

**Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2017 – Reporting Standard ARS 731.3B International Banking Statistics – Immediate and Ultimate Risk Exposures – Foreign Entity**

**EXPLANATORY STATEMENT**

**Prepared by the Australian Prudential Regulation Authority (APRA)**

*Financial Sector (Collection of Data) Act 2001* (the Act), subsections 13(1) and 15(1)

*Acts Interpretation Act 1901*, subsection 33(3)

Under paragraph 13(1)(a) of the Act, APRA may, by writing, determine reporting standards with which financial sector entities must comply. Such standards relate to reporting financial or accounting data and other information regarding the business or activities of the entities. Subsection 15(1) of the Act provides that APRA may declare a day on and after which the reporting standards are to apply.

Subsection 33(3) of the *Acts Interpretation Act 1901* provides that where an Act confers a power to issue an instrument the power shall, unless the contrary intention appears, be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to revoke any such instrument.

On 08 August 2017, APRA made the Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2017 (the instrument) which:

- revokes *Reporting standard ARS 231.3B International Exposures: Consolidated (Foreign Entity)* made under Financial Sector (Collection of Data) (reporting standard) determination No. 29 of 2008; and
- determines *Reporting Standard ARS 731.3B International Banking Statistics - Immediate and Ultimate Risk Exposures – Foreign Entity*.

This instrument commences on 1 October 2017.

## **1. Background**

The Bank for International Settlements (BIS) compiles quarterly aggregate statistics on international banking activity in the International Banking Statistics (IBS). The IBS include data supplied by APRA. In 2012 the BIS approved enhancements to the IBS to fill some of the data gaps identified in IBS.

Following industry consultation APRA decided to implement improvements to its collection of the BIS IE statistics. These improvements include:

- rationalisation of the number of forms from three to one;
- including additional counterparty sector information;
- including information on positions vis-à-vis Australia; and
- including one additional currency.

## **2. Purpose of the instrument**

The purpose of the instrument is to determine a new reporting standard to replace an existing reporting standard used to collect data to provide to the BIS for use in the

IBS. The data may also be used by APRA for supervision, and by the Reserve Bank of Australia.

### **3. Consultation**

On 28 July 2016, APRA released a discussion paper, *Banks' International Exposures Reporting Requirements* (the Discussion Paper), on proposed changes to the collection of international exposures from ADIs.

In the Discussion Paper, APRA sought feedback from ADIs on the proposed new reporting requirements, and the proposal to determine data reported under the new reporting standard non-confidential under s57 of the *Australian Prudential Regulation Authority Act 1997*.

The submissions received by APRA from industry indicated general support for the reporting changes, however all objected to the proposed first reporting period and made various comments on specific parts of the reporting requirements. APRA issued a response to the submissions on 16 December 2016.

APRA took the submissions into account in deciding the content of *Reporting Standard ARS 731.3B International Banking Statistics - Immediate and Ultimate Risk Exposures – Foreign Entity*.

### **4. Regulation Impact Statement**

The Office of Best Practice Regulation has advised that a Regulation Impact Statement is not required for this legislative instrument.

### **5. Statement of compatibility prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011**

A Statement of compatibility prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* is provided at Attachment A to this Explanatory Statement.

## **ATTACHMENT A**

### **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

#### **Financial Sector (Collection of Data) (reporting standard) determination No. 4 of 2017 – Reporting Standard ARS 731.3B International Banking Statistics - Immediate and Ultimate Risk Exposures – Foreign Entity**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instrument listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011* (HRPS Act).

#### **Overview of the legislative instrument**

The instrument determines a new reporting standard, and revokes a reporting standard, under the *Financial Sector (Collection of Data) Act 2003*. The new reporting standard is similar to the revoked reporting standard but makes improvements to the international banking statistics APRA collects from banks.

#### **Human rights implications**

APRA has assessed the instrument and is of the view that it does not engage any of the applicable rights or freedoms recognised or declared in the international instruments listed in section 3 of the HRPS Act. Accordingly, in APRA's assessment, the instrument is compatible with human rights.

#### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.