



3 March 2021

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS (ADIS)

RELEASE OF FINAL REPORTING STANDARD ARS 115.0 CAPITAL ADEQUACY: STANDARDISED MEASUREMENT APPROACH TO OPERATIONAL RISK (ARS 115.0)

The Australian Prudential Regulation Authority (APRA) is releasing a response to submissions on proposed changes to *Reporting Standard ARS 115.0 Capital Adequacy: Standardised Measurement Approach to Operational Risk* (ARS 115.0).

APRA released the final operational risk requirements for ADIs in *Prudential Standard APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk* (APS 115) and the draft ARS 115.0 for comment in December 2019.

Four submissions commented on the draft ARS 115.0. Submissions raised concerns with determining the data non-confidential, the proposed reporting timeframes and the commencement date. Submissions also provided feedback on specific parts of the reporting instructions.

Reporting timeframes and implementation date

Three submissions requested confirmation of the implementation date of ARS 115.0, raising concerns with the originally proposed commencement date of 1 January 2021.

One submission commented on the proposed 35 calendar day due date, noting that the proposed timing may conflict with the completion of audited financial data. To address these concerns, APRA has added an item requiring ADIs to report on the time period covered by the audited data used to complete ARS 115.0. ADIs can submit ARS 115.0 using the most recent audited data available if current period audited financial data are not available.

As announced in March 2020¹, APRA has moved the implementation date of APS 115 for all ADIs to 1 January 2023 to align with the Basel Committee on Banking Supervision's decision to delay the international start date of the Basel III standards.

ADIs that have APRA's approval to use an advanced measurement approach for operational risk under APS 115 as at 31 December 2021 may adopt the standardised approach from 1 January 2022, or otherwise continue to comply with existing reporting until 1 January 2023.

Non-confidentiality of ARS 115.0 data

Two submissions raised concerns about the proposal to determine data form ARS 115.0 non-confidential.

APRA is increasing the transparency of the ADI data it collects, consistent with wider government open-data policies. ARS 115.0 data is based on audited financial information that will be released publicly by ADIs in financial or regulatory disclosures, and is already

¹ [APRA announces deferral of capital reform implementation](#)

substantially in the public domain. APRA will determine data submitted for ARS 115.0 to be non-confidential 35 days after it is given to APRA. This lag has been introduced to ensure an ADI's financial disclosures are published prior to any publication of this data by APRA.

Specific queries on ARS 115.0 and reporting instructions

A number of submissions also raised specific queries on ARS 115.0. APRA will respond bilaterally to the organisation requesting clarification or issue a response via a frequently asked question (FAQ). APRA expects it will release FAQs later in 2021.

Finalised ARS 115.0

The finalised ARS 115.0 is available at: <https://www.apra.gov.au/revisions-to-capital-framework-for-authorised-deposit-taking-institutions>.

Yours sincerely,

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