



General Manager  
Regulatory Affairs and Licensing  
Policy and Advice Division  
Australian Prudential Regulation Authority

28 April 2021

Dear Sir / Madam

## **R Financial Service Pty Ltd (RFS) – Submission on Information Paper - “ADIs: New entrants – a pathway to sustainability (Paper)”**

RFS welcomes the opportunity to engage and provide a submission on the above Information Paper, which outlines APRA’s revised approach to new entrants. While RFS is supportive of the majority of the proposed changes, we would like to submit for APRA’s consideration some comments and recommendations which are detailed below.

### **APRA’s Overall Approach**

RFS is supportive of APRA’s overall approach to new entrants. More specifically, the revision of the prudential and supervisory framework for new ADIs is an important consideration given the clear difference between new ADIs and established ADIs as described in the Paper. We consider the guidance provided on APRA’s expectations relating to the structure of capital instruments, ownership and legal structure improves clarity and transparency.

### **Product Launch**

RFS supports and understands the importance of APRA’s proposed pre-requisite to achieve both a ‘test launch’ and a ‘limited launch’ of both an income generating asset product and a deposit product during the RADl phase. RFS acknowledges that this ensures a greater chance of achieving financial sustainability, especially given recent events and observations in the market.

RFS seeks clarification on what is considered “shortly after authorisation” and recommends consideration be given to specifying a time frame by which the ‘full public launch’ must be achieved after the ADI status is achieved. We believe it will be appropriate to allow up to 90 days to finalise operational readiness and implement a go-to-market launch post ADI licensing. Providing clarity of the required timing will minimise uncertainties amongst the stakeholders and it reduces the risks and potential for cost and operational impacts created by having to estimate a launch timeline especially when the formal date of authorisation may not be clear during the RADl phase.

### **Exit Planning**

RFS is supportive of the requirement to develop a credible Exit Plan to ensure that the interests of deposit holders are protected in the scenario where an ADI is required to exit the market.



RFS recommends a revision to the timing for the development of the Exit Plan which is proposed as being required prior to RADI authorisation. The concern is that prior to the development of products and processes that occurs during RADI, there is insufficient information regarding the processes and systems that will be in place to allow for a meaningful plan to be established. RFS recommends that a limited and tailored Exit Plan be required prior to RADI authorisation with a full and credible Exit Plan be submitted and approved prior to accepting deposits as part of the limited launch. By which time, the processes and systems will be established and understood in a way that a meaningful Exit Plan could be developed.

## **Conclusion**

To summarise, RFS welcomes and is generally supportive of the revised Information Paper. The recommendations and feedback provided by RFS are intended to improve the transparency and efficiency of the process whilst not increasing the overall risk, safety and stability of the system.

We thank you for the opportunity to engage with APRA on the Information Paper and we hope this submission provides APRA with valuable insights from the perspective of an existing applicant.

Yours sincerely,



Board Chair  
R Financial Service Pty Ltd