



9 November 2017

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS

PROPOSED REVISIONS TO PRUDENTIAL STANDARD APS 330 PUBLIC DISCLOSURE

Prudential Standard APS 330 Public Disclosure (APS 330) facilitates market discipline by providing a set of common disclosure requirements by authorised deposit-taking institutions (ADIs) to allow market participants to assess ADIs' capital adequacy, remuneration and other indicators of financial condition and risk profile. Through APS 330, APRA has implemented the disclosure requirements of the Basel Committee on Banking Supervision (Basel Committee), known as Pillar 3.

In June 2015, the Basel Committee released disclosure requirements for the Net Stable Funding Ratio (NSFR).¹ The disclosure requirements for the NSFR include a common template and details of the NSFR components. These disclosure requirements have been developed to improve the transparency of regulatory funding requirements, reinforce the principles for sound liquidity risk management and supervision, strengthen market discipline, and reduce uncertainty in the markets as the NSFR standard is implemented.²

Separate to its release of disclosure requirements for the NSFR in June 2015, the Basel Committee released updates to its Pillar 3 framework in January 2015 and March 2017.³ The January 2015 revisions focus on disclosures to improve the transparency of the internal ratings-based (IRB) approach to credit risk. The March 2017 revisions consolidate existing Basel Pillar 3 disclosure requirements, including the liquidity ratios (i.e. Liquidity Coverage Ratio and NSFR), amongst other enhancements.

APRA is releasing for consultation a draft revised APS 330 that includes NSFR disclosures. This proposal consolidates the liquidity ratios disclosure requirements in APS 330. At this point in time, APRA is not proposing to include other updates proposed by the Basel Committee's January 2015 and March 2017 revisions to Pillar 3 disclosure requirements. The Basel Committee's Pillar 3 framework, particularly those disclosure requirements relating to credit risk disclosures, are likely to be further revised following finalisation of the Basel III reforms. APRA intends to consult on all other changes to APS 330 when the next phase of the Basel Committee's review of the Pillar 3 framework is finalised.

¹ *Basel Committee Net Stable Funding Ratio disclosure standards, June 2015*, available at: <http://www.bis.org/bcbs/publ/d324.htm>

² In December 2016, APRA released the final revised *Prudential Standard APS 210 Liquidity* (APS 210), incorporating the NSFR standard. The revised APS 210 is effective from 1 January 2018. Refer to: <http://www.apra.gov.au/adi/PrudentialFramework/Pages/Basel-III-liquidity-net-stable-funding-ratio-liquid-assets-ADIs-Dec16.aspx>

³ *Basel Committee Standards Revised Pillar 3 disclosure requirements, January 2015*, available at: <http://www.bis.org/bcbs/publ/d309.htm>. *Basel Committee Standards Pillar 3 disclosure requirements – consolidated and enhanced framework, March 2017*, available at: <http://www.bis.org/bcbs/publ/d400.htm>

Proposed effective date of revised APS 330

Recognising that the data items that are proposed to be disclosed under the new APS 330 will be the same as those ADIs are already required to provide to APRA, APRA is proposing that the revised APS 330 would be effective 1 July 2018.

Balancing financial safety and other considerations

In proposing revisions to APS 330 to include the additional liquidity disclosures, APRA has sought to find an appropriate balance between the objectives of financial safety and efficiency, competition, contestability and competitive neutrality, whilst promoting financial system stability. Overall, a commencement date of 1 July 2018 for the proposed updated liquidity disclosures and deferring other changes to APS 330 until the final Basel Pillar 3 requirements have been published, is viewed by APRA as promoting the most efficient implementation of the new disclosure requirements.

The draft revised APS 330 is available on the APRA website at:

<http://apra.gov.au/adi/PrudentialFramework/Pages/Proposed-revisions-to-Prudential-Standard-APS-330-Public-Disclosure.aspx>

Written submissions on the proposed amendments to the draft revised APS 330 should be sent to ADIpolicy@apra.gov.au by 8 December 2017 and addressed to:

General Manager, Policy Development
Policy and Advice Division
Australian Prudential Regulation Authority

Yours sincerely,



Pat Brennan
Executive General Manager
Policy and Advice Division

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*. 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.