

5 May 2017

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via email: [Basel3liquidity@apra.gov.au](mailto:Basel3liquidity@apra.gov.au)

Dear Heidi

### **Consultation on proposed ARS 210.0 liquidity reporting requirements**

Thank you for the opportunity to comment on the proposed ARS 210.0 liquidity reporting requirements.

Customer-owned banking institutions fit into APRA's classification as 'smaller and less complex' ADIs and are therefore not subject to the liquidity coverage ratio (LCR) regime and associated reporting.

COBA acknowledges that the main changes introduce net stable funding ratio (NSFR) reporting for LCR ADIs so these particular changes do not necessarily apply to our members at this point.

However, COBA members will be subject to APRA's broader changes to liquidity reporting forms.

### **Proposed Changes to broader ARS 210.0 liquidity forms**

Some members believe that these changes are achievable within the proposed timeframe from 1 January 2018.

However, other members suggest that a longer timeframe could be more beneficial given that the release of the final standard could provide less than 6 months to adjust to the new reporting suite.

COBA believe that APRA should exercise its discretion to allow appropriate lead times for individual non-LCR ADIs to adjust their reporting systems in a cost effective manner. COBA recognises that the 1 January 2018 date is aligned with international NSFR implementation, however, non-LCR ADIs are not subject to the NSFR and therefore need not be subject to the international deadline.

### **ARF 210.2 MLH ratio**

APRA's revised *ARF 210.2 Minimum liquidity holdings ratio* form now requires ADIs to report certain items by the counterparty's liquidity regime. This means that items under 1.3, 6.1, 6.2, 9.1 and 9.2 will need to be regrouped. COBA members suggest it would be beneficial if APRA were to regularly disclose the liquidity regime (i.e. MLH, LCR and

offshore) applying to individual ADIs in order to assist in the classification of these items.

A COBA member also seeks clarification on where *deposits provided for the purpose of facilitating or securing settlement obligations* and *deposits relating to industry support schemes* are captured in this reporting form.

### **ARF 210.3 Contractual maturity mismatches**

APRA's letter to ADIs notes the following changes to these forms:

Structural amendments reflect APRA's intention to capture data on contractual cash inflows and outflows, rather than the actual balance sheet. This approach better aligns with the Basel Committee's monitoring requirements.

COBA seeks clarification on APRA's expectations of reporting on 'contractual cash inflows and outflows, rather than the actual balance sheet'.

COBA is particularly interested in where this requires changes to interpretations under the existing reporting requirements.

### **ARF 210.5 Daily Liquidity Report**

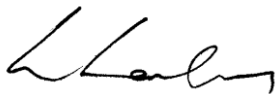
A COBA member questions the additional granularity of the *net funding outflows* and *funding maturities* categories. In particular, the benefit of item 3.1 *Net loan principal outflows* in assessing an ADI's daily liquidity position is unclear.

### **Audit reporting requirements**

COBA seeks confirmation that APRA's audit testing requirements are limited to the scope of *APS 310 Audit and Related Matters*. In this case, COBA assumes that this testing is the same as under the current APS 310 and simply refers to adding ARF 210.0 to the list of audited forms in *APS 310 Attachment A* rather than creating new auditing requirements.

Please contact Mark Nguyen at [mnguyen@coba.asn.au](mailto:mnguyen@coba.asn.au) or 02 8035 8443 if you wish to discuss any aspect of this submission.

Yours sincerely



**LUKE LAWLER**  
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