



14 December 2012

To all Prudential Contacts of Level 2 groups

APRA has today released for consultation proposed requirements for the supervision of conglomerate groups (Level 3 groups). The consultation package includes proposed revisions to the following cross-industry behavioural standards:

- *Prudential Standard CPS 231 Outsourcing (CPS 231)*
- *Prudential Standard CPS 232 Business Continuity Management (CPS 232)*
- *Prudential Standard CPS 510 Governance (CPS 510)*
- *Prudential Standard CPS 520 Fit and Proper (CPS 520)*

Currently the Head of a Level 2 group is required to appropriately apply CPS 231 and CPS 232 throughout the Level 2 group. APRA proposes to extend the group-wide responsibilities of the Level 2 Head to include the appropriate application of CPS 510 and CPS 520. The proposed group-wide application of CPS 510 and CPS 520 is a measure that will strengthen the Level 2 supervisory framework, and ensure a Level 2 group maintains a robust governance framework.

APRA proposes further consequential changes to align these four standards with the recently released Superannuation behavioural standards. APRA does not expect these additional changes to have more than a very minor impact.

Consultation on the proposed changes to the above prudential standards closes on 1 March 2013.

The proposed changes to the cross-industry behavioural standards are expected to take effect from 1 January 2014.

Queries in relation to the proposed changes should be directed to your Responsible Supervisor or the dedicated Level3Framework@apra.gov.au email address.

Yours sincerely



Keith Chapman
Executive General Manager
Diversified Institutions Division