



18 March 2019

TO: ALL AUTHORISED DEPOSIT-TAKING INSTITUTIONS AND REGISTERED FINANCIAL CORPORATIONS

CONSULTATION ON PROPOSED ARS 722.0 ABS/RBA DERIVATIVES DATA COLLECTION

The Australian Prudential Regulatory Authority (APRA) has today released for consultation a draft *Reporting Standard ARS 722.0 ABS/RBA Derivatives* (ARS 722.0). ARS 722.0 will be used to collect quarterly data on authorised deposit-taking institutions' (ADIs') and registered financial corporations' (RFCs') derivatives activity.

Background

In January 2017, the Reserve Bank of Australia, the Australian Bureau of Statistics (ABS) (collectively, 'the agencies') and APRA commenced consultation on the modernised Economic and Financial Statistics (EFS) data collection¹. The consultation package included 21 reporting standards, including ARS 722.0.

Feedback on the January 2017 consultation noted similarities between ARS 722.0 and the Australian Securities and Investments Commission (ASIC) framework for trade-level over-the-counter (OTC) derivatives reporting and the derivatives section of the *ABS Survey of International Investment* (Form 90).

In their August 2017 response to submissions², APRA and the agencies stated that they would consider derivatives reporting further, consult with ASIC regarding its trade-level OTC data and potentially include Form 90 derivatives reporting requirements in ARS 722.0.

After investigating the ASIC OTC derivatives data, the ABS found that it required additional data to what is collected by ASIC, on derivative positions and counterparty information. To minimise reporting burden, ARS 722.0 incorporates these additional data and the data required to enable the derivatives reporting section of Form 90 to be decommissioned.

Updates to ARS 722.0

In light of the submissions received on the January 2017 consultation and after further considering derivatives reporting, APRA and the agencies have made the following changes to ARS 722.0:

- Divide Part A in the January 2017 version of ARS 722.0 into four separate sections to address difficulties in separating transactions based on their position and the presence of margin;
- Creation of Section A, which collects data on positions with all counterparties excluding clearinghouses and central counterparties. Section A was introduced in response to submissions noting the difficulty in splitting transactions with these counterparties into gross positive or gross negative positions. This includes difficulties in reporting positions that often switch between negative and positive market values;

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

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



- Creation of Sections B and C, which collect data on positions with clearing houses and central counterparties, split by whether they are margined. This is to address the different impacts a position would have on the balance sheet depending on whether margin has been posted or not;
- Creation of Section D, which incorporates Form 90 derivatives reporting requirements; and
- Revisions to Section E on Futures to increase the granularity of the collection.

Proposed reporting threshold

ARS 722.0 is proposed to apply only to ADIs and RFCs with gross derivatives positions greater than \$1.5 billion as measured by the sum of the values reported in items 10.3 and 18.8 on *Reporting Form ARF 720.0A ABS/RBA Statement of Financial Position (Standard)* or *Reporting Form ARF 720.0B ABS/RBA Statement of Financial Position (Reduced)*.

Proposed implementation and parallel reporting dates

ARS 722.0 is proposed to commence for the reporting period ending 31 March 2020, with submissions due 28 calendar days after the end of the reporting period.

The ABS proposes that the period ending June 2020 will be the last reporting period of the derivatives section on Form 90. Having two quarters of ARS 722.0 and Form 90 data will allow the ABS to assess the impact of the new data on its publications and to back cast any changes.

Proposed data quality requirements

Data reported under ARS 722.0 will not be subject to audit requirements³ given that ARS 722.0 reporting does not align with statutory reporting requirements.

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 three-month public consultation.

Written submissions on the proposals should be sent to DataAnalytics@apra.gov.au by 18 June 2019 and addressed to:

Senior 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.

³ Including the requirements in *Reporting Practice Guide RPG 702.0 ABS/RBA Data Quality for the EFS Collection*

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.