



10 June 2021

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

By email: ADIpolicy@apra.gov.au

Dear Sir/Madam,

Consultation on proposed revisions to Prudential Standard APS 111 Capital Adequacy: Measurement of Capital

The Australian Financial Markets Association (AFMA) welcomes the opportunity to make comment on APRA's proposed revisions to APS 111, which APRA intends to introduce into force on 1 January 2022. AFMA's comments express the views of our foreign ADI membership and refer to revisions of the Application section of APS 111.

AFMA's Regulatory Reporting Committee members have noted that while APS 111 is generally not applicable to foreign ADIs, the draft revision of paragraph 3 of APS 111 indicates an exception where APRA is not satisfied that the foreign ADI is subject to capital adequacy standards in its home country that are comparable to the capital adequacy standards that apply in Australia to a locally-incorporated ADI.

The process by which satisfaction of the Applicability exemption is determined or demonstrated is unclear. Accordingly, it will be helpful if APRA would clarify whether it will independently make this determination, or whether the foreign ADI will need to demonstrate this and if so, the frequency of reporting required.

For more information, or if you have questions in relation to this letter, please contact me at mregan@afma.com.au

Yours sincerely

Murray Regan
Director Markets and Rates