



**Level 3 framework - August 2016 changes made to prudential standards from the March 2016 consultation versions**

3PS 221 - Paragraph 14	
14.	<p>The aggregate risk exposure limits identified under paragraph 13(c) must take into account, where appropriate, matters such as:</p> <p>(a) on- and off-balance sheet exposures to:</p> <ul style="list-style-type: none"><li>(i) various types of counterparties;</li><li>(ii) an individual counterparty or group of related counterparties;</li><li>(iii) individual industry sectors;</li><li>(iv) geographical locations;</li><li>(v) financial products, including risk transfer products;</li><li>(vi) specific funding sources;</li><li>(vii) various asset classes such as equities, property holdings and other investments;</li><li>(viii) various market risks such as interest rate, foreign exchange and commodities; and</li><li>(ix) any other material <del>risk exposures</del> <u>risks</u>,</li></ul> <p>that cover asset and liability exposures and that are commensurate with the Level 3 group's risk appetite, risk profile and capital strength, and the size, business mix and complexity of the group; and</p> <p>(b) operational risk exposures to:</p> <ul style="list-style-type: none"><li>(i) service providers;</li><li>(ii) outsourcing;</li><li>(iii) business continuity management; and</li><li>(iv) any other operational <del>risk exposures</del> <u>risks</u>.</li></ul>
CPS 220 - Paragraph 17	
17.	<p>The Head of a group must maintain a Board-approved liquidity management policy for the group to adequately and consistently identify, measure, monitor, and manage its material liquidity risks. The policy must include a strategy that ensures the group has sufficient liquidity to meet its obligations as they fall due, including in stressed conditions, and outline processes to identify existing and potential constraints on the transfer of funds within the group. The Head of a group must submit to APRA a copy of its group liquidity management policy <del>in accordance with the process in paragraph 52 as soon as practicable, and no more than 10 business days, after Board approval.</del></p>