Guideline

Subject: **Total Loss Absorbing Capacity (TLAC) Disclosure Requirements**

Category: **Accounting & Disclosures**

Date: **May 2018** **Effective Date: November 2018**

This guideline sets out OSFI's disclosure requirements on Total Loss Absorbing Capacity (TLAC) for Canadian Domestic Systemically Important Banks (D-SIBs).[1] It incorporates the TLAC disclosure templates published in the Basel Committee on Banking Supervision (BCBS) *Pillar 3 Disclosure Requirements – consolidated and enhanced framework standards*[2] issued in March 2017 (also referred to as Phase II of Pillar 3).

The disclosures outlined in this guideline complement OSFI's TLAC guideline[3] issued in April 2018. The purpose of the TLAC requirement is to provide a non-viable D-SIB with sufficient loss absorbing capacity to support its recapitalization.

Canadian D-SIBs are expected to have public disclosure practices that are among the best of their international peers.[4] The TLAC disclosure templates in this guideline provide robust and comparable disclosure requirements that promote transparency and market discipline.

[1] Canadian D-SIBs are identified in Annex 1 (Domestic Systemic Importance and Capital Targets) of Chapter 1 of the Capital Adequacy Requirements Guideline: http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gl-ld/Pages/CAR18_chpt1.aspx#1.11. This guideline also applies to any D-SIBs that are designated as Global Systemically Important Banks (G-SIBs) by the Financial Stability Board and the Basel Committee on Banking Supervision.

[2] BCBS, March 2017: https://www.bis.org/bcbs/publ/d400.htm

[3] TLAC guideline, April 2018: http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gl-ld/Pages/TLAC.aspx. The TLAC guideline, together with the CAR guideline and the Leverage Requirements guideline, provides the framework within which the Superintendent will assess whether a D-SIB maintains its minimum capacity to absorb losses. D-SIBs must fully meet minimum TLAC requirements by November 1, 2021.

[4] OSFI CAR Guideline, Chapter 1, Annex 1, paragraph 11.

1. Scope of Application

The Annex includes the following TLAC disclosure templates:

KM2 – Key metrics TLAC requirements
TLAC1 – TLAC composition
TLAC2 – Material subgroup entity – creditor ranking at legal entity level (G-SIBs only)
TLAC3 – Resolution entity – creditor ranking at legal entity level

OSFI's TLAC disclosure requirements apply to D-SIBs. Templates KM2 and TLAC1 should be disclosed:

- on a consolidated basis for D-SIBs that use a Single Point of Entry (SPE) approach or
- by each resolution group for D-SIBs that use a Multiple Point of Entry (MPE) approach.

The consolidated entity includes all subsidiaries except insurance subsidiaries. Templates TLAC2 (if applicable) and TLAC3 should be disclosed on a legal entity basis.

Note: Disclosure of template TLAC2 is only required where a D-SIB is also designated as a G-SIB and has material subsidiaries or groups of subsidiaries subject to internal TLAC requirements in a foreign jurisdiction.

2. Implementation date and frequency of reporting

D-SIBs should implement TLAC disclosures commencing with the quarterly reporting period ending January 31, 2019. D-SIBs should provide quarterly disclosures at the same time as the publication of the financial statements.

3. Location of disclosures

Disclosures should be easily located by users. D-SIBs may choose where to provide the disclosures in their financial reports (e.g. management discussion and analysis, financial statement notes, supplemental information or standalone Pillar 3 report). To facilitate ease of locating disclosures, D-SIBs should include TLAC in a disclosure reference index to map the templates and accompanying narrative to their location.

D-SIBs should make available on their websites an archive of disclosures for a minimum of 12 months. Where investor information is available for longer periods, the same archive period should also be used for disclosures.

4. Disclosure format

D-SIBs are required to follow the fixed format for the TLAC disclosure templates. Fixed format templates are used for quantitative information that is considered essential for the analysis of an institution's regulatory capital requirements. This enhances comparability of disclosures across D-SIBs.

Fixed format templates should be completed in accordance with the prescribed instructions for each template. D-SIBs are not permitted to delete or change the definitions of rows or columns and should keep the numbering sequence of rows or columns. Where there is no value in a row, institutions should report N/A or Nil and the row number must not change. D-SIBs may add extra sub-rows or sub-columns to provide additional granularity.

D-SIBs are also expected to follow the five guiding disclosures principles set out OSFI's April 2017 *Pillar 3 disclosure requirements Guideline*[5] (also referred to as Phase I of Pillar 3) when preparing the TLAC disclosures.

[5] April 2017 OSFI *Pillar 3 disclosure requirements Guideline* http://www.osfi-bsif.gc.ca/Eng/fi-if/rg-ro/gdn-ort/gl-ld/Pages/plr3.aspx

ANNEX – TLAC disclosure templates

Template KM2: Key metrics – TLAC requirements (at resolution group level)

Purpose: Provide summary information about total loss-absorbing capacity (TLAC) available, and TLAC requirements applied, at resolution group level under the Single Point of Entry (SPE) or Multiple Point of Entry (MPE) approaches.
Scope of application: The template is mandatory for all resolution groups of D-SIBs. D-SIBs that use an SPE approach (whereby the Canadian parent bank is the single resolution entity on which the resolution measures are applied) are to provide disclosure of the template on a consolidated basis. The consolidated disclosure includes all subsidiaries except insurance subsidiaries. D-SIBs that use an MPE approach should provide disclosure of the template for each resolution group.
Content: Key prudential metrics related to TLAC. Banks are required to disclose the figure as of the end of the reporting period (designated by T in the template below) as well as the previous four quarter-ends (designed by T-1 to T-4 in the template below). Disclosures are prospective during the first period of implementation and build up quarterly comparatives over time.
Frequency: Quarterly
Format: Fixed
Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
Resolution group 1						
1	Total loss-absorbing capacity (TLAC) available					
2	Total RWA at the level of the resolution group					
3	TLAC ratio: TLAC as a percentage of RWA (row 1 / row 2) (%)					
4	Leverage ratio exposure measure at the level of the resolution group					
5	TLAC Leverage Ratio: TLAC as a percentage of leverage ratio exposure measure (row 1 / row 4) (%)					
6a	Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	Yes				
6b	Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply?	No				
6c	If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%)	N/A				

Linkages across templates

Amount in [KM2:1/a] is equal to [resolution group-level TLAC1:22/a]

Amount in [KM2:2/a] is equal to [resolution group-level TLAC1:23/a]

Aggregate amounts in [KM2:2/a] across all resolution groups (for MPEs) will not necessarily equal or directly correspond to amount in [KM1:4/a]

Amount in [KM2:3/a] is equal to [resolution group-level TLAC1:25/a]

Amount in [KM2:4/a] is equal to [resolution group-level TLAC1:24/a]

Amount in [KM2:5/a] is equal to [resolution group-level TLAC1:26/a]

[KM2:6a] refers to the uncapped exemption in Section 11 of the FSB TLAC Term Sheet, for jurisdictions in which all liabilities excluded from TLAC specified in Section 10 are statutorily excluded from the scope of the bail-in tool and therefore cannot legally be written down or converted to equity in a bail-in resolution. Possible answers for [KM2:6a]: [Yes], [No]. This is "Yes" for D-SIBs.

[KM2:6b] refers to the capped exemption in Section 11 of the FSB TLAC Term Sheet, for jurisdictions where the resolution authority may, under exceptional circumstances specified in the applicable resolution law, exclude or partially exclude from bail-in all of the liabilities excluded from TLAC specified in Section 10, and where the relevant authorities have permitted liabilities that would otherwise be eligible to count as external TLAC but which rank alongside those excluded liabilities in the insolvency creditor hierarchy to contribute a quantum equivalent of up to 2.5% RWA (from 2019) or 3.5% RWA (from 2022). Possible answers for [KM2:6b]: [Yes], [No]. This is "No" for D-SIBs.

Amount in [KM2:6c/a] is equal to [resolution group-level TLAC1:14 divided by TLAC1:13]. This only needs to be completed if the answer to [KM2:6b] is [Yes]. This is "N/A" for D-SIBs.

Template TLAC1: TLAC composition (at resolution group level)

Purpose: Provide details of the composition of a D-SIB's TLAC.

Scope of application: This template is mandatory for all D-SIBs. D-SIBs that use an Single Point of Entry (SPE) approach (whereby the Canadian parent bank is the single resolution entity on which the resolution measures are applied) are to provide disclosure of the template on a consolidated basis. The consolidated disclosure includes all subsidiaries except insurance subsidiaries. D-SIBs that use an Multiple Point of Entry (MPE) approach should provide disclosure of the template for each resolution group.

Content: Carrying values (corresponding to the values reported in financial statements)

Frequency: Quarterly

Format: Fixed

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of any such change(s). Qualitative narrative on the Banks resolution strategy, including the approach (SPE or MPE) and structure to which the resolution measures are applied, may be included to help understand the templates.

		Amounts
	Regulatory capital elements of TLAC and adjustments	
1	Common Equity Tier 1 capital (CET1)	
2	Additional Tier 1 capital (AT1) before TLAC adjustments	
3	AT1 ineligible as TLAC as issued out of subsidiaries to third parties	
4	Other adjustments	
5	AT1 instruments eligible under the TLAC framework	
6	Tier 2 capital (T2) before TLAC adjustments	
7	Amortised portion of T2 instruments where remaining maturity > 1 year	
8	T2 capital ineligible as TLAC as issued out of subsidiaries to third parties	
9	Other adjustments	
10	T2 instruments eligible under the TLAC framework	
11	TLAC arising from regulatory capital	
	Non-regulatory capital elements of TLAC	
12	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	
13	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	
14	Of which: amount eligible as TLAC after application of the caps	
15	External TLAC instruments issued by funding vehicles prior to January 1, 2022	
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution	
17	TLAC arising from non-regulatory capital instruments before adjustments	
	Non-regulatory capital elements of TLAC: adjustments	
18	TLAC before deductions	
19	Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to SPE G-SIBs and D-SIBs)	
20	Deduction of investments in own other TLAC liabilities	
21	Other adjustments to TLAC	
22	TLAC available after deductions	
	Risk-weighted assets and leverage exposure measure for TLAC purposes	
23	Total risk-weighted assets adjusted as permitted under the TLAC regime	
24	Leverage exposure measure	
	TLAC ratios and buffers	
25	TLAC Ratio (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime)	
26	TLAC Leverage Ratio (as a percentage of leverage exposure)	
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	
28	Institution-specific buffer (capital conservation buffer plus countercyclical buffer plus higher loss absorbency, expressed as a percentage of risk-weighted assets)	
29	Of which: capital conservation buffer	
30	Of which: bank specific countercyclical buffer	
31	Of which: D-SIB / G-SIB buffer	

Instructions

For Banks under the SPE approach, the resolution group is the same as the regulatory scope of consolidation for Basel III regulatory capital, those rows that refer to regulatory capital before adjustments coincide with information provided under Template CC1. (For MPE Banks, information is provided for each resolution group. Aggregation of capital and total risk-weighted assets (RWA) for capital purposes across resolution groups will not necessarily equal or directly correspond to values reported for regulatory capital and RWA under Template CC1.)

The TLAC position related to the regulatory capital of the resolution group shall include only capital instruments issued by entities belonging to the resolution group. Similarly, the TLAC position is based on the RWA (adjusted as permitted under Section 3 of the FSB TLAC Term Sheet) and leverage ratio exposure measures calculated at the level of the resolution group. Regarding the shading:

1. Each dark grey row introduces a new section detailing a certain component of TLAC.
2. The light grey rows with no thick border represent the sum cells in the relevant section.
3. The light grey rows with a thick border show the main components of TLAC.

The following table explains each row of the above template. Regarding the regulatory adjustments, banks are required to report deductions from capital or TLAC as negative numbers and additions to capital or TLAC as positive numbers. For example, the amortised portion of T2 where remaining maturity is greater than one year (row 7) should be reported as a positive number (as it adds back in the calculation of T2 instruments eligible as TLAC), while T2 capital ineligible as TLAC (row 8) should be reported as a negative number.

Row number	Explanation
1	CET1 of the resolution group, calculated in line with the Basel III and TLAC frameworks.
2	Additional Tier 1 capital. This row will provide information on the AT1 of the resolution group, calculated in line with the Basel III and TLAC frameworks.
3	AT1 instruments issued out of subsidiaries to third parties that are ineligible as TLAC. According to Section 8c of the TLAC Term Sheet, such instruments could be recognised to meet minimum TLAC until December 31, 2021. An amount (equal to that reported in row 34 in Template CC1 net of any CET1 instruments included in that row) should thus be reported only starting from January 1, 2022.
4	Other elements of AT1 that are ineligible as TLAC (excluding those already incorporated in row 3). For example, national authorities may include in this row deductions related to an MPE G-SIB resolution entity's AT1 investments in other resolution groups (see also Note).
5	AT1 instruments eligible under the TLAC framework, to be calculated as the sum of rows 2, 3 and 4.
6	Tier 2 capital of the resolution group, calculated in line with the Basel III and TLAC frameworks.
7	Amortised portion of T2 instruments where remaining maturity is greater than one year. This row recognises that as long as the remaining maturity of a T2 instrument is above the one-year residual maturity requirement of the TLAC Term Sheet, the full amount may be included in TLAC, even if the instrument is partially derecognised in regulatory capital via the requirement to amortise the instrument in the five years before maturity. Only the amount not recognised in regulatory capital but meeting all TLAC eligibility criteria should be reported in this row.
8	T2 instruments issued out of subsidiaries to third parties that are ineligible as TLAC. According to Section 8c of the TLAC Term Sheet, such instruments could be recognised to meet minimum TLAC until December 31, 2021. An amount (equal to that reported in row 48 of Template CC1 net of any CET1 instruments included in that row) should thus be reported only starting from January 1, 2022.
9	Other elements of T2 capital that are ineligible as TLAC (excluding those that are already incorporated in row 8). For example, some jurisdictions recognise an element of Tier 2 capital in the final year before maturity, but such amounts are ineligible as TLAC. Regulatory capital instruments issued by funding vehicles are another example. Also, national authorities may include in this row deductions related to an MPE G-SIB resolution entity's investments in the T2 instruments or other TLAC liabilities of other resolution groups (see Note).
10	T2 instruments eligible under the TLAC framework, to be calculated as the sum of rows 6, 7, 8 and 9.
11	TLAC arising from regulatory capital, to be calculated as: row 1 + row 5 + row 10.
12	External TLAC instruments issued directly by the resolution entity and subordinated to excluded liabilities. The amount reported in this row must meet the subordination requirements set out in points (a) to (c) of Section 11 of the TLAC Term Sheet, or be exempt from the requirement by meeting the conditions set out in points (i) to (iv) of the same section.
13	External TLAC instruments issued directly by the resolution entity that are not subordinated to Excluded Liabilities but meet the other TLAC term sheet requirements. The amount reported in this row should be those subject to recognition as a result of the application of the penultimate and antepenultimate paragraphs of Section 11 of the TLAC term sheet. The full amounts should be reported in this row, ie without applying the 2.5% and 3.5% caps set out the penultimate paragraph.

14	The amount reported in row 13 above after the application of the 2.5% and 3.5% caps set out in the penultimate paragraph of Section 11 of the TLAC term sheet.
15	External TLAC instrument issued by a funding vehicle prior to January 1, 2022. Amounts issued after January 1, 2022 are not eligible as TLAC and should not be reported here.
16	Eligible ex ante commitments to recapitalise a G-SIB in resolution, subject to the conditions set out in the second paragraph of Section 7 of the TLAC Term Sheet.
17	Non-regulatory capital elements of TLAC before adjustments. To be calculated as: row 12 + row 14 + row 15 + row 16.
18	Total loss-absorbing capacity before adjustments. To be calculated as: row 11 + row 17.
19	[Not applicable to SPE G-SIBs or Canadian D-SIBs] Deductions of exposures between MPE G-SIB resolution groups that correspond to items eligible for TLAC. All amounts reported in this row should correspond to deductions applied after the appropriate adjustments agreed by the crisis management group (CMG) (following the penultimate paragraph of Section 3 of the FSB TLAC Term Sheet, the CMG shall discuss and, where appropriate and consistent with the resolution strategy, agree on the allocation of the deduction). National authorities may include in this row an MPE G-SIB resolution entity's investments in other resolution groups (see Note).
20	Deductions of investments in own other TLAC liabilities; amount to be deducted from TLAC resources in accordance with paragraph 78 of Basel III (as amended by the TLAC holdings standard).
21	Other adjustments to TLAC.
22	TLAC of the resolution group (as the case may be) after deductions. To be calculated as the sum of rows 18, 19, 20 and 21.
23	Total risk-weighted assets of the resolution group under the TLAC regime. For SPE G-SIBs and D-SIBs, this information is based on the consolidated figure, so the amount reported in this row will coincide with that in row 60 of Template CC1.
24	Leverage exposure measure of the resolution group (denominator of leverage ratio).
25	TLAC ratio (as a percentage of risk-weighted assets for TLAC purposes), to be calculated as row 22 divided by row 23.
26	TLAC ratio (as a percentage of leverage exposure measure), to be calculated as row 22 divided by row 24.
27	CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital requirements and TLAC requirement. To be calculated as the CET1 ratio, less any common equity (as a percentage of risk-weighted assets) used to meet minimum CET1, Tier 1, Total minimum capital and TLAC requirements. For example, suppose a resolution group (that is subject to regulatory capital requirements) has 100 RWA, 10 CET1 capital, 1.5 AT1 capital, no T2 capital and 9 non-regulatory-capital TLAC-eligible debt instruments. The resolution group will have to earmark some of its CET1 capital to also meet the 8% minimum total capital requirement and 18% minimum TLAC requirement. The net CET1 capital left to meet other requirements (which could include Pillar 2 and buffers) will be 10 (CET1 capital) – 4.5 (allocated to the CET1 minimum requirement) – 2 (allocated to the minimum Total capital requirement) – 1 (allocated to the minimum TLAC requirement) = 2.5.
28	Institution-specific buffer (capital conservation buffer plus countercyclical buffer plus G-SIB or D-SIB buffer, expressed as a percentage of risk-weighted assets). Calculated as the sum of: (i) the D-SIB's capital conservation buffer; (ii) the D-SIB's specific countercyclical buffer calculated in accordance with paragraphs 142–5 of Basel III; and (iii) the higher loss absorbency buffer as set out in *Global systemically important banks: assessment methodology and the additional loss absorbency requirement: Rules text*, (November 2011).Not applicable to individual resolution groups of an MPE G-SIB or D-SIB, unless the relevant authority imposes buffers at the level of consolidation and requires such disclosure.
29	The amount in row 28 (expressed as a percentage of risk-weighted assets) that relates to the capital conservation buffer), ie D-SIBs will report 2.5% here. Not applicable to individual resolution groups of an MPE G-SIB or D-SIB, unless otherwise required by the relevant authority.
30	The amount in row 28 (expressed as a percentage of risk-weighted assets) that relates to the D-SIB's specific countercyclical buffer. Not applicable to individual resolution groups of an MPE G-SIB or D-SIB, unless otherwise required by the relevant authority.
31	The amount in row 28 (expressed as a percentage of risk-weighted assets) that relates to the D-SIB / G-SIB buffer. Not applicable to individual resolution groups of an MPE G-SIB or D-SIB, unless otherwise required by the relevant authority.

Note: In the case of a resolution group of an MPE G-SIB or D-SIB, unless otherwise specified, the relevant national authority supervising the group can choose to require the group to calculate and report row 11 either: (i) **net** of its investments in the regulatory capital or other TLAC liabilities of other resolution groups (ie by deducting such investments in rows 1, 4 and 9 as applicable); or (ii) **gross**, in which case the investments will need to be deducted from TLAC resources in row 19 along with any investments in non-regulatory-capital elements of TLAC.

In general, to ensure that the templates remain comparable across jurisdictions, there should be no adjustments to the version that G-SIB or D-SIB resolution entities use to disclose their TLAC position.

Template TLAC2 – Material subgroup entity – creditor ranking at legal entity level (G-SIBs only)

Purpose: Provide creditors with information regarding their ranking in the liabilities structure of a material subgroup entity (ie an entity that is part of a material subgroup which has issued internal TLAC to a G-SIB resolution entity).

Scope of application: Template TLAC2 is only applicable to any D-SIB that is designated as a G-SIB, whereby the G-SIB has material subgroup entities subject to internal TLAC requirements in a foreign jurisdiction. It is to be completed in respect of every material subgroup entity within each resolution group of a G-SIB, as defined by the FSB TLAC term sheet, on a legal entity basis. G-SIBs should group the templates according to the resolution group to which the material subgroup entities belong (whose positions are represented in the templates), in a manner that makes it clear to which resolution entity they have exposures.

Content: Nominal values

Frequency: Quarterly

Format: Fixed (number and description of each column under "Creditor ranking" depending on the liabilities structure of a material subgroup entity).

Accompanying narrative: Where appropriate, banks should provide bank- or jurisdiction-specific information relating to credit hierarchies.

		Creditor ranking							Sum of 1 to *n*
		1 (most junior)	1 (most junior)	2	2	…	*N* (most senior)	*n* (most senior)	
1	Is the resolution entity the creditor/investor? (yes or no)					…			
2	Description of creditor ranking (free text)								
3	Total capital and liabilities net of credit risk mitigation					…			
4	Subset of row 3 that are excluded liabilities					…			
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)					…			
6	Subset of row 5 that are eligible as TLAC					…			
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years					…			
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years					…			
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years					…			
10	Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities					…			
11	Subset of row 6 that is perpetual securities								

Explanations

1. Different jurisdictions have different statutory creditor hierarchies. The number of creditor rankings (*n*) in the creditor hierarchy will depend on the set of liabilities of the entity. There is at least one column for each creditor ranking. In cases where the resolution entity is a creditor of part of the total amount in the creditor ranking, two columns should be completed (both with the same ordinal ranking): one covering amounts owned by the resolution entity and the other covering amounts not owned by the resolution entity.
2. Columns should be added until the most senior-ranking internal TLAC-eligible instruments, and all pari passu liabilities, have been reported. The table therefore contains all funding that is pari passu or junior to internal TLAC-eligible instruments, including equity and other capital instruments. Note that there may be some instruments that are eligible as internal TLAC despite ranking pari passu to excluded liabilities, as described in Section 11 of the FSB TLAC Term Sheet.
3. G-SIBs should provide a description of each creditor class ranking. This description can be in free form text. Typically the description should include a specification of at least one type of instrument that is within that creditor class ranking (eg common shares, Tier 2 instruments). This allows for the disclosure of the creditor hierarchy even if there is a range of different statutory creditor hierarchies in different jurisdictions, tranching that may exist within some jurisdictions' statutory hierarchies or which banks have established contractually with respect to the ranking of claims.
4. Instruments are not eligible as TLAC if they are subject to setoff or netting rights, under Sections 9 (paragraph (c)) and 19 of the FSB TLAC Term Sheet. However, where there are internal TLAC instruments that rank pari passu with excluded liabilities, these excluded liabilities should be reported in rows 3 and 4, net of credit risk mitigation, as they could be bailed in alongside TLAC. Collateralised loans should be excluded, except for any debt in excess of the value of the collateral. Instruments subject to public guarantee should be included as they can be bailed in (with investors compensated in accordance with the guarantee). Liabilities subject to setoff or netting rights should be included net of the firm's claims on the creditor.
5. Excluded liabilities in row 4 include all of the following: (i) insured deposits; (ii) sight deposits and short-term deposits (deposits with original maturity of less than one year); (iii) liabilities which are preferred to senior unsecured creditors under the relevant insolvency law; (iv) liabilities arising from derivatives or debt instruments with derivative-linked features, such as structured notes; (v) liabilities arising other than through a contract, such as tax liabilities; and (vi) any other liabilities that, under the laws governing the issuing entity, cannot be effectively written down or converted into equity by the relevant resolution authority.
6. Row 6 includes the subset of the amounts reported in row 5 that are internal TLAC-eligible according to Section 19 the FSB TLAC Term Sheet (eg those that have a residual maturity of at least one year, are unsecured and if redeemable are not redeemable without supervisory approval).

Template TLAC3 – Resolution entity – creditor ranking at legal entity level

Purpose: Provide creditors with information regarding their ranking in the liabilities structure of each D-SIB resolution entity.

Scope of application: The template is to be completed in respect of every resolution entity within the D-SIB, as defined by the TLAC standard, on a legal entity basis.

Content: Nominal values

Frequency: Quarterly

Format: Fixed (number and description of each column under "Creditor ranking" depending on the liabilities structure of a resolution entity).

Accompanying narrative: Where appropriate, banks should provide bank- or jurisdiction-specific information relating to credit hierarchies.

		Creditor ranking				Sum of 1 to *n*
		1	2	…	*n*	
		(most junior)			(most senior)	
1	Description of creditor ranking (free text)					
2	Total capital and liabilities net of credit risk mitigation			…		
3	Subset of row 2 that are excluded liabilities			…		
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)			…		
5	Subset of row 4 that are *potentially* eligible as TLAC			…		
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years			…		
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years			…		
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years			…		
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities			…		
10	Subset of row 5 that is perpetual securities			…		

Definitions and instructions

This template is the same as Template TLAC2 except that no information is collected regarding exposures to the resolution entity (since the template describes the resolution entity itself). This means that there will only be one column for each layer of the creditor hierarchy.

Row 5 represents the subset of the amounts reported in row 4 that are TLAC-eligible according to the FSB TLAC Term Sheet (eg those that have a residual maturity of at least one year, are unsecured and if redeemable are not redeemable without supervisory approval). For the purposes of reporting this amount, the 2.5% cap (3.5% from 2022) on the exemption from the subordination requirement under the penultimate paragraph of Section 11 of the TLAC Term Sheet should be not be applied. That is, amounts that are ineligible solely as a result of the 2.5% cap (3.5%) should be included in full in row 5 together with amounts that are receiving recognition as TLAC. See also the second paragraph in Section 7 of the FSB TLAC Term Sheet.