



APRA



ASIC

**Financial Accountability Regime:**

**Superannuation webinar  
and Q&A**

17 September 2024

# Agenda

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- FAR guidance and support materials
- APRA Connect submission timeframes
- Preparing to submit FAR information in APRA Connect

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- Key functions
- Significant related entities (SREs)
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# FAR guidance and support materials



## Guidance materials

- [Information paper for accountable entities](#)
- [Accountability statement guidance and template](#) (for enhanced entities)
- [Letter](#) on preparing for commencement
- [FAR reporting form instruction guides](#)



## Regulator rules and ES

- [Response letter](#) to consultation
- [Amended Regulator rules](#) to include insurance and superannuation key functions
- [Explanatory Statement](#) accompanying the Regulator rules

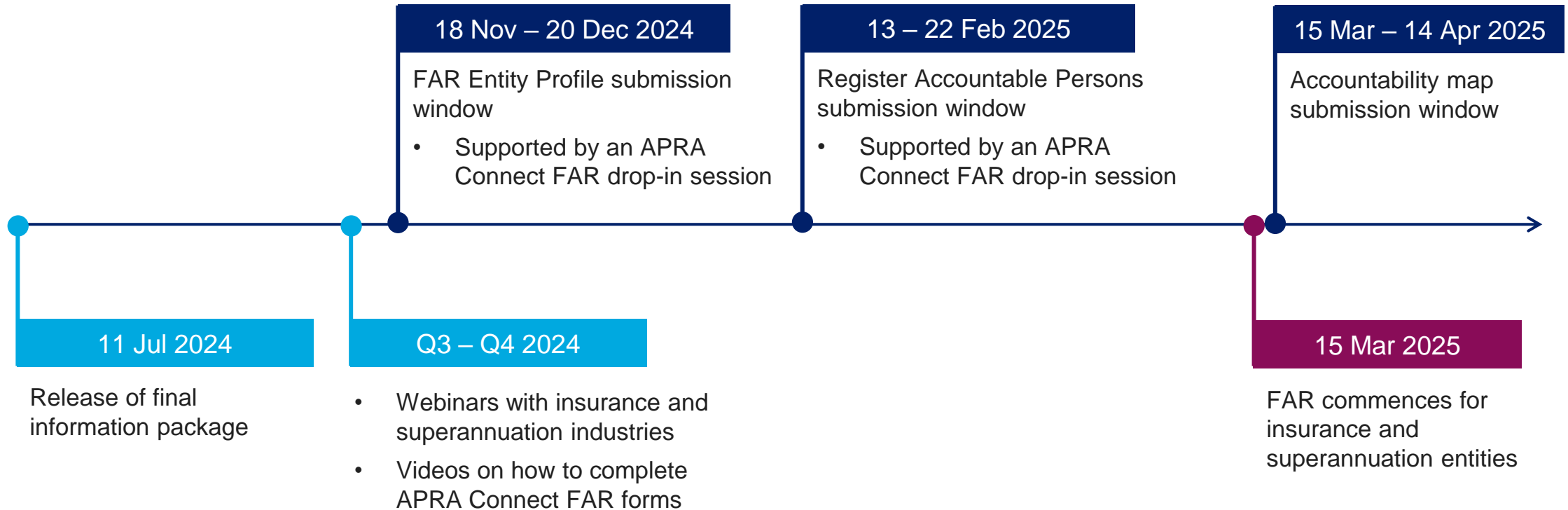


## Additional support materials

- [FAR implementation webpage](#) on APRA's website
- Industry webinar [recordings](#)
- [Video walkthroughs](#) of each FAR reporting form




# Path to FAR commencement

## Timeline



# FAR submissions in APRA Connect

## Activities and timeframes

APRA Connect FAR form	Submission period
 <h3 data-bbox="321 444 570 482">Entity profile</h3> <ul data-bbox="321 504 1870 629" style="list-style-type: none"><li>• <b>Core or enhanced</b> classification, based on the thresholds detailed in the FAR Minister rules</li><li>• <b>Sole or dual regulated</b></li><li>• Identify any <b>significant related entities</b> (SREs) of the accountable entity</li></ul>	18 November – 20 December 2024 (33 days)
 <h3 data-bbox="321 686 945 725">Register all accountable persons</h3> <ul data-bbox="321 746 1837 961" style="list-style-type: none"><li>• <b>Personal identification details, reporting lines</b></li><li>• <b>Responsibilities information</b> – general and/or prescribed responsibilities, key functions, responsibilities for SREs (if relevant)</li><li>• <b>Declaration</b> that the entity is satisfied the person is suitable to be an accountable person</li><li>• For <b>enhanced entities</b>, include the submission of the individual’s accountability statement</li></ul>	13 – 22 February 2025 (10 days)
 <h3 data-bbox="321 1036 690 1075">Accountability map</h3> <ul data-bbox="321 1096 1778 1222" style="list-style-type: none"><li>• Required from <b>enhanced entities</b> only</li><li>• Submit an accountability map that shows lines of reporting and responsibility within the enhanced entity or relevant group</li></ul>	15 March – 14 April 2025 (30 days)

# Preparing to submit FAR information in APRA Connect



## New APRA Connect roles

- Two new APRA Connect roles – ‘FAR Administrator’ and ‘FAR Breach Administrator’
- The Regulatory Reporting Administrator will receive an email around one week before 18 November 2024 with instructions on assigning these roles



## Order of submissions

1. Submit the accountable entity’s FAR Entity Profile form
2. Await receipt of an APRA Connect notification email, confirming your entity profile has been processed
3. FAR Register Accountable Person forms can then be created and lodged between 13 – 22 February 2025



## Formal submissions only

- The Regulators will not review any draft documentation
- For the registration and accountability map forms, do not select the checkbox ‘Submitting as a draft’



## Start dates in reporting forms

- For the initial submissions, the commencement date of accountable persons and the start dates required in the FAR forms should reflect the FAR commencement date of 15 March 2025 (historical start dates are not required)

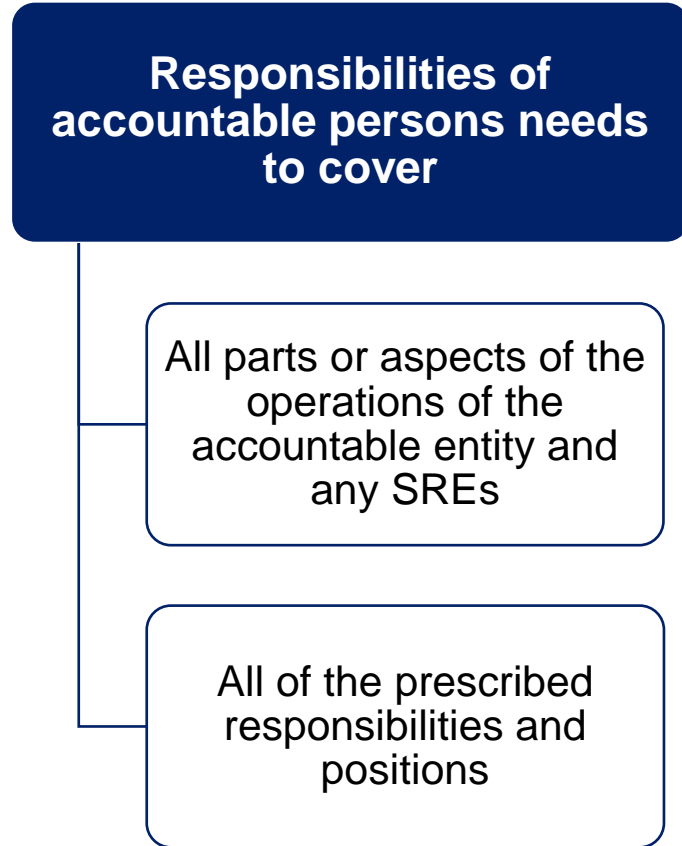




# **Practical insights & better practices**

# Accountability mapping

## Key personnel obligations



### Robust mapping processes

- To comply with key personnel obligations, entities should have robust processes to holistically map responsibilities, including robust change processes

### To cover all parts or aspects

- All parts or aspects of the operations are required to be rolled up to an accountable person(s)
- There should be no gaps in responsibilities

### To cover all prescribed responsibilities and positions

- All of the industry specific prescribed responsibilities and positions must be covered



# Prescribed and general responsibilities

Accountable entities must identify their accountable persons in terms of whether they hold one or more prescribed responsibilities/positions, general responsibilities, or both



## Prescribed responsibilities and positions

- Prescribed responsibilities are end-to-end responsibilities; joint accountability would apply if more than one accountable persons hold the same prescribed responsibility



## General responsibilities

- General responsibilities need to be identified for accountable persons of the accountable entity and each of its SREs
- Must consider whether accountable persons with prescribed responsibilities or positions also have general responsibilities



## Other considerations

- Maximise individual accountability; minimise joint responsibilities to the extent possible
- Over concentration or dilution of accountability
- Group vs entity executives

# Key functions

Each key function should be assigned to an accountable person(s) if the accountable entity conducts the activities

The list of key functions is prescribed in the Regulator rules as required information for the FAR register of accountable persons

## Assigning key functions to identified accountable persons

In complying with the key personnel obligations, accountabilities for a key function would ultimately rest with one/more accountable persons who have senior executive responsibility for the key function:

- × Not intended to create lower-level accountable persons who are performing the activities
- × End-to-end accountability not required – accountable persons may be responsible for a substantial part / aspect of a key function
- × The CRO, CEO, and the Head of IA should not be allocated all key functions
- × Non-executive directors and SOOAs who have no executive responsibilities should not have any key functions allocated

## Examples

The following accountable persons may be identified for the data management key function:



The accountable person with the overall and prescribed responsibility for IT



Accountable persons responsible for data management within their division or product line

Similar considerations may apply to technology, operational risk and scam management as examples.

# Significant related entities (SREs)

It is the obligation of an accountable entity to identify all of its SREs

## Identification of SREs

- The FAR recognises that poor behaviour by an SRE can damage the reputation of the accountable entity itself
- SRE of an RSE licensee is defined under subsection 12(3) of the FAR Act
- The key is to assess whether a related entity has or is likely to have a 'material and substantial effect' on the accountable entity
- Subsection 12(4) of the FAR Act defines the term 'material and substantial effect' and includes a list of financial and non-financial risk factors

## Accountable persons of SREs

- At least one accountable person must be identified for each SRE
- Accountable persons of SREs should be kept to the most senior executive level

Need to consider impact on the accountable entity's:



# Reasonable steps

Reasonable steps may vary from entity to entity and across accountable persons; each entity needs to assure itself that it has in place appropriate governance, safeguards and procedures to support taking reasonable steps

## Section 22 of the FAR Act:

Taking reasonable steps can include having:

- Appropriate governance, control and risk management
- Defined delegations
- Effective procedures for identifying and remediating problems
- Taking action in response to non-compliance

## Practical considerations to demonstrate reasonable steps by:

### Accountable entity



#### Frameworks

- Consider developing frameworks to support accountable persons (APs) in demonstrating reasonable steps, such as providing examples of tangible actions and documentation expectations

### Accountable persons



#### Distributed responsibilities

- FAR is a top-of-house regime – APs can consider formally cascading aspects of their responsibilities to their direct reports
- Appropriateness of delegations will depend on the complexity of the business



#### Demonstrated practices

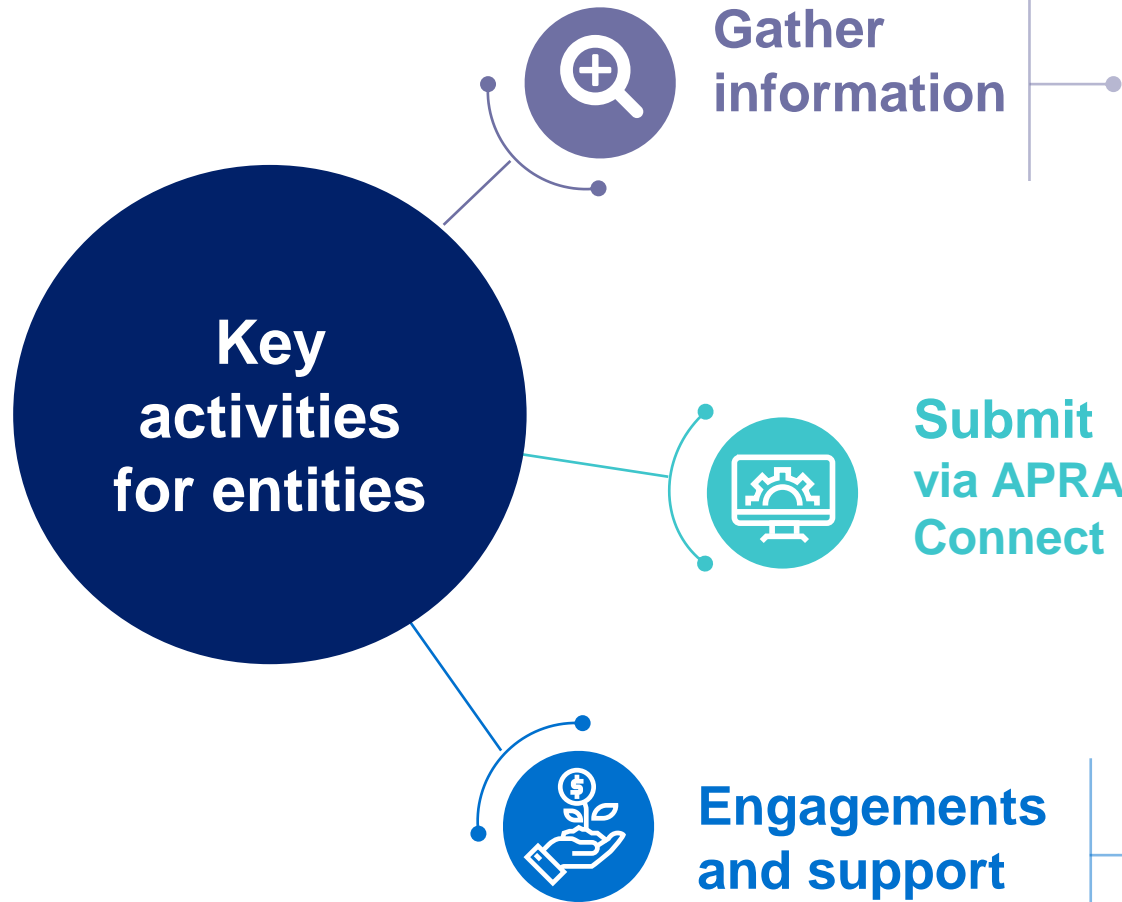
- APs can consider aligning their actions and records with the entity's expectations on reasonable steps
- There are likely to be variances in style across executive accountable persons





## Next steps

# Next steps



✓	Determine entity classifications – e.g. core or enhanced
✓	Identify SREs (if relevant)
✓	Identify accountable persons to be registered
✓	Allocate all prescribed responsibilities, then applicable key functions
✓	For enhanced entities, prepare statements and maps

✓	Assign APRA Connect FAR roles
✓	Submit entity profile data
✓	Submit registration forms for accountable persons and if relevant, statements and maps

✓	Watch videos on APRA Connect FAR forms
✓	Attend APRA Connect FAR drop-in sessions
✓	Direct queries to <a href="mailto:FAR@apra.gov.au">FAR@apra.gov.au</a>

**Thank you**