



Financial Sector (Collection of Data) (reporting standard) determination No. 65 of 2013

Reporting Standard SRS 114.1 Operational Risk Financial Requirement

Financial Sector (Collection of Data) Act 2001

I, Steven John Davies, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) DETERMINE *Reporting Standard SRS 114.1 Operational Risk Financial Requirement*, in the form set out in the Schedule, which applies to financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard applies to those financial sector entities on and after 1 July 2013.

This instrument commences on the date of registration on the Federal Register of Legislative Instruments.

Dated: 3 June 2013

[signed]

Steven John Davies
General Manager
Statistics

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

financial sector entity has the meaning given by section 5 of the Act.

Schedule

Reporting Standard SRS 114.1 Operational Risk Financial Requirement comprises the 12 pages commencing on the following page.



Reporting Standard SRS 114.1

Operational Risk Financial Requirement

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to the operational risk financial requirement (ORFR) of an RSE licensee including any reserves held to meet the ORFR.

It includes *Form SRF 114.1 Operational Risk Financial Requirement* and associated specific instructions and must be read in conjunction with *Prudential Standard SPS 114 Operational Risk Financial Requirement*.

Authority

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

Purpose

2. Information collected in *Form SRF 114.1 Operational Risk Financial Requirement* (SRF 114.1) is used by APRA for the purposes of prudential supervision and publication, including assessing compliance with *Prudential Standard SPS 114 Operational Risk Financial Requirement*.

Application and commencement

3. This Reporting Standard applies to each registrable superannuation entity (RSE) licensee (RSE licensee) in respect of each RSE, defined benefit RSE, pooled superannuation trust (PST) and eligible rollover fund (ERF) within its business operations.¹
4. This Reporting Standard applies for reporting periods ending on or after 1 July 2013.

¹ For the purposes of this Reporting Standard, an ‘RSE licensee’s business operations’ includes all activities as an RSE licensee (including the activities of each RSE of which it is the licensee), and all other activities of the RSE licensee to the extent that they are relevant to, or may impact on, its activities as an RSE licensee. For the avoidance of doubt, if the RSE licensee is trustee of more than one RSE, defined benefit RSE, PST or ERF, the RSE licensee must separately provide the information required by the form for each RSE, defined benefit RSE, PST or ERF within its business operations.

Information required

5. An RSE licensee to which this Reporting Standard applies must provide APRA with the information required by SRF 114.1 in respect of each reporting period.

Forms and method of submission

6. The information required by this Reporting Standard must be given to APRA in electronic format using the 'Direct to APRA' application or, where 'Direct to APRA' is not available, by a method notified by APRA, in writing, prior to submission.

Note: the 'Direct to APRA' application software (also known as 'D2A') may be obtained from APRA.

Reporting periods and due dates

7. Subject to paragraph 8, an RSE licensee to which this Reporting Standard applies must provide the information required by this Reporting Standard in respect of each year of income of each RSE, defined benefit RSE, PST or ERF within its business operations.
8. If, having regard to the particular circumstances of an RSE, defined benefit RSE, PST or ERF, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by paragraph 7, APRA may, by notice in writing, change the reporting periods for the particular RSE, defined benefit RSE, PST or ERF.
9. The information required by this Reporting Standard must be provided to APRA:
 - (a) for reporting periods ending on or after 1 July 2013 but before 1 July 2015 – within four months after the end of the year of income to which the information relates;
 - (b) for reporting periods ending on or after 1 July 2015 – within three months after the end of the year of income to which the information relates; and
 - (c) in the case of information provided in accordance with paragraph 8, within the time specified by notice in writing.
10. APRA may grant, in writing, an RSE licensee an extension of a due date with respect to one or more RSEs, defined benefit RSEs, PSTs or ERFs within its business operations, in which case the new due date for the provision of the information will be the date on the notice of extension.

Quality control

11. The information provided by an RSE licensee under this Reporting Standard must be the product of systems, procedures and internal controls that have been reviewed and tested by the RSE auditor of the RSE, defined benefit RSE, PST or ERF to which the information relates.² This will require the RSE auditor to review and test the RSE licensee's systems, procedures and internal controls designed to enable the RSE licensee to report reliable information to APRA. This review and testing must be done on:

² Refer also to *Prudential Standard SPS 310 Audit and Related Matters* (SPS 310).

- (a) an annual basis or more frequently if necessary to enable the RSE auditor to form an opinion on the reliability and accuracy of information; and
 - (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board as may be amended from time to time, to the extent that they are not inconsistent with the requirements of SPS 310.
12. All information provided by an RSE licensee under this Reporting Standard must be subject to systems, processes and controls developed by the RSE licensee for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the RSE licensee to ensure that an appropriate set of policies and procedures for the authorisation of information submitted to APRA is in place.

Authorisation

13. When an officer or agent of an RSE licensee provides the information required by this Reporting Standard using the 'Direct to APRA' software, it will be necessary for the officer or agent to digitally sign the relevant information using a digital certificate acceptable to APRA.
14. If the information required by this Reporting Standard is provided by an agent who submits using the 'Direct to APRA' software on the RSE licensee's behalf, the RSE licensee must:
- (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
 - (b) retain the completed copy.
15. An officer or agent of an RSE licensee who submits the information under this Reporting Standard for, on behalf of, the RSE licensee must be authorised by either:
- (a) the Chief Executive Officer of the RSE licensee; or
 - (b) the Chief Financial Officer of the RSE licensee.

Variations

16. APRA may, by written notice to an RSE licensee, vary the reporting requirements of SRF 114.1 in relation to that RSE licensee or one or more RSEs, defined benefit RSEs, PSTs or ERFs within that RSE licensee's business operations.

Interpretation

17. In this Reporting Standard:

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*;

Chief Executive Officer means the chief executive officer of the RSE licensee, by whatever name called, and whether or not he or she is a member of the Board of the RSE licensee³;

Chief Financial Officer means the chief financial officer of the RSE licensee, by whatever name called;

defined benefit RSE means an RSE that is a defined benefit fund within the meaning given in *Prudential Standard SPS 160 Defined Benefit Matters*;

due date means the relevant date under paragraph 9 or, if applicable, paragraph 10;

eligible rollover fund (ERF) has the meaning given in section 10(1) of the SIS Act and, in relation to the period between 1 July 2013 and 31 December 2013, includes an existing ERF within the meaning given in section 391 of the SIS Act;

pooled superannuation trust (PST) has the meaning given in section 10(1) of the SIS Act;

reporting period means a period mentioned in paragraph 7 or, if applicable, paragraph 8;

RSE means a registrable superannuation entity as defined in section 10(1) of the SIS Act that is not a defined benefit RSE, PST, ERF, small APRA fund or single member approved deposit fund⁴;

RSE auditor means an auditor appointed by the RSE licensee to perform functions under this Reporting Standard;

RSE licensee has the meaning given in section 10(1) of the SIS Act;

SIS Act means *Superannuation Industry (Supervision) Act 1993*; and

year of income has the meaning given in section 10(1) of the SIS Act.

³ Refer to *Prudential Standard SPS 510 Governance*.

⁴ For the purposes of this Reporting Standard, 'small APRA fund' means a superannuation entity that is a regulated superannuation fund, within the meaning of the SIS Act, which has fewer than five members and 'single member approved deposit fund' means a superannuation entity that is an approved deposit fund, within the meaning of the SIS Act, and has only one member.

SRF 114.1: Operational Risk Financial Requirement

Australian Business Number	Institution Name
Reporting Period	Scale Factor
	Reporting Consolidation

ORFR basis

1. How is the ORFR held (RSE)?

ORFR holding
ORFR trustee capital
ORFR reserve
ORFR trustee capital and ORFR reserve

Details of ORFR attributed to the RSE

	Attributed to the RSE (1)	<i>of which: Attributed to MySuper products</i> (2)	<i>of which: Attributed to defined benefit sub-funds</i> (3)
2. ORFR target amount			
3. ORFR reserves			
4. ORFR trustee capital			

Movements in ORFR reserve

5. Transfers into ORFR reserve

5.1. Transfers from other reserves to address an operational risk event	
5.2. Other transfers from other reserves	
5.3. Deductions from members benefits	
5.4. Compensation payments from trustee insurance policies	
5.5. Compensation payments from service providers	
5.6. Earnings on reserve	
5.7. Other transfers into ORFR reserve	

5.7.1. Details of other transfers into ORFR reserve

Description (1)	Value (2)

5.8. Total

6. Transfers out of ORFR reserve

6.1. Transfers to other reserves	
6.2. Payments to address an operational risk event	
6.3. Loss on reserve	
6.4. Other transfers out of ORFR reserve	

6.4.1. Details of other transfers out of ORFR reserve

Description (1)	Value (2)

6.5. Total	
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7. ORFR reserve surplus distributed

7.1. Distributed to member accounts	
7.2. Distributed to employer-sponsor	
7.3. Distributed to other recipient	

7.3.1. Details of other recipient

Description (1)	Value (2)

7.4. Total	
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Reporting Form SRF 114.1

Operational Risk Financial Requirement

Instructions

These instructions assist completion of *Reporting Form SRF 114.1 Operational Risk Financial Requirement* (SRF 114.1). SRF 114.1 collects information relating to the operational risk financial requirement (ORFR) of an RSE licensee including reserves held to meet the ORFR and investments of the ORFR reserve. Information reported in SRF 114.1 is required primarily for prudential and publication purposes.

Reporting level

SRF 114.1 must be completed for each registrable superannuation entity (RSE), defined benefit RSE, pooled superannuation trust (PST) and eligible rollover fund (ERF).

Reporting basis and unit of measurement

Report all items on SRF 114.1 in accordance with the Australian Accounting Standards unless otherwise specified.

Items on SRF 114.1 must be reported as at the end of the reporting period or with respect to transactions that occurred during the reporting period.

Items on SRF 114.1 are to be reported as thousands of dollars and dates. Report dates as DD/MM/YYYY.

These instructions specify the reporting basis and unit of measurement that applies to each item.

Specific instructions

Terms highlighted in *bold italics* indicate that the definition is provided in these instructions.

ORFR basis

Item 1 collects information about how the financial resources to meet the RSE licensee's ORFR are held within the RSE, namely whether it is held as trustee capital, a reserve or a combination of trustee capital and a reserve.

<p>Item 1</p>	<p>Report how the financial resources to meet the RSE licensee's ORFR are held, with respect to the RSE, in item 1 as <i>ORFR trustee capital</i>, <i>ORFR reserve</i> or a combination of <i>ORFR trustee capital</i> and <i>ORFR reserve</i>.</p> <p>If <i>ORFR trustee capital</i> is reported in item 1, leave item 5 to item 7 inclusive blank.</p>
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<i>ORFR trustee capital</i>	Represents trustee capital held by the RSE licensee for the purposes of meeting the operational risk financial requirement. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .
<i>ORFR reserve</i>	Represents the reserve held within an RSE within the RSE licensee's business operations for the purposes of meeting the operational risk financial requirement. An <i>ORFR reserve</i> must be separately identifiable from member accounts and reserves held in the RSE for other purposes. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .

Details of the ORFR attributed to the RSE

Item 2 to item 4 inclusive collect information on certain features of the ORFR attributed to the RSE, including the ORFR target amount, the ORFR reserves held, the ORFR trustee capital held and how these amounts are attributed within the RSE.

Reporting basis: report item 2 to item 4 inclusive as at the end of the reporting period.

Unit of measurement: report item 2 to item 4 inclusive in thousands of dollars.

Item 2	Report the <i>ORFR target amount</i> that is attributed to the RSE in item 2. Report the <i>ORFR target amount</i> that is: attributed to the RSE in column 1; attributed to MySuper products within the RSE in column 2; and attributed to defined benefit sub-funds within the RSE in column 3.
<i>ORFR target amount</i>	Represents the target amount of financial resources to address the operational risks of each RSE within the RSE licensee's business operations. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .

Item 3	Report the amount of <i>ORFR reserves</i> that is attributed to the RSE in item 3. Report the amount of <i>ORFR reserves</i> that is: attributed to the RSE in column 1; attributed to MySuper products within the RSE in column 2; and attributed to defined benefit sub-funds within the RSE in column 3. The <i>ORFR reserves</i> reported in item 3 must equal the sum of the value reported for this item in the previous reporting period, <i>transfers into ORFR reserve</i> reported in item 5 and <i>earnings on ORFR reserve</i> reported in item 7 inclusive minus <i>transfers out of ORFR reserve</i> reported in item 6.
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Item 4	Report the amount of <i>ORFR trustee capital</i> that is attributed to the RSE in item 4.
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Movements in ORFR reserve

Item 5 to item 7 inclusive collect information on movements into and out of the ORFR reserve that is held by the RSE.

Reporting basis: report item 5 to item 7 inclusive with respect to transactions that occurred during the reporting period.

Unit of measurement: report item 5 to item 7 inclusive in thousands of dollars.

<p>Item 5</p>	<p>Report <i>transfers into ORFR reserve</i> in item 5 as gross of <i>transfers out of ORFR reserve</i>.</p> <p>Item 5.7 is a derived item. Report other <i>transfers into ORFR reserve</i> in item 5.7 as total <i>transfers into ORFR reserve</i> reported in item 5.8 minus the sum of <i>transfers from other reserves to address an operational risk event</i> reported in item 5.1, <i>other transfers from other reserves</i> reported in item 5.2, <i>deductions from members</i> reported in item 5.3, <i>compensation payments from trustee insurance policies</i> reported in item 5.4, <i>compensation payments from service providers</i> reported in item 5.5 and <i>earnings on reserve</i> reported in item 5.6.</p> <p>Report details of other <i>transfers into ORFR reserve</i> on separate lines in item 5.7.1. The sum of the items in column 2 of item 5.7.1 must equal the amount of other <i>transfers into ORFR reserve</i> reported in item 5.7.</p> <p>Report a description of the other <i>transfers into ORFR reserve</i> in column 1 and the value in column 2. Report a description in column 1 that includes the source of the transfer.</p>
<p><i>Transfers into ORFR reserve</i></p>	<p>Represents amounts transferred to the <i>ORFR reserve</i> resulting in an increase in the <i>ORFR reserve</i>. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i>.</p>
<p><i>Transfers from other reserves to address an operational risk event</i></p>	<p>Represents the amount transferred into the <i>ORFR reserve</i> from other reserves to provide funds to rectify a particular loss caused by an operational risk. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i>.</p>
<p><i>Other transfers from other reserves</i></p>	<p>Represents the amount transferred into the <i>ORFR reserve</i> from another type of reserve of the RSE that is not reported as <i>transfers from other reserves to address an operational risk event</i>. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i>.</p>
<p><i>Deductions from members benefits</i></p>	<p>Represents the amount transferred from deductions to member accounts or through fees and charges to members in relation to building the financial resources to meet the operational risk financial requirement. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i>.</p>

Compensation payments from trustee insurance policies	Represents money transferred, from compensation payments from trustee insurance policies. These monies replenish the financial resources held to meet the operational risk financial requirement after a loss. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .
Compensation payments from service providers	Represents money transferred, from compensation payments from agreements with service providers. These monies replenish the financial resources held to meet the operational risk financial requirement after a loss. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .
Earnings on reserve	Represents the total value earned via investing the amount held in a reserve.

Item 6	<p>Report transfers out of ORFR reserve in item 6 as gross of transfers into ORFR reserve.</p> <p>Item 6.4 is a derived item. Report other transfers out of ORFR reserve in item 6.4 as total transfers out of ORFR reserve reported in item 6.5 minus the sum of transfers to other reserves reported in item 6.1, payments to address an operational risk event reported in item 6.2 and loss on reserve reported in item 6.3.</p> <p>Report details of other transfers out of ORFR reserve on separate lines in item 6.4.1. The sum of the items in column 2 of item 6.4.1 must equal the amount of other transfers out of ORFR reserve reported in item 6.4. Report the aggregate of ORFR reserve surplus distributed in item 6.4.1 and report the detail in item 8.</p> <p>Report a description of the other transfers out of ORFR reserve in column 1 and the value in column 2. Report a description in column 1 that includes the destination of the transfer.</p>
Transfers out of ORFR reserve	Represents amounts transferred out of the ORFR reserve resulting in a decrease in the ORFR reserve. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .
Transfers to other reserves	Represents the amount transferred out of the ORFR reserve to another type of reserve of the RSE that has met the RSE licensee's criteria for determining when and how the financial resources held to meet the operational risk financial requirement can be called upon. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .
Payments to address an operational risk event	Represents the amount of money transferred out in order to address an operational risk event that has met the RSE licensee's criteria for determining when and how the financial resources held to meet the operational risk financial requirement can be called upon. Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i> .

<i>Loss on reserve</i>	Represents the total value of loss via investing the amount held in a reserve.
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ORFR reserve surplus distributed

Item 7 collects information on distributions of an ORFR reserve surplus.

Reporting basis: report item 7 with respect to transactions that occurred during the reporting period.

Unit of measurement: report item 7 column 2 in thousands of dollars.

Item 7	<p>If an RSE licensee distributed an <i>ORFR reserve surplus</i> during the period, report item 7; otherwise, leave item 7 blank.</p> <p>Report the value of the <i>ORFR reserve surplus</i> distributed to <i>member accounts</i> in item 7.1 and distributed to <i>employer sponsors</i> in item 7.2.</p> <p>Item 7.3 is a derived item. Report the value of <i>ORFR reserve surplus</i> distributed to other recipients in item 7.3 as total <i>ORFR reserve surplus</i> distributed reported in item 7.4 minus <i>ORFR reserve surplus</i> distributed to <i>member accounts</i> in item 7.1 and distributed to <i>employer sponsors</i> in item 7.2.</p> <p>Report details of <i>ORFR reserve surplus</i> distributed to other recipients on separate lines in item 7.3.1. The sum of the items in column 2 must equal the value of <i>ORFR reserve surplus</i> distributed to other recipients reported in item 7.3.</p> <p>Report a description of the other recipient in column 1 and the value in column 2.</p>
<i>ORFR reserve surplus</i>	<p>Represents an amount of the financial resources held in the form of <i>ORFR reserve</i> to meet the ORFR target amount that the RSE licensee has determined exceeds the ORFR target amount, and the excess financial resources are not needed for it to continue to meet this amount.</p> <p>Reference: <i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i>.</p>
<i>Member account</i>	Represents a distinct entry recorded in the register of member accounts (or other equivalent mechanism).
<i>Employer sponsor</i>	Represents an employer sponsor as given within the meaning in SIS Act, s. 16(1).

Interpretation

For the purposes of these instructions:

- ***defined benefit RSE*** means an RSE that is a defined benefit fund within the meaning given in *Prudential Standard SPS 160 Defined Benefit Matters*;

- ***eligible rollover fund (ERF)*** has the meaning given in section 10(1) of the SIS Act and, in relation to the period between 1 July 2013 and 31 December 2013, includes an existing ERF within the meaning given in section 391 of the SIS Act;
- ***MySuper product*** has the meaning given in section 10(1) of the SIS Act;
- ***operational risk financial requirement (ORFR)*** has the meaning given in SPS 114;
- ***pooled superannuation trust (PST)*** has the meaning given in section 10(1) of the SIS Act;
- ***RSE*** means a registrable superannuation entity as defined in section 10(1) of the SIS Act that is not a defined benefit RSE, PST, ERF, small APRA fund or single member approved deposit fund¹;
- ***RSE licensee*** has the meaning given in section 10(1) of the SIS Act;
- ***SIS Act*** means *Superannuation Industry (Supervision) Act 1993*;
- ***SIS Regulations*** means *Superannuation Industry (Supervision) Regulations 1994*; and
- ***SPS 114*** means *Prudential Standard SPS 114 Operational Risk Financial Requirement*.

¹ For the purposes of these instructions, ‘small APRA funds’ means a superannuation entity that is a regulated superannuation fund, within the meaning of the SIS Act, which has fewer than five members and ‘single member approved deposit fund’ means a superannuation entity that is an approved deposit fund, within the meaning of the SIS Act, and has only one member.