

Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2017 – Reporting Standard ARS 731.4 International Banking Statistics — Balance Sheet Items

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)

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.

On 08 August 2017, APRA made the Financial Sector (Collection of Data) (reporting standard) determination No. 5 of 2017 (the instrument) which determines *Reporting Standard ARS 731.4 International Banking Statistics — Balance Sheet Items*.

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 731.4 International Banking Statistics — Balance Sheet Items*.

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

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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 under the *Financial Sector (Collection of Data) Act 2003*. The new reporting standard 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.