



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. APRA may determine in writing that an:
 - (a) authorised deposit-taking institution (ADI) or authorised non-operating holding company (NOHC) under the Banking Act;
 - (b) authorised general insurer or authorised NOHC under the Insurance Act;
or
 - (c) authorised life company or registered NOHC under the Life Insurance Act,is the 'Level 3 Head' of a Level 3 group.
4. 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

5. 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).

APRA-regulated institution means a body regulated by APRA as defined in section 3 of the *Australian Prudential Regulation Authority Act 1998*.

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.

Consolidated entity has the meaning given in section 9 of the *Corporations Act 2001* (Corporations Act).

General insurer has the meaning given in the Insurance Act.

Level 1 means supervision applied by APRA to an individual APRA-regulated institution.

Level 2 means supervision applied by APRA to an ADI Level 2 group or a GI Level 2 group.

Level 3 means supervision applied by APRA to a Level 3 group.

Level 3 institution means an institution that is a member of the Level 3 group.

Level 3 group has the meaning given in Attachment A to this Prudential Standard.

Level 3 Head means an institution in respect of which APRA has made a determination under paragraph 3.

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.

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.

Ultimate Australian parent has the meaning given in *Australian Accounting Standard AASB 10 Consolidated Financial Statements*.

Ultimate holding company has the meaning given in section 9 of the Corporations Act.

Wider conglomerate group comprises all institutions which are part of a consolidated entity to which the Level 3 group belongs, if the Level 3 Head is not the ultimate holding company.

Attachment A

Level 3 group

1. APRA may, at its discretion, apply the Level 3 prudential framework to a conglomerate group, containing at least one APRA-regulated institution, which APRA considers to have material activities across more than one APRA-regulated industry and/or in one or more non-APRA-regulated industries.
2. A Level 3 group comprises all institutions that are part of a consolidated entity, adjusted to include or exclude institutions as determined by APRA by notice in writing to the Level 3 Head, of which the Level 3 Head is:
 - (a) the ultimate holding company;
 - (b) the ultimate Australian parent; or
 - (c) a reporting entity as defined in *Statement of Accounting Concepts SAC1 Definition of the Reporting Entity* that is required to prepare consolidated financial reports in accordance with Part 2M.3 of the Corporations Act and the relevant Australian Accounting Standards.