



APRA announces new commencement dates for prudential and reporting standards

The Australian Prudential Regulation Authority (APRA) has announced new commencement dates for six prudential and reporting standards that have been finalised but are yet to fully come into effect.

It follows last month's announcement that APRA was suspending the majority of its planned policy and supervision initiatives in response to COVID-19. At the time, APRA foreshadowed it would also consider adjusting implementation dates for policy initiatives that had been finalised but not yet commenced.

In revising its implementation dates, APRA has sought to balance the need to ensure its prudential framework remains fit for purpose with enabling APRA-regulated entities to focus their time and resources on dealing with the impact of COVID-19.

The affected standards and their revised commencement dates are set out in the table below.

Industry	Prudential Standard or Policy proposal	Initial commencement date	Revised commencement date
Cross-industry	CPS 226 Margining and Risk Mitigation for Non-Centrally Cleared Derivatives (phase-in of initial margin requirements)	1 September 2020, 2021	1 September 2021, 2022
	CPS 234 Information Security (third-party arrangements transition provision)	1 July 2020	Six month extension to 1 January 2021 available on a case-by-case basis
Banking	APS 220 Credit Risk Management	1 January 2021	1 January 2022
	APS 222 Associations with Related Entities ARS 222.0 Exposures to Related Entities ARS 222.2 Exposures to Related Entities – Step-in risk	1 January 2021	1 January 2022

Today's announcement confirms that APRA will defer the next two phase-in periods of initial margin requirements for non-centrally cleared derivatives as set out in CPS 226 by 12 months, consistent with the joint decision by the Basel Committee on Banking Supervision and the International Organisation of Securities Commissions.[1]

In relation to the CPS 234 third-party arrangements transition provision, APRA will consider requests for a six-month extension by regulated entities on a case-by-case basis. Entities seeking an extension must advise APRA of the nature of their third-party arrangements, and how they are monitoring the risks associated with these arrangements. Given the potential for increased vulnerability to cyber risks in the current environment, APRA advises all regulated entities to remain vigilant in maintaining their information security.

APRA has also advised that the commencement date for APS 222 will be deferred until 1 January 2022. In the interim, ADIs should not be actively increasing exposures to their

overseas banking and insurance subsidiaries without prior consultation with APRA.

Additionally, APRA's work on product responsibility under the Banking Executive Accountability Regime has now been subsumed into its work on the Financial Accountability Regime (FAR), as mentioned in the Government's proposal paper on FAR. APRA intends to release further information on product responsibility when the Government consults on the exposure draft legislation and the implementation timeframe for the FAR.

APRA will formally amend the commencement dates for affected prudential and reporting standards in due course.

Footnotes

[1] 'Basel Committee and IOSCO announce deferral of final implementation phases of the margin requirements for non-centrally cleared derivatives' (3 April 2020)

<<https://www.bis.org/press/p200403a.htm>>.