



24 March 2017

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS (ADIs)

CONSULTATION ON PROPOSED REVISED LIQUIDITY REPORTING REQUIREMENTS

On 20 December 2016, APRA released the final version of an updated *Prudential Standard APS 210 Liquidity* (APS 210).¹ APRA is now consulting on revisions to *Reporting Standard ARS 210.0 Liquidity*, in order to align the reporting requirements for liquidity with the revised APS 210. The revised reporting requirements will take effect at the same time as the revised prudential standard, that is, from 1 January 2018.

Reporting on the net stable funding ratio

In line with the introduction of the net stable funding ratio (NSFR) requirement, APRA is proposing to introduce a new reporting form *ARF 210.6 Net stable funding ratio*. In addition, APRA will ask all locally incorporated LCR ADIs that are subject to the NSFR, to complete an Excel version of the proposed NSFR form in place of the Basel QIS NSFR form for the end-March 2017 quarter on a best endeavours basis. Informal reporting of the proposed ARF 210.6 on this basis will inform APRA's determination of the final reporting form and instructions.

Amendments to the current suite of liquidity reporting forms

APRA is also taking this opportunity to make amendments to the current liquidity reporting forms to ensure they are better aligned with APS 210 and, where appropriate, to streamline the current statistical reporting.

In particular, the current *ARF 210.3 Balance Sheet Maturity* and *ARF 210.4 Balance Sheet Forecast* forms have been revised significantly, with material consolidation of the current maturity buckets. 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.

There have also been material amendments to *ARF 210.5 Daily liquidity report* to close information gaps revealed during liquidity reporting 'fire drills'. APRA will continue to send this form to ADIs to complete upon request, to ensure preparedness to report critical liquidity information in need.

The proposed amendments are outlined in detail in Attachment 1.

¹ http://www.apra.gov.au/MediaReleases/Pages/16_55.aspx

Other proposals

Data collected under ARS 210.0 is not currently subject to audit testing under *Prudential Standard APS 310 Audit and Related Matters* (APS 310). Given the materiality of liquidity risk for ADIs, APRA proposes that data collected under ARS 210.0 be subject to audit testing in order to promote appropriate discipline in the reporting of liquidity data. This would be incorporated into APS 310 when that standard is next opened for amendment.

The draft ARS 210.0 Liquidity is available on the APRA website at:

<http://www.apra.gov.au/adi/PrudentialFramework/Documents/ARS%20210.0%20Liquidity.pdf>

Written submissions on the proposed reporting requirements should be forwarded, preferably by email, to Basel3liquidity@apra.gov.au by 5 May 2017 and addressed to:

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Yours sincerely



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Important disclosure notice - publication of submissions

All information in submissions will be made available to the public on the APRA website unless a respondent expressly requests that all or part of the submission is to remain in confidence. Automatically generated confidentiality statements in emails do not suffice for this purpose. Respondents who would like part of their submission to remain in confidence should provide this information marked as confidential in a separate attachment.

Submissions may be the subject of a request for access made under the *Freedom of Information Act 1982* (FOIA). APRA will determine such requests, if any, in accordance with the provisions of the FOIA. Information in the submission about any APRA-regulated entity that is not in the public domain and that is identified as confidential will be protected by section 56 of the *Australian Prudential Regulation Authority Act 1998* and will therefore be exempt from production under the FOIA.

ATTACHMENT 1: OTHER AMENDMENTS TO ARS 210.0 LIQUIDITY

Reporting Form	Proposed amendments
<p><i>210.1A LCR - all currencies</i></p> <p><i>210.1B LCR - AUD only</i></p>	<ul style="list-style-type: none"> • Reporting of ARF 210.1B at Level 1 to align with the requirement in APS 210 that the LCR is met at Level 1 and Level 2. • A number of items have been added to reflect the inclusion of HQLA2B within the LCR. • Addition of the average and highest LCR ratios over the reporting period, and the LCR ratio for other ‘significant’ currencies. • Other minor amendments include: <ul style="list-style-type: none"> ○ allowing ADIs to input the run-off rate, which is currently fixed, for early funding redemptions; ○ incorporation of a foreign ADI head office commitment; and ○ the addition of RMB as a denominated currency for the reporting of total HQLA, cash flows and the LCR.
<p><i>210.2 MLH ratio</i></p>	<ul style="list-style-type: none"> • Minor amendments to the categories for deposits made at other ADIs and deposits from other ADIs to better align the liquidity regimes (LCR, MLH and offshore). • The addition of items for the reporting of other deposits subject to APRA approval. • The average and highest MLH ratios over the reporting period have also been added.
<p><i>210.3.1 Balance sheet maturity - assets</i></p> <p><i>210.3.2 Balance sheet maturity - liabilities and capital</i></p> <p><i>210.3.3 Balance sheet maturity - off-balance sheet exposures</i></p>	<ul style="list-style-type: none"> • Renamed ‘Contractual maturity mismatch’. • Consolidation of a number of the current maturity buckets. • Amendments to the memo items reported to capture data on forecast maturities. • Deletion of ARF 210.3.3 as a separate form, with foreign exchange transaction cash flows now reported under 210.3.1 and 210.3.2. • A division between domestic and offshore assets and liabilities has been added for a number of existing line items. • Addition of a designation between encumbered and unencumbered assets.
<p><i>210.4 Balance sheet forecast</i></p>	<ul style="list-style-type: none"> • Renamed ‘3-year funding plan’. • Reporting now proposed to occur on an annual, rather than quarterly basis. • The asset and liability categories have been matched to the categories on the revised ARF 210.3 forms. • Combines a number of the current maturity buckets and extends the forecast to three years, from the current 15 months. • Additional granularity added to the contingent liability section to compensate for the removal of ARF 210.3.3.

	<ul style="list-style-type: none">• Addition of a large liability exposures table (previously collected under <i>ARF 221.0 Large Exposures</i>) and lowering of the threshold for LCR ADIs to one per cent of liabilities to match the Basel Committee's monitoring requirements; the threshold of five per cent of liabilities has been retained for MLH ADIs.• Incorporation of additional items on covered bonds.
<i>210.5 Daily liquidity report</i>	<ul style="list-style-type: none">• Additional line items have been added to collect data on at-call funding, contractual obligations to extend funds and the LCR over the last five business days.• The items relating to net funding outflows, funding maturities and net contingent and committed funding agreements have also been made more granular.