



24 September 2021

APRA POLICY PRIORITIES: INTERIM UPDATE

In February 2021, APRA published its annual update on the prudential policy agenda. In response to industry feedback on specific policy consultations and in light of COVID-19, APRA has reprioritised the policy agenda for the remainder of the year.

This reprioritisation is intended to enable APRA-regulated entities to focus on implementing key policy reforms, as well as managing the impacts of COVID-19. For certain prudential standards, the effective dates have also been delayed, providing more time for planning and preparation before they come into force.

Policy Priorities in 2021

In the fourth quarter of 2021, APRA's policy priorities will centre on completing key reforms to strengthen financial resilience. The priorities will be:

- **Completing the bank capital reforms**, with three final standards for capital adequacy to be released in November 2021 and to apply from January 2023;
- **Consulting on reforms to the insurance capital framework** to reflect changes in the accounting standard AASB 17, update LAGIC and align PHI with other industries;
- **Consulting on new standards for financial contingency planning** and resolution, to be released in November 2021 for an extended consultation; and
- **Updating superannuation standards** for Insurance in super and Investment governance, ahead of a more comprehensive review of other key standards next year to ensure a sharper focus on the best financial interests duty.

APRA also plans to release final guidance on managing the financial risks of climate change and, in line with previous recommendations from the IMF FSAP and APRA Capability Review, an Information Paper setting out APRA's framework for the use of macroprudential policy tools.

Several other policy releases originally scheduled for this calendar year have been deferred to 2022, including standards for operational resilience, remuneration disclosure requirements, interest rate risk in the banking book and offshore reinsurance.

Next steps

An updated schedule of policy priorities for 2021 is outlined in Annex A, highlighting those that have been deferred to next year. In line with the normal annual cycle, APRA will provide a full update on the policy agenda for 2022-2023 early next year.

Yours sincerely,

Renée Roberts
Executive Director
Policy and Advice

ANNEX A. POLICY TIMELINES

The timelines below summarise the APRA policy priorities for the fourth quarter of 2021, and those that have been deferred to 2022. The tables do not include new policy development for 2022-23. APRA will publish a full update on policy priorities early next year.

Cross-industry

Standards and guides	Q4 2021	2022	Expected effective
Contingency planning and resolution	Consult	Finalise	2023
Operational resilience	Consult	Consult	2023 2024
Stress testing PPG	Consult	Consult	-
Climate risk PPG	Finalise		-
Governance (CPS 510)		Consult	2023 2024
Risk management (CPS 220)		Consult	2023 2024
Remuneration disclosure requirements (CPS 511)*	Finalised	Consult	2023
Fit and proper (CPS 520)		Consult	TBC
NOHC authorisation guidelines	Finalise	Finalise	-

* Note: Remuneration guidance (CPG 511) will be finalised in Q4 2021

Banking

Standards and guides	Q4 2021	2022	Expected effective
Overall approach to capital requirements (APS 110)	Finalise		2023
Standardised Approach to Credit Risk (APS 112)	Finalise		2023
Internal Ratings-based Approach to Credit Risk (APS 113)	Finalise		2023
Interest Rate Risk in the Banking Book (APS 117)	Finalise	Finalise	2023 2024
Disclosure requirements (APS 330)	Consult	Consult	2023 2024
Credit risk management (APS 220)	Finalise		TBC
Stored-value facilities	Consult	Consult and finalise	2023

Insurance

Standards and guides	Q4 2021	2022	Expected effective
AASB 17 and LAGIC updates	Consult	Finalise	2023
PHI Capital framework	Consult	Finalise	2023
Offshore reinsurers and LPS 117	Finalise	Finalise	2023

Superannuation

Standards and guides	Q4 2021	2022	Expected effective
Strategic Planning and Member Outcomes (SPS 515)		Consult	TBC
Insurance in Superannuation (SPS 250/SPG 250)	Finalise		2022
Investment Governance (SPS 530)	Finalise Consult	Finalise	TBC
Governance (SPS 510)* Risk Management (SPS 220) Conflicts of Interests (SPS 521)		Consult	TBC
Fit and Proper (SPS 520)		Consult	TBC

* Note: Audit (SPS 310) will be consulted on in Q4 2021