

Banking (prudential standard) determination No. 14 of 2006

EXPLANATORY STATEMENT

Prepared by the Australian Prudential Regulation Authority (APRA)

*Banking Act 1959 (**the Act**), subsection 11AF(3)*

Under paragraph 11AF(1)(a) of the Act, APRA has the power to determine standards (***prudential standards***), in writing, in relation to prudential matters to be complied with by all authorised deposit-taking institutions (***ADIs***). Under subsection 11AF(3) of the Act, APRA may, in writing, vary or revoke a prudential standard.

*Banking (prudential standard) determination No. 14 of 2006 (**the instrument**) varies Banking (prudential standard) determination No. 12 of 2006 - Prudential Standard APS 231 Outsourcing (**APS 231**).*

1. Background

After discussion with industry, APRA has become aware that the intended effective date of APS 231 of 1 January 2007 poses potential implementation problems for some ADIs.

Also, APRA has identified that subparagraph 17(e) of APS 231 contains a minor typographical error in the form of an incorrect cross-reference.

2. Purpose of the instrument

The instrument varies the effective date of APS 231 from 1 January 2007 to 1 April 2007. Delaying the effective date of APS 231 will allow ADIs sufficient time to ensure that they are able to comply with the standard from its commencement.

The instrument also varies APS 231 to correct the minor typographical error in subparagraph 17(e) of APS 231.

3. Consultation

APRA consulted extensively with industry prior to determining APS 231.

APRA has consulted with industry and some individual ADIs in relation to the change to the effective date. Industry is supportive of this change.