

3 September 2024

Ms Joanna Abhayaratna
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Department of the Prime Minister and Cabinet
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Sydney

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OIA Ref: OIA23-05974

Dear Ms Abhayaratna

Prudential Standard APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book (Advanced ADIs) (APS 117) (January 2013)

I am writing to the Office of Impact Analysis (OIA) regarding APS 117 (January 2013) [F2012L02334](#). This instrument will sunset on 1 April 2025, but APRA has determined it is to be remade with one textual amendment to update a reference to the definitions standard.¹

The remaking of APS 117 (January 2013) is a transitional measure before the revised APS 117 commences on 1 October 2025.² There is a genuine need for ongoing regulation before the revised APS 117 (October 2025) commences. The revised APS 117 (October 2025) was originally earmarked for an earlier start date, however, was deferred to allow sufficient consultation and time for industry to implement the revised standard.

APRA intends to make and register the legislative instruments to make the transitional APS 117 (April 2025), and to subsequently revoke APS 117 (April 2025) and make APS 117 (October 2025), at the same time.

Within the context of APS 117 (January 2013) being remade without material amendment to operate for 6 months as a transitional measure, APRA certifies that it is currently operating effectively and efficiently, and therefore an Impact Analysis is not required. This assessment has been informed by a public consultation process which involved industry stakeholders. APRA received no submissions to the proposal.

I also note that the regulatory burden to people, business, or community organisations has been quantified using the Australian Government's Regulatory Burden Measurement framework. APRA's assessment is that extending APS 117 (January 2013) as an interim measure for six months does not add or reduce costs relative to business-as-usual.

¹ APS 117 (January 2013) refers to *Prudential Standard APS 001 Definitions* which will be revoked and replaced by *Prudential Standard CPS 001 Defined terms* on 1 October 2024 upon commencement of Banking, Insurance, Life Insurance and Health Insurance (prudential standard) determination No. 1 of 2024 [F2024L01053](#). The reference in APS 117 is included only as a note, as definitions in APS 001 and CPS 001 apply to APS 117 by operation of APS 001 and CPS 001 respectively.

² [APRA letter 8 July 2024: Finalisation of the revised APS 117 \(October 2025\)](#).

Average annual regulatory costs (from business as usual)

Change in costs (\$ million)	Business	Community organisations	People	Total change in costs
Total, by sector	\$0	\$0	\$0	\$0

I acknowledge that OIA will publish this letter for transparency purposes.

Yours sincerely



John Lonsdale
APRA Chair