



Reporting Standard ARS 150

Capital Adequacy: Basel II Transition (Advanced ADIs)

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 by certain ADIs that applied for IRB and/or AMA approval before 1 January 2008, including information relating to the requirements for the transitional capital floors set out in *Prudential Standard APS 150 Capital Adequacy: Basel II Transition (Advanced ADIs)*.

Purpose

1. Data collected under this reporting standard is used by APRA for the purpose of prudential supervision including assessing compliance with *Prudential Standard APS 150 Capital Adequacy: Basel II Transition (Advanced ADIs)* (**APS 150**). It may also be used by the Reserve Bank of Australia and the Australian Bureau of Statistics.

Application

2. This reporting standard applies to authorised deposit taking institutions (**ADIs**) referred to in paragraphs 3 and 5.

Information required – ADIs that applied for IRB and AMA approval prior to 1 January 2008 and have received both approvals

3. An ADI that:
 - (a) applied for IRB and AMA approval before 1 January 2008; and
 - (b) has received both approvals (whether before, on or after that date)

must report to APRA under the Basel I capital reporting standards as if they continued in force despite their revocation.

4. For the avoidance of doubt, but subject to paragraph 10, the ADI must also report under the Basel II capital reporting standards in accordance with their terms.

Information required – ADIs that applied for IRB and/or AMA approval prior to 1 January 2008 but have not yet received both approvals

5. An ADI that:
 - (a) before 1 January 2008, applied to APRA for IRB or AMA approval, or both; and
 - (b) has not yet received both approvals; and
 - (c) has received APRA's consent in writing, under paragraph 14 of APS 150, to the ADI holding capital in accordance with the Basel I capital adequacy standards, and that consent has not expired

must report to APRA under the Basel I capital reporting standards as if they continued in force despite their revocation.

6. If the ADI has only one of the approvals then, subject to paragraph 10, it must also:
 - (a) report, using D2A, under the Basel II capital reporting standards that apply specifically to an ADI that has that approval; and
 - (b) separately report in one of the following two ways as if it had both approvals:
 - (i) report under the other Basel II capital reporting standards using D2A; or
 - (ii) report in respect of Basel II capital requirements in Quantitative Impact Study 5 (QIS 5) workbook format

for the purposes of assessing the prospective regulatory capital calculation after IRB and AMA approval (a “parallel run” of data).

7. If the ADI has neither approval then, subject to paragraph 10, it must also report in one of the following two ways as if it had both approvals:
 - (a) under the Basel II capital reporting standards, using D2A; or
 - (b) in respect of Basel II capital requirements, in QIS 5 workbook format

for the purposes of assessing the prospective regulatory capital calculation after IRB and AMA approval.

8. For the avoidance of doubt, paragraphs 3 and 4 will apply to the ADI when it has received both approvals.

General

9. For the purposes of paragraphs 3 and 5:
 - (a) APRA may exercise powers and discretions under the Basel I capital reporting standards as if they continued in force; and
 - (b) in reporting under the Basel I capital reporting standards, an ADI must assume that the Basel I capital adequacy standards remain in force.
10. If, as a result of the application of paragraph 3 or 5, an ADI is required to report under the Basel I *ARS 112.2 Capital Adequacy: Off-balance Sheet Business*, it is not required to report the same information under the Basel II *ARS 118.0 Off-balance Sheet Business*.

Interpretation

11. In this reporting standard:

AMA approval means approval to use an advanced measurement approach (AMA) to operational risk under *Prudential Standard APS 115 Capital Adequacy: Advanced Measurement Approaches to Operational Risk*.

Basel I capital adequacy standards means the prudential standards, made under section 11AF of the *Banking Act 1959*, relating to capital adequacy as in force immediately before 1 January 2008.

Basel I capital reporting standards means the following reporting standards made under section 13 of the *Financial Sector (Collection of Data) Act 2001*:

- (a) *Reporting Standard ARS 110.0 Capital Adequacy* made by Financial Sector (Collection of Data) (reporting standard) determination No. 1 of 2006;
- (b) *Reporting Standard ARS 112.1 Capital Adequacy – On-Balance Sheet Risk Weighting Schedule* made by Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2006;
- (c) *Reporting Standard ARS 112.2 Capital Adequacy – Off-Balance Sheet Business* made by Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2006;
- (d) *Reporting Standard ARS 113.0 Market Risk* made by Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2006

as in force immediately before 1 January 2008.

Basel II capital reporting standards means the following reporting standards made under section 13 of the *Financial Sector (Collection of Data) Act 2001*:

- (a) *Reporting Standard ARS 110.0 Capital Adequacy* made by Financial

- Sector (Collection of Data) (reporting standard) determination No. 1 of 2008;
- (b) *Reporting Standard ARS 112.1 Standardised Credit Risk – On-balance Sheet Assets* made by Financial Sector (Collection of Data) (reporting standard) determination No. 2 of 2008;
 - (c) *Reporting Standard ARS 112.2 Standardised Credit Risk – Off-balance Sheet Exposures* made by Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2008;
 - (d) *Reporting Standard ARS 113.0 Foundation Internal Ratings-based (FIRB) Approach to Credit Risk* made by Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2008;
 - (e) *Reporting Standard ARS 113.1 Advanced Internal Ratings-based (AIRB) Approach to Credit Risk* made by Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2008;
 - (f) *Reporting Standard ARS 113.2 Internal Ratings-based (IRB) Approach to Credit Risk – Specialised Lending Supervisory Slotting* made by Financial Sector (Collection of Data) (reporting standard) determination No. 6 of 2008;
 - (g) *Reporting Standard ARS 113.3 Internal Ratings-based (IRB) Approach to Credit Risk – Retail* made by Financial Sector (Collection of Data) (reporting standard) determination No. 7 of 2008;
 - (h) *Reporting Standard ARS 113.4 Internal Ratings-based (IRB) Approach to Credit Risk – Other Assets, Claims and Exposures* made by Financial Sector (Collection of Data) (reporting standard) determination No. 8 of 2008;
 - (i) *Reporting Standard ARS 114.0 Standardised Approach – Operational Risk* made by Financial Sector (Collection of Data) (reporting standard) determination No. 9 of 2008;
 - (j) *Reporting Standard ARS 115.0 Advanced Measurement Approaches (AMA) to Operational Risk* made by Financial Sector (Collection of Data) (reporting standard) determination No. 10 of 2008;
 - (k) *Reporting Standard ARS 116.0 Market Risk* made by Financial Sector (Collection of Data) (reporting standard) determination No. 11 of 2008;
 - (l) *Reporting Standard ARS 117.0 Repricing Analysis* made by Financial Sector (Collection of Data) (reporting standard) determination No. 12 of 2008;
 - (m) *Reporting Standard ARS 117.1 Interest Rate Risk in the Banking Book (IRRBB)* made by Financial Sector (Collection of Data) (reporting standard) determination No. 13 of 2008;

- (n) *Reporting Standard ARS 118.0 Off-balance Sheet Business* made by Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2008;
- (o) *Reporting Standard ARS 120.0 Standardised Approach – Securitisation* made by Financial Sector (Collection of Data) (reporting standard) determination No. 14 of 2008;
- (p) *Reporting Standard ARS 120.1 Internal Ratings-based (IRB) Approach – Securitisation* made by Financial Sector (Collection of Data) (reporting standard) determination No. 15 of 2008; and
- (q) *Reporting Standard ARS 120.2 Securitisation – Supplementary Items* made by Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2008

as in force from time to time.

D2A has the meaning in the Basel II capital reporting standards.

IRB approval means approval to use an IRB approach under *Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk*.

QIS 5 workbook means the workbook in Microsoft Excel format published by the Basel Committee on Banking Supervision and modified by APRA for Australian purposes, as in force at the time this reporting standard takes effect.