



## The APRA – ASIC Relationship

### The role of APRA

The Australian Prudential Regulation Authority (**APRA**) is Australia's financial system **prudential** regulator. It is responsible for promoting the prudent management of regulated institutions so that they can meet their financial obligations under all reasonable circumstances. In doing so, APRA's objective is to protect Australian depositors, insurance policyholders and superannuation fund members, and to promote financial stability more broadly.

APRA supervises banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, private health insurance, friendly societies and most of the superannuation industry.

### The role of ASIC

The Australian Securities and Investments Commission (**ASIC**) is Australia's integrated corporate, markets, financial services and consumer credit regulator. ASIC regulates **conduct**, in order to maintain, facilitate and improve the performance of the financial system, promote confident and informed participation of investors and consumers in the financial system, and monitor and promote market integrity and consumer protection in relation to the financial system.

In particular, ASIC regulates the conduct of Australian companies, financial markets, financial services organisations, and professionals who operate in those sectors. ASIC is also responsible for licensing and authorisations to operate in industries it regulates.

## Cooperation and information sharing between ASIC and APRA

APRA and ASIC have a strong working relationship. Both agencies regularly consult and engage on matters of shared interest relating to financial sector entities. Cooperation between APRA and ASIC is important to achieve efficient regulatory outcomes and requires balancing the differing interests arising from each agency's role in regulating the financial services industry.

APRA and ASIC maintain a continual dialogue, which is facilitated through:

- specified APRA - ASIC liaison representatives;
- regular liaison meetings at an operational level to provide updates on, and input into, matters of mutual interest or concern;
- liaison between Agency Heads on a regular basis;

- additional meetings on specific matters involving jointly-regulated institutions or industry-wide projects, as needed;
- internal guidance and training provided to staff on liaising with the other agency; and
- information or training sessions held across both agencies on issues of common interest.

APRA and ASIC have a [Memorandum of Understanding](#) (MoU), which acknowledges the need for full collaboration and co-operation between the agencies to effectively discharge our respective responsibilities. Under the MoU, APRA and ASIC have agreed:

- to provide each other with mutual assistance in a timely manner in relation to the exchange of information;
- to refer appropriate matters to the other agency;
- to cooperate in relation to areas of mutual interest in regulation, compliance, policy matters and enforcement; and
- to facilitate cooperation in joint inspections or task forces.

APRA and ASIC proactively seek to identify information that may be of interest to the other agency and provide this information in a timely manner. For example, APRA may obtain information about a financial sector entity that suggests the entity:

- may have breached legislation that ASIC is responsible for enforcing;
- is not making the relevant disclosures required in public documents or that disclosure material may include false and misleading statements;
- has engaged in misconduct such as fraud, insider trading or market manipulation;
- may have systemic problems in its ability to comply with its various financial services obligations following initial concerns identified by APRA about the entity's governance and risk management framework; or
- has qualifications in internal or external audit reports that indicate non-compliance with any ASIC requirements.

Where APRA suspects that an entity may have contravened an ASIC administered law, APRA will encourage the entity to self-report the issue to ASIC. In some circumstances, it may be more appropriate to directly inform ASIC, including when the matter is urgent or where there is reason to believe that any delay may frustrate ASIC's information-gathering or enforcement processes.

ASIC may proactively provide information to APRA, including where:

- ASIC has identified concerns with an entity that is also regulated by APRA;
- ASIC is conducting surveillance at an industry-wide level, as APRA is similarly interested in understanding industry-wide risks; or

- APRA and ASIC may be able to work collaboratively on regulatory issues (for example, collaborating to address significant emerging regulatory concerns relating to an entity regulated by both APRA and ASIC).

## **Disclosure of protected information**

Information about financial sector entities received by APRA or ASIC is generally protected under the relevant secrecy provisions in the *Australian Prudential Regulation Authority Act 1998* (Cth) or the confidentiality provisions in the *Australian Securities and Investments Commission Act 2001* (Cth). However, the legislation is not an impediment to information-sharing; it permits APRA and ASIC to share protected information with each other to further their respective regulatory mandates.

## **Other forms of information sharing**

APRA collects data from financial sector entities under the *Financial Sector (Collection of Data) Act 2001* (Cth) for a number of purposes, including to assist other financial sector agencies, such as ASIC, to perform their functions or exercise their powers.

As members of the Council of Financial Regulators, APRA and ASIC also regularly liaise with other financial regulatory agencies including the Reserve Bank of Australia and the Australian Treasury to ensure actions are aligned and where necessary, coordinated with the work of other bodies.

APRA and ASIC also coordinate with each other in relation to our various roles in international regulatory bodies, such as the Financial Stability Board, Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Organization of Securities Commissions and the International Organisation of Pension Supervisors.