



## Reporting Standard ARS 115.0

# Advanced Measurement Approaches (AMA) to Operational Risk

### Objective of this reporting standard

This reporting standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

This reporting standard outlines the overall requirements for the provision of information to APRA in relation to an authorised deposit-taking institution's operational risk regulatory capital under the advanced measurement approaches to operational risk defined in *Prudential Standard APS 115 Capital Adequacy: Advanced Measurement Approaches to Operational Risk*. It should be read in conjunction with:

- the versions of *Form ARF 115.0A AMA – Regulatory Capital*, *Form ARF 115.0B AMA – Operational Risk Losses – Current Six Months* and *Form ARF 115.0C AMA – Operational Risk Losses – Previous Six Months* designated for an authorised deposit-taking institution reporting at Level 1 and Level 2, and the associated instructions (all of which are attached and form part of this reporting standard); and
- *Prudential Standard APS 115 Capital Adequacy: Advanced Measurement Approaches to Operational Risk*.

### Purpose

1. Data collected in *Form ARF 115.0A AMA – Regulatory Capital (ARF 115.0A)*, *Form ARF 115.0B AMA – Operational Risk Losses – Current Six Months (ARF 115.0B)* and *Form ARF 115.0C – AMA – Operational Risk Losses – Previous Six Months (ARF 115.0C)* is used by APRA for the purpose of prudential supervision, including assessing compliance with *Prudential Standard APS 115 Capital Adequacy: Advanced Measurement Approaches to Operational Risk (APS 115)*. It may also be used by the Reserve Bank of Australia and the Australian Bureau of Statistics.

## Application

2. This reporting standard applies to an authorised deposit-taking institution (**ADI**) that has APRA's approval or is seeking APRA's approval to use an advanced measurement approach to operational risk for capital adequacy purposes.

This reporting standard may also apply to the non-operating holding company (**NOHC**) of an ADI (refer to paragraph 4).

## Information required

3. An ADI to which this reporting standard applies must provide APRA with the information required by the versions of ARF 115.0A, ARF 115.0B and ARF 115.0C designated for an ADI at Level 1 for each reporting period.
4. If an ADI to which this reporting standard applies is part of a Level 2 group, the ADI must also provide APRA with the information required by the versions of ARF 115.0A, ARF 115.0B and ARF 115.0C designated for an ADI at Level 2 for each reporting period, unless the ADI is a subsidiary of an authorised NOHC. If the ADI is a subsidiary of an authorised NOHC, the ADI's immediate parent NOHC must provide APRA with the information required by that form for each reporting period. In doing so, the immediate parent NOHC must comply with this reporting standard (other than paragraphs 3 and 10) as if it were the relevant ADI.

## Forms and method of submission

5. The information required by this reporting standard must be given to APRA in electronic form, using one of the electronic submission mechanisms provided by the 'Direct to APRA' (also known as 'D2A') application.

*Note:* the Direct to APRA application software may be obtained from APRA.

## Reporting periods and due dates

6. Subject to paragraph 7, an ADI to which this reporting standard applies must provide the information required by this reporting standard for each quarter based on the financial year (within the meaning of the *Corporations Act 2001*) of the ADI.
7. APRA may, by notice in writing, change the reporting periods, or specified reporting periods, for a particular ADI, to require it to provide the information required by this reporting standard more frequently, or less frequently, having regard to:
  - (a) the particular circumstances of the ADI;
  - (b) the extent to which the information is required for the purposes of the prudential supervision of the ADI; and

- (c) the requirements of the Reserve Bank of Australia or the Australian Bureau of Statistics.
- 8. The information required by this reporting standard must be provided to APRA within 30 business days after the end of the reporting period to which the information relates.
- 9. APRA may grant an ADI an extension of a due date in writing, in which case the new due date for the provision of the information will be the date on the notice of extension.

### **Quality control**

- 10. The information provided by an ADI under this reporting standard (except for the information required under paragraph 4) must be the product of processes and controls that have been reviewed and tested by the external auditor of the ADI. AGS 1008 'Audit Implications of Prudential Reporting Requirements for Authorised Deposit-taking Institutions', issued by the Auditing and Assurance Standards Board provides guidance on the scope and nature of the review and testing required from external auditors. This review and testing must be done on an annual basis or more frequently if necessary to enable the external auditor to form an opinion on the accuracy and reliability of the data.
- 11. All information provided by an ADI under this reporting standard must be subject to processes and controls developed by the ADI for the internal review and authorisation of that information. It is the responsibility of the board and senior management of the ADI to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

### **Authorisation**

- 12. When an ADI submits information under this reporting standard using the 'Direct to APRA' software, it will be necessary for an officer of the ADI to digitally sign, authorise and encrypt the relevant data. For this purpose, APRA's certificate authority will issue 'digital certificates', for use with the software, to officers of the ADI who have authority from the ADI to transmit the data to APRA.

### **Minor alterations to forms and instructions**

- 13. APRA may make minor variations to:
  - (a) a form that is part of this reporting standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or
  - (b) the instructions to a form, to clarify their application to the formwithout changing any substantive requirement in the form or instructions.

14. If APRA makes such a variation it must notify in writing each ADI that is required to report under this reporting standard.

### **Interpretation**

15. In this reporting standard:

*ADI* means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

*APRA* means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

*authorised NOHC* has the meaning given in the *Banking Act 1959*.

*business days* means ordinary business days, exclusive of Saturdays, Sundays and public holidays.

*immediate parent NOHC* means an authorised NOHC, or a subsidiary of an authorised NOHC, that is an immediate parent NOHC within the meaning of paragraph 10(b) of *Prudential Standard APS 110 Capital Adequacy (APS 110)*.

*Level 1* has the meaning in APS 110.

*Level 2* has the meaning in APS 110.

*reporting period* means a period mentioned in paragraph 6 or, if applicable, paragraph 7.

*subsidiary* has the meaning in the *Corporations Act 2001*.