



Prudential Standard 3PS 001

Definitions

Objectives and key requirements of this Prudential Standard

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.

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]~~ 1 July 2017.
- ~~3. Unless the contrary intention appears, definitions in this Prudential Standard apply to all Prudential Standards applicable to a Level 3 Head in its capacity as parent institution of a Level 3 group and which are made under all three of the following Acts:~~
 - ~~section 11AF of the Banking Act;~~
 - ~~section 32 of the Insurance Act; and~~
 - ~~section 230A of the Life Insurance Act;~~3. 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).~~

- ~~5. 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~~ in force 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 in force ~~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.~~

Ensure when used in relation to a responsibility of the Board, means to take all reasonable steps and make all reasonable enquiries as are appropriate for a board so that the board can determine, to the best of its knowledge, that the stated matter has been properly addressed.

~~**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 group means the institutions determined by APRA to be members of a Level 3 group, whether determined by reference to individual institutions and/or classes of institution.

APRA may determine a Level 3 group where it considers that material activities are performed within the group across more than one prudentially regulated industry and/or in one or more non-prudentially regulated industries, to ensure that the ability of the group's prudentially regulated institutions to meet their obligations to depositors, policyholders or RSE beneficiaries is not adversely impacted by risks emanating from the group, including its non-prudentially regulated institutions.

Level 3 Head means:

- (a) an ADI or authorised NOHC under the Banking Act;
 - (b) a general insurer or authorised NOHC under the Insurance Act; or
 - (c) a life company or registered NOHC under the Life Insurance Act,
- determined by APRA to be the Level 3 Head of a Level 3 group.

~~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.

Prudentially regulated institution means an ADI, general insurer, life company, RSE licensee, authorised NOHC under the Banking Act or the Insurance Act, or registered NOHC under 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.