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From: [redacted]
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To: Policy Development
Subject: Submission - Remaking Level 3 Conglomerate Standards

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21 April 2026

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Subject: Submission - Remaking Level 3 Conglomerate Standards

I am writing as an individual contributor with an interest in governance, accountability, and evidence frameworks in complex organisational settings. The consultation on remaking the Level 3 conglomerate standards reflects the scheduled maintenance of prudential instruments to ensure continuity of supervisory expectations and regulatory effectiveness across large financial groups. I acknowledge that the proposed remaking is administrative in nature and does not introduce new prudential requirements for Level 3 groups. Periodic review of prudential standards nevertheless provides an important opportunity to reinforce the structural foundations that support dependable governance, transparent accountability, and consistent supervisory assurance within conglomerate settings. The observations in this submission are therefore offered in the spirit of supporting prudential clarity and supervisory effectiveness and are intended to contribute constructively to the ongoing maintenance of sound governance frameworks.

Level 3 governance arrangements play a leading role in enabling supervisors to maintain a consolidated view of risk across complex organisational groups. In particular, standards concerning aggregate risk exposures, intra-group transactions and exposures, and audit-related matters support consistent governance practices across related entities and provide a framework through which accountability, oversight and risk management responsibilities can be coordinated at the group level. As conglomerate structures become more interconnected and operational responsibilities are distributed across subsidiaries and shared functions, the pathways through which decisions are made and controlled can become less visible without clear governance mechanisms. In this context, the effectiveness of Level 3 governance depends not only on the existence of risk management processes but on the ability to demonstrate clear lines of responsibility and verifiable oversight for decisions taken across the group. The standards, therefore, serve a foundational purpose in maintaining supervisory confidence that decision-making authority, risk ownership, and oversight responsibilities remain transparent and capable of effective review within complex organisational structures.

As organisational structures become more distributed, decision-making activities increasingly occur across multiple operational layers, including subsidiaries, shared service centres, outsourced functions, and technology-enabled operational arrangements. These arrangements can enhance efficiency and responsiveness, but they also create more complex decision environments in which responsibility and authority are exercised across organisational boundaries rather than within a single entity. In such settings, maintaining a clear understanding of how decisions are initiated, reviewed, and authorised becomes progressively more important for both internal governance and external supervision.

Supervisory assurance in these environments depends on the capacity to demonstrate the essential elements of a decision pathway in a reliable and consistent manner. This includes identifying who made or approved the decision, under what delegated authority it was exercised, what information or inputs were relied upon at the time, and which governance or control mechanisms were applied throughout the process. Where these elements are transparent and verifiable, supervisors and internal assurance functions can more readily assess the soundness of decision-making practices and the effectiveness of oversight arrangements across the group structure.

Prudential supervision relies on the availability of reliable evidence demonstrating how material decisions are made, reviewed and authorised within regulated entities and across group structures. Where governance pathways are clearly defined and consistently documented, supervisors and internal assurance functions can more readily assess whether risk management and control frameworks are operating as intended. Clear and accessible accountability chains therefore support efficient supervisory review, strengthen the effectiveness of internal audit and assurance processes, reinforce regulatory confidence in governance arrangements, and contribute to the overall resilience of organisations operating within prudentially regulated environments.

As conglomerate structures continue to evolve in scale and operational complexity, the ongoing maintenance of prudential standards may benefit from continued attention to the clarity with which responsibilities are allocated across entities, the transparency of decision authority at different organisational levels and the consistency of documentation and oversight mechanisms supporting group-wide governance. These structural characteristics help ensure that governance arrangements remain understandable, verifiable, and capable of supporting effective supervision over time, thereby contributing to the long-term stability of complex organisational groups.

Thank you for the opportunity to provide these observations in response to the consultation on the remaking of the Level 3 conglomerate standards. I would be pleased to provide clarification on any aspect of this submission if that would be of assistance.

[redacted]
Individual contributor — governance and accountability frameworks