**Exposure Draft Legislation Q&A – Financial Accountability Regime**

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# Timing

## When will the FAR legislation be introduced?

The FAR legislation is being prepared for introduction and passage in the 2021 Spring sittings of Parliament.

## When will the FAR commence for accountable entities?

Authorised deposit-taking institutions (ADIs) will be the first industry to be subject to the FAR as these entities will have existing mechanisms and processes in place from the Banking Executive Accountability Regime that provide a foundation for transition. For ADIs and their licensed non-operating holding companies (NOHCs), the FAR will apply from the later of 1 July 2022 or 6 months after the commencement of the FAR.

It is intended that the FAR will commence for insurers, their licensed NOHCs and registrable superannuation entity (RSE) licensees from the later of 1 July 2023 or 18 months after the commencement of the FAR.

# Enhanced notification threshold

## Who will determine the metrics used to determine enhanced compliance thresholds?

The Minister will have the power to set out the rules to determine the enhanced notification thresholds. Only enhanced compliance entities will be required to submit accountability maps and statement to APRA and ASIC.

The current proposed metric and thresholds are outlined in the table below.

| **Entity type** | **Metric used to determine enhanced notification threshold** |
| --- | --- |
| ADIs | Total assets > $10b |
| General insurers | Total assets > $2b |
| Life insurers | Total assets > $4b |
| Private health insurers | Total assets > $2b |
| RSE licensees | Total assets > $10b(This refers to combined total assets of all RSEs under the trusteeship of a given RSE licensee.) |

## What metric and thresholds are set for non-operating holding companies?

No metrics and thresholds will be specified for NOHCs. Please refer to the response to the next question regarding how licensed NOHCs will be classified.

## How will accountable entities within a corporate group be classified?

Where an accountable entity within a corporate group meets the enhanced notification threshold, all other accountable entities within that corporation group including any licensed NOHCs would need to comply with the enhanced notification obligations irrespective of whether they meet the enhanced notification threshold.

## Will the metric and thresholds change?

The Minister will have the power to change the metric and thresholds for the purposes of determining enhanced compliance. The metric and thresholds will be regularly reviewed for their appropriateness.

# Group obligations

## What are groups expected to submit in terms of accountability maps and statements?

Senior executives of corporate groups could hold multiple accountable person roles across multiple accountable entities within the same group. These accountable entities will be able to submit one accountability statement covering all the group executive's areas of responsibilities. Similarly, groups will be able to submit one accountability map that covers all accountable entities within the group.

# Transitional and consequential provisions

## When will the transitional and consequential provisions be consulted on?

Public consultation on the transitional and consequential provisions is expected to commence in August/September.

# Minister rules

## When will the Minister rules be consulted on?

Public consultation on the Minister rules in relation to the list of prescribed responsibilities and positions and the enhanced notification thresholds is expected to commence in September/October.