "Don't tough it out on your own – banking support when it matters most" campaign across multiple media platforms. Additionally, the ABA has relaunched its Financial Assistance Hub to provide accessible resources. The initiative aims to ensure those struggling know help is available and can receive timely assistance, helping them navigate financial challenges during this difficult period.

Source: [ABA](#)

04

Overseas developments





Overseas developments

Global

FSB finalises guidance on insurers subject to recovery and resolution planning

The Financial Stability Board (FSB) has finalised guidance to help authorities determine which insurers should be subject to recovery and resolution planning (RRP) requirements. This guidance aligns with the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions, establishing RRP as essential for managing insurer failures.

Authorities are advised to evaluate insurers based on six criteria: nature, scale, complexity, substitutability, cross-border activities, and interconnectedness. RRP requirements apply particularly when an insurer provides critical functions or its failure could impact the financial system or economy materially.

The guidance promotes consistent application across jurisdictions while allowing flexibility for variations in legal and supervisory frameworks. It also assists authorities in identifying insurers to report on the FSB's annual list of insurers subject to resolution planning standards, supporting global financial stability and effective resolution regimes.

Source: [FSB](#)



FSB Chair warns of rising financial risks stemming from Middle East conflict

FSB Chair Andrew Bailey, in a letter to G20 Finance Ministers and Central Bank Governors, warns of rising financial risks due to the ongoing Middle East conflict, emphasising the need for heightened vigilance as financial conditions tighten.

He highlights concerns over stretched asset valuations, concentrated leverage in the nonbank sector, liquidity mismatches, and increased market volatility, which together pose a “double or triple whammy” threat to global financial stability. Key areas for monitoring include leveraged government bond markets, elevated global asset prices—especially in sectors like AI—and stressed private credit markets, which face heightened debt-servicing pressures and potential confidence losses. Bailey also calls for scrutiny of foreign exchange, derivatives, and repo markets, critical for liquidity and prone to amplifying shocks.

The FSB plans to release reports on private credit vulnerabilities and collaborate with international bodies to address interconnected risks. The letter underscores the importance of international cooperation to maintain financial system resilience amid global uncertainty.

Source: [FSB](#)

Europe

The EBA publishes its final Guidelines on supervisory independence

The European Banking Authority (EBA) has published final Guidelines on Supervisory Independence under the Capital Requirements Directive (CRD). These Guidelines clarify the measures that supervisory authorities must adopt to prevent and manage conflicts of interest for their staff and governance members, including declarations of interest, financial trading restrictions, and cooling-off periods. Key requirements include harmonised pre-employment, annual, and ad-hoc declarations of interest; procedures for the sale or disposal of relevant financial instruments; and a clarified prohibition on trading to strengthen oversight. The Guidelines also specify consistent, proportionate approaches to setting cooling-off periods when national laws allow extension beyond CRD minimums. Developed under Article 4a(9) of Directive 2013/36/EU, the Guidelines aim to bolster transparency, sound governance, and public trust by aligning EU practices with international standards for supervisory independence and conflict of interest management.

Source: [EBA](#)

The EBA streamlines its Guidelines on connected clients to align with new EU legislation

The European Banking Authority (EBA) has partially deleted sections of its Guidelines on connected clients to align with new, directly applicable EU legislation – Commission Delegated Regulation (EU) 2024/1728. This regulation introduces binding standards for identifying groups of connected clients, making parts of the previous EBA Guidelines unnecessary. The updates enhance clarity and consistency for credit institutions throughout the EU. The revised Guidelines and the EBA's Decision are now available on the EBA website. The original Guidelines, adopted in 2017, helped banks identify connected clients in cases involving control and economic dependency. The Decision is based on relevant EU regulations, ensuring the framework remains updated and harmonised.

Source: [EBA](#)

The ESA's Joint Committee highlights digitalisation, cyber resilience and sustainable finance as key priorities of 2025

The Joint Committee of the European Supervisory Authorities (EBA, EIOPA, ESMA) released its 2025 Annual Report, highlighting efforts to protect consumers in digital financial markets and strengthen cyber resilience through the Digital Operational Resilience Act (DORA). Key priorities included improving sustainable finance disclosures, enhancing cross-sectoral risk monitoring, and advancing initiatives like the EU securitisation framework, the European Single Access Point (ESAP), and supporting financial innovation via the EFIF. Chaired by EIOPA, the Committee facilitated close cooperation between supervisory authorities and contributed to simplifying EU financial regulations, particularly in sustainable finance and PRIIPs. Overall, the Committee focused on ensuring robust and forward-looking supervisory frameworks amid an environment of digital transformation and increasing innovation.

Source: [EBA](#)

US

CFTC and SEC Jointly Propose Amendments to Strengthen Disclosure and Reduce Private Fund Reporting Burdens

The CFTC and SEC jointly proposed amendments to Form PF, aiming to reduce reporting burdens for private fund advisers. Key changes include raising the filing threshold from \$150 million to \$1 billion in assets under management, eliminating requirements for smaller advisers who account for nearly half of current filers, and streamlining reporting obligations. Quarterly and current reporting for smaller hedge fund advisers would be eliminated, while the threshold for large hedge fund advisers would rise from \$1.5 billion to \$10 billion, ensuring Form PF still covers over 80% of hedge fund assets. The agencies seek to restore balance to disclosure obligations and reduce unnecessary compliance costs, maintaining effective monitoring of systemic risk. The public can comment on these amendments for 60 days following their Federal Register publication.

Source: [CFTC](#)

UK

FCA invites ESG rating providers to join a voluntary reporting pilot

The FCA is inviting ESG rating providers to participate in a voluntary pilot program to help develop a proportionate reporting regime for ESG ratings, with registration open until 13 May 2026. The goal is to ensure future regulatory reporting requirements are clear, feasible, proportionate, and useful for supervision, minimizing unnecessary burdens on firms. Participants will directly influence the design of the reporting framework, with their feedback possibly leading to revised metrics. The pilot is open to all ESG rating providers likely to fall under UK regulation, and selection may be based on representative sampling. Participation does not affect authorisation processes. This initiative aligns with Consultation Paper CP2534 and aims to explore data accessibility, including non-public datasets. Final reporting rules will be subject to further consultation before implementation.

Source: [FCA](#)

FCA publishes findings from financial adviser market survey

The Financial Adviser Survey highlights a stable UK financial advice market, with over 4,100 firms advising on £1 trillion in assets for 4.1 million clients. Despite a 15% fall in authorised firms since 2021, adviser numbers remain steady at 31,000, indicating market consolidation rather than reduced service. Large firms oversee half the assets, but all firms deliver crucial relationship-led advice. Women represent only 18% of advisers, despite their involvement in 60% of client relationships, suggesting opportunities to improve sector diversity. Regulated advice primarily serves older, wealthier clients, with just 9% of UK adults accessing it; nearly a third of firms are exploring simplified advice to reach broader audiences. Strong engagement with Consumer Duty is evident, especially in pensions and retirement, which are key advice areas. The findings support benchmarking and inform regulatory work to promote better consumer outcomes.

Source: [FCA](#)

Prudential Regulation Authority's statement in relation to HM Treasury's Risk Transformation Regulations consultation response – April 2026

The Prudential Regulation Authority (PRA) supports HM Treasury's proposals to reform the UK's risk transformation regime, affecting insurance special purpose vehicles (ISPVs) and enabling Protected Cell Company (PCC) captives. The PRA will consult on a new insurance captives regime in Summer 2026, aiming to boost the UK's appeal as a wholesale insurance hub and expand access to captive insurance benefits, with launch expected in Summer 2027. PCCs won't be included initially due to legislative delays but will be considered once laws permit. Previous 2025 ISPV reforms improved the framework and an accelerated pathway; further ISPV reforms are planned, focusing on simplicity and PCC use. These changes will enhance competitiveness and growth in the UK insurance sector. Captive insurance offers self-insurance options, and PCCs make this more accessible for small businesses and newcomers.

Source: [BOE](#)



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Contacts



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Thank you

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