



16 December 2016

**TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS**

**RESPONSE TO SUBMISSIONS: CHANGES TO BANKS' INTERNATIONAL EXPOSURES REPORTING REQUIREMENTS**

In July 2016, APRA released a discussion paper on proposed changes to banks' international exposures reporting requirements. In the discussion paper, APRA proposed changes to banks' reporting requirements under the *Financial Sector (Collection of Data) Act 2001* (FSCODA), to enable APRA to implement the Bank for International Settlements' (BIS) enhancements to the *International Banking Statistics* (IBS). APRA proposed to implement new international exposures forms for the reporting period ending 30 June 2017, and proposed to determine the data collected on these forms non-confidential.

The consultation period closed on 28 October 2016. APRA received submissions from four banks and two industry bodies in response to the consultation. No submissions objected to the new reporting requirements, however all objected to the proposed first reporting period of 30 June 2017. Two of the submissions are available on APRA's website and the others are confidential<sup>1</sup>.

APRA will implement the proposed changes to reporting requirements, albeit with a deferred commencement and minor changes in response to feedback, described below. The final reporting standards, forms and instructions are available on APRA's website to enable banks to commence implementing the revised reporting requirements<sup>1</sup>. The reporting forms will be available for testing in D2A by mid-2017.

**Confidentiality of data**

The July 2016 discussion paper sought feedback on APRA's proposal to determine the additional international exposures data to be non-confidential. By determining the data to be non-confidential, the BIS will be able to continue to publish complete IBS datasets without masking statistics, although no entities are named in the statistics. The publication of complete datasets assists Australia in fulfilling its obligations as a G20 member.

Section 57 of the *Australian Prudential Regulation Authority Act 1998* (APRA Act) provides that APRA may, by legislative instrument, determine that data submitted to it by entities under section 13 of FSCODA contains or does not contain confidential information. APRA may determine data to be non-confidential if "APRA considers that the benefit to the public from the disclosure of [the data] outweighs any detriment to commercial interests that the disclosure may cause"

No submissions indicated that there would be commercial detriment in determining the proposed international exposures data non-confidential. After considering the public benefit

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<sup>1</sup> <http://apra.gov.au/adi/PrudentialFramework/Pages/Banks-International-Exposures-Reporting-Requirements-Changes-July-2016.aspx>

of disclosing the data, APRA will determine the new data non-confidential under section 57 of the APRA Act.

### Specific comments on proposed reporting requirements

All the submissions noted resourcing and technical barriers that would make the proposed first reporting period of 30 June 2017 costly to achieve. In response to this feedback, APRA has deferred the first reporting period for the new reporting requirements to the period ending 31 December 2017.

Four submissions suggested that the new reporting requirements overlap with some data collected by the Reserve Bank of Australia (RBA) in its *Renminbi Business Volumes Survey*. The data collected by the RBA are used to meet its commitment to the People's Bank of China, as part of establishing an official Renminbi clearing bank. The RBA has agreed to review its survey to remove unnecessary burden.

Three submissions noted a perceived overlap between nine data items on the proposed *Reporting Form ARF 731.4 International Banking Statistics - Balance Sheet Items* (ARF 731.4) and the current *Reporting Form ARF 322.0 Statement of Financial Position (consolidated group)* and *Reporting Forms ARF 210.3.1 Balance Sheet Maturity Assets* and *ARF 210.3.2 Balance Sheet Maturity - Liabilities and Capital*. While the data items are similar across the forms, they have different consolidations and therefore typically different values. APRA has expanded the international exposures reporting guidance to explain the differences between these forms<sup>2</sup>.

Two submissions noted the international exposures forms should share definitions with the economic and financial statistics (EFS) forms being developed by the RBA, the Australian Bureau of Statistics and APRA to minimise reporting burden. APRA has aligned the wording of the definitions in the locational international exposure forms to the *Australian System of National Accounts*<sup>3</sup> (ASNA). As the wording of definitions in the EFS forms will also be aligned to ASNA, the international exposures and EFS forms will contain consistent definitions. APRA will review the international exposures forms after the EFS forms are finalised to ensure that the wording of the definitions are consistent prior to the commencement of the new international exposures forms.

Two submissions sought clarity of the treatment of certain financial instruments in the proposed international exposures forms. APRA has expanded the reporting instructions and guidance for these concepts.

One submission noted the potential duplication of several items that are collected in AUD on the proposed *Reporting Form ARF 731.1 International Banking Statistics - Locational Data* (ARF 731.1) and the current *Reporting Form ARF 320.0 Statement of Financial Position (domestic book)*. This overlap between the forms is to assist banks and APRA with data coherence within ARF 731.1 and facilitate reconciliation across other APRA forms.

### Calendar day reporting

The discussion paper proposed that the new international exposure forms would be due within 28 calendar days after the end of the quarter. Four submissions noted that moving

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<sup>2</sup> <http://www.apra.gov.au/adi/PrudentialFramework/Pages/Banks-International-Exposures-Reporting-Requirements-Dec-2016.aspx>

<sup>3</sup> <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5216.0>

to calendar day reporting would shorten the timeframes for submitting the data in some quarters. In line with all other APRA-regulated industries, APRA is phasing in calendar day reporting for all new ADI reporting requirements, and ADIs already comply with calendar day due dates for seven reporting forms under *Reporting Standard ARS 210 Liquidity*. The transition to calendar day due dates will assist ADIs and data users to avoid the complexity of calculating business day due dates: reporting on a business day basis requires ADIs, APRA and other data users to assess the impact of both national public holidays and state-based public holidays on the actual due date for submission for each period. A calendar day reporting basis simplifies the reporting deadline as all institutions with the same reporting obligation are required to submit data to APRA on the same day. The due date will also be the same for each quarter.

### Quality assurance

The discussion paper sought feedback on the costs of external audit requirements for the proposed international exposures forms, and the potential risks of exempting these forms from external audit requirements.

Three submissions suggested that an exemption from *APS 310 Audit and Related Matters* (APS 310) would not deliver any cost savings and three submissions stated an exemption from APS 310 would deliver some cost savings but did not quantify these. After considering the feedback and noting that audit requirements do not appear to have a significant impact on costs, the new international exposures collection will continue to be subject to APS 310.

For further information please contact David Connolly, Manager Banking Statistics via [statistics@apra.gov.au](mailto:statistics@apra.gov.au)

Yours sincerely



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