



Reporting Standard ARS 116.0

Market Risk

Objective of this reporting standard

This reporting standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

This reporting standard outlines the overall requirements for the provision of information to APRA relating to an authorised deposit-taking institution's market risk. It should be read in conjunction with:

- the versions of *Form ARF 116.0 Market Risk* designated for an authorised deposit-taking institution reporting at Level 1 and Level 2, and the associated instructions (all of which are attached and form part of this reporting standard); and
- *Prudential Standard APS 116 Capital Adequacy: Market Risk*.

Purpose

1. Data collected in *Form ARF 116.0 Market Risk (ARF 116.0)* is used by APRA for the purpose of prudential supervision including assessing compliance with *Prudential Standard APS 116 Capital Adequacy: Market Risk (APS 116)*. It may also be used by the Reserve Bank of Australia and the Australian Bureau of Statistics.

Application

2. This reporting standard applies to all authorised deposit-taking institutions (ADIs), with the exception of:
 - (a) foreign ADIs; and
 - (b) ADIs that:
 - (i) do not conduct trading book activity and do not have any foreign exchange or commodity positions; and

- (ii) have included a statement to this effect in their description of their risk management systems; and that statement also outlines the arrangements in place to ensure that trading book activity does not take place.

This reporting standard may also apply to the non-operating holding company (NOHC) of an ADI (refer to paragraph 4).

Information required

- 3. An ADI to which this reporting standard applies must provide APRA with the information required by the version of ARF 116.0 designated for an ADI at Level 1 for each reporting period.
- 4. If an ADI to which this reporting standard applies is part of a Level 2 group, the ADI must also provide APRA with the information required by the versions of ARF 116.0 designated for an ADI at Level 2 for each reporting period, unless the ADI is a subsidiary of an authorised NOHC. If the ADI is a subsidiary of an authorised NOHC, the ADI's immediate parent NOHC must provide APRA with the information required by that form for each reporting period. In doing so, the immediate parent NOHC must comply with this reporting standard (other than paragraphs 3 and 10) as if it were the relevant ADI.

Forms and method of submission

- 5. The information required by this reporting standard must be given to APRA in electronic form, using one of the electronic submission mechanisms provided by the 'Direct to APRA' (also known as 'D2A') application.

Note: the Direct to APRA application software may be obtained from APRA.

Reporting periods and due dates

- 6. Subject to paragraph 7, an ADI to which this reporting standard applies must provide the information required by this reporting standard in respect of each quarter based on the financial year (within the meaning of the *Corporations Act 2001*) of the ADI.
- 7. APRA may, by notice in writing, change the reporting periods, or specified reporting periods, for a particular ADI, to require it to provide the information required by this reporting standard more frequently, or less frequently, having regard to:
 - (a) the particular circumstances of the ADI;
 - (b) the extent to which the information is required for the purposes of the prudential supervision of the ADI; and
 - (c) the requirements of the Reserve Bank of Australia or the Australian Bureau of Statistics.

8. The information required by this reporting standard must be provided to APRA within:
 - (a) 30 business days after the end of the reporting period to which the information relates, by an ADI that has APRA's approval to use an internal ratings-based approach to credit risk and/or an advanced measurement approach to operational risk;
 - (b) 20 business days after the end of the reporting period to which the information relates, by an ADI not covered by paragraph 8(a).
9. APRA may grant an ADI an extension of a due date in writing, in which case the new due date for the provision of the information will be the date on the notice of extension.

Quality control

10. The information provided by an ADI under this reporting standard (except for the information required under paragraph 4) must be the product of processes and controls that have been reviewed and tested by the external auditor of the ADI. AGS 1008 'Audit Implications of Prudential Reporting Requirements for Authorised Deposit-taking Institutions', issued by the Auditing and Assurance Standards Board provides guidance on the scope and nature of the review and testing required from external auditors. This review and testing must be done on an annual basis or more frequently if necessary to enable the external auditor to form an opinion on the accuracy and reliability of the data.
11. All information provided by an ADI under this reporting standard must be subject to processes and controls developed by the ADI for the internal review and authorisation of that information. It is the responsibility of the board and senior management of the ADI to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

12. When an ADI submits information under this reporting standard using the 'Direct to APRA' software, it will be necessary for an officer of the ADI to digitally sign, authorise and encrypt the relevant data. For this purpose, APRA's certificate authority will issue 'digital certificates', for use with the software, to officers of the ADI who have authority from the ADI to transmit the data to APRA.

Minor alterations to forms and instructions

13. APRA may make minor variations to:
 - (a) a form that is part of this reporting standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or

- (b) the instructions to a form, to clarify their application to the form without changing any substantive requirement in the form or instructions.
14. If APRA makes such a variation it must notify in writing each ADI that is required to report under this reporting standard.

Transitional

15. An ADI must report under the old reporting standard in respect of a transitional reporting period. For these purposes:

old reporting standard means the reporting standard revoked in the determination making this reporting standard (being the reporting standard which this reporting standard replaces).

transitional reporting period means a reporting period under the old reporting standard:

- (a) which ended before the date of revocation of the old reporting standard; and
- (b) in relation to which the ADI was required, under the old reporting standard, to report by a date on or after the date of revocation of the old reporting standard.

Note: For the avoidance of doubt, if an ADI was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the ADI is still required to provide any overdue reporting documents in accordance with the old reporting standard.

Interpretation

16. In this reporting standard:

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

authorised NOHC has the meaning given in the *Banking Act 1959*.

business days means ordinary business days, exclusive of Saturdays, Sundays and public holidays.

foreign ADI has the meaning given in section 5 of the *Banking Act 1959*.

immediate parent NOHC means an authorised NOHC, or a subsidiary of an authorised NOHC, that is an immediate parent NOHC within the meaning of paragraph 10(b) of *Prudential Standard APS 110 Capital Adequacy (APS 110)*.

Level 1 has the meaning in APS 110.

Level 2 has the meaning in APS 110.

reporting period means a period mentioned in paragraph 6 or, if applicable, paragraph 7.

subsidiary has the meaning in the *Corporations Act 2001*.