Annex 3

Main Features Template - Explanatory Note

1. For reporting the main features of each outstanding regulatory capital instrument using the template, an AI must complete all of the shaded cells and insert "NA" if the cell is not applicable for a particular capital instrument.

2. The following table provides a more detailed explanation of reporting requirements for each of the grey cells, including, where relevant, the list of standard options from which an AI should select as the input for a particular cell.

Row number	Explanatory Note
1	Identifies the legal entity which is the issuer of the instrument. *Free text*
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) *Free text*
3	Specifies the governing law(s) of the instrument *Free text*
4	Specifies the regulatory capital treatment (if the instrument is subject to the transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules) (i.e. the component of capital that the instrument is being phased-out from). *Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2]*
5	Specifies the regulatory capital treatment (if the instrument is <u>not</u> subject to the transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules). *Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Ineligible]*
6	Specifies the level(s) within the group at which the instrument is included in capital. *Enter: [Solo*] [Group] [Solo and Group]* **[Solo] includes solo-consolidated*
7	Specifies the instrument type, varying by jurisdiction. Helps provide more granular understanding of features, particularly during transition. *Enter: [Ordinary shares] [Perpetual non-cumulative preference*

	shares] [Perpetual debt instruments] [Perpetual cumulative preference shares] [Redeemable non-cumulative preference shares] [Redeemable cumulative preference shares] [Other Tier 2 instruments] [Others: please specify]
8	Specifies amount recognized in regulatory capital. Where more than one capital instrument is subject to the phase-out arrangements in a particular tier of capital, the AI may specify the total amount recognized in that tier of capital for all such instruments instead of the amount recognized for each individual capital instrument. *Free text*
9	Par value of the instrument *Free text*
10	Specifies accounting classification. Helps to assess loss absorbency. *Enter: [Shareholders' equity] [Liability – amortised cost] [Liability – fair value option] [Non-controlling interest in consolidated subsidiary]*
11	Specifies date of issuance. *Free text*
12	Specifies whether dated or perpetual. *Enter: [Perpetual] [Dated]*
13	For dated instrument, specifies original maturity date (day, month and year). For perpetual instrument put "no maturity". *Free text*
14	Specifies whether there is an issuer call option. Helps to assess permanence. *Enter: [Yes] [No]*
15	For instrument with issuer call option, specifies first date of call if the instrument has a call option on a specific date (day, month and year) and, in addition, specifies if the instrument has a tax and/or regulatory event call. Also specifies the redemption price. Helps to assess permanence. *Free text*
16	Specifies the existence and frequency of subsequent call dates, if applicable. Helps to assess permanence. *Free text*
17	Specifies whether the coupon/dividend is fixed over the life of the instrument, floating over the life of the instrument, currently fixed but will move to a floating rate in the future, currently floating but will move to a fixed rate in the future. *Enter: [Fixed], [Floating] [Fixed to floating], [Floating to fixed]*

18	Specifies the coupon rate of the instrument and any related index that the coupon/dividend rate references. *Free text*
19	Specifies whether the non payment of a coupon or dividend on the instrument prohibits the payment of dividends on ordinary shares (i.e. whether there is a dividend stopper). *Enter: [Yes] [No]*
20	Specifies whether the issuer has full discretion, partial discretion or no discretion over whether a coupon/dividend is paid. If an AI has full discretion to cancel coupon/dividend payments under all circumstances it must select "fully discretionary" (including when there is a dividend stopper that does not have the effect of preventing the AI from cancelling payments on the instrument). If there are conditions that must be met before payment can be cancelled (e.g. capital below a certain threshold), the AI must select "partially discretionary". If the AI is unable to cancel the payment outside of insolvency the AI must select "mandatory". *Enter: [Fully discretionary] [Partially discretionary] [Mandatory]*
21	Specifies whether there is a step-up or other incentive to redeem. *Enter: [Yes] [No]*
22	Specifies whether dividends / coupons are cumulative or non cumulative. *Enter: [Noncumulative] [Cumulative]*
23	Specifies whether the instrument is convertible or not. Helps to assess loss absorbency. *Enter: [Convertible] [Non-convertible]*
24	Specifies the conditions under which the instrument will convert, including point of non-viability. Where one or more authorities have the ability to trigger conversion, the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger conversion (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). *Free text.*
25	For each conversion trigger separately, specifies whether the instrument will: (i) always convert fully; (ii) may convert fully or partially; or (iii) will always convert partially. *Free text referencing one of the options above*

26	Specifies rate of conversion into the more loss absorbent instrument. Helps to assess the degree of loss absorbency. *Free text*
27	For convertible instruments, specifies whether conversion is mandatory or optional. Helps to assess loss absorbency. *Enter: [Mandatory] [Optional] [NA]*
28	For convertible instruments, specifies instrument type convertible into. Helps to assess loss absorbency. *Enter: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Other: please specify]*
29	If convertible, specifies issuer of instrument into which it converts. *Free text*
30	Specifies whether there is a write down feature. Helps to assess loss absorbency. *Enter: [Yes] [No]*
31	Specifies the trigger at which write-down occurs, including point of non-viability. Where one or more authorities have the ability to trigger write-down, the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger write-down (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). *Free text*
32	For each write-down trigger separately, specifies whether the instrument will: (i) always be written down fully: (ii) may be written down partially; or (iii) will always be written down partially. Helps assess the level of loss absorbency at write-down. *Free text referencing one of the options above*
33	For write down instrument, specifies whether write down is permanent or temporary. Helps to assess loss absorbency. *Enter: [Permanent] [Temporary] [NA]*
34	For instrument that has a temporary write-down, description of write-up mechanism. Not applicable in the case of Hong Kong as no write-up is allowed. *Enter: [NA]*
35	Specifies instrument to which it is most immediately subordinate. Helps to assess loss absorbency on gone-concern basis. Where applicable, AIs should specify the column numbers of the

	instruments in the completed main features template to which the instrument is most immediately subordinate. *Free text*
36	Specifies whether there are non-compliant features. *Enter: [Yes] [No]*
37	If there are non-compliant features, AIs must identify them. Helps to assess instrument loss absorbency. *Free text*