



# Reporting Standard ARS AAA

## Financial Claims Scheme Data Collection

### Objective of this reporting standard

This reporting standard is designed for the provision of information to APRA on an authorised deposit-taking institution's deposit products eligible for payout under the Financial Claims Scheme. It is designed to collect deposit data to allow APRA to ascertain the potential liability of the Financial Claims Scheme in relation to an authorised deposit-taking institution and to allow APRA to pay out account-holders in the event of the scheme being declared in relation to an authorised deposit-taking institution. It should be read in conjunction with *Form ARF AAA Financial Claims Scheme Data Collection* and the associated instructions (all of which are attached and form part of this reporting standard).

### Authority

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

### Application

2. This reporting standard applies to all authorised deposit-taking institutions (**ADIs**) except for foreign ADIs.
3. References to APRA in this reporting standard may include a person to whom APRA has delegated its functions or powers in accordance with s16AN of the *Banking Act 1959* (the **Banking Act**).

### Purpose

4. Data collected in *Form ARF AAA Financial Claims Scheme Data Collection* (**ARF AAA**) may be used by APRA:

- (a) for the purpose of monitoring the potential contingent liability of the Commonwealth in the event of the Financial Claims Scheme (FCS) being declared by the Minister in accordance with section 16AD of the Banking Act; and
- (b) to ensure that an ADI is able to produce the required data in the timeframe set out in this reporting standard in order to meet the objectives of the FCS; and
- (c) in the event of the FCS being declared in relation to an ADI, to receive FCS data from the ADI for the purposes of paying out balances in eligible FCS accounts, up to the FCS limit, to account-holders of the ADI.

### **Information required**

- 5. An ADI must provide APRA with the information required by Form ARF AAA for each reporting date, or as otherwise required by APRA.

### **Form and method of submission**

- 6. The information required by this reporting standard must be transmitted to APRA using the comma separated values format (CSV) and provided either:
  - (a) electronically through a website designated by APRA for that purpose; or
  - (b) using File Transfer Protocol (FTP); or
  - (c) via another medium as agreed between APRA and an ADI.
- 7. Notwithstanding paragraph 6, APRA may, by notice in writing, to an ADI, require the information for the purposes of this reporting standard to be provided:
  - (a) in accordance with an alternative information technology requirement; and
  - (b) delivered to an alternative address in accordance with the requirements specified by APRA.

### **Frequency and submission of data**

- 8. An ADI must provide the information required by this reporting standard to APRA at least once a year on a date to be specified by APRA in advance. The date for submission may vary from one year to the next. This is to allow for appropriate simulation of the circumstances of an ADI failure where APRA would require data to be provided at short notice. APRA will provide reasonable notice to an ADI in relation to when an FCS data submission is required for testing purposes.
- 9. In addition to the requirement to provide information in accordance with paragraph 8, APRA may require an ADI to submit the information required by this reporting standard more frequently if APRA has concerns about the adequacy of the systems used by an ADI to produce FCS data or about the

quality of the data produced by an ADI for FCS purposes, or otherwise for testing purposes.

10. APRA may, by notice in writing, vary the reporting date or dates, for an 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 an ADI; or
  - (b) the findings of an audit review of the systems used to produce data for the purpose of the FCS; or
  - (c) the nature and quality of data produced by an ADI.
11. The information required by this reporting standard must be provided to APRA not later than 48 hours after the End-of-Day (EOD) on which a request is made to an ADI.
12. An ADI must be able to provide explanation and supporting information to APRA, if requested to do so, that explains its FCS systems, EOD positions and how they were calculated and the procedures for treatment of payments in payment systems.

#### **Audit**

13. The systems, processes and information used by an ADI to generate and transmit FCS data must be reviewed by an auditor engaged for this purpose. The Auditing and Assurance Standards Board *Guidance Statement 012 Prudential reporting requirements for auditors of authorised deposit-taking institutions* provides guidance on the scope and nature of the review and testing required of auditors. This review and testing must be done on an annual basis, to enable the auditor to form an opinion on the accuracy and reliability of the data and the systems used to produce that data.
14. For the purposes of data provided under this reporting standard an ADI will be required to engage an auditor:
  - (a) upon commencement of this reporting standard to undertake a reasonable assurance review of the controls around systems used to produce FCS data for the purpose of ensuring that the data can be relied upon as being complete and accurate; and
  - (b) reasonable assurance reviews every third year thereafter, with limited assurance reviews in intervening years.
15. APRA may, in writing, require an ADI to engage an auditor to undertake a reasonable assurance review of FCS systems and data if:
  - (a) APRA has concerns about the systems used to produce FCS data, or the data produced by those systems, or any other aspect of an ADI's FCS operations; or

- (b) a limited assurance review is qualified, or the auditor has concerns about the FCS systems or data produced by an ADI's FCS systems.
16. 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 an ADI to ensure that an appropriate set of policies and procedures is in place for the authorisation of data submitted to APRA.

### **Declaration**

17. An ADI must, within three months of its annual balance date,<sup>1</sup> provide APRA with a declaration from its chief executive officer (CEO).
18. The CEO must attest as part of the declaration, for the financial year to which the declaration relates, that:
- (a) the ADI has taken all necessary steps to ensure that it is compliant with the FCS reporting requirements as set out in this reporting standard; and
  - (b) the ADI has systems and processes that allow it to identify each account-holder who holds an eligible FCS product; and
  - (c) the ADI is able to calculate and transmit to APRA aggregated balances for protected accounts for each account-holder in accordance with this reporting standard; and
  - (d) the ADI's systems and associated controls are adequate for the purposes of ensuring that data produced by those systems is complete and accurate; and
  - (e) the ADI is able to provide the data required by this reporting standard within the timeframes set out herein.
19. If the CEO is unable to provide the declaration at paragraph 17 without qualification then the CEO must set out the reasons why they are unable to make the attestation and submit the reasons as a qualification to the declaration.
20. The declaration required under paragraph 17 may be provided by an ADI at the same time and as part of the declarations required by *Prudential Standard APS 310 Audit and Related Matters*.

### **Minor alterations to forms and instructions**

21. 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

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<sup>1</sup> Four months for a non-disclosing entity.

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

### Commencement

23. This reporting standard commences on xx mm 2011.

### Transition

24. An ADI will be allowed a transition period of one year (the standard transition period) from the date of commencement of this reporting standard in which to fully comply with the requirements of this reporting standard.
25. APRA may grant a further transition period of not more than two years in addition to the standard transition period. APRA may grant this further transition period taking into account the matters set out by the ADI in its request for exemption, as well as any other matters APRA considers relevant in deciding whether to grant a further transition period and the period of time of the further transition period.
26. An ADI granted a further transition period under paragraph 25 must fully comply with this reporting standard not later than three years from the date of commencement of this reporting standard.
27. The time for providing information required by this reporting standard will be extended from 48 hours to 72 hours after End-of-Day for all ADIs until three years after the date of commencement of this reporting standard.
28. An ADI seeking a further transition period must, as part of its request for a further transition period, set out those parts of this reporting standard it will be unable to comply with by the end of the standard transition period at paragraph 24, the reasons why it cannot comply, details of the actions it will take to comply and the timeframe for its compliance with this reporting standard.
29. An ADI granted a further transition period under this reporting standard will be required to provide periodic progress updates to APRA, in the form specified by APRA and at an interval determined by APRA.

### Interpretation

30. In this reporting standard:

**account-holder** has the meaning in subsection 5(1) of the *Banking Act 1959*

**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*.

*End-of-Day* means 9.00 am on the day following the date on which the Minister's declaration under s16AD in relation to the ADI or, for testing purposes, 9.00 am on the day after the date on which APRA requests that the information be provided.

*FCS systems* means any system used to produce data for FCS purposes

*protected account* has the meaning in subsection 5(4) of the *Banking Act 1959*

*reporting date* means a date mentioned in paragraph 8 or, if applicable, paragraph 9 or 10.

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