

Banking (Statistics) Regulations (Amendment) 1994 No. 417

EXPLANATORY STATEMENT

STATUTORY RULES 1994 No. 417

Issued by the authority of the Treasurer

Banking Act 1959

Banking (Statistics) Regulations (Amendment)

Section 71 of the Banking Act 1959 (the Act) provides that the Governor-General may make Regulations for the purpose of the Act.

Paragraph 51(1)(a) of the Act and regulations 4 and 5 of the Banking (Statistics) Regulations (the Regulations), require banks to prepare financial statements which must be provided to the Reserve Bank of Australia (RBA).

Prior to an amendment of Part 6 of the Act in 1989, existing foreign bank branches were exempt from the requirement to submit financial statements. However, the section under which the exemption was made (former section 60) was repealed at that time. As a result, the exemption no longer applies.

The RBA now requests that the exemption for foreign bank branches, from the requirement to prepare yearly financial statements, be reinstated. The RBA considers that yearly financial statements which, for foreign bank branches, would be in respect of the bank's global operations, would be of little benefit in their supervision of Australian branches, and that their preparation would entail unnecessary administrative costs for the banks. Foreign bank branches will still be required to prepare and submit to the RBA a range of prudential returns, largely similar to those submitted by domestic banks. Therefore, it is proposed to amend the Regulations to exempt foreign banks from the requirements of regulations 4 and 5 of those Regulations.

The effect of the Regulation is to exempt foreign bank branches from the requirement to prepare and submit yearly financial statements to the RBA.

The Regulation commenced on Gazettal.