



17 January 2019

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS

CONSULTATION ON PROPOSED CHANGES TO REPORTING AND PRUDENTIAL STANDARDS RESULTING FROM *MODERNISED ECONOMIC AND FINANCIAL STATISTICS* (EFS) DATA COLLECTION IMPLEMENTATION

The Australian Prudential Regulation Authority (APRA) has today commenced a consultation on amendments to authorised deposit-taking institution (ADI) prudential and reporting standards that arise as a result of the replacement of the domestic books data collection. The changes impact two existing ADI reporting standards and two ADI prudential standards (see Attachment A).

Background

In January 2017, the Reserve Bank of Australia (RBA), the Australian Bureau of Statistics (ABS) (collectively, 'the agencies') and APRA commenced consultation on the modernised Economic and Financial Statistics (EFS) data collection, which will replace the current domestic books collection¹. In August 2017, APRA and the agencies released a response to submissions². Implementation of the EFS data collection will commence in the reporting period ending March 2019. As part of implementation APRA will revoke a number of ADI and Registered Financial Corporation (RFC) reporting standards that are currently in force and replace them with new EFS reporting standards during 2019.

The new *Accounting Standard AASB 9 Financial Instruments* (AASB 9) replaced the previous *Accounting Standard AASB 139 Financial Instruments* (AASB 139) on 1 January 2018. AASB 9 applies to all entities in Australia and contains new requirements for the classification and measurement of financial assets.

A number of ADI and prudential reporting standards are affected by EFS implementation and the introduction of AASB 9. APRA has taken the opportunity to propose a number of changes to two reporting standards and two prudential standards aimed at streamlining and updating the ADI data collection. No RFC reporting standards will be modified. A list of all changes made to the standards is available in Attachment A.

Changes for EFS implementation

To ensure prudential and reporting standards remain aligned, APRA is proposing to modify the following standards to remove references to revoked reporting standards:

- *Prudential Standard APS 121 Covered Bonds* (APS 121);

¹ [Modernised economic and financial statistics \(EFS\)](#)

² [Response to submissions for EFS data collection consultation](#)

- *Prudential Standard APS 310 Audit and Related Matters (APS 310)*;
- *Reporting Standard ARS 322.0 Statement of Financial Position (Consolidated) (ARS 322.0)*; and
- *Reporting Standards ARS 323.0 Statement of Financial Position (Licensed ADI) (ARS 323.0)*.

APRA will also modify ARS 323.0 to remove monthly reporting requirements for Reporting Category A ADIs with total assets >\$200m from 1 July 2019 as stated in the January 2017 EFS Discussion Paper³ (although quarterly reporting will remain for Reporting Category A ADIs).

Further changes to ARS 322 and 323

Given the need to update the standards to incorporate the changes arising from EFS, APRA is also taking the opportunity to propose amendments to ARS 322.0 and ARS 323.0 aimed at streamlining the data collection process for both ADIs and APRA.

To streamline data administration for APRA and ADIs alike, APRA also proposes changing the due dates for ARS 322.0 and ARS 323.0 from the current 15 or 25 business days to 28 calendar days and removing the scale factor requirement from both reporting standards. APRA is of the opinion that removing multiple due dates and removing the scaling factors for ADI reporting forms will simplify reporting for ADIs and aligns the requirements with those in the EFS statistical collection.

APRA also collects a breakdown of financial assets and liabilities by AASB 139 accounting categories in *Section D: Additional information required by APRA* (Section D) of ARS 322.0. In order to minimise the reporting burden on entities, APRA proposes deleting Section D from ARS 322.0.

APRA is also proposing making additional minor and mechanical changes to the reporting standards.

Updates to APS 310

Attachment A of APS 310 contains a list of ADI reporting forms subject to reasonable and/or limited assurance. As a part of the EFS implementation, *Reporting Form ARF 320.0 Statement of Financial Position (Domestic Books) (ARF 320.0)* is being revoked, and replaced with three new EFS reporting standards:

- *Reporting Standard ARS 720.0 ABS/RBA Statement of Financial Position (ARS 720.0)*;
- *Reporting Standard ARS 720.1 ABS/RBA Loans and Leases (ARS 720.1)*; and
- *Reporting Standard ARS 720.2 ABS/RBA Deposits (ARS 720.2)*.

APRA stated in its March 2018 *Response to Submissions* on the EFS data quality framework⁴ that the above three reporting standards will be subject to reasonable and/or limited assurance

³ [Discussion paper: EFS modernisation January 2017](#)

⁴ [Response paper: EFS data quality framework March 2018](#)

from 1 July 2019. APRA has accordingly updated Attachment A of APS 310 to replace ARS 320.0 with ARS 720.0, ARS 720.1, and ARS 720.2.

APRA proposes that data collected under ARS 210.0 for the purposes of the liquidity coverage ratio and net stable funding ratio respectively, be included in the requirements of APS 310. APRA thus proposes adding the following reporting forms to the list of reporting forms subject to reasonable and/or limited assurance under APS 310:

- *Reporting Form ARF 210.1A Liquidity Coverage Ratio – all currencies;*
- *Reporting Form ARF 210.1B Liquidity Coverage Ratio – AUD only; and*
- *Reporting Form ARF 210.6 Net Stable Funding Ratio.*

Updates to APS 121

APS 121 refers to total resident assets on an ADI's domestic books as reported on ARF 320.0 for the purposes of defining an ADI's assets in Australia and setting a limit on ADIs' issues of covered bonds. APRA intends to update the reference to ARF 320.0 to refer to total resident assets as reported on the EFS replacement of ARF 320.0, *Reporting Form ARF 720.0 ABS/RBA Statement of Financial Position (ARF 720.0)*.

Consultation period

Proposed amendments that form part of this consultation are marked up in documents available on the APRA website at <https://www.apra.gov.au/modernised-economic-and-financial-statistics-efs>.

The draft reporting standards will be subject to a one-month public consultation.

Written submissions on the proposals should be sent to DataAnalytics@apra.gov.au by 28 February 2019 and addressed to:

Manager, Regulatory Reporting, Data Analytics
Australian Prudential Regulation Authority

Yours sincerely,



Alison Bliss
General Manager
Data Analytics

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 A – UPDATED REPORTING AND PRUDENTIAL STANDARDS

Standard	Changes due to EFS	Changes due to AASB 9	Other changes
<i>APS 121 Covered Bonds (APS 121)</i>	<ul style="list-style-type: none"> Removed references to ARS 320.0 		
<i>APS 310 Audit and Related Matters (APS 310)</i>	<ul style="list-style-type: none"> Removed references to ARS 320.0, added ARF 720.0A, ARF 720.0B, ARF 720.1A, ARF 720.1B, ARF 720.2A, and ARF 720.0B to list of reporting forms subject to reasonable and/or limited assurance 		<ul style="list-style-type: none"> Added ARF 210.1A, ARF 210.1B, and ARF 210.6 to list of reporting forms subject to reasonable and/or limited assurance
<i>ARS 322.0 Statement of Financial Position (Consolidated) (ARS 322.0)</i>	<ul style="list-style-type: none"> Removed references to ARS 320.0 	<ul style="list-style-type: none"> Form label changes from <i>Trading securities</i> to <i>Securities held for trading</i> Form label changes from <i>Investment securities</i> to <i>Securities not held for trading</i>. Form label changes from <i>Available for Sale Reserve</i> to <i>Fair Value through OCI Reserve</i> Deletion of Section D 	<ul style="list-style-type: none"> Updates to standard wording Form label changes from <i>Loans held available for sale</i> to <i>Loans held for sale</i>
<i>ARS 323.0 Statement of Financial Position (Licensed ADI) (ARS 323.0)</i>	<ul style="list-style-type: none"> Removed references to ARS 320.0 		<ul style="list-style-type: none"> Updates to standard wording