Prudential Standard 3PS 001

Definitions

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<td>This Prudential Standard defines key terms referred to in other Prudential Standards applicable to Level 3 Heads of Level 3 groups. All Prudential Standards applicable to Level 3 Heads must be read in conjunction with this Prudential Standard.</td>
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Authority

1. This Prudential Standard is made under:

   (a) section 11AF of the Banking Act 1959 (Banking Act);

   (b) section 32 of the Insurance Act 1973 (Insurance Act); and

   (c) section 230A of the Life Insurance Act 1995 (Life Insurance Act).

Application

2. This Prudential Standard commences on [implementation date to be notified].

3. Unless the contrary intention appears, definitions in this Prudential Standard apply to all Prudential Standards applicable to Level 3 Heads in their capacity as parent institution of a Level 3 group and which are made under all three of the following Acts:

   (a) section 11AF of the Banking Act;

   (b) section 32 of the Insurance Act; and

   (c) section 230A of the Life Insurance Act,

   collectively Level 3 Prudential Standards.

Key terms

4. Key terms referred to in the Level 3 Prudential Standards are defined as follows:

   ADI refers to an authorised deposit-taking institution, meaning a body corporate authorised under section 9 of the Banking Act, to carry on banking business in Australia (e.g. a bank, building society or credit union).

   ADI Level 2 group means a consolidation of entities defined as Level 2 in Prudential Standard APS 001 Definitions (APS 001).

   APRA beneficiary means a depositor of an ADI, a policyholder of a general insurer or life company or a beneficiary of an RSE.

   APRA-regulated institution means an ADI, ELE, general insurer, life company, RSE licensee or a non-operating holding company authorised under the Banking Act or the Insurance Act or registered under the Life Insurance Act.

   Australian Accounting Standards is a reference to the Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) as may be amended from time to time.

   Australian Auditing and Assurance Standards is a reference to the Australian Auditing and Assurance Standards issued by the Australian Auditing
and Assurance Standards Board (AUASB) as may be amended from time to time.

**Board** means the Board of directors of a Level 3 Head.

**Dual regulated entity** means an entity that is both licensed as an RSE licensee and a responsible entity of a registered scheme as defined in the Corporations Act 2001.

**ELE** means an Extended Licensed Entity in accordance with Prudential Standard APS 222 Associations with Related Entities with respect to ADIs, Prudential Standard GPS 114 Capital Adequacy: Asset Risk Charge with respect to general insurers and general insurance Level 2 groups, and Prudential Standard LPS 114 Capital Adequacy: Asset Risk Charge with respect to life companies.

**Funds management activities** has the meaning given in Prudential Standard 3PS 110 Capital Adequacy (3PS 110).

**Funds management institution** means an institution other than an APRA-regulated institution that is engaged in funds management activities. This definition includes the non-superannuation funds management activities of dual regulated entities but excludes equivalent overseas institutions included in the ADI, GI or LI blocks that are engaged in funds management activities.

**General insurer** has the meaning given in the Insurance Act.

**General insurance Level 2 group** means a Level 2 insurance group as defined in Prudential Standard GPS 001 Definitions.

**ICAAP** means the Internal Capital Adequacy Assessment Process as described in 3PS 110.

**Industry block** has the meaning given in 3PS 110. There are six industry blocks, all of which are defined in 3PS 110:

- ADI block;
- GI block;
- LI block;
- Super block;
- FM block; and
- OA block.

**Level 1** means an individual APRA-regulated institution.

**Level 2** means an ADI Level 2 group or a general insurance Level 2 group.
**Level 3 EC** has the meaning given in *Prudential Standard 3PS 111 Capital Adequacy: Measurement of Capital*.

**Level 3 group** has the meaning given in 3PS 110.

**Level 3 Head** means an APRA-regulated institution in respect of which APRA has made a determination under paragraph 2 of 3PS 110.

**Level 3 institution** means an institution that is a member of the Level 3 group.

**Level 3 PCR** has the meaning given in 3PS 110.

**Level 3 supervisory adjustment** has the meaning given in 3PS 110.

**Life company** has the meaning given in the Dictionary to the Life Insurance Act.

**Non-APRA-regulated institution** means an institution other than an APRA-regulated institution.

**Policyholder** means a policyholder as referred to in the Insurance Act or a policy owner as referred to in the Life Insurance Act.

**RSE** means a registrable superannuation entity as defined in the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

**RSE licensee** has the meaning given in the SIS Act.

**Securitisation** has the meaning given in APS 001.

**Securitisation exposures** are on-balance sheet and off-balance sheet risk positions held by Level 3 institutions in the Level 3 group arising from a securitisation including, but not limited to:

- investments by a Level 3 institution in the group in securities issued by a securitisation special purpose vehicle (SPV), including retention of a subordinated tranche of securities issued by a securitisation SPV;

- other credit enhancements, such as guarantees provided by a Level 3 institution in the group;

- drawn and undrawn funding, underwriting, liquidity and other facilities provided by a Level 3 institution in the group to a securitisation SPV; and

- exposures arising from swaps and other derivative transactions with a securitisation SPV.

**Securitisation SPV** means an SPV as defined in *Prudential Standard APS 120 Securitisation*.

**Senior management** means senior managers as defined in *Prudential Standard CPS 520 Fit and Proper* in relation to the Level 3 group.
Third party means an entity that is not a member of the Level 3 group.

Wider conglomerate group means the group comprising all institutions within a consolidated group at the widest level to which the Level 3 group belongs.