

12 May 2022

General Manager

Data Analytics & Insights
Risk and Data Analytics Division
Australian Prudential Regulation Authority
email: superdatatransformation@apra.gov.au

**Australian Custodial Services Association response on - Superannuation Data
Transformation Project Phase 2**

Dear Sir/Madam

The Australian Custodial Services Association (ACSA) is the peak industry body representing members of Australia's custodial and investment administration sector. Our mission is to promote efficiency and international best practice for members, our clients and the market.

Collectively, the members of ACSA hold securities and investments in excess of AUD \$4 trillion in value in custody and under administration. Members of ACSA include NAB Asset Servicing, J.P. Morgan, HSBC, State Street, BNP Paribas Securities Services, Citi and Northern Trust.

While members of ACSA are not the subject of the regulation, many ACSA members are currently engaged by RSE's to assist in meeting their regulatory reporting obligations.

ACSA welcomes engagement with APRA to promote a smooth implementation of the APRA Superannuation Data Transformation Project Phase 2 program.

EXECUTIVE SUMMARY

Within our response, ACSA's focus is in relation to Phase 2, Release 2, Investments. In order to perform a detailed assessment of the proposed timeline from consultation to the proposed go live date, ACSA believes an additional level of granularity is required in order to perform an assessment as to the achievability of the timeline for the consultation period and then the proposed go live date following thereafter.

Our detailed response to the questions posed in the Discussion Paper can be found in Attachment 1.

CONTACT INFORMATION

We welcome further dialogue with representatives on the views of ASCA and thank you for your consideration to date.

If you have any questions in relation to this letter, please direct those questions to the [REDACTED]
[REDACTED]
[REDACTED]

Yours sincerely

[REDACTED]
[REDACTED]
[REDACTED]
Australian Custodial Services Association

About ACSA

www.acsa.com.au

Custodians provide a range of institutional services, with clients typically favouring a bundled approach to custody and investment administration. Solutions may include traditional custody and safekeeping, investment administration, foreign exchange, securities lending, tax and financial reporting, investment analytics (risk, compliance and performance reporting), investment operations middle office outsourcing and ancillary banking services.

These services represent key investment back office functions – often representing the client’s asset book of record and essential source data in relation to the investments they hold.

The key sectors supported by ACSA members include large superannuation funds and investment managers, as well as other domestic and international institutions.

ACSA works with peer associations, regulators and other market participants on a pre-competitive basis to encourage standards, promote consistency, market reform and operating efficiency.

Note: The views expressed in this letter are prepared by ACSA for the purposes of consideration by APRA in response to the Superannuation Data Transformation project Phase 2 and should not be relied upon for any other purpose. The comments in this letter do not comprise financial, legal or taxation advice and should not be regarded as the views of any particular member of ACSA.

Attachment 1 ACSA Responses 12 May 2022

<p>1. Proposed Topics</p>	<p>Do you have any feedback to the proposed phase 2 topics?</p> <p>ACSA notes that within Phase 2 Release 2, Investments are in scope. Additional information is required within this category to assess the impact and degree of change that will fall within “investments” and the returns as outlined in Appendix A.</p>
<p>2. Additional topics</p>	<p>Are there any additional topics or specific data items APRA should consider in scope for Phase 2?</p> <p>As noted above, Phase 2, release 2 currently identifies the category of “Investments” as an area within scope. Appendix A further outlining the underlying returns. In order to assess further the specific data elements within investments, ACSA is of the view that we require further detail on the nature and the granularity of the changes proposed. This then would drive our detailed analysis for an assessment to be made of the proposed changes or additional topics to be included in the review.</p> <p>Returns to be discontinued – it would also be beneficial to understand within the investment returns what reporting elements within the return would be retired so this can be reviewed.</p>
<p>3. Reporting/classifications</p>	<p>Are there any existing reporting or classification frameworks that APRA should consider in scope for Phase 2?</p> <p>Classification reporting – in determining how securities/asset classes are to be classified , it is recommended that definitions of asset types align back to market available data thereby ensuring:</p> <ul style="list-style-type: none"> • Ease to map all underlying assets to market available data • Consistency in reporting

4. Approach	<p>Do you have any feedback on the consultation approach?</p> <p>ACSA supports the multi-faceted engagement approach. ACSA recommends the industry working groups are facilitated in a structured manner with appropriate time given to representatives to review detailed proposals ahead of scheduled meetings and next steps documented and shared with representatives in a timely manner.</p>
5. Approach	<p>Do you have any feedback on the principles that APRA intends to apply to determine the approach to pilot collections? Or your experience in pilot collections under Phase 1?</p> <p>ACSA do not have any feedback on the principles APRA intends to apply to pilot collections.</p>
6. Approach	<p>Do you have any feedback on the proposed iterative implementation approach for certain topics?</p> <p>ACSA supports the proposed iterative implementation approach to certain topics, please refer to ACSA's response to question 9 covering the timing of the proposed iterative implementation.</p>
7. Current reporting standards	<p>Do you have any initial views about existing reporting standards that are currently collected through D2A that could be amended or discontinued?</p> <p>ACSA supports proposals to consolidate reporting requirements and eliminate duplicate reports.</p>
8. Timeline and sequencing	<p>Do you have any feedback on the timing and sequencing of topics for consultation?</p> <p>ACSA do not have any feedback on the timing and sequencing of topics for consultation.</p>

<p>9. Timeline and sequencing</p>	<p>Do any of the topics require different lead times for implementation?</p> <p>ACSA noted that the material provided for consultation within the “Phase 2 discussion paper”, does not provide enough detail to be able to accurately assess whether the implementation timelines can be met.</p> <p>Based on the information provided, APRA should consider allowing an appropriate timeframe, of at least 12 months, between the finalisation of the reporting standards and the first reporting date to enable industry to adopt a strategic approach to implementation. It is critical that APRA ensure there is sufficient time, commensurate with the scope and scale of the data reporting changes being made, to implement the changes appropriately.</p>
<p>10. Are there any related upcoming activities or changes which may impact the timing, implementation or design of reporting for each topic?</p>	<p>Are there any related upcoming activities or changes which may impact the timing, implementation or design of reporting for each topic?</p> <p>ACSA recommends implementation time frame to be a minimum of twelve months from finalisation of the requirements as we have the below upcoming changes that would present some challenges for the industry to meet APRA’s proposed time frame for Phase 2 implementation:</p> <ul style="list-style-type: none"> • APRA to align its capital and reporting frameworks for life, general and private health insurance with AASB 17 “Insurance Contracts”; • Corporate collective investment vehicle; and • Treasury Laws Amendment (Streamlining and Improving Economic Outcomes for Australians) Bill 2022 introduced into Parliament containing the financial reporting and audit requirements for superannuation funds