



Our ref: AA1000640

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19 July 2023

By email

Dear Michael

Re: Commonwealth Bank of Australia and Ors application for authorisation AA1000640 – Request for further information

Thank you for providing the Applicants' response to interested party submissions. We are currently in the process of preparing the draft determination and interim authorisation decision and we would like to better understand some aspects of the Applicants' proposed Aggregator Assurance Program.

Please see below for our questions relating to the application for authorisation. We hope to be able to progress your application to the draft determination and interim authorisation stage within 3-4 weeks of receiving your response. However, please note that we may have further questions based on the responses to the below and further assessment.

1. Participation of Opt-In Lenders

- a. In relation to the Review Cycles of aggregator systems, our understanding from the UJV Agreement is that:
 - the Deep Dive Reviews of aggregators' systems will take place every 24 months from as soon as practicable after the date the UJV Agreement is executed (unless otherwise determined by the Operating Committee)
 - the first Targeted Reviews will be offered and conducted in the financial year following the financial year where the first Deep Dive Reviews were conducted, and every 24 months thereafter (unless otherwise determined by the Operating Committee)
 - AAP Lenders will be provided the opportunity to opt-in to the relevant review, and thereby be an Opt-In Lender participating in the review cycle, 6 months ahead of when it will occur (whether a Deep Dive or Targeted Review), where the ASP will give the AAP Lender notice of the ASP Engagement Terms (as defined at clause 1.5(b) of the AAP Lender Deed).

Could you please confirm whether our understanding of the review cycles is correct? If not, please provide details.

- b. What, if any, ability will there be for an AAP lender who was not an Opt-In Lender who participated in the review cycle with respect to a particular aggregator to subsequently have access to assurance review of that aggregator? For example, a lender who was not an AAP Lender at the time of the review but subsequently joined the Program or a lender who was an AAP Lender at the time but did not require an assurance review of the aggregator at the time

it was conducted (i.e. they were not dealing with that aggregator at the time but subsequently decide to do so). Is it the case that these lenders would not have the opportunity to access assurance reviews of the particular aggregator conducted under the Program until the next review cycle, which in the case of a Deep Dive Review, may not be for up to 24 months?

- c. We note the UJV Agreement specifies that 'The intention of the Parties is that the opportunity to join the Project and procure Reviews under the AAP will be open to any mortgage lender in Australia' (clause 4.1). We also note that the 'Unanimous Consent of the Operating Committee is required for any decision relating to [...] the participation by, removal or suspension of an AAP Lender from the Project' (clause 10.3). Could you please provide further information regarding the basis which the Operating Committee will make the decision relating to the participation by an AAP Lender (joining in the first instance and/or removal or suspension)?

2. Aggregator assurance standards

We note 'that the genesis of this Program was borne out of addressing the recommendations in the Royal Commission Report' and that Schedule 3 of the application outlines the relevant compliance expectations and requirements applicable to aggregators and brokers. We are seeking further information about the current standards aggregators must meet and the goals of the program:

- a. Could you please provide more information about the current 'baseline level of oversight' of aggregators' operational controls and compliance environment? For example, are there currently clear, uniform minimum standards aggregators' systems must meet?
- b. If not already addressed above, please provide further detail on how the proposed Aggregator Assurance Program will aim to directly address outcomes and regulations borne out of the Royal Commission, including any minimum standards required under the relevant prudential standards/regulations.

Next steps

We would appreciate if you could provide a response to the above by **2 August 2023**. If you have any concerns with this timeframe or questions on the information requested, please let us know.

This letter, and your response, will be placed on the ACCC's public register subject to any request for exclusion. Please see the ACCC's publication [Guidelines for excluding information from the public register](#).

Yours sincerely



Gavin Jones
Director
Competition Exemptions