



18 December 2019

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS

MINOR AMENDMENTS TO LARGE EXPOSURES FRAMEWORK AND FAQs

APRA is making minor amendments to its large exposures framework that sets out prudential requirements for authorised deposit-taking institutions (ADIs) to manage their large exposures and risk concentrations. APRA released *Prudential Standard APS 221 Large Exposures* (APS 221) and *Reporting Standard ARS 221.0* (ARS 221.0) in December 2017. The standards will apply from 1 January 2020, with most aspects having come into effect on 1 January 2019.

APRA indicated its intentions to make these revisions with industry bodies and interested stakeholders during 2019. The key changes include: extending the exemption for connecting counterparties involving government-related entities to economic interdependence relationships as well as control relationships, removing references to transition arrangements allowed until 31 December 2019, and updating references and website links. The revisions to APS 221 and ARS 221.0 will ensure the standards are up-to-date when they are fully in force.

The revised APS 221 and ARS 221.0 can be found on the APRA website at: <https://www.apra.gov.au/industries/1/standards>.

Along with the minor amendments to the standards APRA is publishing a second set of frequently asked questions (FAQs) aimed at helping ADIs implement APS 221 and ARS 221.0. The FAQs cover requirements relating to collateral exposures, the treatment of government and government-related exposures, connected counterparties and reporting of large exposures.

The FAQs can be found on the APRA website at: <https://www.apra.gov.au/frequently-asked-questions-faqs-large-exposures>.

If you have any queries regarding these amendments please contact your APRA supervisor in the first instance.

Yours sincerely

John Lonsdale
Deputy Chair