



Introduction

This quarterly publication provides a comprehensive summary of the most recent financial reporting advancements from local and international standard setters together with insightful analysis of emerging business risks, assisting finance leaders navigate the ever evolving landscape of corporate risk and reporting.

This edition reflects an environment of intensified regulatory scrutiny and expanding reporting expectations. We cover key financial reporting developments, including new guidance on disclosure of estimation uncertainty, emerging standards affecting regulated industries, and ASIC's continued focus on non lodgement and reporting quality. Sustainability reporting remains front and centre, with updates on ASIC's approach to relief applications, new educational modules to support entities preparing for climate reporting, extended modified liability settings, and practical guidance on lodging sustainability reports.

Finally, we turn to governance and compliance, covering key reforms affecting payroll and superannuation, rising expectations around ethical decision-making at board level, and proposed changes to director identification numbers and managed investment scheme oversight.



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Financial reporting

AASB issues new standard on uncertainties

The Australian Accounting Standards Board has issued AASB 2026-1, adding new illustrative examples of disclosures about uncertainties in estimating the recoverable amounts of assets. Decommissioning and restoration liabilities are also covered.

The standard accompanies AASB136 *Impairment of Assets* and AASB137 *Provisions, Contingent Liabilities and Contingent Assets*, showing:

- AASB 136 – How entities disclose information about the key assumptions used to determine the recoverable amounts of assets, and
- AASB 137 – How entities might disclose information about plant decommissioning and site-restoration obligations even if their effect on the carrying amount of decommissioning and site-restoration provisions are immaterial.

AASB 2026-1 applies to annual periods beginning on or after 1 July 2025 that end on or after 28 February. The examples can be considered when preparing financial statements for the 2025-26 financial year.

The International Accounting Standards Board has added new examples to four standards – IFRS 7 *Financial Instruments: Disclosures*, IFRS 18 *Presentation and Disclosure in Financial Statements*, IAS 1 *Presentation of Financial Statements*, and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

These new examples were not included in AASB 2026-1. They are available on the AASB website, via the IASB's *Support Materials* page.

New regulatory standard on the way

New standard IFRS 20 *Regulatory Assets and Regulatory Liabilities* helps to fill a gap in financial reporting.

It requires a company subject to a specific type of rate regulation to provide information about its regulatory assets, liabilities, income, and expense. The information is aimed at helping investors to understand specific effects of the ruling on a company's financial performance and position.

This new standard is expected to affect companies mainly in industries such as utilities, energy, and transportation.

IFRS 20 is expected to be issued in the second quarter of 2026 and will be effective for annual reporting periods beginning on or after 1 January 2029. It will replace IFRS 14 *Regulatory Deferral Accounts*.

ASIC fines companies for reporting breaches

Three public companies have been fined a combined \$1,170,000 for failing to meet their obligations as public companies.

As a public company, each is required by law to provide financial reports to the Australian Securities & Investments Commission and report to its members, among other obligations. Reporting requirements help shareholders and those dealing with these businesses to make informed decisions and support the integrity of Australia's financial system.

The fines are part of ASIC's 2026 enforcement focus on non-lodgement of financial reports.

ASIC commissioner Kate O'Rourke said: 'Large proprietary companies are legally obliged to provide financial reports to ensure that creditors and others dealing with these businesses can make informed decisions.'

'ASIC reminds the directors of large proprietary companies and other entities with financial-reporting obligations that they need to proactively review their reporting obligations and ensure financial reports are lodged in a timely manner.'

'We also remind auditors of these entities to notify ASIC if they are aware or suspect that a company is not complying with its lodgement obligations.'

'In line with our 2026 enforcement priority and our wider work, ASIC remains focused on improving compliance by companies and other entities with financial-reporting obligations.'

ASIC fines 12 companies more than \$2 million for failures to lodge

Twelve large proprietary companies have paid fines totalling more than \$2 million for failing to lodge financial reports on time.

The Australian Securities & Investments Commission fined each of the companies a minimum of \$187,800 for infringements over the absence for FY24 reports. The companies have paid the fines. Notices were issued as a result of a three-month surveillance in which ASIC focused on non-lodgement by large proprietary companies.

ASIC commissioner Kate O'Rourke said: 'Large proprietary companies are legally obliged to provide financial reports to ensure that those dealing with these businesses can make informed decisions.'

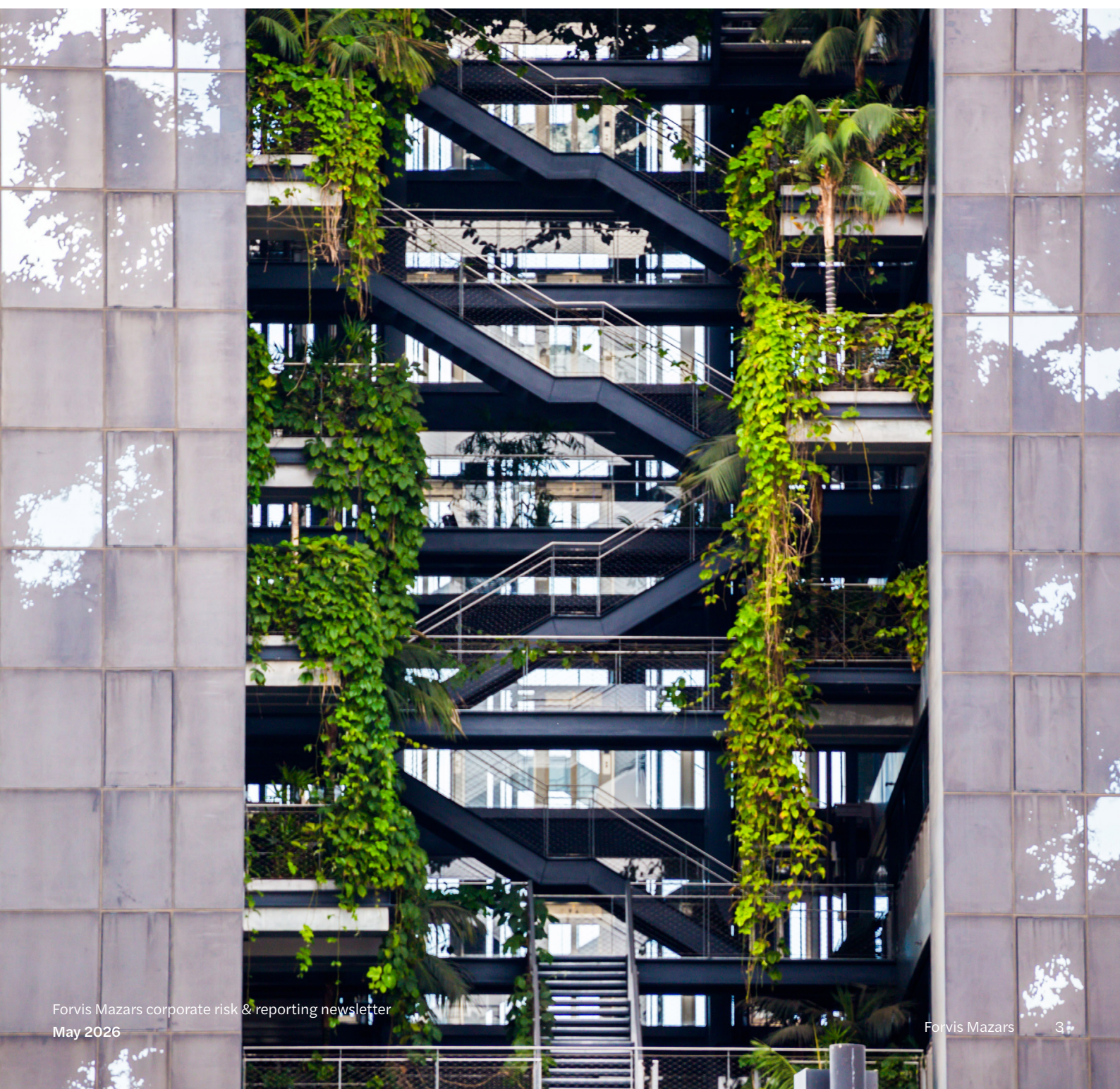
'ASIC calls on the directors of large proprietary companies and other entities with financial-reporting obligations to proactively review their obligations and ensure financial reports are lodged in a timely manner.'

Financial reporting

'We also remind auditors of these entities to notify ASIC if they are aware or suspect that a company is not complying with its lodgement obligations.'

ASIC remains focussed on improving compliance by companies and other entities with financial-reporting obligations. Financial reports play a vital role assisting creditors and other users of the reports in making informed decisions when dealing with large companies.

The commission is this year monitoring closely compliance with the reporting obligations of large proprietary companies and other entities.



Sustainability reporting

Use form 398 to report sustainability online

ASIC's form 398 *Copy of sustainability report and auditor's report* is available for companies lodging sustainability reports online through a company office-holder, registered agent, and auditor portals.

The form must be completed and lodged together with a sustainability report (and the accompanying auditor's report) for each financial year.

Companies should ensure that they lodge their annual financial reports (and the accompanying auditor's report) as well as the directors' report for the financial year using form 388.

Listed entities relying on *ASIC Corporations (Electronic Lodgement of Financial and Sustainability Reports) Instrument 2016/18* may alternatively lodge annual reports electronically with the relevant market operator (that is, ASX, NSX, or SSX).

Entities that are not required to prepare a sustainability report under Chapter 2M of the *Corporations Act* can also use Form 398 to lodge with ASIC:

- A sustainability report prepared as a condition of, or to obtain the benefit of, an exemption granted by ASIC under sections 340 or 341 of the *Corporations Act*, or
- A sustainability report prepared on a voluntary basis – for example, to meet investor expectations.
- Sustainability reports lodged with ASIC will be available on the public register at *ASIC Connect* using a company-name search under *Organisations & Business Names*.

ASIC knocks back sustainability-reporting relief

ASIC has updated *Sustainability reporting and audit relief decisions register* with three new entries.

The commission made several in-principle decisions to refuse relief to entities seeking it for the following reasons:

Four entities of a corporate group sought relief for one of the entities to prepare a sustainability report that includes the other three entities for the financial year ended 31 December 2025. The commission was not satisfied that compliance would impose unreasonable burdens on the four entities. Allowing consolidated sustainability reporting would conflict with the connected information requirements under *AASB 2 Climate-related disclosure*. In addition, the entities' proposal to artificially consolidate without control did not meet the requirements for preparing consolidated financial reports under *AASB 10 Consolidated financial statements*.

Three entities sought relief on the basis that their parent, an Australian partnership, would prepare a consolidated

sustainability report for the Australian corporate group for the financial year ended 31 December 2025. The commission was not satisfied that compliance would impose unreasonable burdens on the three entities. Allowing the partnership parent to prepare a consolidated sustainability report would also be inconsistent with the connected information requirements in *AASB S2*. In addition, the partnership was not a legal entity and could not be a parent under Australian Accounting Standards.

An entity sought relief from preparing sustainability reports for the financial year ended 31 December 2025. The commission was not satisfied that compliance would impose an unreasonable burden. The entity could have avoided administrative costs and complexity by preparing a consolidated sustainability report but chose instead to defer under section 292A(2) of the *Corporations Act 2001*.

ASIC encourages prospective applicants to review the register before submitting a relief application. The register provides valuable insight into the factors the commission considers as well as any conditions that may be imposed.

Applicants considering applying for relief are urged to begin the application process *before* the applicable statutory deadline. ASIC's powers to grant relief are prospective. The commission has no power to grant retrospective relief.

It will not remedy any past breaches of the *Corporations Act*.

For further information see information sheet 82 *Apply for relief* to find out how to apply for relief. For ASIC's general approach to granting relief, see regulatory guides 51 *Applications for relief and 280 Sustainability reporting*.



Sustainability reporting

New modules help companies understand sustainability reporting

ASIC has released its first set of educational materials to help smaller companies understand the basic concepts underpinning Australia's new sustainability-reporting requirements.

PDF versions of eight modules may be found on its web page [Educational modules | ASIC](#):

- Module 1 sets out how stakeholders should engage with the materials and introduces the basics of the new sustainability reporting requirements in the Corporations Act
- Module 2 covers the basics of climate change
- Module 3 covers climate-related physical risks and how they may affect an entity
- Module 4 focuses on explaining climate-related transition risks and how they may affect an entity
- Module 5 introduces climate-related opportunities and shows how they may apply to an entity through practical examples
- Module 6 introduces emissions accounting and provides foundational knowledge on scope 1, 2 and 3 greenhouse-gas emissions
- Module 7 focuses on the process of climate-related scenario analysis, and
- Module 8 provides an overview of how entities might integrate climate risks and opportunities into governance and risk management.

ASIC has just released two digital modules that are primarily aimed at Group 2 and 3 entities which are not yet subject to sustainability-reporting demands but are expected to satisfy them from financial years beginning on or after 1 July.

Module 1 sets out how stakeholders should engage with the materials and introduces the basics of the act's requirements.

Module 2 covers the basics of climate change and module 3 covers climate-related physical risks.

ASIC will release five more modules in coming months.

Modified liability settings extended

With the passage of *Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Act 2025* temporary modified-liability settings apply to certain types of statements ('protected statements') in sustainability reports and auditor's reports on them.

For the duration of relevant periods, legal action concerning a protected statement may be brought only by ASIC or criminal proceedings.

Amendments to the *Corporations Act* extend these modified-liability settings to voluntary sustainability reports, reports that are treated as sustainability reports under specific ASIC orders (relief-condition reports) and to accompanying auditor's reports for these categories (see s1707DA and s1707DB.)

The amendments also extend the assurance requirements and ASIC's directions power to voluntary sustainability reports under the *Corporations Act* and relief-condition reports (see s342C(6) and s1707DA(4).

They are intended to encourage entities to make climate-related financial disclosures even if not required to do so under the legislation.

ASIC regulatory guide 280 *Sustainability reporting and FAQs: Review or audit of sustainability reports* will be updated to reflect these changes.



Governance

Super to be paid with salary

Legislation to require employers to pay their employees' super at the same time as their salaries and wages has passed parliament.

From 1 July, employers will be required to deposit employees' super into accounts within seven business days of payday.

While most employers do the right thing, the Australian Taxation Office estimates that \$6.25 billion worth of super went unpaid in the recent financial year.

The new law will:

- Require employers to ensure super contributions are received by the employee's fund within seven business days of payday or they will be liable for the superannuation-guarantee charge
- Help the Australian Taxation Office enforce the law and more quickly identify employers not making contributions, and
- Redesign the superannuation-guarantee charge to be fit for purpose and make Payday Super work.

The ATO will monitor compliance for 12 months after the change. Its approach will differentiate between low and high-risk employers.

Employers that are trying to pay contributions in line with pay cycles can fall into a low-risk category.

Payday Super regulations released

The federal government has published regulations supporting the implementation of Payday Super reforms.

The *Treasury Laws Amendment Payday Superannuation Regulations 2026* mark a significant milestone in implementing reforms legislated last year.

Among other things, the regulations confirm the kinds of payments that do not attract super and the consequences of an employer voluntarily disclosing any missed payments.

They provide a reduced three day timeframe for superannuation funds to approve or reject contributions. This aims to ensure that contributions are allocated to a member correctly in a shorter timeframe, including the resolution of errors. It benefits employees by getting contributions credited earlier.

The taxation office's first year transitional approach *Practical Compliance Guideline 2026/1* has been published. In 2026–27, employers will not be penalised if they are doing what they can to obey the new regulations as system and software upgrades are rolled out.

Poor payroll compliance is entrenched

The *Yellow Canary 2026 State of Payroll Compliance Report* finds that payroll non-compliance remains entrenched across Australian organisations despite years of regulatory focus and public scrutiny.

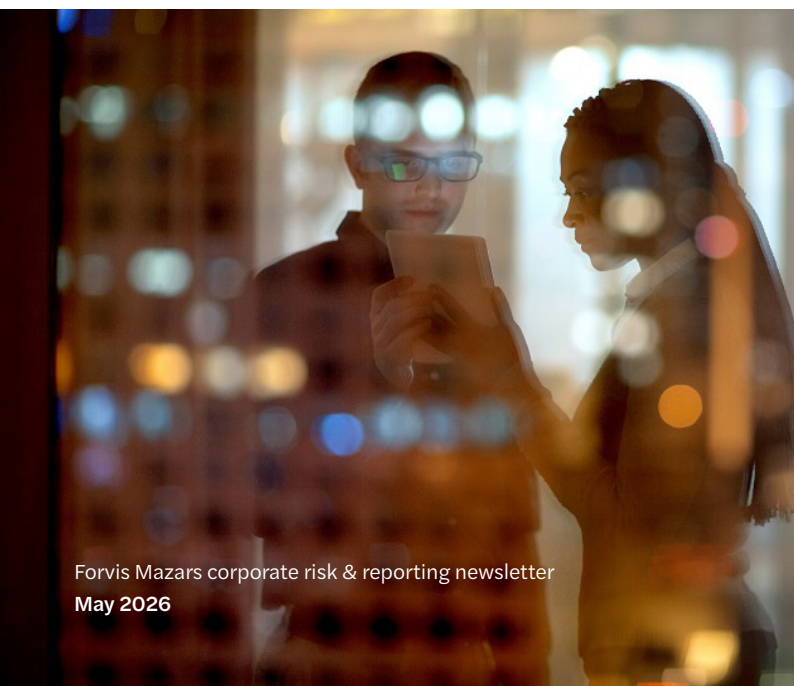
Error rates are still significant, many employees underpaid because of misinterpretation of awards, incorrect classification, and failures in handling overtime, allowances, and leave entitlements.

Most mistakes are systemic rather than accidental. Organisations often operate fragmented payroll environments where HR, finance, and payroll are poorly integrated, creating data inconsistencies and control gaps. Manual 'workarounds' and over-reliance on payroll staff knowledge further increase risks.

The report highlights that remediation exercises are costly, time-consuming, and reputationally damaging, and regulators continue to increase enforcement activity and penalties. Many organisations identify issues only after they have become material, indicating weak monitoring.

While there is increased adoption of automation, artificial intelligence, and rules 'engines' to interpret awards, technology alone is insufficient, the report says. Effective governance, clear accountability, and robust internal controls are critical to sustainable compliance.

The report concludes that leading organisations are shifting towards proactive compliance— embedding continuous assurance, improving data integrity, and elevating payroll compliance to a board-level risk priority rather than a back-office function.



Governance

New boardroom-ethics guide released

Ethical decision-making is central to effective governance and to directors meeting their duties.

Ethics in the Boardroom (2nd edition) – decision-making guide for directors has been developed jointly by the Australian Institute of Company Directors and The Ethics Centre. It provides directors with practical tools to work through complex ethical issues with rigour and confidence.

The guide covers:

- The ‘four-lenses’ model – a framework for surfacing ethical considerations
- A five-phase decision-making framework – providing a structured and repeatable approach to working through ethical issues in a way that is thorough and defensible
- Ethics and AI – the governance of AI is a central issue that boards of all organisations are grappling with. As AI continues to accelerate, a case study supports directors to look beyond questions of business benefit, technical feasibility, and compliance, and to interrogate the ethical dimensions of AI. This includes fairness, accountability, transparency, and human wellbeing, all core to a board’s oversight role
- Common ethical traps – the patterns of board behaviour that can undermine sound ethical reasoning, including ‘groupthink’, the pressure for concurrence, and reactive decision-making under time pressure and how boards can counter them, and

- The role of the chair – how chairs can create the conditions for open ethical deliberation, support all voices to be heard, and encourage evidence based, principled disagreement.

Government proposes big DIN changes

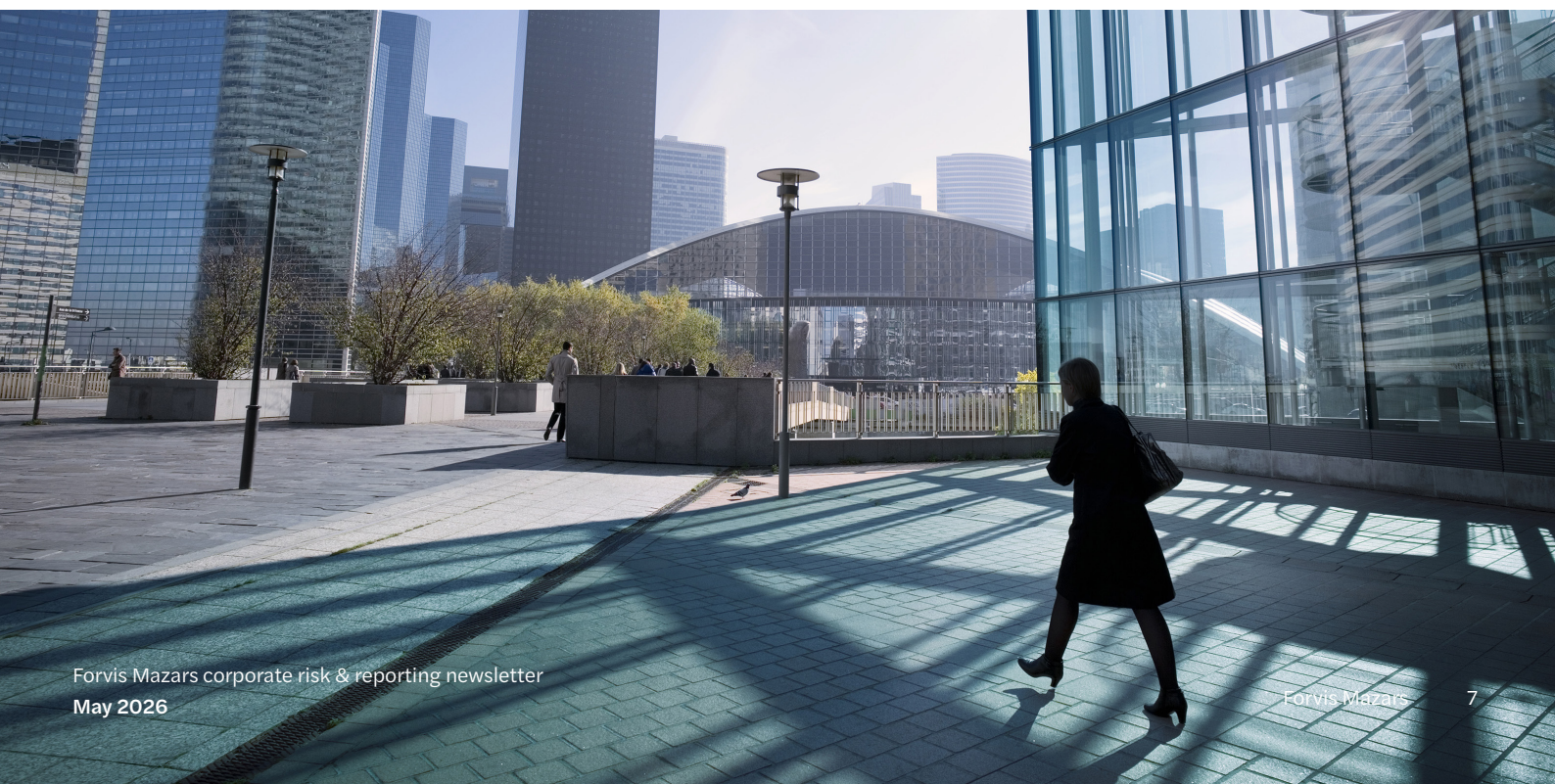
The Federal Government has released exposure draft legislation, *Treasury Laws Amendment (Business Registries Stabilisation and Uplift) Bill 2025*, accompanying draft regulations and explanatory material that propose significant changes to the Director Identification Number regime.

The proposed reforms are intended to enhance the integrity of corporate data, address unlawful phoenix activity, strengthen regulatory oversight, and improve confidence in the accuracy of information held on the Companies Register.

Proposed enhancements for oversight and governance of MIS

The federal government has released the first of its consultation papers to improve consumer protection in the wake of Shield and First Guardian Master Funds’ collapse.

A consultation paper *Enhancing oversight and governance of managed investment schemes* aims to improve how Managed Investment Schemes (MIS) are run and their surveillance, including better tracking of superannuation switching.



Governance

Suggested improvements include:

- Strengthening the regulatory framework for compliance including introducing stricter compliance-plan requirements, such as requiring a detailed description of the nature of the scheme and its investment strategy, and information outlining how significant risks will be identified, monitored, and managed. Making existing audit and assurance standards mandatory for auditors of compliance plans, and require responsible entities to notify ASIC of the appointment, removal, or resignation of committee members
- Requiring responsible entities of registered MISs to have a majority of external directors and removing the option of having a mandatory compliance committee instead
- Prohibiting MISs' responsible entities from conducting related-party transactions, with limited exceptions
- Amending the framework for setting financial requirements for responsible entities, such as setting more specific requirements
- Increasing ASIC's data-collection powers on the retail MIS sector, and
- Alerting ASIC about superannuation switching.

The government will soon consult on additional proposals to tackle inappropriate lead generation, aiming to create a safer framework for superannuation switching, and strengthening superannuation trustee-governance standards.



ASIC announces emerging risks for 2026

ASIC has identified the following key emerging financial risks for 2026, reflecting heightened regulatory concern around consumer harm, technology, and market integrity:

1. Increased retail client exposure to private credit markets
2. Operational failures by superannuation fund trustees leading to member harm
3. Consumers losing their retirement savings through investments in high risk products, including as a result of high pressure sales tactics and inappropriate financial advice
4. Advanced technology harming consumers (including agentic AI)
5. Cyber attacks, data breaches and/or inadequate operational resilience and crisis management undermining market confidence and harming consumers
6. Regulatory gaps related to emerging financial sector participants (including digital assets, payments and users of AI) and others on the regulatory perimeter
7. Poor insurance claims handling, particularly following extreme weather events
8. Failure or significant outage resulting from the implementation of CHES replacement or continued reliance on the ageing infrastructure of the current system
9. Poor quality financial reporting, sustainability reporting and audit quality
10. Increased risk appetite in the banking sector, driven by competitive pressures, resulting in consumer harm

ASIC has warned that aggressive marketing, lead generation and 'cookie cutter' advice models continue to drive inappropriate switching of superannuation into complex, high risk managed investment schemes. The commission has a number of court proceedings underway in relation to the Shield and First Guardian matters as it seeks to hold individuals and organisations to account.

The regulator has also highlighted growing consumer risks arising from advanced and automated technologies, including AI driven decision making. While technology can enhance outcomes for consumers, ASIC notes that governance maturity remains uneven, with risks amplified by limited oversight, automated interactions and the use of systems capable of planning and acting independently.

Cyber risk remains a core concern as digitisation, legacy systems, third party reliance and operational resilience weaknesses continue to elevate both the likelihood and

impact of incidents. ASIC is urging directors and AFSL holders to maintain robust risk management frameworks, regularly test crisis response arrangements and address vulnerabilities across service provider relationships.

Finally, ASIC reaffirmed its ongoing focus on financial reporting, sustainability reporting and audit quality, citing concerns around inconsistent investment disclosures, limited transparency over certain expenses, insufficient audit evidence supporting valuations and the risk of misleading or incomplete climate related disclosures as mandatory sustainability reporting expands.

Misconduct reports spike in corporate-governance issues

ASIC data has shown an increase in reports of misconduct, including failures to provide company records, insolvency, and shareholder issues.

The commission believes that they are driven largely by corporate-governance failures.

Between 1 July and 31 December, ASIC received 9686 Reports of misconduct (ROM) that raised 13,036 issues. Corporate-governance matters accounted for 40 per cent of the issues, financial services, and retail-investor 44 per cent, and fraud allegations 11 per cent.

ASIC deputy chair Sarah Court said: 'The figures point to an increase in concerns being raised about corporate-governance issues. They underscore ASIC enforcement priorities, which include tackling governance and directors' duties failures, reaffirming that stronger governance remains a top priority for ASIC'.

ASIC is investigating several governance failures and directors' duties.

There was a 28 per cent increase in ROMs compared with January to June 2025, partly reflecting the commission's *Reporting misconduct to ASIC* webpage.

'Reports of misconduct continue to be an important source of intelligence for ASIC', said Ms Court.

'They help us identify key issues for consumers, investors, and creditors, and guide our decisions on potential criminal and civil action.'

The half-yearly report is available on the *Reports of misconduct data* webpage.

ASIC has also released its six-monthly *ASIC enforcement and regulatory update July to December 2025* (report 829), which highlighted \$349.8 million in civil penalties imposed by courts and hundreds of millions of dollars returned to Australians as part of investigation and remediation work.

AML/CTF

Keeping privacy in mind

The Office of the Australian Information Commissioner has released *Updated Privacy guidance for reporting entities under the Anti-Money Laundering and Counter-Terrorism Financing Act*.

The guidance provides clear direction to businesses about what personal information they may collect, how they must protect it, and when it must be deleted, supporting stronger integrity and transparency across the AML/CTF regulatory framework.

The updated guidance is designed to support an expanded range of businesses that will soon fall under the *Privacy Act 1988* as part of AML/CTF reforms.

From 1 July, real-estate professionals, dealers in precious metals and stones, and professional service providers such as lawyers, conveyancers, accountants, and trust and company service providers (also known as ‘Tranche 2’ entities) will be brought into the act.

Changes for current reporting entities (‘Tranche 1’ entities) took effect from 31 March. They might affect the types and volume of personal information that is handled for AML/CTF purposes, depending on the customer risk.

The guidance clarifies that reporting entities must collect personal information that is only reasonably necessary to comply with AML/CTF obligations and perform their broader organisational functions.

From 31 March and from 1 July for tranche 2 entities, businesses should not retain copies of complete ID documents for AML/CTF record-keeping purposes. Obligations under the *Privacy Act* require them to minimise the data they retain.

Entities must also have clear and accessible privacy policies and collection notices explaining how personal information is handled – unless issuing a notice would breach statutory ‘tipping off’ restrictions.

The OAIC has developed a *Privacy Essentials Checklist* for AML/CTF reporting to understand key privacy obligations.

It encourages reporting entities and their authorised agents to review the guidance and *Australian Privacy Principles* guidelines, AUSTRAC’s guidance, and the financial-crime watchdog’s starter kits.

AUSTRAC releases starter kits for newly-regulated sectors

The Australian Transaction Reports and Analysis Centre has released its anti-money-laundering starter kits designed to help small businesses in newly regulated sectors to meet their compliance obligations and reduce the time and cost of doing it.

The kits set out step-by-step actions businesses can take to build their own anti-money laundering programs and include practical tools to help them comply with legislation.

From 1 July, businesses providing certain designated services commonly provided by lawyers, accountants, real-estate agents, conveyancers, and jewellers will have obligations under the AML/CTF Act.

What are ‘designated’ services?

Whether businesses have anti-money laundering and counter-terrorism financing obligations depends on the services they provide. Obligations fall on ‘designated’ services.

If a business provides one or more designated services that have a ‘geographical link to Australia’, it has AML/CTF obligations.

The newly designated services are listed under table 6 of subsection 6(5B) of the *Anti-Money Laundering and Counter-Terrorism Financing Act (2006)*.

These professional services include:

- Assisting in the planning or execution of a transaction to sell, buy, or transfer real estate (item 1)
- Assisting in the planning or execution of a transaction to sell, buy, or transfer a body corporate or legal arrangement (item 2)
- Receiving, holding, controlling, or managing a person’s property to help in the planning or execution of a transaction (item 3)
- Assisting in organising, planning, or executing a transaction for equity or debt financing relating to a body corporate or legal arrangement (item 4)
- Selling or transferring a shelf company (item 5)
- Assisting in the planning or execution of the creation or restructuring of a body corporate or legal arrangement (item 6)
- Acting, or arranging for someone to act on behalf of a person in particular positions in a body corporate or legal arrangement (items 7–8), and
- Providing a registered office address or principal place of business address of a body corporate or legal arrangement (item 9).

Fraud

Support for fraud-busters

The Association of Certified Fraud Examiners has partnered with Statistical Analysis System software for the fourth edition of the *Anti-Fraud Technology Benchmarking Report*.

The report provides insights into the opportunities and vulnerabilities presented by technologies to support anti-fraud professionals and decision-makers.

The new edition includes information on how fraudsters are using technology in their schemes. It also explores how anti-fraud professionals are using artificial intelligence tools, automation, and cloud-computing in their work.

Anti-fraud blueprint released

The ACFE has released *Anti-Fraud Blueprint: A Foundational Approach to Fraud Risk Management*, which highlights changes in fraud risks and technologies in recent years and how entities can build, mature, and enhance financial-risk-management programs.

The blueprint provides updated, practical guidance in alignment with the *Fraud Risk Management Guide, Second Edition* published in 2023 by the ACFE and the Committee of Sponsoring Organisations. It contains detailed analysis, points of focus, and key questions and checklists that will help with assessing and strengthening FRM programs.



APRA

APRA decommissions D2A

The Australian Prudential Regulation Authority (APRA) has decommissioned its legacy Direct to APRA (D2A) data submission system for entity access. The system was taken offline on Friday 20 March following the identification of security vulnerabilities during a routine penetration test conducted the previous day. As a result, regulated entities will no longer be able to access D2A for data submissions.

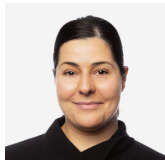
In response, APRA is accelerating its broader technology roadmap to transition all prudential data collections onto APRA Connect, which will become the single interface for supervisory engagement and regulatory reporting. APRA has confirmed that the decision to decommission D2A is precautionary and reflects its low tolerance for system vulnerabilities that could potentially expose APRA or regulated entities to cyber risk.

Importantly, APRA has stated that it is not aware of any security breaches or exploitation of its systems in connection with the identified vulnerabilities. Regulated entities should nevertheless ensure they are progressing transition planning to APRA Connect and remain alert to further guidance from APRA as the transition programme is expedited.



Contacts

Sydney



Rose Megale
Partner, Sydney
rose.megale@forvismazars.com



James Martin
Partner, Sydney
james.martin@forvismazars.com



Mustafa Kothari
Partner, Sydney
mustafa.kothari@forvismazars.com

Melbourne



Craig Silvester
Partner, Melbourne
craig.silvester@forvismazars.com



Alexis Aupied
Partner, Melbourne
alexis.aupied@forvismazars.com



Graeme Hedding
Partner, Melbourne
graeme.hedding@forvismazars.com

Sydney

Level 12, 90 Arthur Street
North Sydney NSW 2060
Tel: +61 2 9922 1166

Melbourne

Level 5, 600 Bourke Street
Melbourne Vic 3000
Tel: +61 3 9252 0800

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