



 APRA

INFORMATION PAPER

APRA's Policy Priorities

January 2022

Disclaimer Text

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Executive summary

APRA's prudential policy framework provides the foundation for financial safety for banks, insurers, superannuation funds and the financial system as a whole. The framework sets minimum standards designed to ensure that, under all reasonable circumstances, financial promises made by regulated entities are met within a stable, efficient and competitive financial system.

This information paper outlines APRA's policy priorities for the next 12-18 months, aiming to ensure the Australian financial system is 'protected today and prepared for tomorrow'.¹ It outlines initial steps in APRA's strategic initiative to modernise the prudential architecture, and the key areas of policy development in the period ahead for the banking, insurance and superannuation industries.

Policy agenda for 2022-2023

The aim of prudential policy development over 2022-2023 is to deliver three key outcomes, aligned to APRA's long-term strategy:

- ensuring resilient and prudently managed financial institutions;
- promoting the stability of the Australian financial system; and
- contributing to the community's ability to achieve good financial outcomes.

As the financial system evolves, innovation gathers pace and digitalisation accelerates, APRA is commencing a new strategic initiative to modernise the prudential architecture. The aim of this multi-year initiative is to make the prudential standards and guidance more accessible for industry, more adaptable to cater to new risks and new entrants, and better aligned to the needs of the users. The ultimate goal is to build a fit for future prudential framework, maintaining financial safety and system stability in the digital world.

In the year ahead, APRA will also focus on strengthening standards for financial system resilience and crisis management: all regulated entities need to be adequately prepared for a range of potential shocks and risks, as the experience of COVID-19 has demonstrated. In 2022, APRA will finalise new standards for contingency and resolution planning, and consult on enhanced requirements for operational risk management.

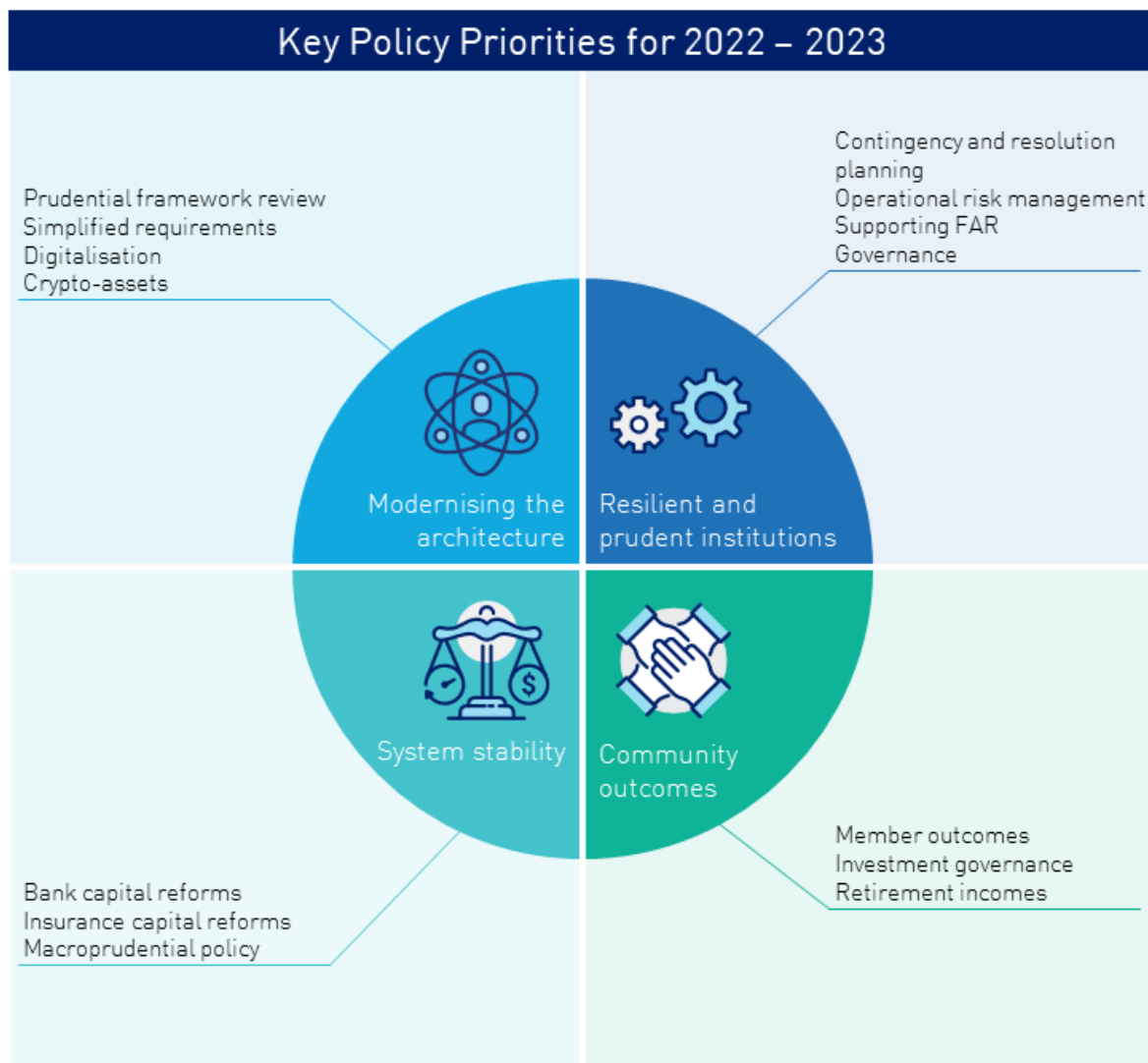
For banks and insurers, a key focus this year will be implementing comprehensive reforms to the prudential standards for capital. While the financial system is currently well capitalised, these reforms are intended to help ensure this strength is sustained.

For superannuation, APRA plans to review its core requirements for strategic planning and member outcomes, to ensure RSE licensees maintain a sharp focus on outcomes for their

¹ For more information on the strategic themes of 'protected today and prepared for tomorrow', refer to APRA's Corporate Plan 2021-2025 (August 2021) and APRA's Supervisory Priorities (January 2022).

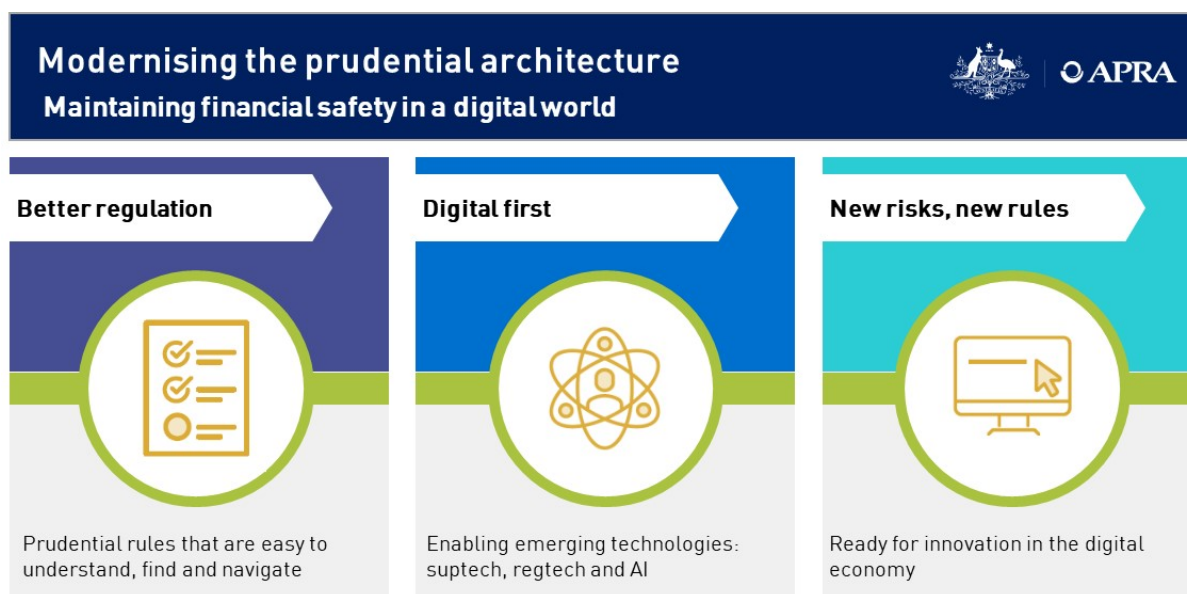
members, consistent with their legal obligation to act in the best financial interests of beneficiaries.

APRA's policy priorities are summarised below, and covered in more detail in each chapter. For each industry, the pipeline of regulatory change is outlined, including the effective dates for standards that have been finalised and those under development. The 'prudential framework on a page' for each industry is in Annex A, policy development timelines are in Annex B and recently finalised standards are listed in Annex C.



Chapter 1 - Modernising the architecture

In its Corporate Plan for 2021-2025, APRA announced a new strategic initiative to modernise the prudential architecture. This is an important goal, given emerging shifts in the financial system: the digitalisation of finance is accelerating, business models are changing and innovation is testing traditional regulatory boundaries. The objectives for modernising the architecture are summarised in the graphic below: building a fit for future prudential framework, to maintain financial safety in a digital world.



APRA's approach to modernising the architecture will be multi-year: in the first phase in 2022, the focus will largely be on progressing initial steps and scoping the longer-term path ahead. Over the course of the second phase in 2023-2025, there will be a series of initiatives to improve the accessibility and adaptability of the framework, and ensure it is aligned to the needs of the users. APRA will engage closely and consult with industry throughout, as well as seek to learn lessons from approaches deployed internationally.

Better regulation

The prudential framework has grown in size and complexity over time, in line with developments in international standards and higher expectations for regulated entities domestically. With a focus on better regulation, a core aim of modernising the architecture will be to ensure the prudential standards and guidance are easy to understand, find and navigate. This may require changes in the design of the framework, how policy is developed and explained, and how technology is used to deliver it to users.

To identify improvements for the longer-term, APRA will be reviewing the structure and design of the prudential framework, and the policy development process. Building on the existing approach to proportionality, APRA will also be exploring how to embed and operationalise simpler requirements for smaller entities, reducing burden where possible without compromising safety. To better support boards in providing effective oversight, APRA

will be engaging with directors on ways to assist them in understanding their prudential obligations, such as a comprehensive handbook or enhanced guidance.

Digital first

Digitalisation can help to support better regulation, and ensure the framework can be adapted and built on as the financial system evolves. The pace of change in the industry means that there will be an ongoing need to keep the framework updated on a dynamic basis. Internationally, many jurisdictions are starting to explore how regtech and suptech can be used, such as through developing machine-readable regulation to facilitate compliance systems. Over 2022, APRA will be engaging an advisory panel of experts and industry stakeholders, and exploring with industry the potential for suptech and regtech solutions.

New risks, new rules

Innovation in the financial system is accelerating, with new players and emerging business models that do not fit neatly into the current regulatory architecture. Digital currencies, other crypto-assets, banking as a service and fintech offerings are examples of this trend. The increasing reliance on technology by existing entities is also driving a shift in risk profile for the system with, for example, a heightened focus on cyber risks and operational resilience.

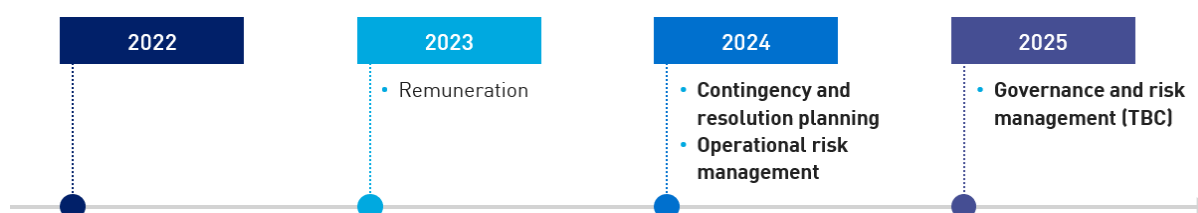
APRA is working closely with other agencies on the Council of Financial Regulators (CFR) to understand and assess industry trends and emerging risks, and the regulatory implications of new forms of finance.² To support healthy innovation in the industry, there will be a need for innovation in regulation and new rules, such as the prudential treatment of crypto-assets under consideration by the Basel Committee on Banking Supervision. APRA is also monitoring the regulatory perimeter, to understand how the regulatory architecture will need to evolve to cater to new risks and new business models.

² For example, CFR working groups are considering the Australian regulatory arrangements for crypto activities, stablecoins, and stored value facilities.

Chapter 2 - Cross-industry policy

The policy priorities outlined in this chapter apply to all APRA regulated entities. They cover key reforms to promote system stability and ensure entities maintain financial and operational resilience. In addition, APRA plans to review the authorisation guidelines for non-operating holding companies (NOHCs) in 2022, and update guidance on capital management and stress testing in 2023.

Upcoming effective dates



*Standards under development are highlighted in bold.

Policy priorities

| Policy priority | Objectives and focus | Next steps |
|--|--|---|
| Contingency and resolution planning | In late 2021, APRA released for consultation draft <i>Prudential Standard CPS 190 Financial Contingency Planning</i> (CPS 190) and draft <i>Prudential Standard CPS 900 Resolution Planning</i> (CPS 900). ³ These proposed standards aim to ensure that entities are adequately prepared for scenarios that may threaten their viability, building on experience in Australia and lessons learned internationally. The requirements are intended to improve readiness for crisis management, covering both entities' own recovery and exit plans, and support for resolution planning by APRA. | APRA expects to finalise the standards for contingency and resolution planning in 2022, following the conclusion of the current consultation. APRA also plans to develop guidance on better practice in 2022, to assist entities in meeting the requirements of the standards. The standards are expected to come into effect from 2024, with an additional one-year transition period for RSE licensees to meet CPS 190. |
| Operational risk management | As COVID-19 has demonstrated, the management of operational risks and business continuity are core components of financial system resilience. It is critical that all entities have sound operational risk controls, are able to | In 2022, APRA will consult on enhanced requirements for operational risk management. This will include minimum expectations for systems, controls and remediation, business continuity and arrangements with third parties. |

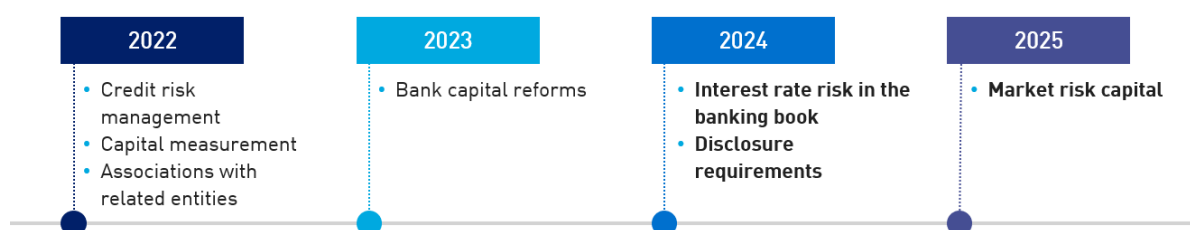
³ [Strengthening crisis preparedness](#) [Consultation Package, December 2021].

| Policy priority | Objectives and focus | Next steps |
|--|---|--|
| | <p>maintain continuity of essential services for customers through any temporary disruptions, and manage the risks presented through arrangements with third parties. The management of operational risk is an area where a consistent and higher standard needs to be reached, as weaknesses in practices continue to reoccur.</p> | <p>The new <i>Prudential Standard CPS 230 Operational Risk Management</i> (CPS 230) will update and replace existing requirements in <i>Prudential Standard CPS 231 Outsourcing</i> (CPS 231) and <i>Prudential Standard CPS 232 Business Continuity Management</i> (CPS 232), and the equivalent superannuation standards. On current planning, the new standard is expected to come into effect from 2024.</p> |
| <p>Supporting FAR</p> | <p>APRA and ASIC continue to support the Treasury in the development of the Financial Accountability Regime (FAR). A draft Bill was introduced in late 2021 that will provide the legislative framework for the FAR, with proposed application to ADIs in 2022 and to Insurers and RSE licensees in 2023.</p> | <p>Following the passing of the legislation, APRA and ASIC plan to publish a joint administration agreement setting out principles for administering FAR, regulator rules and implementation guidance.</p> <p>APRA also plans to review <i>Prudential Standard CPS 520 Fit and Proper</i> (CPS 520) to update requirements for fit and proper policies in light of the FAR, and provide consistency in expectations.</p> |
| <p>Remuneration disclosures</p> | <p>In 2021, APRA released <i>Prudential Standard CPS 511 Remuneration</i> and the accompanying prudential practice guide (PPG). The standard, which comes into effect from the beginning of 2023, will be supported by new reporting and disclosure requirements to promote transparency and accountability.</p> | <p>APRA will consult with industry on disclosure requirements for remuneration in the first half of 2022, and plans to finalise the requirements by the end of the year. Transition time will be provided before the requirements come into effect.</p> |
| <p>Governance and risk management</p> | <p>APRA plans to review its standards for governance and risk management, two foundational elements of the regulatory framework, in 2023. The review will consider how to improve these standards in a range of key areas, including board and senior management roles and expectations, board obligations for risk culture, the relative emphasis on financial and non-financial risks, and requirements for compliance and audit.</p> | <p>APRA's review of <i>Prudential Standard CPS 510 Governance</i> (CPS 510) and <i>Prudential Standard CPS 220 Risk Management</i> (CPS 220), and the equivalent superannuation standards, will commence in 2023. New requirements would therefore not be expected to come into effect until 2025.</p> |

Chapter 3 - Banking policy

APRA's policy priorities for the banking industry are outlined in this chapter, in addition to the cross-industry priorities in Chapter 1. The key area of focus will be implementing the bank capital reforms, including finalising guidance and progressing revisions to the market risk standards. APRA is also reviewing the prudential standard for purchased payment facilities (also referred to as stored value facilities), in the context of the recent payments system review and other recommendations.⁴

Upcoming effective dates



*Standards under development are highlighted in bold.

Policy priorities

| Policy priority | Objectives and focus | Next steps |
|------------------------|---|--|
| Capital reforms | <p>APRA's bank capital reforms will embed an unquestionably strong level of capital in the industry, and update Australian standards to align with the internationally agreed Basel framework. The reforms will also enhance flexibility, risk sensitivity, competition, transparency and proportionality.</p> <p>In 2021, APRA released final prudential standards and draft PPGs for capital adequacy and credit risk capital.⁵ The final standards will come into effect from 1 January 2023.</p> | <p>APRA is now moving to the implementation phase of the reforms, including finalising the guidance, reporting and other related standards.</p> <p>Over the course of 2022, APRA plans to finalise the PPGs for capital adequacy, the standardised approach to credit risk and the internal ratings-based approach to credit risk.⁶ APRA will also progress revisions to capital reporting requirements.</p> <p>In the second half of 2022, APRA intends to finalise <i>Prudential Standard APS 117 Interest Rate Risk in the Banking Book</i> (APS 117), and consult</p> |

⁴ Refer to The Australian Government the Treasury, [Payment system review](#) (June 2021) and Council of Financial Regulators, [Regulation of Stored-value Facilities in Australia](#) (October 2019).

⁵ [Revisions to the capital framework for ADIs](#) (Consultation Package, November 2021).

⁶ Guidance on the new framework includes *Prudential Practice Guide APG 110 Capital Adequacy*, *Prudential Practice Guide APG 112 Capital Adequacy: Standardised Approach to Credit Risk* and *Prudential Practice Guide APG 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk*.

| Policy priority | Objectives and focus | Next steps |
|--------------------------------|---|--|
| | | on revisions to the market risk capital standards to implement the Basel Committee's fundamental review of the trading book. ⁷ |
| Macroprudential policy | <p>In 2021, APRA released an information paper setting out its framework for macroprudential policy, and a proposed new attachment to <i>Prudential Standard APS 220 Credit Risk Management</i> (APS 220).⁸</p> <p>The proposed attachment, <i>Macroprudential policy: credit measures</i>, is intended to strengthen the transparency, implementation and enforceability of macroprudential policy, requiring ADIs to be ready to implement measures if needed to address systemic risks.</p> | APRA expects to finalise its response to the current consultation on the proposed attachment to APS 220 in the first half of 2022. As set out in the macroprudential policy framework, APRA continues to closely monitor the outlook for systemic risks, in consultation with the other agencies on the CFR. |
| Disclosure requirements | <p>APRA plans to update ADI disclosure requirements in 2022, through revisions to <i>Prudential Standard APS 330 Public Disclosure</i> (APS 330). The updated requirements will reflect the Basel Committee's revised Pillar 3 standards, as well as consequential amendments arising from the capital reforms.</p> <p>A key objective in revising APS 330 will be to minimise burden for industry, in particular for smaller entities, while maintaining transparency.</p> | <p>APRA intends to consult on draft APS 330 in the first half of 2022.</p> <p>APRA is, concurrently, developing a centralised publication that will provide entity-level key prudential and financial data.⁹</p> |
| Liquidity review | In the first half of 2022, APRA will conduct a post-implementation review of the core requirements of <i>Prudential Standard APS 210 Liquidity</i> (APS 210): the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). | APRA plans to consult with industry as part of the post-implementation review in early 2022. The aim of the review will be to understand the costs and benefits of the LCR and NSFR, and evaluate the need to update and revise APS 210 in 2023. |

⁷ This information paper updates previous timelines in [Review of ADI market risk standards](#) (October 2021). The effective date for APS 117 will be adjusted accordingly. The market risk standards are *Prudential Standard APS 116 Market Risk* (APS 116) and *Prudential Standard APS 180 Counterparty Credit Risk* (APS 180).

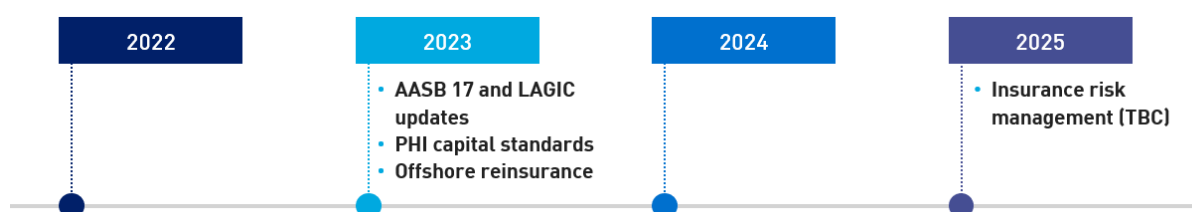
⁸ [Macroprudential Policy Framework](#) (Information Paper, November 2021).

⁹ [Response to ADI data confidentiality consultations and public disclosure requirements](#) (Letter, September 2021).

Chapter 4 - Insurance policy

APRA's policy priorities for the three insurance industries (general, life and private health insurance) are outlined in this chapter, in addition to the cross-industry priorities in Chapter 1. The priorities in 2022 are focused on completing comprehensive reforms to the insurance capital standards, including AASB 17 and LAGIC updates and the capital standards for private health insurers (PHI). In 2023, APRA plans to review prudential requirements and guidance on insurance risk management.

Upcoming effective dates



*Standards under development are highlighted in bold.

Policy priorities

| Policy priority | Objectives and focus | Next steps |
|---------------------------|--|--|
| AASB 17 and LAGIC updates | <p>APRA is currently consulting on reforms to the life and general insurance capital standards, to align APRA's standards with the new accounting standard AASB 17.</p> <p>AASB 17 will modify a number of key accounting concepts that underpin APRA's prudential framework, and alignment is important to minimise industry burden and inconsistencies. APRA is also taking the opportunity to update other areas across the Life and General Insurance Capital (LAGIC) framework, to ensure it remains fit-for-purpose.</p> | <p>Consultation with industry on the integration of AASB 17 is a key priority for the first half of 2022. APRA expects industry feedback on the draft standards, as well as input to a quantitative impact study, by 31 March 2022.¹⁰</p> <p>APRA plans to release final standards in the second half of 2022, which would come into effect from 1 July 2023.</p> |

¹⁰ [Integrating AASB 17 into the capital and reporting frameworks and updates to the LAGIC framework](#) (Consultation Package, December 2021).

| Policy priority | Objectives and focus | Next steps |
|----------------------------------|--|---|
| PHI capital standards | <p>APRA is reviewing the capital standards for PHI, aiming to ensure an appropriate level of financial resilience for the protection of policyholders.</p> <p>The review seeks to address APRA's concerns that the current standards do not appropriately reflect the risks faced by insurers, or adequately consider adverse events that could affect their financial soundness.</p> | <p>In late 2021, APRA released a consultation outlining detailed proposals for revised requirements, together with draft prudential standards.¹¹ APRA has requested submissions to this consultation by 31 March 2022.</p> <p>APRA intends to release final standards in the second half of 2022, which will come into effect from 1 July 2023. The PHI standards will be aligned with the broader AASB 17 and LAGIC capital reforms where possible and appropriate.</p> |
| Offshore reinsurance | <p>APRA intends to complete its review of <i>Prudential Standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge</i> (LPS 117) in the first half of 2022. The revisions to the standard are intended to address prudential concerns from the increased use of offshore reinsurers, with proposed limits on exposures to better manage the risks.</p> | <p>APRA released a draft revised standard in 2021.¹² APRA received extensive industry feedback and is reviewing these submissions to finalise the requirements.</p> <p>APRA plans to release the final LPS 117 standard in the first half of 2022, which is expected to come into effect from 1 July 2023.</p> |
| Insurance risk management | <p>In 2023, APRA is planning to review and refresh guidance for life and general insurers on product design, underwriting and risk management in <i>Prudential Practice Guide GPG 240 Insurance Risk</i> (GPG 240) and <i>Prudential Practice Guide LPG 240 Life Insurance Risk and Reinsurance Risk</i> (LPG 240). The intention of this review is to ensure a consistent standard in insurance risk management is maintained across these industries, following supervisory observations and measures in recent years.</p> | <p>APRA plans to consult on potential changes to the prudential framework for insurance risk management in 2023. APRA will also consider whether similar expectations should apply to PHI.</p> |

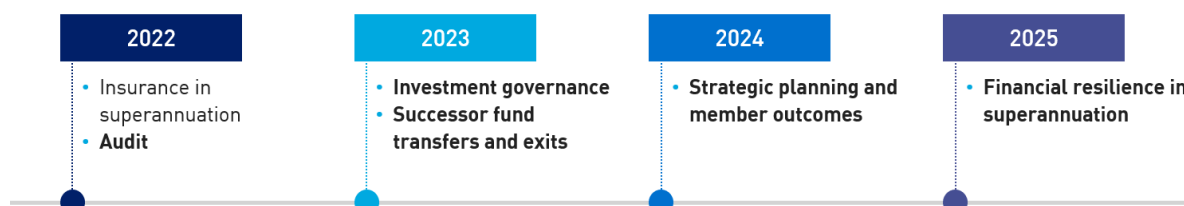
¹¹ [Review of the private health insurance capital framework](#) [Consultation Package, December 2021].

¹² [Offshore reinsurers and the review of prudential standard LPS 117](#) [Consultation Package, April 2021].

Chapter 5 - Superannuation policy

APRA's policy priorities for the superannuation industry are outlined in this chapter, in addition to the relevant cross-industry priorities in Chapter 1. The policy priorities are focused on strengthening financial resilience in superannuation and improving outcomes for members.

Upcoming effective dates



*Standards under development are highlighted in bold.

Policy priorities

| Policy priority | Objectives and focus | Next steps |
|---|--|--|
| Audit | In December 2021, APRA released proposed amendments to <i>Prudential Standard SPS 310 Audit and Related Matters</i> (SPS 310). ¹³ These amendments reflect changes to the audit requirements as a result of the addition of new APRA reporting forms. | Consultation on these amendments will conclude in March 2022. Following consultation, final requirements will be released and come into effect from 30 June 2022. |
| Investment governance | APRA is updating <i>Prudential Standard SPS 530 Investment Governance</i> (SPS 530), seeking to ensure RSE licensees meet their obligations to prudently select, manage and monitor investments. Proposed revisions include enhancements to requirements for prudent valuation practices, stress testing and liquidity management. | APRA commenced consultation on proposed amendments to SPS 530 in 2021, with consultation to conclude in February 2022. ¹⁴ APRA intends to finalise changes to the standard and consult on refreshed guidance in 2022. The standard is expected to come into effect from 1 January 2023. |
| Successor fund transfers and exits | In light of increased industry consolidation, APRA intends to refresh the superannuation prudential framework to ensure there are appropriate requirements and | APRA will review <i>Prudential Practice Guide SPG 227 Successor Fund Transfers and Wind-ups</i> and look to develop new requirements to apply in |

¹³ [Amendments to Prudential Standard SPS 310 Audit and Related Matters](#) [Consultation Package, December 2021].

¹⁴ [Strengthening investment governance](#) [Consultation Package, September 2021].





| Policy priority | Objectives and focus | Next steps |
|---|--|--|
| | guidance in place to inform merger and exit activity across the superannuation industry. | the event of cancellation of an authority to offer a MySuper product. |
| Retirement incomes | In 2021, the Government progressed legislative reforms placing greater focus on the needs of members in retirement, including requiring RSE licensees to develop and implement a retirement income strategy. APRA plans to support the implementation of these proposed changes with appropriate amendments to the prudential framework. | The timing of changes to the prudential framework will be determined in 2022, subject to legislative timeframes. |
| Strategic planning and member outcomes | APRA will review <i>Prudential Standard SPS 515 Strategic Planning and Member Outcomes</i> (SPS 515) and associated guidance in 2022, seeking to strengthen business planning practices and ensure rigorous expenditure management. The aim of the review is to identify proposed enhancements, to ensure RSE licensees remain focused on improving outcomes for members, consistent with their obligation to act in the best financial interests of beneficiaries. | APRA will conduct a review of SPS 515, incorporating the findings from the benchmarking review of current practices and the outcomes of related consultations, including financial resilience. ¹⁵ APRA expects to consult on this review and proposed enhancements in the second half of 2022, and finalise the standard in 2023. Transition time would be then be provided before any revised requirements come into effect. |
| Financial resilience in superannuation | Delivering improved outcomes for members requires RSE licensees to manage their financial resources prudently, implement robust planning processes and reserving practices, and set fees proportionate to their needs. To this end, APRA released a discussion paper in November 2021 seeking feedback on RSE licensees' plans to maintain the financial resilience needed to protect members' best financial interests. ¹⁶ | APRA is seeking to better understand current and evolving financial resource management practices. The current consultation will conclude in March 2022 and will be used as the basis for developing potential enhancements to the prudential standards for superannuation. Enhanced requirements and guidance will be subject to further consultation and transition time would be provided before any standards come into effect. |

¹⁵ Refer to [Findings from APRA's superannuation thematic reviews](#) (Information Paper, October 2021).

¹⁶ [Strengthening financial resilience in superannuation](#) (Discussion Paper, November 2021).

Annex A - The prudential framework

APRA's prudential framework is comprised of legislative requirements, prudential standards and guidance. The prudential standards for each regulated industry are summarised below, with the key areas that are under active policy development in 2022–2023 highlighted in bold.

| Prudential standards and guidance for banking | |
|--|--|
|  <h2>Governance</h2> <ul style="list-style-type: none"> Governance Remuneration Fit and proper Public disclosure Audit and related matters | |
|  <h2>Risk management</h2> <p>General risk management</p> <ul style="list-style-type: none"> Risk management Credit risk management Large exposures Aggregate risk exposures Associations with related entities Intra-group transactions and exposures Residential mortgage lending (PPG) Margining and risk mitigation for non-centrally cleared derivatives Climate change financial risks (PPG) Purchased payment facilities <p>Operational resilience</p> <ul style="list-style-type: none"> Operational risk Outsourcing Business continuity management Pandemic planning (PPG) Information security Managing data risk (PPG) |  <h2>Financial resilience</h2> <p>Capital</p> <ul style="list-style-type: none"> Capital adequacy Measurement of capital Standardised approach to credit risk Internal ratings-based approach to credit risk Standardised approach to operational risk Advanced measurement approaches to operational risk Market risk Interest rate risk in the banking book Counterparty credit risk <p>Liquidity</p> <ul style="list-style-type: none"> Liquidity Securitisation Covered bonds |
|  <h2>Contingency planning</h2> <ul style="list-style-type: none"> Financial contingency planning Resolution planning Financial Claims Scheme | |

Prudential standards and guidance for insurance



Governance

- Governance
- Remuneration
- Fit and proper
- Conflicts of interest under s. 48 (PPG)
- Audit and related matters
- Actuarial and related matters



Risk management

General risk management

- Risk management
- Credit risk management
- Intra-group transactions and exposures
- Margining and risk mitigation for non-centrally cleared derivatives
- Climate change financial risk (PPG)
- Reinsurance management
- **Insurance risk (PPG)**
- Reinsurance management strategy (PPG)
- Balance sheet and market risk (PPG)
- Life insurance risk and reinsurance risk (PPG)
- Asset and liability management risk (PPG)
- Group insurance arrangements (PPG)

Operational resilience

- Operational risk
- Outsourcing
- Business continuity management
- Pandemic planning (PPG)
- Information security
- Managing data risk (PPG)



Financial resilience

Capital*

- Solvency Standard (to be removed)
- Capital adequacy
- **Measurement of capital**
- **Capital adequacy: Internal model-based method (to be removed)**
- Asset risk charge
- Insurance risk charge
- **Insurance concentration risk charge**
- Asset concentration risk charge
- Operational risk charge
- Assets in Australia
- **Insurance liability valuation**

Other requirements (life insurance)

- Termination, minimum surrender and paid-up Values
- Investment Performance Guarantees
- **Statutory Funds**
- Friendly Society Benefit Funds



Contingency planning

- Financial contingency planning
- Resolution planning
- Financial claims scheme for GIs

* The majority of GI, LI, and PHI capital standards will be updated to reflect changes from implementing AASB 17. In addition, for PHIs, APRA proposes to introduce 6 new capital standards and amend 3 as part of the revised PHI capital framework.

Prudential standards and guidance for superannuation



Governance

- Governance
- Remuneration
- Fit and proper
- Audit and related matters
- Defined benefit matters



Risk management

- Conflicts of interest
- **Risk management**
- Fraud risk management (PPG)
- Operational Risk Financial Requirement
- Margining and risk mitigation for non-centrally cleared derivatives
- Climate change financial risks (PPG)
- Information security
- **Business continuity management**
- Pandemic planning (PPG)
- Managing data risk (PPG)



Business operations

- **Strategic planning and member outcomes**
- Business performance review (PPG)
- **Investment governance**
- Valuation (PPG)
- Insurance in superannuation
- **Operational risk**
- **Outsourcing**
- Contribution and benefit accrual standards (PPG)
- Payment standards (PPG)



Other

- MySuper cancellation
- Successor fund transfers and wind-ups (PPG)
- Financial contingency planning
- Resolution planning
- Eligible rollover fund transition

Annex B - Policy timelines

Cross-industry

| | Code | 1H 2022 | 2H 2022 | 2023 | Expected effective |
|--|------------------|---------|----------|----------|--------------------|
| Contingency and resolution planning | CPS 190, CPS 900 | | Finalise | | 2024 |
| Operational risk management | CPS 230 | Consult | Finalise | | 2024 |
| Fit and proper | CPS 520 | | | Consult | TBC |
| Remuneration disclosures | CPS 511 | Consult | Finalise | | TBC |
| Governance | CPS 510 | | | Consult | TBC |
| Risk management | CPS 220 | | | Consult | TBC |
| Capital management and stress testing guidance | CPG 110, CPG 191 | | | Consult | - |
| NOHC licensing guidelines | - | | Consult | Finalise | - |

Banking

| | Code | 1H 2022 | 2H 2022 | 2023 | Expected effective |
|--|---------------------------|----------|----------|----------|--------------------|
| Capital guidance | APG 110, APG 112, APG 113 | Finalise | | | 2023 |
| Interest rate risk in the banking book | APS 117 | | Finalise | | 2024 |
| Market risk capital | APS 116, APS 180 | | Consult | Finalise | 2025 |
| Disclosure requirements | APS 330 | Consult | Finalise | | 2024 |
| Liquidity | APS 210 | Review | | Consult | TBC |
| Credit risk management | APS 220, Attachment C | Finalise | | | 2022 |
| Purchased payment facilities | APS 610 | | Consult | Finalise | TBC |

Insurance

| | Code | 1H 2022 | 2H 2022 | 2023 | Expected effective |
|---------------------------|---------------------|----------|----------|---------|--------------------|
| AASB 17 and LAGIC updates | Various | Consult | Finalise | | 2023 |
| PHI capital standards | Various | Consult | Finalise | | 2023 |
| Offshore reinsurance | LPS 117 | Finalise | | | 2023 |
| Insurance risk management | GPG 240, LPG 240 | | | Consult | TBC |

Superannuation

| | Code | 1H 2022 | 2H 2022 | 2023 | Expected effective |
|--|---------|---------------------|----------|----------|--------------------|
| Audit and related matters | SPS 310 | Consult Finalise | | | 2022 |
| Investment governance | SPS 530 | Consult | Finalise | | 2023 |
| Successor fund transfers and exits | SPG 227 | | Consult | Finalise | 2023 |
| Retirement incomes | - | | | Consult | TBC |
| Strategic planning and member outcomes | SPS 515 | | Consult | Finalise | 2024 |
| Strengthening financial resilience in superannuation | - | Consult | Consult | Finalise | 2025 |

Annex C - Finalised standards

APRA finalised a number of prudential standards and PPGs in 2021. These are outlined in the table below, along with their commencement dates.

| Industry | Prudential standard or PPG | Effective date |
|----------------|--|-----------------|
| Cross-industry | Prudential Standard CPS 511 Remuneration Prudential Practice Guide CPG 511 Remuneration | 1 January 2023* |
| | Prudential Practice Guide CPG 229 Climate Change Financial Risks | - |
| Banking | Prudential Standard APS 111 Capital Adequacy: Measurement of Capital | 1 January 2022 |
| | Prudential Standard APS 220 Credit Risk Management | |
| | Prudential Practice Guide APG 220 Credit Risk Management | - |
| | Prudential Standard APS 110 Capital Adequacy | 1 January 2023 |
| | Prudential Standard APS 112 Standardised Approach to Credit Risk | |
| | Prudential Standard APS 113 Internal Ratings-Based Approach to Credit Risk | |
| Superannuation | Prudential Standard SPS 250 Insurance in Superannuation Prudential Practice Guide SPG 250 Insurance in Superannuation | 1 July 2022 |

*CPS 511 comes into effect on 1 January 2023 for the largest and most complex ADIs, and on a staggered basis for other entities.



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