



13 December 2019

**TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS**

**UPDATE ON THE BANKING EXECUTIVE ACCOUNTABILITY REGIME (BEAR) –  
PRODUCT RESPONSIBILITY**

On 28 June 2019, APRA released for consultation a letter outlining APRA's approach to adding a product responsibility to the BEAR in accordance with recommendation 1.17 of the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* (the Royal Commission)<sup>1</sup>. The consultation letter set out APRA's intention to release a draft schedule for consultation in October 2019, and the final requirements in December 2019.

At this stage, APRA is reviewing its proposed approach to product responsibility. APRA will be giving careful consideration to the alignment of product responsibility with the timing and content of the Government's proposed extended accountability regime as recommended by the Royal Commission. APRA is therefore delaying the product responsibility consultation to allow for this proposal to be timed to align with the implementation of all relevant Royal Commission recommendations in order to maximise the effectiveness of the proposed BEAR product responsibility and minimise unnecessary cost for institutions<sup>2</sup>.

Accordingly, APRA will provide a further update on its revised approach to implementing product accountability in the first half of 2020.

Please contact your responsible supervisor if you have any queries regarding the above.

Yours sincerely,

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Executive Director  
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<sup>1</sup> *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* – recommendation 1.17 – After appropriate consultation, APRA should determine for the purposes of section 37BA(2)(b) of the Banking Act, a responsibility, within each ADI subject to the BEAR, for all steps in the design, delivery and maintenance of all products offered to customers by the ADI and any necessary remediation of customers in respect of any of those products.

<sup>2</sup> Recommendations 3.9, 4.12, 6.6, 6.7 and 6.8.