

Philip Chronican
Group CEO

Level 3, 700 Bourke Street
Docklands, VIC 3008
Australia



7 November 2019

Mr Tim Wilson MP
Chair of the Standing Committee on Economics
House of Representatives
Parliament House
Canberra ACT 2600

By email: economics.reps@aph.gov.au

Dear Mr Wilson

ROYAL COMMISSION IMPLEMENTATION: SUBMISSION TO HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

Thank you for the opportunity to update you on National Australia Bank's progress regarding the recommendations made by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

We welcome the Government's comprehensive response to the report and will work closely with the Government as it continues to implement the recommendations. We will implement the relevant recommendations and have devoted substantial time, effort and resources to enacting change.

We have progressed a number of the recommendations. In some cases, enhancements were made before the Final Report was published. We are focussed on reform that delivers improved customer outcomes and builds trust with customers and the community. Our progress includes:

- ceasing charging default interest to farmers in drought declared areas, and extending this to customers in areas affected by other natural disasters;
- changing our definition of a Small Business, and extending protections to Small Businesses with less than \$5 million in total business lending, beyond the requirements of the Banking Code of Practice;
- providing support to agricultural customers experiencing distress through various measures, including providing financial support for customers attending Farm Debt Mediation (FDM), and implementing measures for a national FDM scheme;
- launching a Customer Support Hub for customers experiencing vulnerability and financial abuse, and implementing an Indigenous Customer Service Telephone Line to improve access for Aboriginal and Torres Strait Islander customers, particularly those living in remote areas;
- removing grandfathered commissions on MLC Wealth superannuation and investment products for NAB Financial Planning employed advisers; and
- implementing the Retail Banking related Sedgwick review recommendations ahead of schedule.

I look forward to answering any questions you have when I and Chief Financial Officer, Gary Lennon, appear before the committee on 15 November.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Philip Chronican".

Philip Chronican
Group Chief Executive Officer
National Australia Bank

Attachment: Royal Commission - Implementation update

KEY

Complete	Actions that NAB has completed in accordance with the intent of the recommendation.	5
In progress – including those pending legislation, or regulatory or industry guidance	Recommendations that NAB has: <ul style="list-style-type: none"> completed to the extent possible, pending further guidance; or commenced work on and / or is involved in consultation on (noting some are in the very early stages); or commenced work on, but that do not require definitive future legislative, or regulatory or industry action. 	34
No action required by NAB (including awaiting future reviews)	The recommendation applies, or may apply to or impact NAB, however no action is currently required. This is because the recommendations: <ul style="list-style-type: none"> are directed at other industry participants, including Industry Associations and Regulators, that require them to take action; or does not require or result in action to be taken by NAB; or are due to be reviewed in the future. 	29
Not applicable to NAB	The recommendation does not apply to NAB.	8

BANKING

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
1.1	Amendment of National Consumer Credit Protection Act	Complete – No action required	No action required by NAB	NAB agrees with the recommendation that the National Consumer Credit Protection Act (NCCP Act) should not be amended to alter the obligation to assess unsuitability. There is currently no action required by NAB.
1.2	Mortgage Brokers Best Interest Duty	End 2020	In progress – Pending legislation or regulatory or industry guidance	NAB believes Mortgage Brokers must always act in the best interest of the intending borrower. NAB is actively participating in the development of this legislative change through its membership of the Combined Industry Forum (CIF). NAB also submitted its own response to the Government’s consultation on 4 October 2019.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
1.3	Mortgage Broker Remuneration	End 2019	In progress – Pending legislation or regulatory or industry guidance	<p>NAB is actively participating in the development of these reforms through its membership in the CIF. NAB supports the Government’s response to broker remuneration and submitted its own response to the Government’s consultation on 4 October 2019.</p> <p>NAB has taken the following actions:</p> <ul style="list-style-type: none"> • From November 2018, NAB has paid upfront commission based on drawn down amount and net of offset, which assists to ensure that brokers are not remunerated for credit that consumers potentially may not need. • From January 2019, NAB has not paid, and its aggregators have not received or accepted from NAB, volume-based payments. • NAB applies standard commercial practice for clawback to be no more than two years.
1.4	Treasury-led working group	Review to be undertaken 2022	No action required by NAB – Review in 2022	NAB supports the Government's plan for the Council of Financial Regulators and the Australian Competition and Consumer Commission (ACCC) to conduct a review of changes to mortgage broking remuneration and the operation of trail and upfront commissions in 2022.
1.5	Mortgage Brokers as Financial Advisers	Review to be undertaken 2022	No action required by NAB – Review in 2022	NAB notes the Government's plan for the Council of Financial Regulators and the ACCC to conduct a review of changes to mortgage broking remuneration and the operation of trail and upfront commissions in 2022.
1.6	Mortgage Broker Misconduct	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	<p>NAB agrees with the recommendation. NAB is actively participating in the consultation process for the development of this legislative change through its membership with the CIF. NAB is also implementing the following activities that align to the governance framework proposed by the CIF:</p> <ul style="list-style-type: none"> • Defining Key Risk Indicators, which would act as triggers/flags for potential poor customer outcomes. • Annual reviews of individual aggregator and broker governance framework, currently in progress through a third party audit firm.
1.7	Removal of Point of Sale Exemption	30 June 2020	Not applicable to NAB	NAB agrees with the recommendation. NAB does not offer the product or service.
1.8	Access to Banking Services	March 2020	In progress – Pending legislation or regulatory or industry guidance	<p>NAB agrees with the recommendation and supports these amendments to the Banking Code of Practice (the Code), and has actively worked with the Australian Banking Association (ABA), and the industry more generally, to adopt these recommendations. NAB intends to be compliant with any new requirements that will commence on 1 March 2020.</p> <p>Furthermore, NAB has launched a dedicated Indigenous Customer Service Line to help Indigenous customers living in remote areas better access financial services, and a Customer Support Hub to better support customers experiencing vulnerabilities.</p> <p>NAB’s basic bank accounts have no monthly account keeping fees, no overdrawn fees, and no dishonour fees, as defined by the Code, for all customers.</p>

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
1.9	No extension of the NCCP Act to small businesses	Complete – No action required	No action required by NAB	NAB agrees with the recommendation. There is currently no action required by NAB.
1.10	Definition of “Small Business”	N/A	Complete	The ABA decided not to amend the Code. Notwithstanding this, NAB has extended the protections of the Code to small businesses with less than \$5 million in total business lending.
1.11	Farm Debt Mediation Scheme	Awaiting guidance	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. As Australia’s largest agri-lender, NAB has been a long-time supporter of Farm Debt Mediation (FDM) schemes. NAB supports a national FDM scheme, and has implemented measures in preparation for it, based on the NSW FDM agreements which NAB considers to be the best state-based scheme. From November 2018, NAB also adopted the cooling off process, and offers financial support to customers attending farm debt mediation to ensure that they can have their advisers present during mediation.
1.12	Land Valuations	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB has implemented changes to ensure that land valuations are conducted independently from our loan origination, processing and decision processes. NAB also supports APRA updating its standard APS220 to reflect the recommendation. NAB is currently awaiting release of the finalised standard, anticipated to commence 1 July 2020.
1.13	Charging default interest	March 2020	Complete	NAB agrees with the recommendation. Since July 2018, NAB has ceased charging default interest to drought impacted farmers when they are in default (this has now been extended to customers impacted by other natural disasters, beginning with the recent 2019 Queensland floods). NAB recently reduced its default interest margin to 1% on business loans and overdrafts for our small and medium business customers. NAB is currently reviewing the application of default interest on a number of business lending products for our business customers.
1.14	Distressed Agriculture Loan Management	End 2019	Complete	NAB supports this recommendation for dealing with distressed loans. NAB has a specialist agri-banking unit within its Strategic Business Services team. NAB only appoints receivers as a last resort. As noted in our response to recommendation 1.11, NAB offers financial support to customers attending farm debt mediations (recommendation 1.11). Default interest is not charged when an assessment determines that there is no realistic prospect of recovery.
1.15	Enforceable Code Provisions	30 June 2020	No action required by NAB	NAB agrees with the recommendation. There is currently no action required by NAB. NAB will proactively work with the ABA and participate in consultations with Treasury and ASIC to implement changes.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
1.16	2019 Banking Code	30 June 2020	No action required by NAB	NAB agrees with the recommendation. NAB implemented the current Code in line with its 1 July 2019 timeline and will proactively work with the ABA to implement any changes to the Code necessary to reflect this recommendation.
1.17	BEAR - Product Accountabilities	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	<p>NAB responded to APRA's consultation paper on 30 August 2019, supporting the aims and objectives of this recommendation.</p> <p>Currently at NAB, specific Accountable Persons are responsible for each stage of product design, delivery and maintenance and any necessary remediation of customers in respect of those products. These Accountable Persons are also supported by a number of governance and risk forums that act as coordination points for end-to-end product-related activities.</p> <p>Rather than a single Accountable Person being responsible for end-to-end product accountability, NAB proposed to APRA an alternative approach whereby a particular responsibility under section 37BA(2)(b) of the Banking Act 1959 be established for the coordination and governance of all steps in end-to-end product management (but not for the actual performance of every individual step).</p> <p>NAB will address this recommendation, in consultation with APRA, as part of regulatory change management processes.</p>

FINANCIAL ADVICE

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
2.1	Annual renewal and payment	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. By 1 April 2020, NAB Financial Planning (NAB FP) employed advisers will no longer have Ongoing Fee Arrangements (OFA), meaning that all clients will soon be on 12-month contracts that record in writing the services the client will be entitled to receive and the fees that are to be charged. NAB has also announced its intention to support a transition to annual fee agreements for self-employed advisers; ahead of legislation requiring this. NAB is aiming to commence implementation in the first half 2020.
2.2	Disclosure of lack of independence	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB supports improved disclosure in this area to ensure that all clients and potential clients understand whether or not the financial adviser they are dealing with is ‘independent’ and if not, why not. As an issuer of financial products, we have updated our Financial Services Guides for our NAB FP and Advice Partnerships Licensees in line with this recommendation.
2.3	Review of measures to improve the quality of advice	Review to be undertaken 2022	No action required – Review in 2022	NAB agrees with the recommendation and supports the need for a Review in 2022. No action currently required by NAB.
2.4	Grandfathered Commissions	December 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB has removed grandfathered commissions on MLC Wealth superannuation and investment products for NAB Financial Planning employed advisers.
2.5	Life risk insurance commissions	ASIC review in 2021	No action required by NAB – Review in 2021	NAB agrees with the Life Insurance Framework (LIF) reforms and the planned review at the conclusion of the LIF transition period in 2021. There is no action currently required by NAB.
2.6	General insurance and consumer credit insurance commissions	Review to be undertaken in 2022	No action required by NAB – Review in 2022	NAB supports the review of general insurance and consumer credit insurance commissions in 2022 and will work with Government and industry in relation to any legislative change. There is no action currently required by NAB.
2.7	Reference checking and information sharing	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. MLC Wealth has signed up to the ABA reference checking protocol as part of ongoing operations. NAB will monitor the legislative changes and action as necessary.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
2.8	Reporting compliance concerns	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB already reports individual adviser cases of ‘serious compliance concerns’ to ASIC. And therefore NAB supports the transition to reporting on a quarterly basis and would be comfortable reporting on that cadence when legislative change occurs.
2.9	Misconduct by financial advisers	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB has an investigation and remediation policy and operating procedure in place that aligns with this recommendation.
2.10	A new disciplinary system	December 2020 From 1 January 2020 a Code of Ethics will be applied by law, and the New Financial Adviser Disciplinary System is due to be established in early 2021.	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB is reviewing its current licensee standards and work is underway to uplift as required.

SUPERANNUATION

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
3.1	Trustee – “No other role or office”	30 June 2020	Complete	NAB agrees with the recommendation. NULIS, as the superannuation trustee, does not believe there are any further actions required. NAB will monitor the legislation to be implemented in 2020 to clarify any changes that may relate to entities and individuals. Clarity is required on the words “other than those arising from or in the course of its performance of the duties of a trustee”, as to how this will be implemented and to what extent the change will relate to entities and individuals.
3.2	No deduction of fees from MySuper accounts	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB supports strengthened controls over the deductions of advice fees from super accounts and fees for service in general. NAB will work with Treasury and the industry on the detail for implementation, noting the importance of all customers being able to access advice, if they choose, and receive best possible outcomes.
3.3	Limitations on deducting advice fees from choice accounts	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation and will work with Industry and Government in relation to this legislative change. NAB has enhanced superannuation product disclosure statements to provide greater transparency on how Adviser Service Fees (ASF) are charged, alternative payment options and how they can be turned off. NAB has also engaged an independent third party to conduct a review of controls focusing on ASF in super.
3.4	Hawking of Superannuation products	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation and does not proactively sell superannuation products within branches or by cold calling customers. NAB will monitor the legislation to be implemented in 2020 to clarify any changes that may be required.
3.5	Single Default Superannuation Accounts	Awaiting the government’s response to the Productivity Commission Report.	No action required by NAB	NAB agrees with the recommendation. There is no action currently required by NAB.
3.6	Treating of Employers	Implemented in April 2019	In progress	NAB agrees with the recommendation. NAB is reviewing and testing relevant controls to ensure they continue to be adequate to address this recommendation. Updates will be made to standard operating procedures and control documentation where required to ensure that controls are embedded within the business to maintain ongoing compliance.
3.7	Civil Penalties	Implemented in April 2019	No action required by NAB	NAB agrees with the recommendation. There is currently no action required by NAB.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
3.8	APRA and ASIC responsibilities	30 June 2020	No action required by NAB	NAB agrees with the recommendation. There is currently no action required by NAB.
3.9	Extension of BEAR regime to Superannuation	December 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB will consult with APRA to clarify how this will be implemented to ensure that the provisions take into account the specific duties and obligations of wealth entities.

INSURANCE

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
4.1	No hawking of insurance	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. The ABA has convened an industry Working Group to inform Treasury on this recommendation. Our next steps will depend on the outcome of the consultation, and clarification of the definitions of “hawking” and “unsolicited”. NAB considers an insurance product directly related to a banking product should be discussed with a customer during the customer inquiry and that discussion should not be considered to be hawking (e.g. APRA requires mortgage customers to hold building insurance (APG223)).
4.2	Removing the exemptions for funeral expenses policies	December 2019	Not applicable to NAB	NAB agrees with the recommendation. NAB does not sell funeral expenses insurance.
4.3	Deferred sales model for add-on insurance	30 June 2020	In progress – Pending legislation or regulatory or industry guidance	In relation to Consumer Credit Insurance / debt insurance and travel insurance, NAB has implemented a referral model that complies with the intent of this recommendation and related regulatory guidance (e.g. ASIC REP 622, Banking Code of Practice). NAB supports the proposal to exempt comprehensive motor insurance from a deferred sales model, and believes this exemption should extend to certain other general insurance products (in particular: home, contents, third party motor insurance, caravan and trailer insurances). Mandating a deferral period for these products could place customers at significant financial risk, specifically with regards to ‘wheeled assets’.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
4.4	Cap on commissions and Add-on insurance sold by motor vehicle dealers	30 June 2020	Not applicable to NAB	NAB agrees with the recommendation. However, the recommendation is not applicable to NAB as it does not sell add-on insurance products through vehicle dealers.
4.5	Duty to take reasonable care not to make a misrepresentation to an insurer	30 June 2020	Not applicable to NAB	NAB agrees with the recommendation. Although not an insurer, NAB agrees with the intent of proposed measures that protect customers and will achieve fairer insurance outcomes.
4.6	Avoidance of life insurance contracts	30 June 2020	Not applicable to NAB	NAB agrees with the recommendation. Although not an insurer, NAB agrees with the intent of proposed measures that protect customers and will achieve fairer insurance outcomes.
4.7	Application of unfair contract terms provisions to insurance contracts	30 June 2020	Not applicable to NAB	NAB agrees with the recommendation. Although not an insurer, NAB agrees with the intent of proposed measures that protect customers and will achieve fairer insurance outcomes.
4.8	Removal of claims handling exemption	30 June 2020	Not applicable to NAB	NAB agrees with the recommendation. Although not an insurer, NAB agrees with the intent of proposed measures that protect customers and will achieve fairer insurance outcomes.
4.9	Enforceable code provisions	30 June 2021	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NULIS, the superannuation trustee, has agreed to adopt the Insurance Voluntary Code of Practice (Code). A Code Transition Plan has been developed to deliver compliance by July 2021.
4.10	Extension of Sanctions Powers	Awaiting guidance	No action required by NAB	NAB agrees with this recommendation. Currently no action required by NAB.
4.11	Co-operation with AFCA	Complete	Complete	NAB agrees with the recommendation and will work constructively with AFCA. NAB will make available to AFCA all appropriate relevant documents and records relating to issues in dispute.
4.12	Accountability regime	December 2020	Not applicable to NAB	NAB agrees with the recommendation. Although not an insurer, NAB agrees with the intent of proposed measures that protect customers and will achieve fairer insurance outcomes.
4.13	Universal terms review	Awaiting guidance	In progress	NAB supports measures that will ensure members defaulted into MySuper have a minimum level of insurance and that “like for like” comparisons can be made between products. The industry is currently awaiting Government’s response to the consultation paper: <i>Universal Terms for Insurance within MySuper</i> .

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
4.14	Additional scrutiny for related party engagements	Throughout 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB will review any future amendments to Superannuation Prudential Standard (SPS) 250 and determine actions required to address any new obligations. As part of the Trustee Insurance Management Framework (IMF) and to meet compliance with SPS 250 an independent review of the insurance arrangements with the Trustee’s major insurance provider was completed in 2019.
4.15	Status attribution to be fair and reasonable	Throughout 2020	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. NAB will review any future amendments to Superannuation Prudential Standard (SPS) 250 and determine actions required to address any new obligations.

CULTURE, GOVERNANCE AND REMUNERATION

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
5.1	Supervision of remuneration – principles, standards and guidance	Awaiting guidance	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. APRA released proposed new Prudential Standard CPS 511 that will address this recommendation. NAB participated in the consultation, having contributed to an industry response to the proposed revisions and also submitted its own response.
5.2	Supervision of remuneration – aims	Awaiting guidance	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. APRA released proposed new Prudential Standard CPS 511 that will address this recommendation. NAB participated in the consultation, having contributed to an industry response to the proposed revisions and also submitted its own response. NAB has commenced the design of a new Employee Conduct Management Framework. This will allow the NAB Board (and Remuneration Committee) to discharge prudential oversight obligations in relation to misconduct. The framework will also make it simpler for leaders to manage conduct issues and reward customer-centricity. NAB is currently targeting implementation in mid-2020.
5.3	Revised prudential standards and guidance	Awaiting guidance	In progress – Pending legislation or regulatory or industry guidance	NAB agrees with the recommendation. APRA released proposed new Prudential Standard CPS 511 that will address this recommendation. NAB participated in the consultation, having contributed to an industry response to the proposed revisions and also submitted its own response. In addition to our new Employee Conduct Management Framework (refer to response for recommendation 5.2), NAB is evolving its Performance and Reward Strategy to facilitate a more data driven approach and enable the NAB Board to test effectiveness of remuneration practices across the Bank, monitor the effectiveness of the framework changes (including Sedgwick Review recommendations) and to support the desired culture of the bank.
5.4	Remuneration of front line staff	Awaiting guidance	In progress	NAB agrees with the recommendation and has in place a process for reviewing remuneration frameworks, systems and practices annually to ensure they drive intended outcomes and the right values and behaviours. Following any review, the outcomes are reported to NAB's Remuneration Committee. A review was undertaken in FY18 which has resulted in the following changes in FY19: <ul style="list-style-type: none"> • revisiting the goal setting approach to focus on both financial and non-financial goals; • removing forced performance distribution because it was driving the wrong behaviour; • enhancing risk assessment; • empowering leaders on reward decisions; and • increasing governance and reporting.
5.5	The Sedgwick Review	March 2020	In progress	NAB agrees with the recommendation. NAB has completed 13 of the 21 Sedgwick Review recommendations, with 3 not relevant to NAB and the remaining 5 in progress and on track for completion by October 2020.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
5.6	Culture and governance	Ongoing	In progress	<p>NAB agrees with the recommendation. NAB assesses elements of culture on an annual basis through targeted questions asked in its Employee Engagement Survey and, from 1 January 2019, through a monthly culture index. NAB's Self-Assessment submitted to APRA in November 2018 also identified a number of cultural inhibitors that we are addressing.</p> <p>NAB has recently introduced a quarterly culture dashboard to provide the Executive Leadership Team and Board with visibility of progress against NAB's culture change agenda and has commenced work on assessing culture at more localised levels, including an approach to dealing with issues and measures to determine whether those have been effective.</p> <p>NAB's Executive Leadership Team and Board agreed 3 key culture priority areas which have been shared with all of NAB to engage employees and leaders to actively contribute and embed changes required to realise NAB's desired culture. NAB has deployed and is in the process of rolling out a one-day program for all people leaders to set the role and expectations of our leaders as the curators of culture. Bi-monthly forums have also been implemented to provide a simple way for all people leaders to hear from senior leaders about priority issues to ensure consistency and enable them to lead effectively.</p>
5.7	Supervision of culture and governance	End 2019	In progress – Pending legislation or regulatory or industry guidance	<p>NAB agrees with the recommendation. NAB is awaiting confirmation of APRA's enhanced regulatory and supervisory approach, expected to be published by the end of 2019.</p> <p>NAB has reviewed its Executive Remuneration Framework. Since FY18, NAB has incorporated a greater focus on non-financial risk management and driving sustainable performance which aligns with the bank's values and behaviours. NAB has also established a Group Non-Financial Risk Committee which is responsible for strengthening the management and oversight of operational risk and compliance risk (including conduct and prudential-based regulatory risks).</p>

REGULATORS

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
6.1	Retain twin peaks	Completed – No action required	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.
6.2	ASIC's approach to enforcement	N/A	No action required by NAB	NAB agrees with the recommendation. No action currently required by NAB.
6.3	General principles for co-regulation	30 June 2020	No action required by NAB	NAB agrees with the recommendation. No action currently required by NAB.
6.4	ASIC as conduct regulator	30 June 2020	No action required by NAB	NAB agrees with the recommendation. No action currently required by NAB.
6.5	APRA to retain functions	30 June 2020	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.
6.6	Joint administration of the BEAR	Dec 2020	No action currently required	NAB agrees with the recommendation. NAB is awaiting confirmation of statutory amendments to determine if any action is required.
6.7	Statutory amendments	Dec 2020	No action required by NAB	NAB agrees with the recommendation. NAB always endeavours to deal with APRA, ASIC and other regulators in an open, constructive and co-operative way.
6.8	Extending the BEAR	Dec 2020	No action required by NAB	NAB agrees with the recommendation. No action is currently required by NAB.
6.9	Statutory obligation to co-operate	30 June 2020	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.
6.10	Co-operation memorandum	Dec 2019	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.
6.11	Formalising meeting procedure	30 June 2020	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.
6.12	Application of the BEAR to regulators	End 2019	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.
6.13	Regular capability reviews	N/A	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
6.14	A new oversight authority	30 June 2020	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.

OTHER RECOMMENDATIONS

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
7.1	Compensation scheme of last resort	End 2020	In progress – Pending legislation, regulatory or industry guidance	NAB agrees with the recommendation. NAB is awaiting AFCA to commence formal consultation. NAB will work with AFCA on the design of the scheme to ensure its effective implementation.
7.2	Implementation of recommendations	30 June 2020	In progress – Pending legislation, regulatory or industry guidance	<p>NAB agrees with the recommendation. A number of changes have been and are being delivered through NAB’s Governance Risk and Transformation Program, including the following changes relating to Regulatory Events Management:</p> <ul style="list-style-type: none"> • A specialist Regulatory Events team has been created within Group Compliance to review and challenge all potentially significant breaches; • Additional resources have been introduced to support timely and quality identification, investigation and remediation of Regulatory Events; • Accountabilities for the management of Regulatory Events have been clarified, with targeted training provided to key people; • Enhanced governance introduced supporting the assessment and reporting of breaches to regulators; and • Enhanced Management and Board reporting on Regulatory Events Performance. <p>In addition to the above, the following changes are in progress:</p> <ul style="list-style-type: none"> • New workflow and Governance Risk & Compliance systems are being delivered, that include covering regulatory events management; • Enhanced data capability being introduced to support the proactive identification and investigation of regulatory events; and • Thematic reviews into the significant breach portfolio are being completed, with outcomes and insights being reported to Executive Risk Committees.
7.3	Exceptions and qualifications	N/A	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.

Rec	Topic	Government Implementation Roadmap	NAB status	NAB Response
7.4	Fundamental norms	N/A	No action required by NAB	NAB agrees with the recommendation. No action required by NAB.