



12 April 2022

TO: ALL APRA-REGULATED INSTITUTIONS OTHER THAN PRIVATE HEALTH INSURERS

SUBSTITUTED COMPLIANCE FOR MARGIN REQUIREMENTS FOR NON-CENTRALLY CLEARED DERIVATIVES

In September 2019, APRA advised regulated entities of its plans to make a minor amendment to *Prudential Standard CPS 226 Margining and risk mitigation for non-centrally cleared derivatives* (CPS 226). APRA noted that it would add the UK's Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) to the list of foreign regulators in Attachment D of CPS 226, if APRA assessed that the UK regulators' new margining rules were equivalent to APRA's requirements.

APRA's assessment is that the PRA and FCA's new margin requirements are equivalent to those set out in CPS 226. APRA has added the UK's PRA and FCA to the list of foreign regulators whose margin requirements are eligible for substituted compliance with the margin requirements in CPS 226. This change will allow APRA-regulated entities to rely on UK rules when transacting with counterparties that are subject to the new UK margining rules.

A revised version of CPS 226, incorporating these amendments, has been released concurrently with this letter.¹ It will take effect on 18 April 2022 and can be found on APRA's website at [Substituted compliance for margin requirements for non-centrally cleared derivatives](#).

Yours sincerely,

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¹ A minor edit has also been made to Paragraph 72 of CPS 226, to clarify the existing cross-reference to *Prudential Standard APS 112 Capital Adequacy*.