



20 April 2018

Manager  
Banking and Capital Markets Unit  
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By email: [bear@treasury.gov.au](mailto:bear@treasury.gov.au)

Attention: Patrick Mahony

### **Banking Executive Accountability Regime (Size of an Authorised Deposit-taking Institution) Determination 2018 – Exposure Draft**

The Australian Financial Markets Association (AFMA) is a member-driven and policy-focused industry body that represents participants in Australia's financial markets and providers of wholesale banking services. AFMA's membership reflects the spectrum of industry participants including banks, stockbrokers, dealers, market makers, market infrastructure providers and treasury corporations.

AFMA has been an active participant in the development of the BEAR regime. Approximately one third of our membership, including both domestic and foreign ADIs, will be subject to the regime. The majority of those members – that is, apart from the four large domestic banks - are small and medium ADIs who will be subject to the later 1 July 2019 commencement date.

Many of our members who are foreign ADIs are already subject to regimes similar to BEAR in other jurisdictions. They, along with the domestic institutions, understand and support the important role that enhanced responsibility and accountability plays in meeting community expectations about conduct and behaviour of both firms and individuals.

Small and medium ADIs, including global institutions, play an important role in Australian banking and financial markets in terms of competition, access to a range of financial services and products, and access to global markets. In order to ensure that small and medium ADIs continue to be well placed to attract and retain talent, compete, and offer a range of services of products, AFMA supports the Australian Banking Association's proposal that the lower threshold in section 5(3) of the Exposure Draft Determination should be lifted to \$30 billion, such that an ADI whose total resident assets value as of the threshold day for a financial year does not exceed the lower threshold (\$30 billion) as of the threshold day is a 'small ADI' for the duration of that financial year.

Consequently, a 'medium ADI' under the Determination would be an ADI whose total resident assets value as of the threshold day for a financial year exceeds the lower threshold (\$30 billion) and is less than the upper threshold (\$100 billion).

A 'large ADI' continues to be an ADI whose total resident assets value as of the threshold day for a financial year is or exceeds the upper threshold.

The proposed change to the lower threshold does not alter the significant accountability obligations of an ADI or accountable persons under the BEAR regime.

Please contact me on 02 9776 7997 or [tlyons@afma.com.au](mailto:tlyons@afma.com.au) if you have any queries about this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tracey Lyons', written in a cursive style.

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**Tracey Lyons**  
**Head of Policy**