

18 April 2017

Manager

Standard Data Collections

Australian Prudential Regulation Authority

GPO Box 9836

Sydney NSW 2001

By email: statistics@apra.gov.au

Dear Sir/Madam,

DISCUSSION PAPER SUBMISSION: ECONOMIC AND FINANCIAL STATISTICS

HSBC BANK AUSTRALIA LIMITED and THE HONGKONG AND SHANGHAI BANKING CORPORATION SYDNEY BRANCH (Collectively referred to as 'HSBC Australia')

HSBC Australia has reviewed the Discussion Paper: Economic and Financial Statistics and submits this letter in response to the Australian Prudential Regulation Authority's (APRA) invitation for comments.

We note that HSBC Australia has been an active participant in the industry working group forums conducted by both the Australian Financial Markets Association (AFMA) and the Australian Bankers' Association (ABA) and we support the Discussion Paper submissions made by both groups.

As noted in both submissions the smaller institutions (including HSBC Australia) have had limited engagement and time to effectively assess the complexity and scale of the new data collection requirements. On this basis we recommend that these institutions be afforded a sufficient opportunity to digest and complete a thorough review given the large quantity of information.

While we fully support the industry submissions, we take this opportunity to highlight some of our key points as follows:

- the tight timelines proposed for implementation;
- the significant resource burden resulting from parallel run periods;
- an unreasonable compliance burden with regard to granularity and accuracy of data sought from ADIs with small market share;
- the challenges in sourcing and validating additional financial and non-financial data not readily available in the existing system e.g. detailed data collection on lending to first home buyer by purpose type, non-resident activity etc.
- the usefulness of cost of funds data, trade level data on derivatives, repurchase agreements and securities lending sought from foreign ADIs with small market share.

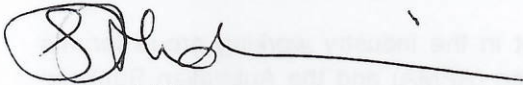
Additionally we would ask APRA to consider some of the common issues faced by global banks (such as resourcing and prioritisation) when being asked to assess and implement local regulatory change in an individual market. HSBC Australia is a part of the global HSBC Group which is a global systemically important bank (G-SIB). Consequently the HSBC Group is already required to comply with global reporting requirements, and satisfy the implications of IFRS9. With the sweeping changes made to Financial Reporting to the UK and EU banking regulator (FINREP) scheduled for implementation in early 2018, we anticipate this will significantly increase the level of reporting of financial information for the HSBC Group. Any required IT development at the local level for HSBC Australia will be required to be prioritised and resourced in accordance with the Group-wide program and it may present implementation challenges when faced with time tight-frames and sizeable development.

HSBC Australia views the proposed changes as significant and complex in nature, that will involve a substantial number of new statistical forms, data points and definitions, as well as new data quality assurance guidelines and standards. For the reasons outlined above HSBC Australia wishes to table its concerns in relation to the proposed timeframe and asks APRA to consider revisions to the timetable.

HSBC Australia's preference is to introduce the new forms in phases, with Phase 1 taking effect at least 18 to 24 months from the date of finalisation of the standards and forms, allowing an additional 9 months for Phase 2 and a further 18 months for Phase 3 after implementation of Phase 1. Additionally we suggest that the parallel run period be shortened to three months and conducted on a prospective basis.

We trust APRA finds our feedback to be constructive and we would welcome further discussion on these issues.

Yours faithfully



Emma Hider

Chief Financial Officer

HSBC Bank Australia Limited