

Questions & Answers

WHAT IS THE LATEST ON THE PRDE?

The PRDE is nearing the end of the ACCC authorisation process. The ACCC sought public submissions earlier in the year, and following the submission process issued a supportive draft authorisation. Once the draft was issued, the ACCC commenced a second opportunity for public submissions. The second public submission process has finished. As part of the second round of public submissions, the ACCC offered ARCA an opportunity to respond to the issues raised. On September 11, ARCA lodged its response to the public submissions. The ACCC now has the role of considering all of the matters raised and making a final determination.

PRDE FAQ 17 completes the review of Principle 5 and covers off Principle 6.

WHAT IS THE PURPOSE OF THE ANNUAL ATTESTATION?

A key feature of the PRDE compliance framework is the annual attestation measures. Within seven business days of the anniversary of a signatory's effective date, each signatory is required to attest that they are compliant with the PRDE. The attestation documentation will outline the obligations that each signatory must meet to be compliant with the PRDE and require them to confirm that they meet those requirements. The purpose of self-attestation is for industry to ensure that it meets the key principles and commitments of the PRDE.

The self-attestation framework will be timed to coincide with each signatory's annual membership renewal.

Timing both requirements together is aimed at assisting industry by streamlining paperwork.

WHAT TYPE OF TASKS IS THE RECIPROCITY & DATA EXCHANGE ADMINISTRATOR RESPONSIBLE FOR?

The Reciprocity & Data Exchange Administrator (RDEA) administers the PRDE. The administration role includes facilitating documentation, finances and the compliance process.

One of the most important roles for the RDEA is to maintain the PRDE register of signatories. The register includes information on signatories, their nominated tier levels and their nominated designated entities and securitisation entities. The register is an important transparency feature of the PRDE, available to other signatories. Another key role for the RDEA is to assist with dispute resolution, assisting the Industry Determination Group and Eminent Person through preparing the documentation and facilitating meetings as required.

CAN A SIGNATORY SELF REPORT TO THE RDEA FOR BEING NON COMPLIANT ?

The PRDE compliance process emphasises signatories being able to resolve issues between themselves, at an industry level. One element of the compliance process is to enable signatories to report non-compliant conduct. Part of the non-compliant reporting includes the option for a signatory to self-report. One of the reasons that a signatory may self-report is to seek guidance on an issue they are having from either the RDEA or the industry peer group, the Industry Determination Group.

When a signatory self-reports, they initially seek to solve the dispute directly with the RDEA. If the matter remains unresolved it escalates to the IDG.

HOW DOES THE SELF-REPORTING PROCESS WORK?

The process of self-reporting is similar to the process where one signatory is of the opinion that another signatory is not compliant and lodges a complaint. Where a signatory self-reports, the RDEA acts as the responding party and will work through the dispute process directly with the signatory. The first step of that process is for the self-reporting signatory to work through the issue during an initial 30 day calendar period. During the initial period, only the self-reporting signatory and the RDEA will know about the issue.

IN WHICH SCENARIOS CAN THE RDEA INITIATE A REPORT OF NON-COMPLIANT CONDUCT?

There are a limited number of circumstances where the RDEA can initiate a report of non-compliance against a signatory. For example, where signatories do not supply information required by the RDEA, failing to complete the annual compliance certificate, or failing to pay the annual signatory fees. Another reason could be the failure by a signatory credit provider to notify the RDEA of certain information including its tier level, designated entities, annual compliance and the acquisition of consumer credit accounts. Or finally, the RDEA may report where there has been a failure by a signatory to comply with the PRDE compliance framework.

WHO REVIEWS THE PRDE AND WHAT IS THE PROCESS TO MAKE CHANGES?

An important feature of the PRDE is that it is independently reviewed once operational. A review mechanism has been built into the PRDE itself. Principle 6 provides that after the PRDE has been operating for three years it will be independently reviewed. Importantly, the terms of the review will be settled on after consultation with PRDE signatories.

Signatories must be part of the review process as they are best placed to understand how the PRDE has worked operationally. The culmination of the review process is the creation of a report that will be made available to all signatories.

In addition to a three year review, the RDEA can review the PRDE throughout its operation. This mechanism ensures that any unforeseen consequences can be considered and resolved easily. The size and scope of the proposed amendment will drive the complexity of consultation prior to the amendment – for small amendment only a limited consultation will be required, but for a large amendment a significant consultation will be required.

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