



28 November 2014

To: Authorised deposit-taking institutions, general insurers and life companies

Consequential changes to APRA Prudential Standards due to *Prudential Standard CPS 220 Risk Management* and revisions to *Prudential Standard CPS 510 Governance*

Following a period of consultation commencing in August 2014, APRA has finalised amendments to a package of authorised deposit-taking institutions (ADI), general insurance, life insurance and cross-industry prudential standards to reflect the consequential changes arising from *Prudential Standard CPS 220 Risk Management* (CPS 220) and revised *Prudential Standard CPS 510 Governance* (CPS 510). As noted in the letter to industry accompanying the consultation, these changes are being made to remove redundant detail now captured in the principles-based requirements of CPS 220.

Noting the amendments proposed in the consultation do no more than align these prudential standards with the already-released CPS 220 and revised CPS 510, APRA requested feedback on potential errors and omissions by 15 October 2014. Four responses were received and no errors or omissions were identified. In addition, a limited number of minor policy considerations were raised in the submissions received, which APRA will consider in any subsequent revisions to these standards.

Consequently, APRA has finalised the prudential standards as proposed. The final package of standards and the non-confidential submissions are available on APRA's website at: <http://apra.gov.au/CrossIndustry/Pages/November-2014-Response-CPS-220-Consequential-change.aspx>

The list of revised prudential standards, which will come into force on 1 January 2015, are:

- *Prudential Standard APS 001 Definitions;*
- *Prudential Standard APS 116 Capital Adequacy: Market Risk;*
- *Prudential Standard APS 120 Securitisation;*
- *Prudential Standard APS 210 Liquidity;*
- *Prudential Standard APS 220 Credit Quality;*
- *Prudential Standard APS 221 Large Exposures;*
- *Prudential Standard APS 222 Associations with Related Entities;*
- *Prudential Standard APS 310 Audit and Related Matters;*
- *Prudential Standard APS 330 Public Disclosure;*
- *Prudential Standard APS 610 Prudential Requirements for Providers of Purchased Payment Facilities;*
- *Prudential Standard CPS 231 Outsourcing;*
- *Prudential Standard CPS 232 Business Continuity Management;*
- *Prudential Standard GPS 001 Definitions;*
- *Prudential Standard GPS 110 Capital Adequacy;*
- *Prudential Standard GPS 113 Capital Adequacy: Internal Model-based Method;*
- *Prudential Standard GPS 310 Audit and Related Matters;*

- *Prudential Standard GPS 320 Actuarial and Related Matters;*
- *Prudential Standard LPS 001 Definitions; and*
- *Prudential Standard LPS 320 Actuarial and Related Matters.*

Yours sincerely

A handwritten signature in black ink, appearing to read 'Charles Littrell', is displayed on a light green rectangular background.

Charles Littrell
Executive General Manager
Policy, Statistics and International