

Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2025

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 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.

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

On 3 June 2025, APRA made:

- (1) Financial Sector (Collection of Data) (reporting standard) determination No. 16 of 2025 which:
 - (i) revokes *Reporting Standard ARS 117.1 Interest Rate Risk in the Banking Book (IRRBB)* (ARS 117.1) made under Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2019; and
 - (ii) determines a new version of ARS 117.1.

The instrument commences on the day after it is registered on the Federal Register of Legislation.

1. Background

APRA is the prudential regulator for banking, insurance and superannuation entities, and collects financial sector data for its own uses and on behalf of the Reserve Bank of Australia and the Australian Bureau of Statistics.

ARS 117.1 sets out the requirements for authorised deposit-taking institutions (ADIs) and immediate parent non-operating holding companies (NOHCs) of ADIs to report information to APRA relating to their IRRBB regulatory capital. It states the specific data items ADIs and NOHCs need to submit, provides definitions and instructions on how to measure and report these items, and states timelines and quality requirements for providing the data to APRA.

APRA consulted on updates to the ADI IRRBB capital and reporting frameworks from September 2019 to July 2024. In December 2023, APRA released a response to submissions on proposed changes to the ADI IRRBB capital framework. At the same time, APRA released a consultation on proposed updates to the corresponding reporting framework, including creating a new version of ARS 117.1. These updates were made to align the reporting standards

with proposed changes to prudential standards. Following a three-month consultation period, APRA released a response to submissions on the reporting standards on 8 July 2024¹.

2. Purpose and operation of the instrument

The purpose of the instrument is to revoke ARS 117.1 and replace it with a new version. This reporting standard sets out the requirements for the provision of information to APRA relating to an ADI's IRRBB regulatory capital.

The new version of ARS 117.1 will ensure that APRA's reporting framework aligns with its updated prudential framework following the updates to the ADI capital framework. This will allow APRA to supervise ADIs' compliance against the updated capital requirements.

The new reporting standard applies to reporting periods ending on or after 1 October 2025. While the new version of ARS 117.1 requires reporting for reporting periods that commenced prior to its commencement, it is not retrospective in operation as the obligation to report on these reporting periods commences from, and not prior to, its commencement.

Explanation of each provision in the instrument

Authority – paragraph 1

This paragraph outlines APRA's power to determine reporting standards that are required to be complied with by financial sector entities under paragraph 13(1)(a) of the Act.

Purpose – paragraph 2

This paragraph explains the purpose of APRA's collection of information under the reporting standard. Information collected under this reporting standard will be used by APRA for the purpose of prudential supervision including assessing compliance with capital standards. It may also be used by the Reserve Bank of Australia and the Australian Bureau of Statistics.

Application – paragraphs 3 - 5

These paragraphs state which financial sector entities must comply with the reporting standard under section 13 of the Act, and when the reporting standard begins to apply to these financial sector entities.

Information required – paragraphs 6 and 7

These paragraphs state what information financial sector entities must provide to APRA for each reporting period as permitted by paragraphs 13(2)(a) and (b) of the Act.

Method of submission – paragraph 8

This paragraph specifies how information required by the reporting standard must be given to APRA as permitted by paragraph 13(2)(e) of the Act.

¹ <https://www.apra.gov.au/interest-rate-risk-banking-book>

Reporting periods and due dates – paragraphs 9-12

Paragraphs 13(2)(d)-(f) of the Act permit reporting standards determined by APRA to include matters related to:

- (1) the times as at which, or the periods to which, the information in reporting documents is to relate;
- (2) the giving of reporting documents to APRA, and when they should be provided; and
- (3) the discretion of APRA, in particular cases, to vary reporting standards, including, but not limited to, the discretion to vary when entities are to provide documents.

Paragraph 13(2)(bb) of the Act permits reporting standards determined by APRA to include matters related to the auditing of reporting documents.

Paragraphs 9-12 rely on these provisions. Paragraph 9 states that ADIs are to provide the information required by this reporting standard in respect of each quarter based on the ADI's financial year (within the meaning of the *Corporations Act 2001*). Paragraph 10 provides for APRA to vary the reporting periods mentioned in paragraph 9 in writing, if, having regard to the particular circumstances of an ADI and other matters, APRA considers it necessary or desirable to obtain information at a different frequency than stated in paragraph 9. Paragraph 11 specifies the due dates for provision of information to APRA – within 35 calendar days after the end of the relevant reporting period. Paragraph 12 states that APRA may grant an extension of a due date in paragraph 11 in writing.

Quality control – paragraphs 13-14

Paragraph 13 states that information provided under the reporting standard (except for the information required under paragraph 7) must be the product of systems, processes and controls that have been reviewed and tested by the ADI's external auditor. Paragraph 14 states that all information provided under the reporting standard must be subject to systems, processes and controls developed by the ADI for the internal review and authorisation of that information.

Authorisation – paragraph 15

Paragraph 15 states how information provided to APRA should be authenticated.

Variations – paragraphs 16 - 17

Paragraph 16 states that APRA may, by written notice to the ADI, vary the reporting requirements of this Reporting Standard in relation to that ADI, as permitted by paragraph 13(2)(f) of the Act.

Paragraph 17 states that APRA may determine, in writing, that an individual ADI of one class of ADI is to be treated, for the purposes of this Reporting Standard, as though it were an ADI of another class of ADI, as permitted by paragraph 13(2)(f) of the Act.

Transition – paragraph 18

Paragraphs 13(2)(d)-(e) of the Act provide for APRA to include matters relating to times and periods to which information in reporting documents is to relate, the provision of documents to APRA, and the time periods for provision of these documents to APRA. Paragraph 18 clarifies that financial sector entities must continue to report data under the reporting standard

revoked in the determination making this reporting standard for reporting periods that ended before the new reporting standard begins to apply to reporting periods ending on or 1 October 2025.

Interpretation – paragraphs 19-20

Paragraph 19 provides definitions of common terms used throughout this reporting standard. Paragraph 20 states that unless the contrary intention appears, a reference to an Act, Regulation, Prudential Standard, Reporting Standard, Australian Accounting or Auditing Standard is a reference to the instrument as in force from time to time.

General directions and notes

The general directions and notes contain details on the data to be reported to APRA under this reporting standard. Information in the general directions and notes applies to all data items in this reporting standard.

Specific instructions

The specific instructions list the specific data items that must be reported to APRA and how financial sector entities should determine these items.

Documents incorporated by reference

Under paragraph 14(1)(a) of the *Legislation Act 2003*, the standard incorporates by reference as in force from time to time:

- Acts of Parliament;
- Prudential Standards determined by APRA under section 11AF of the *Banking Act 1959*;
- Reporting Standards determined by APRA under subsection 13(1) of the Act; and
- Australian Accounting Standards determined by the Australian Accounting Standards Board under section 334 of the *Corporations Act 2001* (Cth).

These documents may be freely obtained at www.legislation.gov.au (all documents listed above except for Australian Accounting Standards), and <https://www.aasb.gov.au/pronouncements/accounting-standards/> (Australian Accounting Standards).

Under paragraph 14(1)(b) of the *Legislation Act 2003*, the reporting standard incorporates the following document as existing at the commencement of the reporting standard:

- Basel Committee on Banking Supervision (BCBS) (2016) Interest Rate Risk in the Banking Book, version April 2016, published by the Basel Committee on Banking Supervision. This document may be freely obtained at <https://www.bis.org/bcbs/publ/d368.pdf>.

ARS 117.1 also requires entities to report against the following standard and codes as a matter of fact:

- ISO 4217 - ARS 117.1 requires financial sector entities to report certain items with a three-letter ISO 4217 currency code. ISO 4217 is an internationally recognised code for the representation of currencies developed by the International Organization for Standardization (ISO). Financial sector entities are aware information relevant to the three-letter ISO 4217 currency code may be freely obtained at <https://www.six-group.com/en/products-services/financial-information/data-standards.html>.

The contents of this standard are not relevant to the understanding of ARS 117.1 and accordingly ARS 117.1 does not incorporate by reference the contents of this standard

Exercise of discretion by APRA

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 ADIs to which the reporting standards apply. These decisions include APRA changing a reporting period or due date for an ADI to provide information required by each of the instruments.

The need to apply discretion is driven by entity specific issues and circumstances which are not adequately addressed by the generally applicable provisions of the reporting standards.

APRA will exercise the power to vary the reporting requirements in relation to a relevant entity if it is satisfied that this will achieve a better reporting or prudential outcome than if it remained in its original form. For example, a change to a reporting period or due date might be determined on APRA's initiative taking into account APRA's assessment of whether existing data will be sufficient for APRA's prudential supervision purposes, or whether APRA will have the required data to assess an entity's capital adequacy by a particular date. Alternatively, a change to a reporting period or due date might be considered by APRA at the request of an entity, where the entity is able to demonstrate that it would not be appropriate or feasible to provide data for a particular reporting period or by a particular date.

APRA considers a wide range of factors when exercising its discretion under reporting standards, including limiting regulatory burden, or correcting errors or inconsistencies in the reporting standards.

The exercise of APRA's powers is governed by a robust decision-making framework which is documented in APRA's internal policies. This framework supports APRA in fulfilling its mandate by limiting decision-making to APRA officers with the appropriate experience and skill to exercise prudent judgement. The framework also requires decision makers to seek advice from internal technical experts.

The reporting form and associated instructions in the reporting standard refer to discretions exercised by APRA under the *Banking Act 1959* or a prudential standard made under that Act, such as adjustments, limits and charges. ADIs are required to report information relating to these items. These discretions are not contained in the reporting standard.

Review of decisions

APRA considers that decisions made by APRA in exercising the powers in reporting standards should not be subject to merits review as they are financial decisions with a significant public interest element.

APRA's reporting standards collect financial data from regulated entities. This data contains critical indicators of a regulated entity's financial wellbeing. APRA relies heavily on this financial data to inform its supervisory actions towards its regulated entities. Without timely

and complete data, APRA may miss indicators that an entity is taking on imprudent risk or is in distress. APRA's supervisory decisions may be jeopardised if its receipt of data is unreliable due to entities seeking merits review under its reporting standards.

3. Consultation

APRA undertook public consultation on updates to the market risk capital framework for ADIs, including a draft of this reporting standard, from December 2023 to July 2024. The final round of consultation was completed on 8 July 2024, when APRA released finalised changes to the prudential and reporting framework for ADIs, including finalised reporting standards².

Submissions were received from reporting ADIs, regulatory technology providers and industry bodies. APRA incorporated feedback received into the final versions of the reporting standards, including providing additional guidance for reporting and simplifying reporting classifications in response to industry feedback.

APRA is satisfied the consultation was appropriate and reasonably practicable.

4. Regulation Impact Statement

The Office of Impact Analysis confirmed that a Regulation Impact Statement was not required.

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.

² Please see: <https://www.apra.gov.au/interest-rate-risk-banking-book>.

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 purpose of the Legislative Instrument is to revoke *Reporting Standard ARS 117.1 Interest Rate Risk in the Banking Book (IRRBB)* (ARS 117.1) made under Financial Sector (Collection of Data) (reporting standard) determination No. 30 of 2019 and replace it with a new version of ARS 117.1.

ARS 117.1 sets out requirements for authorised deposit-taking institutions (ADIs) and immediate parent non-operating holding companies (NOHCs) of ADIs to report their interest rate risk in the banking book regulatory capital. ADIs are bodies corporate that have been granted the authority, under the *Banking Act 1959*, to carry on banking business in Australia.

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.