



6 December 2017

**TO: ALL LOCALLY INCORPORATED AUTHORISED DEPOSIT-TAKING INSTITUTIONS
RESPONSE TO SUBMISSIONS – FINANCIAL CLAIMS SCHEME DATA COLLECTION**

On 29 August 2017, the Australian Prudential Regulation Authority (APRA) released for consultation a proposed Financial Claims Scheme (FCS) data collection¹.

The proposal was to require locally incorporated authorised deposit-taking institutions (ADIs) to submit semi-annual data under a new *Reporting Standard ARS 910.0 Financial Claims Scheme Data Collection* (ARS 910.0), to commence for the period ending 31 December 2018.

APRA received four submissions from reporting entities and industry associations. The main issues raised in submissions concerned the implementation timeline and the alignment of definitions with other APRA data collections. Submissions also sought clarity on some data concepts contained in ARS 910.0. APRA's response to the issues raised in submissions is set out in the Attachment to this letter.

Together with this letter, APRA has today released a final ARS 910.0 that incorporates the amendments set out in this letter. These revisions seek to minimise the burden on industry whilst ensuring that the data collected enables APRA to accurately report FCS contingent liability data to the government and other international organisations as and when needed.

The reporting standard commences for the period ending 31 December 2018. The first reporting forms are due to be lodged on 13 February 2019, and are to be completed on a 'best endeavours' basis. 'Best endeavours' continues to apply to reporting forms lodged for reporting periods ending on or before 30 June 2019. The final revised ARS 910.0 is available at:

<http://www.apra.gov.au/adi/PrudentialFramework/Pages/FCS-data-collection-response-Dec17.aspx>

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Katrina Ellis'.

Katrina Ellis
General Manager
Data Analytics

¹ <http://www.apra.gov.au/adi/PrudentialFramework/Pages/FCS-data-collection-consultation-Aug17.aspx>

ATTACHMENT - RESPONSE TO SUBMISSIONS

This attachment outlines APRA's response to submissions received. Some issues raised in submissions were minor or machinery in nature. For those issues, while no response has been included in this attachment, amendments have been made in the final ARS 910.0 where relevant.

Implementation timeline

Two submissions suggested that the commencement date for ARS 910.0 be delayed. The submissions suggested that the commencement date should be 18 months after the release of the final Reporting Standard to allow entities sufficient time to implement the reporting requirements.

The commencement date of ARS 910.0 is driven by the longstanding need to have access to more accurate FCS data and the December 2018 reporting period will be maintained to enable submission for the Federal Budget in May 2019.

Further, much of the data required to be reported for ARS 910.0 should be available to entities to enable them to meet their obligations under *Prudential Standard APS 910 Financial Claims Scheme* (APS 910) thus minimising the amount of effort and resources required by entities to implement ARS 910.0.

Due date and reporting periods

One submission noted that data is to be reported twice a year during the busiest reporting times for ADIs. The submission suggests that APRA consider alternative reporting periods or extending the due dates in ARS 910.0. In order to meet the requirement to provide data to the Government, and to align with other reporting practices, these reporting periods and due dates will be maintained.

Definitions

Three submissions sought alignment of definitions used in ARS 910.0 and *Reporting Standard ARS 701.0 ABS/RBA Definitions* (ARS 701.0) APRA agrees that aligning definitions will support efficient and cost effective implementation of ARS 910.0 and leverage off the work underway to implement the EFS Reporting Standards². APRA has, to a large extent, aligned the definitions with those contained in ARS 701.0. The updated definitions are reflected in the final ARS 910.0.

Data concepts

One submission noted that, unlike APS 910, ARS 910.0 asks entities to report deposits held in non-protected accounts. APRA has removed the requirement to differentiate between protected and non-protected deposits from Section A of ARS 910.0. However, the requirement to distinguish between protected and non-protected accounts has been retained in Section B of ARS 910.0 as a derived field. This information will assist APRA when employing the FCS as a resolution option.

One submission noted that the data collected in Section A of ARS 910.0 may not be directly relevant for the purpose of the FCS. APRA has retained the proposed level of granularity as it will inform APRA when employing the FCS as a resolution option. The submission also noted that the proposed data is similar to data that will be collected in the proposed *Reporting*

² <http://www.apra.gov.au/adi/PrudentialFramework/Pages/EFS-collection-response-Aug17.aspx>

Standard ARS 747 ABS/RBA Deposit Stocks, Flows and Interest Rates (ARS 747.0) and suggested APRA utilise the data collected under ARS 747.0. As ARS 747.0 does not apply to all locally incorporated ADIs, APRA intends to collect this data under ARS 910.0 to ensure consistent information is available about all ADIs to which the FCS applies. Further, the level of granularity required under ARS 910.0 is greater than that required under ARS 747.0. The extra information provided in ARS 910.0 will assist APRA when employing the FCS as a resolution option. APRA understands the benefits of avoiding duplication of the data collected under ARS 910.0, ARS 747.0 and to a lesser extent, *Reporting Standard ARS 720.2 ABS/RBA Deposits*, and may discuss a streamlined approach to reporting on these standards with affected ADIs in the future.

One submission noted a validation indirectly referenced soon to be revoked Reporting Standards i.e. *Reporting Standard ARS 320.0 Statement of Financial Position (Domestic Books)* (ARS 320.0) and *Reporting Standard ARS 323.0 Statement of Financial Position (Licensed ADI)*. This validation has been removed.

Submissions included requests for clarification of some of the data concepts included in ARS 910.0. To assist reporting entities with the preparation of submissions of ARS 910.0 APRA offers these clarifications and in some cases adjustments to ARS 910.0:

- Single Customer View (SCV) – has the meaning as described in APS 910.
- Core Banking System (CBS) – APRA has simplified the requirements in Section D of ARS 910.0. Entities are now required to identify if an external provider’s system is used to generate the SCV and if so, to provide details. If APRA seeks information from entities about more complex systems used to derive the SCV it will do so by means other than the reporting form.
- Trustee Accounts – the requirement to report the ‘Deposit type’ of ‘Trustee account’ in Item 1 has been removed from ARS 910.0. This is due to the fact that the definition of ‘Trustee accounts’ meant that this ‘Deposit Type’ may not be mutually exclusive of other included ‘Deposit types’.
- Mortgage offset account – the ‘Deposit type’ ‘Mortgage offset account’ has been amended in the final ARS 910.0. It is now listed as ‘Offset account’ in Item 1 to align with ARS 701.0.
- Self-managed superannuation funds (SMSFs) – ARS 910.0 asks entities to exclude SMSFs when reporting for the counterparty ‘Households’. It instructed them to be reported as SMSFs but did not provide this counterparty as an option. The definition of Households now instructs entities to report SMSFs as the counterparty ‘Financial institutions’.
- Non residents and related parties – deposits with these institutions should be reported under the relevant counterparty where applicable or under ‘Other counterparties’ only if none of the existing counterparties are appropriate.