



28 June 2019

TO: ALL REGISTERED FINANCIAL CORPORATIONS (RFCs)

ECONOMIC AND FINANCIAL STATISTICS – RESPONSE TO SUBMISSIONS ON PROPOSED CHANGES TO REPORTING CONSOLIDATION FOR SECURITISATION SPECIAL PURPOSE VEHICLES (SPVs)

In May 2019, the Australian Bureau of Statistics, the Reserve Bank of Australia and the Australian Prudential Regulation Authority (APRA) (collectively ‘the agencies’) consulted on proposed changes to reporting requirements for registered financial corporations (RFCs) that are not a related party of an authorised deposit-taking institution (ADI). APRA proposed changes to the Economic and Financial Statistics (EFS) data collection relating to the consolidation of securitisation SPVs.

This letter contains APRA’s response to consultation feedback. Based on the submission received, APRA will proceed with the proposed changes to *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection (ARS 701.0)* and consequential changes to *Reporting Practice Guide RPG 701.0 ABS/RBA Reporting Concepts for the EFS Collection (RPG 701.0)* as outlined in May 2019.

Background

In March 2018, amendments to the *Financial Sector (Collection of Data) Act 2001 (FSCODA)* broadened the scope of entities that must register under the FSCODA and enabled APRA to collect information from non-ADI lenders. These amendments were made to allow APRA and the Council of Financial Regulators to better monitor the financial stability impacts of non-ADI lenders and to determine appropriate actions if needed to address a potential increase of risk in this sector.

In May 2019, the agencies commenced consultation on proposed changes to the treatment of SPVs in the EFS data collection to improve the collection of RFC data. The agencies proposed changes to ARS 701.0 and consequential changes to RPG 701.0. These changes require a RFC that is not a related party of an ADI to consolidate the positions and transactions of all securitisation SPVs in a single set of reporting for EFS. These changes do not apply to a RFC that is a related party to an ADI.

The assets and liabilities of securitisation SPVs would therefore be consolidated on to a RFC’s domestic books. Assets originated into, or transferred to, an SPV are included in the RFC’s reporting.

The requirement for an external auditor’s report as set out in *Standard RRS 710 Audit Requirements for Registered Financial Corporations – EFS collection* will apply to the reporting RFC, and not the individual SPVs.

Submissions received

APRA received one submission from an industry body. The submission agreed that APRA’s proposed changes to the EFS collection were the best way to capture the bulk of the securitisation industry as intended. The submission noted issues to consider around the

structure and control relationship of SPVs, and also suggested a change to reporting dates for RFCs.

Structure and control of SPVs

The submission indicated a number of entities may require APRA to further tailor their reporting requirements to cater for their unique structures. If this is the case, APRA encourages affected entities to contact APRA by email at DataAnalytics@apra.gov.au .

Reporting date

The submission also raised concerns regarding the due date for reporting from smaller RFCs, citing inconsistencies with the burden imposed on their larger peers. APRA and the agencies will consider this matter further and will revert at a later date.

Reporting timeline

In line with the original proposal, the first reporting period will be for the period ending July 2019.

The agencies acknowledge that this is an abbreviated timeline. However, given the importance of this data, priority is being placed on commencing reporting as soon as possible. APRA encourages entities that have concerns with meeting the reporting timeline to contact APRA by email at DataAnalytics@apra.gov.au to discuss alternative reporting arrangements.

Finalised reporting standard and guidance

Copies of ARS 701.0 and RPG 701.0 are available on the APRA website at <https://www.apra.gov.au/modernised-economic-and-financial-statistics-efs>. Entities that require additional guidance are encouraged to contact APRA by email at DataAnalytics@apra.gov.au.

Yours sincerely,

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