



Australian Government

Department of the Prime Minister and Cabinet Office of Best Practice Regulation

Reference: 22516

Telephone: 6271 6292

e-mail: Helpdesk-OBPR@pmc.gov.au

Mr Pat Brennan
Executive General Manager
Policy Advice Division
Australian Prudential Regulation Authority

Dear Mr Brennan

Certification of the review: Common Equity Tier 1 capital instruments for mutually owned ADIs

Thank you for your letter of 28 November 2017 certifying that the Australian Prudential Regulation Authority (APRA), through the public discussion paper, *Common Equity Tier 1 capital instruments for mutually owned ADIs*, undertook a review and analysis equivalent to a Regulation Impact Statement (RIS).

The Office of Best Practice Regulation (OBPR) acknowledges the certification. Under the Government's best practice regulation process, OBPR does not assess the adequacy of Independent reviews.

Therefore, APRA is compliant with the Government's requirements on the basis that:

- APRA's self-assessment is that the public discussion process has followed a similar process to that required for a RIS and has adequately addressed all seven RIS questions; and
- the regulatory costs have been agreed with the OBPR.

However, it is best practice that self-assessment and agreement to costs are provided to OBPR prior to a final decision. I note this did not occur and therefore APRA has not followed best practice.

OBPR will publish APRA's certification letter and final assessment of the review on the OBPR website. OBPR will also note on its website that APRA, while compliant, was not best practice.

Would you please forward a final copy of the final assessment in both word and pdf formats, which meet the Australian Government's *Web Content Accessibility Guidelines*.

Our reference number for this matter is 22516. If you have any queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Toyne'.

Chris Toyne
A/g Executive Director

18 December 2017