**Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2023**

**EXPLANATORY STATEMENT**

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

*Financial Sector (Collection of Data) Act 2001,* sections 13 and 15

*Acts Interpretation Act 1901,* section 33

Under subsection 13(1) of the *Financial Sector (Collection of Data) Act 2001* (the Act), APRA has the power to determine reporting standards, in writing, 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 33(3) of the *Acts Interpretation Act 1901* provides that where an Act confers a power make, grant or issue an instrument of a legislative or administrative character 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.

Subsection 15(1) of the Act provides that APRA may declare a day on and after which the reporting standards are to apply.

On 24 March 2023, APRA determined the Financial Sector (Collection of Data) (reporting standard) determination No. 3 of 2023 which:

1. revokes *Reporting Standard ARS 117.0 Repricing Analysis* (ARS 117.0) made under Financial Sector (Collection of Data) (reporting standard) determination No. 11 of 2012; and
2. determines a new version ofARS 117.0.

The instrument commences on 1 April 2023.

1. **Background**

APRA’s prudential framework includes a suite of prudential standards that impose capital requirements for authorised deposit-taking institutions (ADIs), for the purpose of ensuring ADIs hold sufficient capital to address the risks associated with their operations.

One of these standards is *Prudential Standard APS 117 Interest Rate Risk in the Banking Book (Advanced ADIS)* (APS 117)*.* APS 117sets out the requirements that must be met by an ADI with approval to use an internal model for interest rate risk in the banking book must meet for regulatory capital purposes, both at the time of initial implementation and on an ongoing basis.

ARS 117.0 sets out an ADI’s reporting requirements to APRA in relation to an ADI’s repricing profile. It includes *Form ARF 117.0A Repricing analysis – denominated in AUD* and the series of reporting forms *ARF 117.0B.1 Repricing analysis – denominated in foreign currency\_1* to *ARF 117.0B.9 Repricing analysis – denominated in foreign currency\_9* (and the associated instructions) and should be read in conjunction with APS 117. ARS 117.0 permits APRA to collect data to support APRA’s prudential supervision of ADIs under APS 117. The data collected under ARS 117.0 is also used by the Reserve Bank of Australia (RBA) and the Australian Bureau of Statistics (ABS) to assist them with their functions.

ARS 117.0 was last determined by APRA in 2012 (the previous ARS 117.0).

1. **Purpose and operation of the instrument**

The previous ARS 117.0 was to be repealed by sunsetting on 1 April 2023 under subsection 50(1) of the Legislation *Act 2003*. APRA has reviewed the regulatory performance of the previous ARS 117.0 and found that it continues to be fit for purpose. Consequently, APRA intends that it be remade without substantive changes.

The purpose of the instrument is to revoke the previous ARS 117.0 and remake ARS 117.0 with minor changes to use the drafting style employed currently for APRA’s reporting standards, such as formatting to improve readability and accessibility, make minor definitional changes and update the commencement date. The changes to ARS 117.0 do not alter the existing reporting obligations or interests of ADIs. The due dates, data required and the application of the reporting standard have not changed.

The instrument incorporates by reference certain provisions of Acts, Prudential Standards, and Australian Accounting Standards issued by the Australian Accounting Standards Board. All of these references are references to the instruments as they exist from time to time. These instruments are disallowable instruments and are available on the Federal Register of Legislation at [www.legislation.gov.au](http://www.legislation.gov.au).

There are a number of powers that may be exercised by APRA in reporting standards that involve an element of discretion and which may impact the interests of the financial sector entity to which the reporting standard applies. These decisions include APRA refusing to change a reporting period or due date for an ADI to provide information required by ARS 117.0. Decisions made by APRA exercising those powers are not subject to merits review. Delays caused by an entity seeking merits review of APRA’s decisions under one or more reporting standards could significantly compromise use of the data at an entity and aggregate level by APRA, the RBA and ABS. It is necessary that ARS 117.0 be allowed to continue in force from 1 April 2023 onwards.

APRA considers decisions made by APRA exercising discretions under its reporting standards should not be subject to merits review as they are financial decisions with a significant public interest element.

1. **Consultation**

# The substance of ARS 117.0 has already been consulted on with industry when originally determining the reporting standard (see the Explanatory Statement for the previous ARS 117.0). APRA is satisfied that further consultation is not necessary and not reasonably practicable to undertake for this instrument. The instrument does not alter the existing reporting obligations that are required to be complied with by ADIs and any changes to the instrument are minor and machinery in nature.

1. **Regulation Impact Statement**

The Office of Impact Analysis has advised that a Regulation Impact Statement is not required for these legislative instruments.

1. **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. 3 of 2023**

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

**Overview of the Legislative Instrument**

*Reporting Standard ARS 117.0 Repricing Analysis* (ARS 117.0) outlines the overall requirements for the provision of information to APRA relating to the repricing profile of an authorised deposit taking institution (ADI). ADIs are bodies corporate authorised to carry on banking business in Australia.

The purpose of the Legislative Instrument is to revoke the existing version of ARS 117.0 determined by APRA in 2012 and replace it with a new version. A new version of ARS 117.0 is being made as the existing ARS 117.0 is due to sunset on 1 April 2023.

**Human rights implications**

APRA has assessed the Legislative 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 Legislative Instrument is compatible with human rights.

**Conclusion**

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