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Level 25, 1 Macquarie Place
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Friday 28th August 2026

General Manager
Policy and Frameworks
Policy and Advice Division
Australian Prudential Regulation Authority

Dear Sir / Madam,

RE: Governance Review Consultation Paper

This document sets out MUFG Bank, Ltd.'s (MUFG) response to APRA's consultation paper of proposed changes to its governance framework and fit and proper requirements, including the draft Prudential Standard CPS 510 Governance (draft CPS 510) and related definitional changes in Prudential Standard CPS 001 Defined terms (draft CPS 001).

MUFG is supportive of APRA's objective of strengthening governance outcomes while reducing unnecessary regulatory complexity and duplication. We particularly welcome APRA's efforts to consolidate governance, fit and proper and conflicts management requirements into a single prudential standard and to align the fit and proper framework more closely with the Financial Accountability Regime (FAR).

MUFG provided comments on these matters in its response to APRA's Governance Review Discussion Paper dated 6th June 2025 and as a foreign ADI, MUFG appreciates APRA's recognition that foreign branches have different governance structures, business models and legislative requirements from locally incorporate entities. MUFG also appreciates the inclusion of specific provisions for foreign ADIs in Part E of draft CPS 510 and the clarification of the role of the Senior Officer Outside Australia (SOOA).

After our review of the Governance Review Consultation Paper, we have set out below our comments which we wish to highlight in response to specific questions posed within the Consultation Paper, in addition to general comments specific to the draft CPS 510.

Please let us know if you have any questions in regard to our response.

Kind Regards,

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A member of MUFG, a global financial group

Question 3. Fit and proper streamlining and FAR alignment – Do the proposed changes appropriately reduce duplication, including the removal of routine reporting and the narrowing of the responsible person cohort? Are there any risks or unintended consequences APRA should consider?

Paragraph 81

MUFG would appreciate clarification on paragraph 81 of the draft CPS 510, as to whether a foreign ADI's annual validation of fitness and propriety process must have regard to directors' performance objectives and Board skills matrix. This includes confirmation if ADIs have to perform Board annual performance assessment. Aside from the *Part A – Board governance for locally incorporated regulated entities*, MUFG would appreciate the inclusion of whether the reference to 'Board' within these proposals, if foreign ADIs are to assume the same definition as noted in the current *APRA CPS 520 footnote [7] A reference to the Board in the case of a foreign ADI is a reference to the Senior Officer Outside Australia.*

Paragraphs 109-111

MUFG supports APRA's objectives of ensuring clear accountability for the sound and prudent management of a foreign ADI's Australian operations. However, MUFG seeks further clarification on the intended application of paragraphs 109-111 for foreign ADIs, particularly those with smaller-scale Australian operations and where the SOOA is based within the regional office outside Australia.

MUFG recognises the importance of retaining clear accountability with the SOOA. However, given the operating model of smaller foreign ADIs, MUFG considers that the SOOA may not necessarily be best placed to personally undertake all activities associated with the non-delegable responsibilities in paragraph 109. In practice, these responsibilities may be supported by, and operationally undertaken through, senior management in Australia, with the SOOA retaining appropriate oversight, challenge and accountability.

MUFG therefore requests that APRA consider whether the requirements in paragraph 109 should be interpreted as requiring the SOOA to personally perform each activity, or whether the SOOA may rely on the Senior Managers of the local operation of a foreign ADI to undertake relevant activities on the SOOA's behalf, provided that the SOOA retains ultimate oversight, effective challenge and accountability for the outcomes.

In particular, MUFG would welcome clarification in the future CPG 510 that the non-delegable responsibilities in paragraph 109 do not prevent the SOOA from relying on local senior managers and established regional or group governance frameworks to support the discharge of those responsibilities.

This clarification would provide greater flexibility for foreign ADIs to implement governance arrangements that are proportionate to the size, complexity and risk profile of their Australian operations, while maintaining clear accountability, and effective prudential oversight by the SOOA.

Question 6. Artificial intelligence governance – Do the draft CPS 510 requirements adequately support the oversight and use of AI and related technologies? Are there areas where additional expectations or guidance would assist?

MUFG supports APRA's principles-based and technology-neutral approach to governance under draft CPS 510. MUFG considers that the existing governance requirements are sufficiently broad to support oversight of emerging risks, including AI, without introducing technology-specific requirements that may become outdated.

If further guidance is considered necessary, MUFG supports principles-based guidance in CPG 510, rather than prescriptive AI-specific requirements. For foreign ADIs, any guidance should recognize that AI governance and related capabilities may be managed at a global or regional group level, where appropriate arrangements adequately address risks relevant to the Australian operations.

General Comments

Applicability of specific requirements of CPS 510

We note that APRA has indicated throughout the draft CPS 510, which paragraphs are applicable to the relevant regulated entities. We appreciate APRA also indicating at the beginning of specific paragraphs, which governing body or oversight function is responsible for meeting the requirement depending on the regulated entity type. To ensure consistency, if APRA could please ensure each respective paragraph clearly distinguishes which governing body or oversight function is responsible and which regulated entity it applies to. For example, we note paragraph 123 states *"The SOOA for a foreign ADI or Category C insurer, or Compliance Committee for an EFLIC…"*, however, paragraph 121 states *"Consistent with requirements in CPS 511, the SOOA or Compliance Committee, as relevant, must…"*.

We worry that for paragraph 121, it could be misinterpreted that for a foreign ADI for example, either the SOOA or a foreign ADI's Compliance Committee could be responsible for meeting the remuneration obligation requirements, whereas we understand that for a foreign ADI, the SOOA must meet the requirements and for an EFLIC, the Compliance Committee must meet the requirements set out in paragraph 121. Therefore, distinguishing between the governing body or oversight function and which regulated entity it is applicable to, would be greatly appreciated.