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MEDIA RELEASE
Friday, 24 October 2025

AICD welcomes revised governance proposals

The Australian Institute of Company Directors (AICD) has welcomed APRA's updated governance proposals released today, which reflect a sensible response following extensive consultation.

We commend the depth and constructive nature of APRA's consultation and its commitment to listen to industry feedback, including from directors of APRA regulated entities.

We support APRA's decision to revise its proposals in four key areas particularly on issues of board tenure and group independence, which AICD strongly argued could have resulted in unintended outcomes and risked regulatory overreach.

The goal must be a strong financial services sector that remains internationally competitive with highly targeted regulation. We believe APRA's revised approach represents better governance outcomes for the sector and will help support the highest standards.

Financial services is a crucial sector and serves as a case-study in how regulation has accumulated over time. We want to see a roadmap to reduce the 150 board-level obligations that APRA imposes, so that more time is spent on productivity and innovation.

The move from a hard 10-year limit on board tenure to 12-years is positive. It will be necessary, however, to build in sufficient flexibility to allow for unexpected events or developments where it's appropriate for the chair and senior directors to continue in their roles, such as during a significant acquisition.

Group independence is a major concern for boards of some of the country's largest prudentially regulated entities with intra-group structures. While APRA will not proceed with the proposal to serious limit the ability of directors to serve across multiple group boards, we will need to review the revised proposal to fully understand the implications.

While we believe it is good practice to engage with APRA, we strongly support the move away from a prudential requirement for engagement on potential board and senior executive appointments. APRA's proposal would have resulted in the regulator having a de facto approval right over senior executive and director appointments, undermining the role of the board and denying individuals due process.

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We look forward to continuing to engage constructively with APRA on this important policy development process.

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The Australian Institute of Company Directors (AICD) is a not-for-profit organisation committed to strengthening society through world-class governance. A trusted voice in national policy creation and rollout, the AICD advocates for, informs and empowers those leading, influencing and shaping the future of contemporary governance. Its flagship Company Directors Course™ has been the gold standard in practical, real-world governance education for over 50 years - equipping leaders across all sectors with the skills and confidence to navigate complex boardroom challenges and lead their organisations with impact. The AICD is also home to the world's largest community of professionals committed to better governance for a better future. To learn more, visit aicd.com.au