

Commonwealth Bank of Australia and Ors application for authorisation AA1000640

We refer to your notice dated 1 May 2023 and provide a summary of our commentary on the request for authorisation to establish a voluntary industry-wide program for assurance reviews of the compliance systems and standards of participating mortgage aggregators (the Aggregator Assurance Program).

We are supportive of the request for authorisation and note the following:

- Regular reviews of mortgage aggregator and broker groups are a very important mechanism to provide assurance to lenders with respect to all items listed in section 2.11 of the application.
- These reviews are generally conducted by each lender on each aggregator relationship, at various intervals across the mortgage industry.
- Mortgage brokers currently facilitate approximately 70% of all residential home loans in Australia. The mortgage broking industry supports increased competition amongst Australian lenders and the sustainability of the industry is vital to ensure this competition continues to benefit the public. We believe this proposal will support the strengthening of competition in the third party home loan space.
- The Joint Venture has been established with our knowledge, in order to provide Australian lenders with aggregator and broker relationships the option to participate in the Aggregator Assurance Program (“AAP”).
- Participation in the AAP is proposed to be voluntary. The cost of the program is proposed to be determined by the independent Assurance Service Provider (ASP) and this cost is proposed to be divided equally amongst lender participants. On this element of the request, we would like to highlight the proposal to equally share the cost of the AAP may be cost prohibitive to smaller lenders. In this case, each lender would make a decision as to whether the benefits of participating in the AAP outweigh a potentially disproportionate cost allocation. Notwithstanding this, we see no public detriment that would result due to a lender choosing not to participate in the program as it would always have the option of continuing to perform its own reviews of aggregator and broker groups. To that end, we note and are supportive of the Contractual Freedom clause 2.5 (d) noted in the Joint



Venture Deed.

- No surplus profit or gain is intended to be made from the operation of the Project or to be distributed to any Party.
- We are of the view the AAP can derive the core public benefits listed in Section 2.9 of the application.

