



6 March 2017

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS (ADIs)

COUNTERPARTY CREDIT RISK FOR ADIs

On 15 September 2016, the Australian Prudential Regulation Authority (APRA) released for consultation:

- a discussion paper, *Counterparty Credit Risk for ADIs*;
- a draft new *Prudential Standard APS 180 Capital Adequacy: Counterparty Credit Risk* (APS 180); and
- a draft revised *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk* (APS 112).

This package of documents outlined APRA's proposed implementation of the Basel Committee on Banking Supervision's *Standardised approach for measuring counterparty credit risk exposures* (SA-CCR) and *Capital requirements for bank exposures to central counterparties - final standard*.

As part of that consultation, APRA proposed that the new requirements in APS 180 would commence on 1 January 2018, with an additional option that an ADI with immaterial counterparty credit risk exposure may apply for approval to implement the requirements by 1 January 2019.

In light of feedback received during consultation, as well as consideration of the timetable for adoption of such requirements in other jurisdictions, APRA is advising affected ADIs that the new requirements will not take effect until 1 January 2019 at the earliest.

Prior to finalising these requirements, APRA intends to release in 2017 an additional consultation package on counterparty credit risk, including the associated reporting requirements. This second consultation will also give further consideration to a simple, alternative methodology for ADIs with an immaterial level of exposure to counterparty credit risk.

If you have any questions in relation to this matter, please contact your Responsible Supervisor.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Pat Brennan'.

Pat Brennan
Executive General Manager
Policy and Advice Division