



WAYNE BYRES  
Chairman

OBPR ID 2016/20420

11 October 2016

Ms Tanja Cvijanovic  
First Assistant Secretary  
Regulatory Reform Division  
Department of the Prime Minister and Cabinet  
1 National Circuit  
BARTON ACT 2600

Email: [helpdesk-obpr@pmc.gov.au](mailto:helpdesk-obpr@pmc.gov.au)

Dear Ms Cvijanovic

**Regulation Impact Statement – final assessment second pass**

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for the Australian Prudential Regulation Authority's (APRA's) proposed requirements for margining and risk mitigation for non-centrally cleared derivatives (OBPR ID 20420). The regulatory burden to business, community organisations and/or individuals has been quantified and offsets have been identified and quantified using the Regulatory Burden Measurement framework. These have been agreed with your office.

I am satisfied that the RIS addresses the concerns raised in Mr Simovski's letter of 22 August 2016. Specifically, the RIS has been amended to more clearly define the problem in terms of how APRA will implement the internationally agreed reforms in a manner which minimises costs and maximises benefits for Australian firms. In addition, impact analysis has been refined, showing that the recommended options provide a clear net benefit and implement internationally consistent requirements at lowest cost to Australian market participants. Particular detail has been provided on the impact on small financial institutions, including the impact on their competitiveness. Key feedback received from stakeholders during public consultation has been summarised and was used to inform this final stage regulation impact statement.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the *Australian Government Guide to Regulation*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Byres'.