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Financial Services Agency

The FSA's Approach to Introduce the TLAC Framework

Based on the experience of the recent global financial crisis, international efforts have been made to develop a framework for a prompt and orderly resolution of global systemically important financial institutions. The efforts are aimed at ending the so-called "too-big-to-fail" problem, which refers to the issue whereby national authorities are not able to resolve globally active banks and have no option but to rescue them by injecting public funds due to the concern that the unorderedly failure of such financial institutions would have an extremely serious adverse effect on financial and economic systems in a number of countries.

At the G20 Cannes Summit in November 2011, *Key Attributes of Effective Resolution Regimes for Financial Institutions* (the "Key Attributes") submitted by the Financial Stability Board (FSB) was endorsed as a new international standard for resolution regimes. The Key Attributes requires that financial institutions that could be systemically significant or critical if they fail be subject to an effective resolution regime that meets certain conditions.

Furthermore, at the G20 Antalya Summit in November 2015, *Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution* submitted by the FSB was endorsed.

Based on these international agreements, authorities in major jurisdictions have been taking necessary steps to build legal frameworks for orderly resolution of financial institutions and to develop regulatory rules on loss-absorbing capacity for G-SIBs and other financial institutions.

The Financial Services Agency (FSA) has already put in place the "Measures for Orderly Resolution of Assets and Liabilities of Financial Institutions, etc. for Ensuring Financial System Stability" through an amendment to the Deposit Insurance Act (promulgated in June 2013 and enforced in March 2014). Taking account of the progress in the international discussion since then, the FSA herein releases its approach

to introduce the TLAC framework in Japan as hereto attached.

Based on the policy described in the attached document and further deliberations, the relevant regulations (including supervisory guidelines) will be revised.

Please note that the policy described in the attached document is subject to change in line with ongoing international discussions or deliberations.

The FSA's Approach to Introduce the TLAC Framework

I. Total Loss-Absorbing Capacity (TLAC)

In November 2015, the FSB published *Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution / Total Loss-absorbing Capacity (TLAC) Term Sheet*¹ ("**TLAC Term Sheet**"), which requires global systemically important banks (G-SIBs) to have sufficient Total Loss-Absorbing Capacity (TLAC). The purpose of the TLAC Term Sheet is to facilitate the orderly resolution of a G-SIB when it fails in a manner that minimises impacts on financial stability without exposing taxpayers to loss and ensures the continuity of its critical functions by imposing the losses on shareholders and creditors, in addition to meeting the recapitalisation needs of the G-SIB.

More concretely, under the resolution regime envisaged by the TLAC Term Sheet, an entity to which resolution tools are assumed to be applied by the relevant authority ("**Resolution Entity**") is supposed to raise a loss-absorbing and recapitalisation capacity from external sources and distribute it to its material sub-groups during normal times. At the time of a stress, following the relevant authority's determination that one or more of the material sub-groups have reached the point of non-viability (PONV), losses incurred to them would be passed to the Resolution Entity. While this could lead to a resolution of the Resolution Entity, the material sub-groups are expected to continue their business as usual. Under this resolution regime, in cases where cross-border resolution plans are executed, close co-operation between the home and the host authorities would be essential.

It should also be noted that under the TLAC Term Sheet, loss-absorbing and recapitalisation capacity will be required of G-SIBs alongside the regulatory capital adequacy requirement published by the Basel Committee on Banking Supervision (BCBS), including *Basel III: A global regulatory framework for more resilient banks and banking systems* in December 2010 (revised in June 2011) and *Final elements of the reforms to raise the quality of regulatory capital* in January 2011 (collectively, the

¹ See <http://www.fsb.org/wp-content/uploads/TLAC-Principles-and-Term-Sheet-for-publication-final.pdf>

"Basel Accords").

II. The FSA's Approach to TLAC as a Home Authority

1. Regulatory Framework

In light of the close relationship between the TLAC Term Sheet and the Basel Accords, the FSA intends to implement the TLAC requirements mainly through amendments of the FSA Administrative Notices on Capital Adequacy Rules ("**Pillar 1 Notices**"). The FSA also intends to amend relevant regulations (including supervisory guidelines) in due course as it deems necessary.

2. Covered Entities

In line with the TLAC Term Sheet, the banks designated as G-SIBs by the FSA in accordance with the designation by the FSB ("**Japanese G-SIBs**") will be covered by the TLAC requirements in Japan. In addition, for internationally active financial groups, entry into resolution of one or more of their foreign subsidiaries could result in their losses passed to the parent entity, potentially leading to a resolution of the group as a whole. Provided that they have particular systemic significance to the Japanese financial system if they fail, a sufficient level of loss-absorbing capacity available at the time of resolution should be ensured, as the need for addressing the so-called "too big to fail" problem is markedly high for such financial groups. In such a case, the FSA considers it necessary to include certain non-G-SIBs in the scope of the requirements for maintaining sufficient loss-absorbing and recapitalisation capacity.

Accordingly, the FSA intends to apply the TLAC requirements to the following financial groups:

- Japanese G-SIBs; and
- Financial groups designated as D-SIBs by the FSA ("**Japanese D-SIBs**"²) which are deemed:
 - of particular need for a cross-border resolution arrangement; and

² The Japanese D-SIBs at the time of the publication of the second version are: Nomura Holdings, Inc.; Daiwa Securities Group Inc.; the Norinchukin Bank; and Sumitomo Mitsui Trust Holdings.

- of particular systemic significance to Japanese financial system if they fail.

Hereinafter, these financial groups are collectively referred to as "**Covered SIBs**".

The FSA intends to, on each of the implementation dates set out in the table below, classify the following financial groups as the Covered SIBs (on the premise that they are Japanese G-SIBs or Japanese D-SIBs on each of the implementation dates), designate their Resolution Entities in Japan ("**Domestic Resolution Entities**") by the Pillar 1 Notices and start applying the TLAC requirements to the Covered SIBs. The following four financial groups to be classified as Covered SIBs are collectively referred to as the "**4SIBs**".

Implementation Date	Covered SIB	Domestic Resolution Entity
March 31, 2019	Mitsubishi UFJ Financial Group, Inc. and its subsidiaries	Mitsubishi UFJ Financial Group, Inc.
	Sumitomo Mitsui Financial Group, Inc. and its subsidiaries	Sumitomo Mitsui Financial Group, Inc.
	Mizuho Financial Group, Inc. and its subsidiaries	Mizuho Financial Group, Inc.
March 31, 2021	Nomura Holdings, Inc. and its subsidiaries	Nomura Holdings, Inc.

For the rest of the section, the outline of the preferred strategy for an orderly resolution of the 4SIBs and an overview of a funding structure to execute the preferred strategy will be described. Then an illustration of a model of procedures of orderly resolution follows.

3. Preferred Strategy for Orderly Resolution of the 4SIBs: Single Point of Entry

The resolution strategies for systemically important financial institutions that are being developed internationally are broadly based on two stylised approaches: (i) SPE (Single Point of Entry) resolution, in which resolution tools are applied to the ultimate holding company by a single national resolution authority, and (ii) MPE (Multiple Point of

Entry) resolution, in which resolution tools are applied to different parts of the group by two or more resolution authorities acting in a coordinated way.

* FSB, *Recovery and Resolution Planning for Systemically Important Financial Institutions: Guidance on Developing Effective Resolution Strategies*, July 2013

The FSA considers that the SPE resolution strategy is basically the preferred resolution strategy for the 4SIBs taking account of resolvability based on their organisational structure as financial groups, including interconnectedness and interdependency within the groups.

Under an SPE resolution strategy, a possible model of a resolution of Covered SIBs will be as follows (details are described in II-4.(2), and the Annex shows the schematic view of whole procedures):

- (i) The Domestic Resolution Entity, which is typically the ultimate holding company of the group, absorbs the losses incurred at a domestic sub-group that is designated separately as systemically important by the FSA or at a foreign sub-group that is subject to TLAC requirements or similar requirements by the relevant foreign authority (such domestic and foreign sub-groups are collectively referred to as "**Material Sub-groups**" hereinafter).
- (ii) With respect to the Domestic Resolution Entity after absorbing the losses of the Material Sub-groups, the Prime Minister confirms the necessity to take "Specified Measures Under Item (ii)" as set forth in Article 126-2, paragraph (1), item (ii) of the Deposit Insurance Act ("**DIA**"), and issues an Injunction Ordering Specified Management as set forth in Article 126-5 of the DIA (such Domestic Resolution Entity is referred to as the "**Non-viable Holding Company**" hereinafter).
- (iii) The Non-viable Holding Company transfers its business relating to systemically important transactions (including shares of Material Sub-groups; the same shall apply hereinafter) to a Specified Bridge Financial Institution, etc., as set forth in Article 126-34, paragraph (3) of the DIA.
- (iv) After transferring its business, the Non-viable Holding Company enters into court insolvency proceedings.

Note: While an announcement of a preferred resolution strategy by the relevant authority is expected to increase transparency for market participants, credibility of resolution regime, and feasibility of timely resolution, exact measures to be taken shall

be determined by the relevant authorities on a case-by-case basis considering the actual condition of the Covered SIB in its resolution phase. Accordingly, instead of applying the Specified Measures Under Item (ii) to the Domestic Resolution Entity under the SPE resolution strategy, for example, the Prime Minister may confirm the necessity to take "Specified Measures Under Item (i)" as set forth in Article 126-2, paragraph (1), item (i) of the DIA with respect to the Domestic Resolution Entity, or may confirm the necessity to take Specified Measures Under Item (i) or "Measures Under Item (i)" as set forth in Article 102, paragraph (1), item (i) of the DIA with respect to the Material Sub-groups in Japan.

4. Funding Structure and a Model of Resolution Procedures to Meet TLAC Requirements under the SPE Strategy

(1) Funding Structure to Execute SPE Strategy

To execute the SPE strategy effectively in resolution, a Resolution Entity and its subsidiaries shall restructure its flow of funding during business as usual for the purpose of ensuring the Resolution Entity's loss-absorbing capacity and enable such losses ultimately to be absorbed by the Resolution Entity's shareholders and creditors. The following are the FSA's approach to (i) the issuance of External TLAC and (ii) the distribution of Internal TLAC to execute the SPE strategy with respect to Covered SIBs.

(i) Issuance of External TLAC

The TLAC Term Sheet requires a Resolution Entity within a G-SIB to issue and maintain a certain volume of "TLAC-eligible instruments" that have loss-absorbing / recapitalisation capacity.

The FSA intends to require Domestic Resolution Entities of Covered SIBs to meet a minimum requirement for instruments (including capital instrument, debt instrument, liability or other items) which are recognised to have loss-absorbing / recapitalisation capacity (such instruments are referred to as "**External TLAC**" hereinafter).

The TLAC Term Sheet stipulates that "Eligible external TLAC should contain a contractual trigger or be subject to a statutory mechanism which permits the relevant resolution authority to effectively write it down or convert it to equity in resolution." There is such a statutory mechanism in Japan; therefore, the

FSA regards that debt instruments issued by the Domestic Resolution Entity³ shall not be required to contain a contractual trigger for loss absorption to be qualified as External TLAC.

The FSA intends to set the requirement for the minimum External TLAC respectively for the 4SIBs' Domestic Resolution Entities as set out below:

- The Domestic Resolution Entities listed below must maintain External TLAC of 16% of the consolidated RWAs⁴ and 6% of the Basel III leverage exposure⁵ from March 31, 2019;⁶ and 18% of consolidated RWAs and 6.75% of the Basel III leverage exposure from March 31, 2022:
 - Mitsubishi UFJ Financial Group, Inc.
 - Sumitomo Mitsui Financial Group, Inc.
 - Mizuho Financial Group, Inc.
- The Domestic Resolution Entity listed below must maintain External TLAC of 16% of the consolidated RWAs and 6% of the Basel III leverage exposure from March 31, 2021; and 18% of the consolidated RWAs and 6.75% of the Basel III leverage exposure from March 31, 2024:
 - Nomura Holdings, Inc.

Under the TLAC Term Sheet, certain credible ex-ante commitments to recapitalise a G-SIB in resolution as necessary to facilitate an orderly resolution may count towards a firm's minimum external TLAC.⁷ As the Japanese Deposit Insurance Fund Reserves fulfil the requirements for such a commitment, the FSA, in accordance with the TLAC Term Sheet, intends to allow the 4SIBs' Domestic Resolution Entities to count towards their External

³ They include loans to a Domestic Resolution Entity.

⁴ Hereinafter refers to the sum of the following items set out in the Pillar 1 Notices: the amount of credit risk assets, the market risk equivalent divided by 8%, and the operational risk equivalent divided by 8%.

⁵ Hereinafter refers to total exposure set out in the FSA Administrative Notices on Leverage Ratio.

⁶ Though the TLAC Term Sheet requires that G-SIBs meet the requirements as from January 1, the FSA intends to apply the TLAC requirements to Covered SIBs in line with the Japanese financial year, which runs from April 1 to March 31, in the same manner as the implementation of the Basel Accords in Japan. (The same shall apply hereinafter.)

⁷ See section 7 of the TLAC Term Sheet.

TLAC the amount equivalent to 2.5% of the group's consolidated RWAs in cases where the minimum External TLAC requirement for the Domestic Resolution Entity is set at 16% of the consolidated RWAs and 6% of Basel III leverage exposure; and 3.5% of the group's consolidated RWAs in cases where the minimum External TLAC for the Domestic Resolution Entity is set at 18% of the consolidated RWAs and 6.75% of Basel III leverage exposure.⁸

(ii) Distribution of Internal TLAC

According to the TLAC Term Sheet,⁹ the external TLAC generally should be distributed as necessary within resolution groups in proportion to the size and risk of exposures of its material sub-groups which meet certain requirements.¹⁰

The TLAC Term Sheet provides that while material sub-groups shall in principle consist of subsidiaries incorporated in the jurisdictions outside of their Resolution Entity's home jurisdiction, authorities in the Resolution Entity's jurisdiction may set a requirement to distribute loss-absorbing capacity to sub-groups within their jurisdiction. Accordingly, the FSA intends to designate domestic Material Sub-groups for each of the 4SIBs, taking into account the criteria for identification of material sub-groups set out in the TLAC Term Sheet, and require Domestic Resolution Entities of the 4SIBs to distribute a certain amount of loss-absorbing and recapitalisation capacity in the form of capital and/or eligible liabilities to those Material Sub-groups. Such loss-absorbing and recapitalisation capacity is hereinafter referred to as "**Internal TLAC**".¹¹

(2) A Model of Procedures of Orderly Resolution under the SPE Strategy

Along with the model described in the above II-3.(i) through (iv), the details of the

⁸ Hence the Japanese G-SIBs will be allowed to count an amount equivalent to 2.5% of their group's consolidated RWAs towards External TLAC from March 31, 2019 to March 30, 2022 and 3.5% from March 31, 2022 onwards; Nomura Holdings, Inc. will be allowed to count an amount equivalent to 2.5% of their group's consolidated RWAs towards External TLAC from March 31, 2021 to March 30, 2024 and 3.5% from March 31, 2024 onwards.

⁹ See also FSB *Guiding Principles on the Internal Total Loss-Absorbing Capacity of G-SIBs ('Internal TLAC')* available at <http://www.fsb.org/wp-content/uploads/P060717-1.pdf>.

¹⁰ Such requirements for material sub-groups are stipulated in Section 17 of the TLAC Term Sheet.

¹¹ As for foreign Material Sub-groups incorporated in a jurisdiction other than Japan, calibration, eligibility of the instruments and other details of its internal TLAC requirements are to be determined by the relevant host authority in that jurisdiction.

intended procedures of the 4SIBs' orderly resolution will be as follows:

- (i) Absorption of the Losses of the Material Sub-group by the Domestic Resolution Entity

To implement the orderly resolution of the 4SIBs, losses incurred at the Material Sub-group will be absorbed by the Domestic Resolution Entity through internal TLAC that has been distributed, with certain involvement of the relevant authorities.

- (ii) Specified Confirmation by the Prime Minister¹²

When the Domestic Resolution Entity which absorbed the losses from the Material Sub-group fulfils the requirements for the application of Specified Measures Under Item (ii) as set forth in the DIA, the Prime Minister shall confirm the necessity to take Specified Measures Under Item (ii) and issue an Injunction Ordering Specified Management following deliberation by the Financial Crisis Response Council with regard to the Domestic Resolution Entity (i.e. the Non-viable Holding Company).

At this point, Basel III-eligible Additional Tier 1 instruments¹³ and Tier 2 instruments issued by the Non-viable Holding Company will be written off or converted into equity under the terms and conditions of such instruments¹⁴ prior to other liabilities including the External TLAC eligible debt liabilities.

In addition, a movable or claim pertaining to the business of the Non-viable Holding Company that shall be succeeded to the Specified Bridge Financial Institution, etc. under (iii) below (limited to those designated by the Prime Minister) may not be seized pursuant to Article 126-16 of the DIA.

- (iii) Transference of Business

¹² To avoid market turmoil, such process will be promptly implemented within a weekend.

¹³ With regard to Covered SIBs, Additional Tier 1 instruments in the form of debt liabilities issued by Domestic Resolution Entity on and after March 31, 2013 will also be fully or partially written down or converted into equity when the consolidated Common Equity Tier 1 ratio that is calculated under the Pillar 1 Notices falls below 5.125%.

¹⁴ The Basel Accords require that such write-off or conversion shall be triggered at the PONV, that is, at the point of (1) a decision that a write-off, without which the issuer would become non-viable, is necessary, as determined by the relevant authority, or (2) the decision to make a public sector injection of capital, or equivalent support, without which the issuer would have become non-viable, as determined by the relevant authority. Under the Pillar 1 Notices, the PONV with respect to a Domestic Resolution Entity means the point when the Prime Minister confirms the necessity to take Specified Measures Under Item (ii) to the Domestic Resolution Entity.

The Non-viable Holding Company transfers its business to the Specified Bridge Financial Institution, etc. incorporated by the Deposit Insurance Corporation of Japan (DICJ) with the permission of the court in lieu of the extraordinary resolution of the shareholders' meeting pursuant to Article 126-13, paragraph (1), item (iii) of the DIA, under a decision by the Prime Minister that the Specified Bridge Financial Institution, etc. should carry out the Specified Assumption of Business, etc. in order to succeed to the business of the Non-viable Holding Company pursuant to Article 126-34, paragraph (1), item (ii) of the DIA.^{15 16}

At this point, it is expected that the obligation of the External TLAC eligible debt liabilities will not be transferred to the Specified Bridge Financial Institution, etc., and the Non-viable Holding Company continues to be the obligor of such liabilities.

(iv) Court Insolvency Proceedings of the Non-viable Holding Company

After transferring its business under (iii) above, the DICJ files a petition for the commencement of bankruptcy proceedings against the Non-viable Holding Company. It is expected that the Non-viable Holding Company will enter into "liquidation proceedings" (in particular, bankruptcy proceedings) through which the company will be dissolved, not into "reconstruction procedures" through which business continuity will be attempted.

In this case, creditors of the Non-viable Holding Company, including the holders of the External TLAC eligible debt liabilities, will receive liquidating distributions within the scope of the Bankruptcy Estate under the Bankruptcy Act or relevant laws, and thus will absorb the losses in the bankruptcy proceedings.

III. The FSA's Approach to TLAC as a Host Authority

As stated in II-4.(1) (ii), in order to ensure orderly execution of cross-border resolution, the TLAC Term Sheet provides that G-SIBs' material sub-groups incorporated outside

¹⁵ Material Sub-groups are assumed to continue their business as usual.

¹⁶ The Specified Bridge Financial Institution, etc. will transfer its business to financial institution(s) within two years in principle after the Specified Confirmation with regard to the Domestic Resolution Entity by the Prime Minister (Article 126-37, Article 96, paragraph (1) and Article 126-3 of the DIA).

the home jurisdiction must have a mechanism in place to pass the sub-group's losses to the Resolution Entity with legal certainty.

The FSA intends to designate, taking into account the criteria set out in the TLAC Term Sheet, foreign G-SIBs' subsidiaries incorporated under Japanese laws that are deemed necessary to maintain such loss absorbing and recapitalisation capacity and introduce these requirements to them.

IV. Regulatory Capital Treatment of TLAC Holdings

The TLAC Term Sheet provides that the BCBS would, in terms of reducing the risk of contagion, specify the treatment of TLAC holdings by banks. In response to this, the BCBS published the final standard *TLAC holdings – Amendments to the Basel III standard on the definition of capital*¹⁷ in October 2016.

This new standard is an extension of the rules under the Basel Accords on financial institutions' investments in capital instruments issued by other financial institutions (double-gearing regulation) and designed to provide sufficient disincentives for holding non-capital TLAC eligible instruments issued by other financial institutions by, for example, requiring a non-G-SIB that invests in non-capital TLAC eligible instruments to deduct a certain amount from their own Tier 2 capital if the holding exceeds certain thresholds.

Taking into account this international agreement, the FSA intends to introduce the following requirements by amending the Pillar 1 Notices:

1. TLAC Holding Regulation for Internationally Active Banks

From March 31, 2019, when internationally active banks hold the following instruments issued by Resolution Entities of Covered SIBs or foreign G-SIBs (these instruments are hereinafter collectively referred to as "**Regulated Instruments**"), they will be subject to the TLAC holding regulation comparable to the BCBS standard e.g. deduction of the holding of Regulated Instruments which exceeds the threshold from the bank's own Tier 2 capital:

- External TLAC eligible instruments that do not otherwise qualify as regulatory

¹⁷ See <https://www.bis.org/bcbs/publ/d387.pdf>

capital (hereinafter referred to as "**Non-Capital TLAC Instruments**"); or

- Debt instruments that rank *pari passu* with Non-Capital TLAC Instruments (hereinafter referred to as "**Pari Passu Instruments**")

However, to allow for a time to adjust the funding structure to comply with the TLAC requirements, *Pari Passu* Instruments issued by a Domestic Resolution Entity of a Covered SIB and held by an internationally active bank at the implementation date of the TLAC requirements to the Covered SIB will be exempted from Regulated Instruments for 5 years after the implementation date, so long as the internationally active bank retains the holding of the instruments.^{18 19}

2. TLAC Holding Regulation for Domestic Banks

Given that the Japanese regulatory capital requirements applicable for domestic banks do not have a capital category corresponding to Tier 2 capital for internationally active banks, it would be appropriate to provide domestic banks with comparable but different treatments from those for internationally active banks.

In line with the existing double-gearing provision applicable to them, the FSA intends to introduce the following requirements²⁰ in the standardised approach for credit risk from March 31, 2019:

- i. Where a domestic bank's holdings of Regulated Instruments are equal to or less than 5% of the domestic bank's own Core Capital, risk weights for exposures to banks under the current rules shall be applied; and
- ii. Where a domestic bank's holdings of Regulated Instruments exceed 5% of the domestic bank's own Core Capital, risk weights for exposures to banks shall be applied to the amount within the 5% threshold; and a risk weight of 150% shall be applied to the amount exceeding the 5% threshold.

By way of exception, taking into account the fact that domestic banks already hold a

¹⁸ For clarity, Non-Capital TLAC Instruments are not within the scope of this exemption; and as in the case of External TLAC, *Pari Passu* Instruments include loans to Domestic Resolution Entities.

¹⁹ Accordingly, internationally active banks' investments in *Pari Passu* Instruments issued by the Covered SIB(s) that will be subject to the TLAC requirements from March 31, 2019 (March 31, 2021) will be exempted from Regulated Instruments until March 30, 2024 (March 30, 2026).

²⁰ The requirements set out in i. and ii. only apply where the investing bank does not own more than 10% of the voting rights of the issuer.

certain amount of external TLAC eligible instruments (including instruments deemed to be qualified as External TLAC under the upcoming Japanese TLAC requirements), in order to mitigate the potential impact of the new regulation on the market, the FSA intends to allow the risk weights for exposures to banks under the current rules to be applied for 10 years starting from March 31, 2019, to Non-Capital TLAC Instruments held by a domestic bank as at March 31, 2019, so long as the domestic bank retains the holding of the instruments.

Besides, as in the case of internationally active banks, the FSA intends to grant the 5 year exemption noted above on *Pari Passu* Instruments of Covered SIBs to domestic banks as well.

Finally, please note that the above policy on TLAC holding regulations is, in principle, expected to apply during the period until when the revisions to the standardised approach for credit risk in accordance with *Basel III: Finalising post-crisis reforms* published by the BCBS in December 2017, are implemented in Japan.²¹

Note: The FSA will also continue to explore appropriate treatments of retail investors' holdings of External TLAC eligible instruments (including Additional Tier 1 and Tier 2 capital instruments) in light of their risks and complexities, taking into account future progresses in international discussions on this issue.²²

²¹ The FSA intends to continue the 10 year grandfathering of domestic banks' holding of Non-Capital TLAC Instruments after the implementation of the revisions to the standardised approach for credit risk.

²² In some jurisdictions, authorities have proposed certain regulatory measures to disincentivise retail holdings of debt instruments with loss-absorbing and recapitalisation capacity, such as a minimum denomination requirement.