



PwC Regulatory Update

October 2025





Contents

01	Legislative/Government Developments	3
02	What have the regulators been up to?	6
03	Industry Bodies	11
04	Overseas developments	13
05	Contacts	18

Regulatory Update Summary

October 2025

Legislative/ Government developments



Australian Government – Treasury

- Terrorism and Cyclone Insurance Act 2003 review – consultation
- Regulating digital asset platforms – exposure draft legislation
- Ban on genetic tests in life insurance – draft legislation

Regulatory developments



APRA – Australian Prudential Regulation Authority

- APRA responds to consultation on minor proposals for instruments relating to section 66 of the Banking Act

AUSTRAC – Australian Transaction Reports and Analysis Centre

- AUSTRAC urges financial services look out for child exploitation transactions

ASIC – Australian Securities and Investments Commission

- ASIC reduces complaints reporting frequency for small banks
- Regulatory guide reissued on auditor reporting obligations to ASIC
- ASIC remakes relief instrument for deposit product disclosure
- ASIC issues new financial advice-related legislative instrument

RBA – The Reserve Bank of Australia

- Statement by the Monetary Policy Board: Monetary Policy Decision

Industry bodies



ABA – Australian Banking Association

- Australian banks support card surcharging ban, urge alternative on interchange fees

Overseas developments



Europe

- European supervisors tell financial institutions to stay alert to stability risks in uncertain and volatile times
- ECB presents findings from digital euro innovation platform and announces second round of experimentation

UK

- PS15/25 – Closing liquidity reporting gaps and streamlining Standard Formula reporting
- FCA shares proposals to promote good business practices amongst crypto firms
- Proposed contactless changes could increase convenience for consumers

US

- SEC Seeks Public Comment to Improve Rules on Residential Mortgage-Backed Securities and Asset-Backed Securities
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01

Legislative/ Government developments





Legislative/ Government developments

Terrorism and Cyclone Insurance Act 2003 review – consultation

Treasury has opened a consultation to inform the Minister's review of the Terrorism and Cyclone Insurance Act 2003, seeking stakeholder feedback by 11 November 2025 via Converlens.

Submissions will inform whether the cyclone and terrorism reinsurance pools should continue and how they operate. Key issues include whether the cyclone pool lowers premiums and incentivises mitigation, the adequacy of the \$5 million SME limit, eligibility for new builds, and whether the cyclone damage period should be extended. For terrorism cover, the paper asks whether the pool should be permanent, how to grow private market participation and the role of retrocession. Operational questions cover ARPC claims processes, guarantee and capital holding fees, data-sharing powers and the need for a dedicated scheme actuary.

Source: [Treasury](#)

Regulating digital asset platforms – exposure draft legislation

Treasury has released exposure draft legislation to regulate digital asset platforms, seeking stakeholder feedback by 24 October 2025 to support innovation while improving consumer protections.

The package—draft amendments to the Corporations Act 2001, an explanatory memorandum, a consultation questionnaire and a fact sheet—would capture digital asset trading platforms and tokenised custody platforms as new financial products. Stakeholders broadly support government intervention; the consultation now focuses on how those powers should operate in law. Responses must be submitted via the government consultation website; preparatory guidance recommends reading supporting documents, following submission guidelines. Related consultations and publications address industry development, token mapping and licensing and custody requirements for crypto asset service providers.

Source: [Treasury](#)

Ban on genetic tests in life insurance – draft legislation

Treasury is seeking feedback on draft legislation banning insurers from using genetic test results in life insurance underwriting, except when voluntarily disclosed and beneficial to policyholders. The Assistant Treasurer aims to introduce the ban, reflecting earlier consultations on impacts, options, and design.

The draft legislation establishes a ban preventing life insurers from requesting or using individuals' genetic test results in underwriting decisions for life insurance policies. This ban applies regardless of when the genetic information was obtained and prohibits insurers from basing policy offers or terms on such data. An exception allows insurers to use protected genetic information if the life insured or their authorised agent voluntarily provides it with written consent, and its use benefits the insured or beneficiaries.

The legislation introduces strict liability offences and civil penalties for breaches, assignable to insurers, with the Australian Securities & Investments Commission (ASIC) responsible for enforcement. It also amends the Disability Discrimination Act 1992 to make discrimination based on genetic information unlawful. Definitions clarify key terms like “protected genetic information,” “genetic testing,” and “clinical diagnosis,” with powers for updating terms via regulations as medical science evolves.

The law mandates five-year reviews to assess effectiveness and potential unintended consequences, reflecting extensive prior consultations and international best practices.

Source: Treasury

02

What have
the regulators
been up to?





What have the regulators been up to?

APRA – Australian Prudential Regulation Authority

APRA responds to consultation on minor proposals for instruments relating to section 66 of the Banking Act

APRA released a consultation response regarding minor proposals to the Banking Act 1959, specifically Section 66 instruments. The changes aim to clarify and improve the effectiveness of APRA's regulatory framework for authorised deposit-taking institutions (ADIs). Key proposals include:

- amendments to the conditions under which ADIs can hold capital instruments,
- enhancing consistency with international standards, and
- providing APRA with clearer powers to manage and oversee capital instruments.

The response addresses stakeholder feedback, largely supportive, and outlines APRA's intention to proceed with the proposed changes while incorporating refinements based on submissions. These measures are intended to strengthen the stability and resilience of the banking sector by ensuring capital instruments maintain their prudential characteristics, thereby supporting financial system safety and confidence. Implementation timelines and next steps are also clarified to facilitate a smooth transition for affected institutions.

Source: APRA



AUSTRAC – Australian Prudential Regulation Authority

AUSTRAC urges financial services look out for child exploitation transactions

AUSTRAC highlights the vital role of financial services providers in combating child sexual exploitation for profit by analysing suspicious transactions and collaborating with law enforcement and agencies like ACCCE.

Their financial intelligence, drawn from sources including banks, digital currency exchanges, and payment platforms, leads to arrests and protects children. AUSTRAC's efforts include Operation Huntsman, which closed over 3,000 bank accounts linked to sextortion growing threat targeting under-18s. They urge providers to identify red flags, such as unusual transactions and purchases of tech tools, and to report suspicions swiftly. AUSTRAC emphasises that collective vigilance across the financial sector is essential to detect, disrupt, and prevent for-profit child abuse.

Source: [AUSTRAC](#)

ASIC – Australian Securities and Investments Commission

ASIC reduces complaints reporting frequency for small banks

ASIC has adopted a no-action position allowing small banks to reduce internal dispute resolution (IDR) data reporting from twice a year to annually, following recommendations from the Council of Financial Regulators review.

This move aims to lower regulatory costs and boost small banks competitiveness. The exemption covers IDR submissions for January-February 2026 and 2027, as detailed in the class no-action letter. Although ASIC will not pursue actions against small banks for non-compliance during these periods, third parties may still undertake legal action. The decision precedes formal technical changes, expected by 2027. For more information, refer to ASIC's Regulatory Guide 108 and the class no-action letter.

Source: [ASIC](#)

Regulatory guide reissued on auditor reporting obligations to ASIC

ASIC has updated Regulatory Guide 34: Auditor obligations: Reporting to ASIC (RG 34) to clarify and streamline auditor obligations for reporting breaches and contraventions.

The reissued guide, replacing the March 2020 version, includes:

- updated guidance on reporting suspected contraventions related to sustainability reporting,
- audits of registrable superannuation entities,
- corporate collective investment vehicles (CCIVs), and
- compliance plans for retail CCIVs.

It also addresses obligations to report attempts to influence or mislead auditors, conflicts of interest, and auditors own suspected contraventions. The updates align RG 34 with current laws and regulatory practices, amending outdated references but not making significant policy changes regarding when auditors should report to ASIC. The guide covers relevant sections of the Corporations Act 2001 and the National Consumer Credit Protection Act 2009, reinforcing auditors' responsibilities in maintaining regulatory compliance and integrity.

Source: [ASIC](#)

ASIC remakes relief instrument for deposit product disclosure

ASIC has extended a regulatory exemption allowing authorised deposit-taking institutions (ADIs) to omit interest rates from Product Disclosure Statements (PDS) and termination values from periodic statements for deposit products until 1 October 2030.

This measure, renewed under Instrument 2025509, aims to reduce industry administrative burden and facilitate more frequent beneficial changes for depositors, such as interest rate increases. ADIs must clearly state in the PDS where current interest rates can be easily found, and disclose any early termination restrictions or fees. Stakeholder feedback supported the continuation of this relief, which ASIC will periodically review.

Source: [ASIC](#)

ASIC issues new financial advice-related legislative instrument

ASIC has introduced the ASIC Corporations Financial Services Guide, General Advice Warning and Advertising Related Relief Instrument 2025234 to extend relief from three financial advice-related instruments set to expire on 1 October 2025. The three instruments are:

- ASIC Corporations (Advertising by Product Issuers) Instrument 2015/539;
- ASIC Corporations (General Advice Warning) Instrument 2015/540; and
- ASIC Corporations (Financial Services Guides) Instrument 2015/541.

Following public consultation, all feedback supported extending and consolidating these instruments into a single legislative instrument. Some submissions suggested integrating the relief into primary law and making minor modifications, which ASIC passed on to Treasury. This process ensures the regulations remain current and effective in accordance with the sunset provisions of the Legislation Act 2003.

Source: [ASIC](#)

RBA – Reserve Bank of Australia

Statement by the Monetary Policy Board: Monetary Policy Decision

On 30 September 2025, the Board decided to leave the cash rate unchanged at 3.60 per cent.

The decline in underlying inflation has slowed: both headline and trimmed-mean inflation were within the 2–3 per cent range in the June quarter, but early and volatile data suggest September-quarter inflation may be higher than expected. Domestic activity is recovering, led by stronger private demand, rising real household incomes, firmer consumption, a strengthening housing market and readily available credit.

Labour market conditions remain a little tight: employment growth has slowed, unemployment was unchanged at 4.2 per cent in August, underutilisation is low, wages growth has eased, but productivity is weak and unit labour costs remain high.

Given these mixed signals and elevated domestic and global uncertainties, the Board judged it appropriate to maintain the cash rate while remaining cautious and ready to respond.

Source: RBA

03

Industry bodies





Industry bodies

ABA – Australian Banking Association

Australian banks support card surcharging ban, urge alternative on interchange fees

ABA supports the Reserve Bank of Australia's (RBA) proposed ban on debit and credit card surcharges, describing it as a long-overdue move to provide consumers with greater price certainty.

However, while supporting the ban, the ABA cautioned against further reductions to already low interchange fees, warning that such changes could disadvantage Australian consumers and businesses while benefiting multinational payments and technology companies. The ABA noted that interchange fees in Australia are already among the lowest in the world, and further reductions could lead to higher card fees, shorter interest-free periods and reduced rewards for cardholders.

The ABA called for maintaining current interchange fee levels, introducing targeted measures such as a small business interchange rate to support fairness, and undertaking a holistic review of the payments ecosystem to ensure that any reforms strengthen the broader system without diminishing consumer benefits.

Source: [ABA](#)

04

Overseas developments





Overseas developments

Europe

European supervisors tell financial institutions to stay alert to stability risks in uncertain and volatile times

The European Supervisory Authorities (EBA, EIOPA, and ESMA) have issued their Autumn 2025 Joint Committee Report, urging financial institutions to remain vigilant amid growing geopolitical uncertainties and economic challenges stemming from shifting global trade and security dynamics. While the European financial system has shown resilience – with banks, insurers, and pension funds maintaining strong positions – rising transatlantic tensions, tariffs, and currency fluctuations are altering risk profiles and increasing vulnerabilities, especially through links to US markets.

The ESAs recommend that supervisors and financial entities to:

- Incorporate geopolitical risks in daily operations and risk management, including the dependencies on non-EU markets and service providers.
- Prepare for market uncertainties by maintaining adequate provisions and stress testing liquidity positions.
- Strengthen vigilance against cyber risks, including those from third-party providers.
- Monitor contagion risks from growing crypto market links to traditional finance.
- support the Savings and Investments Union initiatives while carefully assessing the risks of alternative investments for retail investors.

Source: [EBA](#)



ECB presents findings from digital euro innovation platform and announces second round of experimentation

The European Central Bank (ECB) has released findings from the first phase of its digital euro innovation platform, which engaged nearly 70 participants including merchants, fintechs, banks, and academia – to explore the digital euro’s potential to drive innovation and financial inclusion across Europe.

The initiative tested two main workstreams: “visionaries” who generated innovative ideas, and “pioneers” who focused on technical experimentation.

Key innovations identified include conditional payments that automatically release funds upon meeting predefined conditions, enhancing consumer protection and streamlining transactions in both consumer and business contexts. Additionally, integrated electronic receipts could simplify purchase tracking and reduce environmental impacts by cutting printed receipts. The digital euro could also improve financial accessibility by offering tailored digital wallets, such as for children and students, with user-friendly features.

Building on the positive response and promising experiments, the ECB plans a second round of experimentation in early 2026 to further develop the digital euro’s capabilities and ensure it meets user and market needs, aiming to transform payments across the euro area with a harmonised, scalable infrastructure accessible to all.

Source: [ECB](#)

UK

PS15/25 – Closing liquidity reporting gaps and streamlining Standard Formula reporting

The Prudential Regulation Authority (PRA) has published Policy Statement PS15/25, which outlines measures to close liquidity reporting gaps and streamline the standard formula reporting for prudential regulation.

The initiative aims to improve the quality, consistency, and usefulness of liquidity data submitted by banks and building societies. Key changes include:

- enhanced reporting templates,
- revised data requirements aligning with international standards,
- and the removal of redundant or duplicative data points to reduce firms’ reporting burdens.

The updated framework will provide the Prudential Regulation Authority (PRA) with clearer insights into institutions’ liquidity positions and risks, thereby strengthening the oversight of liquidity risk management. The policy also emphasises proportionate reporting obligations tailored to firm size and complexity. Firms are expected to implement these changes by specified deadlines, with transition arrangements in place to support compliance.

Overall, the reforms seek to bolster financial stability by ensuring effective liquidity risk monitoring while improving operational efficiency for regulated firms.

Source: [BOE](#)

FCA shares proposals to promote good business practices amongst crypto firms

The FCA is seeking feedback on proposed minimum standards for crypto firms, aligning many rules with those already applied to traditional financial institutions, particularly around operational resilience and anti-crime controls.

The proposals aim to be proportionate, supporting UK crypto firms' international competitiveness while addressing the unique characteristics of the crypto market. The FCA is also consulting on how the Consumer Duty – requiring firms to act in consumers' best interests and complaint handling, including access to the Financial Ombudsman Service, should apply to cryptoassets.

David Geale, FCA's executive director of payments and digital finance, emphasised the goal of fostering a sustainable, competitive crypto sector that balances innovation with market integrity and consumer trust. These proposals follow HM Treasury's draft legislation published in April 2025, with consultation deadlines in October and November 2025, and final rules expected in 2026.

Source: [FCA](#)

Proposed contactless changes could increase convenience for consumers

The FCA is consulting on proposals to give card providers flexibility to set contactless payment limits, allowing consumers to make larger contactless payments for greater convenience. Many providers already let customers adjust or disable contactless limits, and the FCA encourages this choice.

David Geale, FCA's executive director of payments, highlighted improved payment technology and fraud controls as reasons to enable firms to tailor contactless options. Contactless transactions remain protected against fraud, with reimbursement required for unauthorised use. Current contactless fraud rates are low compared to overall card fraud.

The consultation, part of wider efforts to support economic growth, closes on 15 October 2025.

Source: [FCA](#)



US

SEC Seeks Public Comment to Improve Rules on Residential Mortgage-Backed Securities and Asset-Backed Securities

The Securities and Exchange Commission (SEC) issued a concept release on September 26, 2025, requesting public feedback on improving its rules for residential mortgage-backed securities (RMBS) and asset-backed securities (ABS).

Despite no public RMBS offerings since 2013, RMBS are crucial for a healthy mortgage market, providing diverse funding sources and lowering consumer costs. The SEC seeks input on whether regulatory barriers hinder RMBS offerings and whether disclosure and privacy rules need revision. The release is also open to comments on revising regulatory definitions and facilitating public market access for ABS.

This feedback will inform potential rulemaking, with the comment period open for 60 days post-publication in the Federal Register. SEC Chairman Paul S. Atkins emphasised the importance of reviving the RMBS market to reduce mortgage costs and support American home ownership.

Source: [SEC](#)

05

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Thank you

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