

# Embrace the BEAR Banking Executive Accountability Regime

BEAR in mind about accountability and governance – it is due to commence on 1 July 2019 for medium and small Authorised Deposit-taking Institutions (ADIs).

In February 2018, the Banking Executive Accountability Regime (BEAR) was enacted in Australia to establish clear accountability obligations for Authorised Deposit-taking Institutions (ADIs) and their directors and senior executives. It is also to ensure that clear consequences in the event of a material failure to comply with the BEAR requirements are clearly articulated.

At its core, BEAR requires ADIs and ADI subsidiaries to develop a robust accountability framework and formally communicate to APRA the specific accountabilities of their key executives and directors ("accountable persons").



## Accountability obligations

- ADIs are required to take reasonable steps to discharge specific accountability obligations established by BEAR
- Each accountable person is required to act and discharge his or her accountability obligations set out by the BEAR accordingly.



## Accountable persons

- Suitable accountable persons are to be identified and nominated in accordance with the BEAR
- An individual is required to be registered with APRA prior to commencing duties as an "accountable person".

**BEAR requires ADIs and ADI subsidiaries to develop a robust accountability framework**



## Accountability statements & accountability map

- An ADI is required to provide APRA with an **Accountability Statement** for each accountable person which details the aspects of the ADI's operation for which the accountable person is accountable for
- An ADI is required to provide APRA with an **Accountability Map** illustrating how collectively the responsibilities of accountable persons cover all aspects of operations of the ADI or ADI group.



## Remuneration

- ADIs are required to defer a prescribed minimum proportion of an accountable person's variable remuneration for a minimum of **four years**
- An ADI's remuneration policy must allow for meaningful downward adjustment should an accountable person fail to comply with his or her accountability obligations.



## Notification obligations

- An ADI is required to provide APRA with an updated accountability statement or accountability map within **14 days** after **any change**
- ADIs must notify APRA within **14 days** in the event of an individual ceasing to be an accountable person and a potential or confirmed breach of accountability obligations by the ADI or an accountable person.



## Disqualifications and civil penalties

- Don't poke the BEAR ...
- Serious breaches of accountability obligations may result in disqualification of an accountable person and civil penalties if an ADI breaches its obligations under the BEAR.



## How we can help

### Prepare & Set-up

- Understand current environment and business processes
- Undertake a gap analysis of current environment and practises against the new BEAR requirements
- In collaboration with your management, devise a project plan to address identified gaps
- Assist organisation and management in transitioning smoothly to the new regime
- Assist in initiating an implementation project and provide support in project management throughout preparation, implementation and post-implementation.

### Implementation

- Assist organisation in identifying and appointing appropriate accountable persons based on legislation and APRA registration requirement
- Provide support and advisory services in development of accountability statements and accountability map
- Develop an organisational accountability framework and governance structure that complement the BEAR
- Provide advisory services in project management and conduct post-implementation review.

## Ongoing compliance & continuous improvement

- Design and deliver training to key personnel on the accountability regime and their roles and responsibilities in ensuring ongoing compliance
- conduct internal audits and periodic reviews of organisation's accountability framework and provide reasonable assurance that an ADI is in compliance with the BEAR
- Make recommendations to management to continuously improve the ADI's accountability framework so as to minimise the risks of non-compliance and breaches of accountability obligations by both ADIs and accountable persons.



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**Take the lead**