

Friday 7 October 2022

Dear Sir / Madam,

RE: Financial Accountability Regime Minister Rules 2022

This document sets out MUFG Bank, Ltd.'s (MUFG) response to the Government's consultation on the Minister Rules for the Financial Accountability Regime (FAR) published on 12 September 2022.

MUFG welcomes the opportunity to comment on the FAR Ministerial Rules (the Rules). We have reviewed the Exposure draft and Explanatory Statement and are overall supportive of the Rules, however MUFG has set out the following comments.

The process for determining total asset size for Authorised Deposit-taking Institutions (ADIs) can be simplified by aligning with the Australian Prudential Regulation Authority's (APRA) definitions of Significant and Non-Significant Financial Institution (SFI and Non-SFI). ADIs that are not a foreign ADI, with total assets in excess of AUD \$20 billion are considered to be SFIs, and therefore subject to higher prudential requirements. APRA's intention in centralising the definition of SFIs was to differentiate prudential requirements between large and small regulated entities and ensure proportionality within the prudential framework.

The Explanatory Memorandum for the FAR Bill states: *"The FAR reduces the regulatory burden and compliance costs by only requiring accountable entities that meet the enhanced notification threshold to prepare and submit accountability maps and statements and to notify the Regulator of material changes to these documents. The Regulator may provide guidance on what constitutes material changes"*.

As a foreign ADI, the list of prescribed responsibilities is minimal in comparison to non-foreign ADIs, and the majority of foreign ADIs generally do not provide services to retail customers, therefore reducing the risk of significant and systemic consumer harms which FAR is intended to help mitigate. MUFG's view is that aligning the threshold for the enhanced notification requirements with the definition of SFI, would be consistent with the stated objective to reduce the regulatory burden and compliance costs.

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

Kind Regards,

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