



## **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 takes effect from 1 January 2014.
3. Unless the contrary intention appears, definitions in this Prudential Standard apply to all Prudential Standards applicable to Level 3 Heads in their capacity as parent institution of a Level 3 group and which are made under all three of the following Acts:
  - (a) section 11AF of the Banking Act;
  - (b) section 32 of the Insurance Act; and
  - (c) section 230A of the Life Insurance Act,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).

**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 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 may be amended from time to time.

**Dual licensed 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 which is comprised of an ADI and each subsidiary of an ADI as specified in any approval granted by APRA in accordance with *Prudential Standard APS 222 Associations with Related Entities*.

**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 also includes the non-superannuation funds management activities of dual licensed entities but excludes overseas equivalent institution included in the ADI, general insurance or life insurance industry 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 institution** means an institution that is a member of the Level 3 group.

**Level 3 group** means a group of entities of which a Level 3 Head is the parent entity. APRA may, by notice in writing, adjust the group to include or exclude entities.

**Level 3 Head** means an APRA-regulated institution in respect of which APRA has made a determination under paragraph 2 of 3PS 110.

**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.

**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** comprises all institutions which are part of a consolidated group at the widest level to which the Level 3 group belongs.