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Direction for Data Collections

The Australian Financial Markets Association (AFMA) welcomes the opportunity to make comment on APRA's above referenced discussion paper. Our feedback draws on insights provided by our foreign ADI members, predominantly relating to implementation (as presented in Table 1 of the discussion paper) and specifically to the question '*What is a reasonable expectation for required lead time for major and minor reporting changes?*'

Lead times for successful implementation

Foreign ADI's do not directly control implementation and material challenges are faced when implementing, within short lead times, an automated solution for both major changes and minor amendments to data submissions. Changes need to be fully costed and budgets approved, this largely attended to by the home office and under the home office budget cycle.

Another drawback is that the finalised reporting protocols and the taxonomy (or a substantial part of it) are required before changes to Group IT systems can be proposed and the necessary work commence on systems, processes and controls, this again largely attended to by the home office and where prioritisation of global projects may impact timelines.

Furthermore, data validation for both internal and external audit processes must be satisfied. In this regard the importance of ensuring the taxonomy is not in conflict with another Standard's taxonomy is paramount since this will otherwise introduce uncertainty and manual workarounds into the process. Key to successful implementation is the avoidance of manual workarounds in data submissions which may otherwise be required absent adequate lead times.

As part of the planning process for reporting changes APRA is encouraged to:

- Provide more detailed information when proposing changes as this will facilitate better planning for ADIs.
- Prepare and publish final or near-final taxonomies alongside and contemporaneously to the reporting standards, ensuring that to the maximum extent possible each is validated to ensure consistency between the two.
- Seek to ensure that taxonomies are not in conflict with other Standard's taxonomies as misalignment between taxonomies introduces uncertainty and ultimately manual interventions.
- Continue to maintain close co-operation with regulatory technology firms on implementation impacts and timelines.
- Recognise the challenges confronting some foreign ADIs in providing daily reporting given that global banks may have batch runs which, for the foreign ADI, are dependent on the daily close of business batch run of the offshore parent.

AFMA commends APRA's work on this important initiative and seeks recognition of the challenges confronting foreign ADIs when automating reporting standards, and particularly that foreign ADIs generally do not directly control implementation. Our foreign ADI members have indicated that the processes associated with implementation can range up to 2 years for major reporting changes, and 1 year for minor changes, recognising however that what may be perceived as minor reporting changes can in fact be major in terms of automation and implementation. Accordingly, we seek consideration of APRA establishing lead times for the implementation of reporting changes aligned to this.

For more information or if you have questions in relation to this letter please contact me at mregan@afma.com.au

Yours sincerely



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