



22 September 2023

Senior Manager
Data Collection Design and Management
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001
Australia

By email: [REDACTED]

Dear Senior Manager

Changes to Reporting Standard ARS 180 Capital Adequacy: Counterparty Credit Risk

The ABA welcomes the opportunity to respond to the consultation on APRA's proposed changes to Reporting Standard ARS 180.0 Counterparty Credit Risk.

The ABA is supportive of these changes as a component of APRA's move towards proportional regulation, as outlined in APRA's [Statement of Intent](#). However, the ABA believes that these changes could better reflect the nuanced approach required to adequately implement proportional regulation.

The ABA encourages APRA to consider a graduated approach to proportionate regulation, for example it may consider applying the risk tiering as outlined in '[Supervision Risk and Intensity Model Guide](#)' to reporting standards, such that banks that are allocated to tiers 2-3 report less frequently or with less intensity.

In the ABA's view, using this tiered approach better addresses the needs for proportionality. For these proposed changes, the reference to Significant Financial Institutions will capture all banks with assets in excess of AUD \$20 Billion and would limit the application of proportionality. The ABA would be happy to facilitate a discussion between APRA and member banks as to how proportionality could be applied in this instance.

These issues would be addressed through APRA adopting a consistent approach to proportional regulation, which, as noted above, in the ABA's view should be based on a supervisory risk tiering approach. The ABA looks forward to working with APRA with respect to implementing a consistent approach to proportional regulation. If you have any questions with respect to this letter, please do not hesitate to contact me at [REDACTED].

Kind regards

[REDACTED]
Craig Evans
Policy Director

About the ABA

The Australian Banking Association advocates for a strong, competitive and innovative banking industry that delivers excellent and equitable outcomes for customers. We promote and encourage policies that improve banking services for all Australians, through advocacy, research, policy expertise and thought leadership.