

Article Information

Authors: Lisa-Marie McKechnie, Kathy Neilson, Kerry Jacobs, Wendy Gao
Service: Corporate & Commercial, Corporate Governance
Sector: Financial Services

FAR-GO!!!! The Financial Accountability Regime finally passes in Parliament

On 5 September 2023, the Financial Accountability Regime Bill 2023 (Bill) was finally passed by both Houses of Parliament, meaning that the long-awaited Financial Accountability Regime (FAR) is poised to become Australian law. The Bill passed by the Senate was the third legislative attempt to create a FAR since the first iteration of the Bill was introduced into Parliament in 2021.

The FAR replaces the existing Banking Executive Accountability Regime (BEAR) and establishes a FAR to expand on and strengthen BEAR-like accountability requirements across the financial services sector. To this end, the FAR imposes four core sets of obligations upon all entities regulated by the Australian Prudential Regulation Authority—superannuation funds, insurers and banks—with respect to accountability, notification, key personnel and deferred remuneration.

Under the FAR, an accountable entity's non-compliance with the regime attracts a maximum civil penalty of the greater of 50,000 penalty units (\$15.65 million), an amount equal to three times the benefit derived or detriment avoided from the contravention (where this can be determined) and 10% of the annual turnover of the entity (up to 2.5 million penalty units (\$782.5 million)).

The FAR will apply to banks six months after the Bill receives Royal Assent and to superannuation funds and insurers 18 months after the Bill receives Royal Assent. Royal Assent of the Bill by the Governor-General is the final step required for the Bill to officially become an Act of Parliament and therefore a law of Australia.

For a recap of the key requirements of the new regime and its implications for superannuation funds, insurers and banks, see our previous Insights article: [The Financial Accountability Regime - The Kill\(ed\) Bill Vol.3: Staying alert in the face of inevitable impending change](#).