



30 November 2007

**To: All ADIs**

### **Deferral of new funds management prudential standard**

APRA currently imposes requirements on the funds management activities of ADIs via *Prudential Standard APS 120 Funds Management and Securitisation* (APS 120). As part of the Basel II reforms, the existing APS 120 will be replaced by a new standard that deals solely with securitisation. The new standard will come into effect on 1 January 2008. Thus, existing funds management requirements in the standard will cease to have effect from 31 December 2007.

APRA is intending to release, for consultation, a draft prudential standard in respect of fund management that would take effect during 2008.

In the interim, APRA expects that ADIs would continue to comply with its existing requirements on funds management activities. APRA would not, in the normal course, consider transition relief for any arrangements entered into during this interim period that are contrary to the intent of the existing requirements.

If you have any questions about these arrangements, please contact your responsible supervisor.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Charles Littrell', written over a light green rectangular background.

Mr Charles Littrell  
Executive General Manager  
Policy, Research and Statistics  
APRA