

Conversion for AFIC Standards to APRA Transitional Prudential Standards

The table below outlines the status of the AFIC Prudential Standards for building societies, credit unions and SSPs under the Commonwealth's regulatory regime administered by APRA and ASIC. Where Standards have been retained, they are transitional standards in terms of the Financial Sector Reform (Amendment and Transitional Provisions) Regulations 1999.

This table is current.

<u>AFIC STANDARD</u>	<u>Details Of Conversion</u> (see also notes at end of table)
BOOK 1: PRUDENTIAL SUPERVISION OF STATE-BASED FINANCIAL INSTITUTIONS	Deleted ¹
BOOK 2: PRUDENTIAL SUPERVISION OF STATE-BASED FINANCIAL INSTITUTIONS BY STATE SUPERVISORY AUTHORITIES	Deleted ¹

BOOK 3: PRUDENTIAL STANDARDS FOR BUILDING SOCIETIES	
Prudential Supervision of Building Societies Introduction Character Transitional Arrangements Meeting the New Prudential Standards Adjustment to the New Supervisory Environment	Deleted ¹
Prudential Note 3.1 (Building Societies) - Risk Management Objective General Background Specific Risks Prudential Standards 3.1.1 Prime Liquid Assets Requirement 3.1.2 Operational Liquidity 3.1.3 Managing Market Risk	Retained

3.1.4 Managing Credit Risk and Large Exposures	
3.1.5 Data Risk	
3.1.6 Operations Risk	
Prudential Note 3.2 (Building Societies) - Capital Adequacy	Retained
Objective	
General Background	
Framework	
Prudential Standards	
3.2.1 Capital Adequacy	
3.2.2 Definition of Capital	
3.2.3 Hybrid (Debt/Equity) Capital Instruments	
3.2.4 Categories of Risk	
3.2.5 Off-Balance Sheet Business	
3.2.6 Derivative Products	
7. Deductions of Certain Investments from Capital	
8. Reductions in Capital	
Prudential Note 3.3 (Building Societies) - Accounting and Disclosure	
A. Public Financial Reports	Deleted ²
B. Financial Reports to State Supervisory Authorities	Retained
C. Audit	Retained
Prudential Standards - Public Reporting	
3.3.1 AASB Accounting Standards	Deleted ³
3.3.2 Accounting Standards Specific to Building Societies	3.3.2.a and 3.3.2.b retained Remainder deleted ³
3.3.3 Reporting to Members and to the Public	Deleted
3.3.4 Reporting to the State Supervisory Authorities	Deleted
3.3.5 Required Returns	3.3.5.a(ii) deleted ¹ Remainder retained

3.3.6 Audit Standards	Retained
Prudential Note 3.4 (Building Societies) - Other Issues	
A. Subsidiaries 3.4.1 Subsidiaries	Retained
B. Ownership and Control 3.4.2 Concentration of Ownership	Deleted ⁴
C. Guarantees 3.4.3 Granting of Guarantees by a Society D. (Deleted) E. Service Contracts 3.4.5 Review of Service Contracts	Retained
F. Emergency Liquidity Support Scheme 3.4.6 Commitment to Emergency Liquidity Support Mechanism 3.4.7 Contractual Provision of Emergency Liquidity Support	Deleted ⁵
G. Deposits and Other Funding from Non-Members 3.4.8 Deposits and Other Funding from Non-Members	Deleted ¹
Prudential Note 3.5 (Building Societies) -Capital Raising and Demutualisation Objective General Background Prudential Standards 3.5.1 Reserves and Control 3.5.2 New Issues and Demutualisation 3.5.3 Issues to Directors and Associates 3.5.4 Exempt Stock Markets 3.5.5 Interpretation	Deleted ⁶
Prudential Note 3.6 (Building Societies) -Securitisation Objective	Retained

<p>General Background</p> <p>Prudential Standards</p> <p>3.6.1 Disclosure</p> <p>3.6.2 Separation: Structuring Securitisation Schemes</p> <p>3.6.3 Servicing</p> <p>3.6.4 Representations and Warranties</p> <p>3.6.5 Supply of Assets: Clean Sale</p> <p>3.6.6 Spread Accounts and Like Arrangements</p> <p>3.6.7 Purchase of Securities</p>	
<p>Prudential Note 3.7 (Building Societies) - Funds Management and Other Marketing Activities</p> <p>Objective</p> <p>General Background</p> <p>Prudential Standards</p> <p>3.7.1 Disclosure</p> <p>3.7.2 Structuring Funds Management Schemes</p> <p>3.7.3 Managing</p> <p>3.7.4 Offering Investment Advice and Sale of Securities</p> <p>3.7.5 Badging</p> <p>3.7.6 Purchase of Securities</p> <p>3.7.7 Transitional Provisions</p>	Retained ⁷

BOOK 4: PRUDENTIAL SUPERVISION OF CREDIT UNIONS	
<p>Introduction</p> <p>Character</p> <p>Transitional Arrangements</p> <p>Meeting the New Prudential Standards</p> <p>Adjustment to the New Supervisory Environment</p>	Deleted ¹

<p>Prudential Note 4.1 (Credit Unions) - Risk Management</p> <p>Objective</p> <p>General Background</p> <p>Specific Risks</p> <p>Prudential Standards</p> <p>4.1.1 Prime Liquid Assets Requirement</p> <p>4.1.2 Operational Liquidity</p> <p>4.1.3 Managing Market Risk</p> <p>4.1.4 Managing Credit Risk and Large Exposures</p> <p>4.1.5 Data Risk</p> <p>4.1.6 Operations Risk</p>	Retained
<p>Prudential Note 4.2 (Credit Unions) - Capital Adequacy</p> <p>Objective</p> <p>General Background</p> <p>Framework</p> <p>Prudential Standards</p> <p>4.2.1 Capital Adequacy</p> <p>4.2.2 Definition of Capital</p> <p>4.2.3 Hybrid (Debt/Equity) Capital Instruments</p> <p>4.2.4 Categories of Risk</p> <p>4.2.5 Off-Balance Sheet Business</p> <p>4.2.6 Derivative Products</p> <p>4.2.7 Deductions of Certain Investments from Capital</p> <p>4.2.8 Reductions in Capital</p>	Retained
Prudential Note 4.3 (Credit Unions) Accounting and Disclosure	
A. Public Financial Reports	Deleted ²
B. Financial Reports to State Supervisory Authorities	Retained

C. Audit	Retained
Prudential Standards - Public Reporting	
4.3.1 AASB Accounting Standards	Deleted ³
4.3.2 Accounting Standards Specific to Credit Unions	4.3.2.a and 4.3.2.b retained Remainder deleted ³
4.3.3 Reporting to Members and to the Public	Deleted ³
4.3.4 Reporting to the State Supervisory Authorities	Deleted ¹
4.3.5 Required Returns	4.3.5.a(ii) deleted ¹ Remainder retained
4.3.6 Audit Standards	Retained
Prudential Note 4.4 (Credit Unions) - Other Issues	
A. Subsidiaries	Retained
4.4.1 Subsidiaries	
B. Guarantees	
4.4.2 Granting of Guarantees by a Credit Union	
C. (Deleted)	
D. Service Contracts	Retained
4.4.4 Review of Service Contracts	
E. Emergency Liquidity Support Scheme	Deleted ⁴
4.4.5 Commitment to Emergency Liquidity Support Mechanism	
4.4.6 Contractual Provision of Emergency Liquidity Support	
F. Deposits and Other Funding from Non-Members	
4.4.7 Deposits and Other Funding from Non-Members	
F. Deposits and Other Funding from Non-Members	Deleted ¹
4.4.8 Deposits and Other Funding from Non-Member	
Prudential Note 4.5 – Demutualisation (Credit Unions)	Deleted ⁸
Prudential Standards	
1. Restructuring Involving Demutualisation	

<ul style="list-style-type: none"> 2. Conversions, Mergers and Transfers 3. Convertible Securities 4. Interpretation 	
<p>Prudential Note 4.6 (Credit Unions) - Securitisation</p> <p>Objective</p> <p>General Background</p> <p>Prudential Standards</p> <p>4.6.1 Disclosure</p> <p>4.6.2 Separation: Structuring Securitisation Schemes</p> <p>4.6.3 Servicing</p> <p>4.6.4 Representations and Warranties</p> <p>4.6.5 Supply of Assets: Clean Sale</p> <p>4.6.6 Spread Accounts and Like Arrangements</p> <p>4.6.7 Purchase of Securities</p>	Retained
<p>Prudential Note 4.7 (Credit Unions) - Funds Management and Other Marketing Activities</p> <p>Objective</p> <p>General Background</p> <p>Prudential Standards</p> <p>4.7.1 Disclosure</p> <p>4.7.2 Structuring Funds Management Schemes</p> <p>4.7.3 Managing</p> <p>4.7.4 Offering Investment Advice and Sale of Securities</p> <p>4.7.5 Badging</p> <p>4.7.6 Purchase of Securities</p> <p>4.7.7 Transitional Provisions</p>	Retained ⁷
<p>Prudential Note 4.8 (Credit Unions) - Mutuality</p> <p>Objective</p> <p>General Background</p>	Deleted ⁹

<p>Prudential Standards</p> <p>4.8.1 New Issues Procedure</p> <p>4.8.2 Mutuality</p> <p>4.8.3 Exempt Stock Markets and Subsequent Offers</p> <p>4.8.4 Interpretation</p>	
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BOOK 5: PRUDENTIAL SUPERVISION OF SPECIAL SERVICES PROVIDERS	
<p>Introduction</p> <p>Treasury Management</p> <p>Settlement Services</p> <p>Other Services</p> <p>Involvement of SSPs in the Emergency Liquidity Support Scheme</p> <p>Registration as a Special Services Provider</p>	Deleted ¹
<p>Prudential Note 5.1 (Special Services Providers) - Risk Management</p> <p>Objective</p> <p>General Background</p> <p>Role of the Board of Directors and Senior Management</p> <p>Specific Risks</p> <p>Prudential Standards</p> <p>5.1 Risk Management</p> <p>5.1.1 Liquidity Risk</p> <p>5.1.2 Managing Market Risk</p> <p>5.1.3 Credit and Settlement Risk</p> <p>5.1.4 Transaction and Technology Risk</p> <p>5.1.5 Operations Risk</p>	Retained
<p>Prudential Note 5.2 (Special Services Providers) - Capital Adequacy</p> <p>Objective</p>	Retained

General Background	
Capital Adequacy Requirements	
Prudential Standards	
5.2.1 Capital Adequacy	
5.2.2 Definition of Capital	
5.2.3 Hybrid (Debt/Equity) Capital Instruments	
5.2.4 Categories of Risk	
5.2.5 Off-Balance Sheet Business	
5.2.6 Derivative Products	
5.2.7 Deductions of Certain Investments from Capital	
5.2.8 Reductions in Capital	
5.2.9 Market Risk	
Prudential Note 5.3 (Special Services Providers) Accounting and Disclosure	
A. Public Financial Reports	Deleted ²
B. Financial Reports to AFIC	Retained
C. Audit	Retained
5.3.1 AASB Accounting Standards	Deleted ³
5.3.2 Accounting Standards Specific to SSPs	
5.3.3 Reporting to Owners	
5.3.4 Reporting to AFIC	Deleted ¹
5.3.5 Prescribed Returns	5.3.5.a(iii) deleted ² Remainder retained
5.3.6 Audit Standards	Retained
Prudential Note 5.4 (Special Services Providers) - Other Issues	
A. Size	Retained
5.4.1 Size of SSPs	
B. Ownership and Control	Deleted ⁵
5.4.2 Concentration of Ownership	

<p>C. Directors</p> <p>5.4.3 Composition of the Boards of Directors of SSPs</p>	Retained
<p>D. Standby Credit Facilities</p> <p>5.4.4 Standby Credit Facilities of SSPs</p> <p>E. Subsidiaries</p> <p>5.4.5 Subsidiaries</p> <p>F. Guarantees</p> <p>5.4.6 Granting of Guarantees by SSPs</p>	Retained
G. (Deleted)	
<p>H. Service Contracts</p> <p>5.4.8 Review of Service Contracts</p>	Retained
<p>I. Emergency Liquidity Support Scheme</p> <p>5.4.9 Rights and Responsibilities Under the Emergency Liquidity Support Mechanism</p>	Deleted ⁴
<p>Prudential Note 5.5 (Special Services Providers) - Securitisation, Funds Management and Other Marketing Activities</p> <p>Objective</p> <p>General Background</p> <p>Prudential Standard</p> <p>5.5.1 Disclosure</p> <p>5.5.2 Structuring Funds Management and Securitisation Schemes</p> <p>5.5.3 Offering Investment Advice and Sale of Securities</p> <p>5.5.4 Badging</p> <p>5.5.5 Purchase of Securities</p> <p>5.5.6 Servicing</p> <p>5.5.7 Managing Investors Funds</p> <p>5.5.8 Representations and Warranties</p>	Retained ⁷

Attachment B to the Prudential Standards	Retained
Quarterly Return Requirements	

Notes

- 1 These sections have been deleted as their purpose became redundant in the move to the Commonwealth.
- 2 Public reporting issues are now regulated under Corporations Law and Australian Accounting Standards.
- 3 Australian Accounting Standards now apply under Corporations Law. The paragraphs in 3.3.1 and 4.3.1 under the heading "AASB 1032 Specific Disclosures by Financial Institutions" are retained, except for the definition of deposit, as ASIC transitional standards.
- 4 Emergency liquidity support arrangements have been replaced by APRA-certified industry support contracts, under the Banking Act, and the liquidity arrangements of individual ADIs.
- 5 The section on ownership and control that relates to concentration of ownership has been replaced by the Financial Sector (Shareholdings) Act.
- 6 Prudential Standards 3.5.4 and 3.5.5 (on Exempt Stock Markets and Interpretation) are retained as ASIC transitional standards.
- 7 Prudential Standards 3.7.1, 3.7.4, 3.7.5, 4.7.1, 4.7.4, 5.5.1, 5.5.3 and 5.5.4 which relate to disclosure and investment advice for funds management and other marketing activities are retained as APRA and ASIC transitional standards.
- 8 Demutualisation is covered by new provisions in the Corporations Law.
- 9 There is a requirement in the consent granted by APRA under section 66 of the Banking Act that credit unions be mutually owned.

Australian Prudential Regulation Authority
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