

Attachment B: Key functions descriptions

Note: This document provides supporting detail on the ADI key functions, which are contained in the draft Regulator rules (Attachment A) and draft Transitional rules (Attachment C). The draft Regulator rules and draft Transitional rules are based on the Financial Accountability Regime Bill 2023 and Financial Accountability Regime (Consequential Amendments) Bill 2023 respectively, which were introduced into Parliament on 8 March 2023, and are currently before the Senate. This document will be reviewed if amendments to either of the two Bills occur before they are enacted, and those changes impact on the Regulator rules or Transitional rules, and subsequently the descriptions in this document.



ADI key functions descriptions

Column 1 Key function	Column 2 An accountable person holds the key function in Column 1 if they have primary conduct of, or key decision-making power in relation to, the overall development, maintenance, oversight, review or execution of one or more aspects of the relevant key function as described in this Column 2
1. Capital management	<ul style="list-style-type: none"> - Capital management function including the Internal Capital Adequacy Assessment Process, stress testing, capital buffers and capital instruments.
2. Collections and enforcement (default, debt collections, and recovery)	<ul style="list-style-type: none"> - Collections and enforcement policies, procedures and practices for the monitoring, collection and enforcement of debt relating to a financial product or service, credit contract or consumer lease.
3. Conduct risk management	<ul style="list-style-type: none"> - Management of conduct risk including the identification and monitoring of the risk of inappropriate, unethical or unlawful behaviour on the part of the accountable entity's management or employees.
4. Credit risk management	<ul style="list-style-type: none"> - Credit risk management function including: <ul style="list-style-type: none"> o evaluation of credit risk profile against board risk appetite and credit risk management strategy; o coverage of a broad range of aspects such as: <ul style="list-style-type: none"> ▪ credit risk policies and processes; ▪ credit origination, assessment and approval; ▪ credit administration, measurement and monitoring; and ▪ counterparty credit risk; and o coverage of all business lines including retail banking and business banking.

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5. Data management	<ul style="list-style-type: none"> - Data management including data strategy, data architecture, data management framework and governance, data quality and issue management, data risk management including the state of data controls and data privacy.
6. Financial and regulatory reporting	<ul style="list-style-type: none"> - Financial and regulatory reporting function including the preparation of statutory financial reporting, financial market disclosures (where relevant), and regulatory data collections, to relevant regulators including APRA and ASIC.
7. Financial services regulatory engagement	<ul style="list-style-type: none"> - Managing the entity's regulatory affairs with respect to the relationship with ASIC and APRA.
8. Hardship processes	<ul style="list-style-type: none"> - Hardship policies, procedures and practices for responding to and managing consumers experiencing financial difficulty (not limited to any specific remediation activity).
9. Liquidity and funding management	<ul style="list-style-type: none"> - Liquidity and funding operations including evaluation of liquidity and funding risk profile against board risk appetite, liquidity management strategy, funding strategy, liquidity reporting, funding plan and contingency funding plan.
10. Market risk management	<ul style="list-style-type: none"> - Market risk management function and its assurance, including evaluation of market risk profile against board risk appetite and market risk management strategy for the areas of: <ul style="list-style-type: none"> o traded and non-traded market risk; and o ensuring prudent valuations are reflected in pricing and capital.
11. Monitoring representatives and staff—financial or credit products/services.	<ul style="list-style-type: none"> - Monitoring staff and representatives (including authorised representatives and credit representatives) authorised to provide financial or credit products/ services on behalf of a licensee.

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12. Operational risk management	<ul style="list-style-type: none"> - Operational risk management including: <ul style="list-style-type: none"> o maintaining the operational risk management framework and operational risk management strategy; o identifying, assessing and managing operational risk and compliance; o state of operational risk controls; o evaluation of operational risk profile against board risk appetite; o business continuity; and o service provider risk management.
13. Product design and distribution obligations	<ul style="list-style-type: none"> - Oversight of the various activities involved in complying with the product design and distribution obligations. <p>Note: The product design and distribution obligations and product origination key functions are related but may be distinguished as follows—The product design and distribution obligations involve ongoing monitoring of products, and their design and distribution processes, throughout the lifecycle of the product; the product origination obligations are concerned with specific obligations at the time the consumer acquires the product.</p>
14. Product origination	<ul style="list-style-type: none"> - Oversight of product origination obligations that relate to financial products or credit contracts/consumer leases—including obligations relating to disclosure, contract formation, representations and responsible lending.
15. Recovery and exit planning and resolution planning	<ul style="list-style-type: none"> - Recovery and exit planning function, including governance arrangements, trigger frameworks, recovery and exit options, scenario analysis, assessment of recovery capacity, and communication strategy. - Resolution planning function, including assisting APRA in identifying any critical functions, assessing the feasibility of resolution options and removing barriers to the execution of a resolution plan.
16. Risk culture	<ul style="list-style-type: none"> - Establishing the approach used to define and evaluate risk culture including the structures and processes for measuring, analysing and reporting on risk culture and the mechanisms for identifying any desirable changes and assessing the progress to address those changes.

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17. Scam management	<ul style="list-style-type: none"> - Oversight of the entity's policies, procedures and practices designed to prevent and mitigate consumer loss from scams, and to respond to scams and consumers who have been the subject of scams.
18. Technology management	<ul style="list-style-type: none"> - Technology management including technology strategy, lifecycle management of technology used, state of technology controls, information security, disaster recovery, technology operations and infrastructure.
19. Training of relevant staff and representatives— financial products/services/credit activities	<ul style="list-style-type: none"> - Training of staff and representatives relevant to the provision of a financial service or engaging in a credit activity— including training on mandatory continuous education on a product/service.
20. Whistleblower policy and process	<ul style="list-style-type: none"> - Implementation and monitoring of the entity's whistleblower policy and processes.