

Friday 21 October 2022

General Manager - Policy
Australian Prudential Regulation Authority

Dear Sir / Madam,

RE: Strengthening Operational Risk Management

This document sets out MUFG Bank, Ltd.'s (MUFG) response to APRA's consultation on the new cross-industry Prudential Standard CPS 230 Operational Risk Management (CPS 230), published on 28 July 2022.

Overall we are supportive of APRA introducing CPS 230 as it will further strengthen the management of operational risk, improve business continuity planning and enhance third-party risk management. The discussion paper and draft prudential standard provided great insight into the proposed new requirements and the amalgamation of CPS 231 and CPS 232 will ensure:

- greater efficiency in responding to operational risk events;
- continued delivery of critical operations during periods of disruption; and
- management of risks associated with the use of service providers.

Our biggest concern at present, is the short period of time that entities have to become operationally ready to be CPS 230 compliant. MUFG considers implementation on 1 January, 2024 to be considerably onerous. Whilst our industry interactions suggest that this is a common concern across the Australian banking industry, we suggest that there are additional challenges for a Foreign ADI, as we need to engage regional and global partners within MUFG to understand the regulatory requirements, provide support and facilitate various requirements.

MUFG is registered as a foreign ADI and as such we appreciate alignment of CPS 230 to other operational resilience standards which currently exist in other countries. MUFG has completed a gap analysis of the draft standard and are also working with our regional colleagues to ensure compliance by the commencement date, 1 January 2024.

In respect of the suite of applicable standards, we note the overlap between requirements across some standards. We are supportive and appreciative of APRA's plan to modernise Australia's prudential architecture. MUFG is committed to the Australian market and compliance with our regulatory obligations. We look forward



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to continued consultation with APRA both in respect of CPS 230 and changes to the prudential architecture, in support of a clearer, similar and more adaptable regulatory framework.

We note the proposed timeline and will ensure that any additional guidance and iterations of the standard that APRA releases are reviewed and we will continue to consult where appropriate.

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

Kind Regards,



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