



JOHN LONSDALE

Deputy Chair

4 December 2019

OBPR ID: 22857

Mr Jason Lange
Executive Director
Office of Best Practice Regulation
Department of the Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk-obpr@pmc.gov.au

Dear Mr Lange,

CERTIFICATION OF INDEPENDENT REVIEW: STANDARDISED MEASUREMENT APPROACH FOR OPERATIONAL RISK FOR ADIs

I am writing to certify that APRA's development of its *Prudential Standard APS 115 Capital Adequacy: Standardised Measurement Approach for Operational Risk* for ADIs has undertaken a process and analysis equivalent to a Regulation Impact Statement (RIS).

I certify that the review has adequately addressed all seven RIS questions, and is submitted to the Office of Best Practice Regulation for the purposes of a final policy decision.

I note that the regulatory burden to business, community organisations or individuals has been quantified using the Australian Government's *Regulatory Burden Measurement* framework. These have been self-assessed by APRA and are set out in Table 1. A regulatory offset has not been identified. However, APRA is seeking to pursue net reductions in compliance costs and will work with affected stakeholders and across Government to identify regulatory burden reductions where appropriate.

Table 1 Estimate of regulatory burden

Annual regulatory costs, averaged over ten years (\$m)				
Change in costs	Business	Community organisations	Individuals	Total change in costs
Total, by sector	1.09	0	0	1.09

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Handley', followed by a period.

Attachment

APRA Discussion Paper: Revisions to the capital framework for ADIs, February 2018

APRA Response to submissions: APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk. (to be released December 2019)