Reporting Standard ARS 722.0

ABS/RBA Derivatives

Objective of this Reporting Standard

This Reporting Standard outlines the requirements for the provision of information to APRA relating to an authorised deposit-taking institution's or registered financial corporation's ASNA derivatives.

It includes *Reporting Form ARF 722.0 ABS/RBA Derivatives* and the associated specific instructions.

Authority

1.   This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2.   Information collected by *Reporting Form ARF 722.0 ABS/RBA Derivatives* (ARF 722.0) is used by the **ABS** and **RBA** for various purposes, including the compilation of Australia's National Accounts.

3.   This Reporting Standard is an Economic and Financial Statistics (EFS) Reporting Standard for the purposes of paragraph 3 of *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* (ARS 701.0).

Application and commencement

4.   This Reporting Standard applies to an **authorised deposit-taking institution** (**ADI**) or **registered financial corporation** (**RFC**) as set out in the table below.

Class of financial institution	Applicable
Banks	Yes if gross derivatives positions ≥ $1b
Non-bank ADIs	Yes if gross derivatives positions ≥ $1b
RFCs	Yes if gross derivatives positions ≥ $1b

Where 'gross derivatives positions' are measured by the sum of the values reported in items 10.3 and 18.8 on *Reporting Form ARF 720.0A/B ABS/RBA Statement of Financial Position (Banks & RFCs)/(Non-bank ADIs)* (ARF 720.0A/B).

5.   *APRA* may specify a higher level of a reporting threshold in paragraph 4 by providing a direction to the *ADI* or *RFC* in writing.

6.   This Reporting Standard applies for *reporting periods* ending on or after 30 September 2019.

Information required

7.   An *ADI* or *RFC* must provide *APRA* with the information required by ARF 722.0 for each *reporting period* at a *domestic books* consolidation.

Method of submission

8.   The information required by this Reporting Standard must be given to *APRA* in electronic form using the 'Direct to APRA' (also known as 'D2A') application, or by a method notified by *APRA* in writing prior to submission.

   Note: the 'Direct to APRA' application software may be obtained from *APRA*.

Reporting periods and due dates

9.   The information required by this Reporting Standard must be provided in respect of each quarter ended 31 March, 30 June, 30 September and 31 December by an *ADI* or *RFC* to which this Reporting Standard applies under paragraphs 4 and 5.

10. The information required by this Reporting Standard must be provided to *APRA* within 28 calendar days after the end of the *reporting period* to which the information relates.[1]

11. *APRA* may, by notice in writing, change the *reporting periods*, or specified *reporting periods*, for a particular *ADI* or *RFC*, to require it to provide the information required by this Reporting Standard more frequently, or less frequently, having regard to:

   (a)   the particular circumstances of the *ADI* or *RFC*; and

   (b)   the extent to which the information is required for the purposes of the *ABS* or *RBA*.

12. *APRA* may grant an *ADI* or *RFC* an extension of a *due date*, in writing, in which case the new *due date* for the provision of the information will be the date on the notice of extension.

Quality control and assurance

13. The information provided by the *ADI* or *RFC* under this Reporting Standard is subject to the requirements set out in *Reporting Standard ARS 702.0 ABS/RBA Data Quality for the EFS Collection* (ARS 702.0).

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[1] To avoid doubt, if the *due date* for a particular *reporting period* falls on a day other than a usual business day, an *ADI* or *RFC* is nonetheless required to submit the information required no later than the *due date*.

14.   None of the data series in this Reporting Standard are classified as 'very high' priority for the purposes of ARS 702.0 paragraph 8 and Attachment A.

15.   None of the series in this Reporting Standard are subject to audit for the purposes of ARS 702.0 Attachment B paragraphs 4(a), 4(b) and 4(c). The limited assurance requirement in ARS 702.0 Attachment B paragraph 4(d) applies.

Authorisation

16.   When an officer or agent of an *ADI* or *RFC* provides the information required by this Reporting Standard using the 'Direct to APRA' software, it will be necessary for the officer or agent to digitally sign the relevant information using a digital certificate acceptable to *APRA*.

Minor alterations to forms and instructions

17.   *APRA* may make minor variations to:

(a)   a form that is part of this Reporting Standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or

(b)   the instructions to a form, to clarify their application to the form

without changing any substantive requirement in the form or instructions.

18.   If *APRA* makes such a variation it must notify in writing each *ADI* or *RFC* that is required to report under this Reporting Standard.

Interpretation

ARS 701.0 applies to this Reporting Standard.

In this reporting standard:

ABS means the Australian Bureau of Statistics established under the *Australian Bureau of Statistics Act 1975*.

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998.*

due date means the last day of the 28 calendar days provided for in paragraph 10 or, if applicable, paragraph 12.

reporting period means a quarter ended 31 March, 30 June, 30 September or 31 December as provided for in paragraph 9 or, if applicable, paragraph 11.

ARF_722_0: ABS/RBA Derivatives

Australian Business Number	**Institution Name**

Reporting Period	**Scale Factor**
Quarterly	Banks - millions of dollars to 3 decimal places Non-bank ADIs & RFCs - thousands of dollars

Reporting Consolidation
Domestic books

Part A. ASNA derivatives excluding futures

1. With a gross positive market value

Type of counterparty (1)	Instrument type (2)	Opening position: Gross positive market value (3)	Net transactions during the period (4)	Revaluations during the period (5)	Closing position: Gross positive market value (6)
Private non-financial corporations	Options				
Public non-financial businesses	Forwards				
RBA	Swaps				
Banks	Other				
Non-bank ADIs					
Registered financial corporations					

Central borrowing authorities
Insurance corporations
Superannuation funds
Financial auxiliaries - clearing houses
Financial auxiliaries - other
Securitisers
Money-market investment funds
Non-money-market financial investment funds
Financial institutions n.e.c.
State, territory and local general government
Commonwealth general government
Other resident entities
Non-residents - clearing houses
Other non-resident entities

	Opening position: Gross positive market value	Net transactions during the period	Revaluations during the period	Closing position: Gross positive market value	Closing position: *of which:* Residual term to maturity <= 12 months	Closing position: *of which:* Residual term to maturity > 12 months
	(3)	(4)	(5)	(6)	(7)	(8)
1.1. Total ASNA derivatives excluding futures with a gross positive market value						

2. With a gross negative market value

Type of counterparty (1)	Instrument type (2)	Opening position: Gross negative market value (3)	Net transactions during the period (4)	Revaluations during the period (5)	Closing position: Gross negative market value (6)
Private non-financial corporations	Options				
Public non-financial businesses	Forwards				
RBA	Swaps				
Banks	Other				
Non-bank ADIs					
Registered financial corporations					
Central borrowing authorities					
Insurance corporations					

Superannuation funds
Financial auxiliaries - clearing houses
Financial auxiliaries - other
Securitisers
Money-market investment funds
Non-money-mar ket financial investment funds
Financial institutions n.e.c.
State, territory and local general government
Commonwealth general government
Other resident entities
Non-residents - clearing houses
Other non-resident entities

	Opening position: Gross negative market value (3)	Net transactions during the period (4)	Revaluations during the period (5)	Closing position: Gross negative market value (6)	Closing position: *of which:* Residual term to maturity < = 12 months (7)	Closing position: *of which:* Residual term to maturity > 12 months (8)
2.1. Total ASNA derivatives excluding futures with a gross negative market value						

Part B. Futures

	Net transactions during the period (1)	Revaluations during the period (2)
3. Futures		

Reporting Form ARF 722.0

ABS/RBA Derivatives

Instructions

These instructions assist completion of *Reporting Form ARF 722.0 ABS/RBA Derivatives* (ARF 722.0). ARF 722.0 collects information relating to the positions and transactions of *ADIs* and *RFCs ASNA derivatives*.

Information reported in ARF 722.0 is required primarily for the purposes of the *ABS*. The information is required for various purposes, including the compilation of Australia's National Accounts. The information may also be used by the *RBA* and *APRA* for prudential, policy and/or publication purposes.

Reporting level

ARF 722.0 must be completed for each *ADI* and *RFC* to which this Reporting Standard applies under paragraphs 4 and 5.

Reporting basis and unit of measurement

These instructions specify the reporting basis and unit of measurement that applies to each item.

For reporting purposes, unless specified otherwise, data are to be entered as a positive number.

Derivatives

This form requests details of *ASNA derivatives* held on the *ADI's* or *RFC's* balance sheet.

The reporting of *ASNA derivatives* on the ARF 722.0 is designed to meet statistical reporting requirements as prescribed by the 2008 System of National Accounts (2008 SNA) international framework.

The reporting basis is <u>not</u> consistent with Australian Accounting Standards due to the following reasons:

(i) the form requires reporting on a gross basis – that is, contracts should not be offset (except in the case of *futures*);

(ii) the *net transactions* and *revaluations* do not reconcile to the profit and loss statement;

(iii)   all *warrants* are to be included, whether or not they are classified as *derivatives* in the *ADI's* or *RFC's* financial reports; and

(iv) *employee stock options* are to be excluded.

The 2008 SNA also requires that flow data (e.g. *revaluations* and *net transactions*) be reported on an accruals basis. The opening and closing positions for *ASNA derivatives* should reconcile through the *net transactions* and *revaluations* during the period.

Values

The valuation basis for *ASNA derivatives* on the ARF 722.0 is the *market price* effective for the reference period. Where denominated in foreign currency, *market values* in foreign currency should be converted to AUD at the spot rate effective as at the reference date. The value of the underlying financial instrument should not be included, except as it relates to the *market price* or *market value* of the *ASNA derivatives*.

Values on the ARF 722.0 are to be reported as millions of dollars to 3 decimal places for *banks* and thousands of dollars for *non-bank ADIs* and *RFCs*.

Standard Business Reporting (SBR)

The accounting type (i.e. credit or debit) is stated for all monetary items and represents the natural accounting balance of the item collected.

Specific instructions

Terms highlighted in **bold italics** indicate that the definition is provided either in *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection* (ARS 701.0) or in this Reporting Standard.

All derived fields in the form are shaded in grey and are explained in words as a mathematical expression in these instructions.

Examples included under 'Include' and 'Exclude' are examples and should not be taken as an exhaustive list of items to be included or excluded.

Part A: ASNA derivatives excluding futures

Part A collects information on *ASNA derivatives excluding futures*.

1. With a gross positive market value

Item 1 collects information on the value of *ASNA derivatives excluding futures* with a *gross positive market value* at the beginning and end of the *reporting period*. It also collects movements in the value of holdings of *ASNA derivatives excluding futures* with a *gross positive market value* due to *net transactions* and *revaluations* that occurred during the *reporting period*.

SBR: submit item 1 with accounting type of debit (assets).

Positions with *non-residents* are separately identified in item 1.

Contracts with a *gross negative market value* should be excluded. Report these in item 2.

Column 1	Report the type of counterparty (see item 1 for further details).
Column 2	Report the instrument type (see item 1 for further details).
Column 3	Report the *gross positive market value*. **Reporting basis:** report column 3 as at the beginning of the *reporting period*.
Column 4	Report the value of *net transactions*. **Reporting basis:** report column 4 during the *reporting period*.
Column 5	Report the value of *revaluations*. **Reporting basis:** report column 5 during the *reporting period*.
Column 6	Report the *gross positive market value*. **Reporting basis:** report column 6 as at the end of the *reporting period*.

Column 7	Of the amount reported in column 6, report the *gross positive market value* of *ASNA derivatives excluding futures* with a *residual maturity* of less than or equal to 12 months. **Reporting basis:** report column 7 as at the end of the *reporting period*.
Column 8	Of the amount reported in column 6, report the *gross positive market value* of *ASNA derivatives excluding futures* with a *residual maturity* of greater than 12 months. **Reporting basis:** report column 8 as at the end of the *reporting period*.

Item 1	Report *ASNA derivatives excluding futures*. Report for each combination of type of counterparty and instrument type: the opening position *gross positive market value* in column 3, *net transactions* in column 4, the *revaluations* in column 5 and closing position *gross positive market value* in column 6. The counterparty types are: *resident private non-financial corporations;* *resident public non-financial businesses;* *Reserve Bank of Australia;* *resident banks;* *resident non-bank ADIs ;* *resident registered financial corporations (RFCs);* *central borrowing authorities;* *resident insurance corporations;* *resident superannuation funds;* *resident clearing houses;* *resident financial auxiliaries* other than *clearing houses*; *resident securitisers;* *resident money-market investment funds;* *resident non-money-market financial investment funds;* *resident financial institutions n.e.c.*; *state, territory and local general government*; *Commonwealth general government;* - Other *resident* entities not already reported above; *non-resident clearing houses*; and *non-resident* entities other than *clearing houses*. The instrument types are: *options*; *forwards*; *swaps*; and - any other instrument types not reported above.

Item 1.1	Report *ASNA derivatives excluding futures* with a *gross positive market value*. For columns 3, 4, 5 and 6, item 1.1 is a derived item. Report total *ASNA derivatives excluding futures* with a *gross positive market value* in item 1.1 as the sum of values reported under item 1 for columns 3, 4, 5 and 6 respectively.

2. With a gross negative market value

Item 2 collects information on the value of *ASNA derivatives excluding futures* with a *gross negative market value* at the beginning and *reporting period*. It also collects movements in the value of holdings of *ASNA derivatives excluding futures* with a *gross negative market value* due to *net transactions* and *revaluations* that occurred during the *reporting period*.

SBR: submit item 2 with accounting type of credit (liabilities).

Report *ASNA derivative* contracts with a *gross negative market value* as a positive number.

Positions with *non-residents* are separately identified in item 2.

Contracts that have a *gross positive market value* should be excluded. Report these in item 1.

Column 1	Report the type of counterparty (see item 2 for further details).
Column 2	Report the instrument type (see item 2 for further details).
Column 3	Report the *gross negative market value*. **Reporting basis:** report column 3 as at the beginning of the *reporting period*.
Column 4	Report the value of *net transactions*. **Reporting basis:** report column 4 during the *reporting period*.
Column 5	Report the value of *revaluations*. **Reporting basis:** report column 5 during the *reporting period*.
Column 6	Report the *gross negative market value*. **Reporting basis:** report column 6 as at the end of the *reporting period*.
Column 7	Of the amount reported in column 6, report the *gross negative market value* of *ASNA derivatives excluding futures* with a *residual maturity* of less than or equal to 12 months.

	Reporting basis: report column 7 as at the end of the *reporting period*.
Column 8	Of the amount reported in column 6, report the *gross negative market value* of *ASNA derivatives excluding futures* with a *residual maturity* of greater than 12 months as at the end of the *reporting period*.

Item 2	Report *ASNA derivatives excluding futures* with a *gross negative market value*.
	Report for each combination of type of counterparty and instrument type: the opening position *gross negative market value* in column 3, *net transactions* in column 4, *revaluations* in column 5, and the closing position *gross negative market value* in column 6.
	The counterparty types are:
	• *resident private non-financial corporations*;
	• *resident public non-financial corporations*;
	• *Reserve Bank of Australia (RBA)*;
	• *resident banks*;
	• *resident non-bank ADIs*;
	• *resident registered financial corporations (RFCs)*;
	• *central borrowing authorities*;
	• *resident insurance corporations*;
	• *resident superannuation funds*;
	• *resident clearing houses*;
	• *resident financial auxiliaries* other than *clearing houses*;
	• *resident securitisers*;
	• *resident money-market investment funds*;
	• *resident non-money-market financial investment funds*;
	• *resident financial institutions n.e.c.*;
	• *state, territory and local general government*;
	• *Commonwealth general government*;
	• other *resident* entities not already reported above;
	• *non-resident clearing houses*; and
	• *non-resident* entities other than *clearing houses*.
	The instrument types are:
	• *options;*
	• *forwards;*
	• *swaps*; and
	• any other instrument types not reported above.
Item 2.1.	Report *ASNA derivatives excluding futures* with a *gross negative market value*.
	For columns 3, 4, 5 and 6, item 2.1 is a derived item. Report *ASNA derivatives excluding futures* with a *gross negative market value* in item

	2.1 as the sum of values reported under item 2 for column 3, 4, 5 and 6 respectively.

Part B: Futures

Part B collects information on *futures*.

3. Futures

Item 3 collects information on movements in the value of *futures* due to *net transactions* and *revaluations*.

Reporting basis: report item 3 during the *reporting period*.

SBR: submit item 3 with accounting type of debit (assets).

Column 1	Report the value of *net transactions*.
Column 2	Report the value of *revaluations*.

Item 3	Report *futures*. The *net transactions* should offset the *revaluations* during the *reporting period*.

Glossary of terms

Term	Definition
ANSA derivatives	Means *derivatives* including all *warrants* (whether or not they are reported as *derivatives* on the *ADI's* or *RFC's* balance sheet) and excluding *employee stock options*.
ASNA derivatives excluding futures	Means *ASNA derivatives* excluding *futures*.
Employee stock options	Means an agreement made on a given date under which an employee may purchase a given number of shares of the employer's stock at a stated price either at a stated time or within a period of time.
Forwards	Means an unconditional contract by which two counterparties agree to exchange a specified quantity of an underlying item (financial or real) at an agreed-upon contract price (the strike price) on a specified date. It excludes: • *swaps*; and • *futures*.
Futures	Means exchange-traded agreements to buy or sell an asset for a predetermined delivery price at a specified future time. They are marked to market daily and net settled.
Gross negative market value	Means the aggregate value of all instruments with a negative *market value*. The term "gross" indicates that contracts with positive and negative values should not be netted. *Gross negative market value* should be reported as a positive number.
Gross positive market value	Means the aggregate value of all instruments with a positive *market value*. The term "gross" indicates that contracts with positive and negative values should not be netted.
Net transactions	Means the payment to initiate the contract within the *reporting period* less the payment to settle the contract within the *reporting period*. Include: • sales of existing contracts and purchases of existing contracts.
Options	Means contracts that give the purchaser of the option the right, but not the obligation, to buy (a "call" *option*) or to sell (a "put" *option*) a particular financial instrument or commodity at a predetermined price (the "strike" price) within a given time period or on a given date.

	It include: • *warrants*.
Revaluations	Means holding gains and losses arising from changes in **market prices** of assets and liabilities during the **reporting period**.
Swaps	Means contractual arrangements between two parties who agree to exchange, over time and according to predetermined rules, streams of payment on an agreed notional amount of principal.
Warrants	Means tradeable instruments giving the holder the right to buy, under specified terms for a specified period of time, from the issuer of the **warrant** (usually a corporation) a certain number of shares or bonds. **Warrants** are at type of **option**.