

04 August 2026

Mr Peter Kohlhausen
Executive Director, Policy and Advice Division
Australian Prudential Regulation Authority
GPO Box 9836
Sydney NSW 2001



Via email: licensing@apra.gov.au
CC: policydevelopment@apra.gov.au and fab@apra.gov.au

Exemptions to Banking Act 1959 Section 66

Dear Mr Kohlhausen,

The Australian Financial Markets Association (**AFMA**) welcomes the Australian Prudential Regulation Authority's (**APRA**) update '[Finalising exemptions to section 66 of the Banking Act 1959](#)', released on 23 July.

In line with our 15 August 2025 and 4 May 2026 submissions, AFMA welcomes the broadening of the exempt entities covered by the updated instrument to the Banking Act 1959 Section 66 (**section 66**).

We note that APRA did not expand the activities covered by the instrument and "*that expanding the exempt activities would require subjecting the proposal to a separate and dedicated consultation process*"¹. We encourage APRA to prioritise this consultation. Expanding the products covered by the exemption would remove a barrier to foreign banks assisting Australian businesses, such as superannuation funds, wealth managers, EFT providers and other globally active Australian businesses.

Expedited consideration of this matter is also important given the recent changes to the foreign financial services provider licensing relief, which are due to take effect on 1 April 2027. As a result of the changes, such as the removal of the limited connection relief, foreign banks' services will increasingly be caught by section 66. As Treasury noted in the Explanatory Memorandum (*Treasury Laws Amendment (Genetic Testing Protections in Life Insurance and Other Measures) Bill 2025 – Parliament of Australia*), the FFSPs "provide investors with access to global investment opportunities and increase competition in Australian financial markets. In particular, access to foreign financial services providers enable investment diversification of Australia's significant retirement savings." While the new exemptions create a clear pathway for FFSPs to provide financial services to wholesale clients in Australia, entities (foreign or local) that include the word "bank" (or other restricted terms) in their name will continue to face the restrictions described above, perpetuating an uneven regulatory outcome, a less level playing field and decreased competition. Given the currently limited scope of products exempt from section 66, those foreign institutions with 'bank' in their name, may need to stop providing certain services to Australian clients.

¹ APRA (2026) [Finalising exemptions to section 66 of the Banking Act 1959](#), letter, 23 July

Finally, we note a facilitative approach that removes a barrier to banks assisting Australian businesses would align with the Australian Government's [Statement of Expectation](#).

AFMA is available to discuss the matters raised in this letter, and its previous submissions. Please feel free to contact me at brendonh@afma.com.au or 0411 281 562.

Regards,

A handwritten signature in black ink, appearing to read 'B. Harper', with a long, sweeping horizontal line extending to the right.

Brendon Harper
Head of Banks and Prudential

About AFMA and its members

The Australian Financial Markets Association is the peak industry body for Australia's financial markets industry – including the capital, credit, derivatives, foreign exchange, and other specialist markets. AFMA represents more than 140 industry participants from Australian and international banks, leading brokers, securities companies, government treasury corporations to asset managers, energy firms, carbon market participants, and industry service providers.

AFMA promotes efficiency, integrity, and professionalism in Australia's financial markets enabling the markets to continue to support the Australian economy, high skilled job markets and the energy transition.