INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D AND CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

paragraph 4

SCHEDULE B
AMENDS SCHEDULE XIII TO THE PRINCIPAL RULES
IN PARAGRAPH 2A PART I

Schedule B brought into
operation on 1 January 2019

Revokes and replaces paragraph 1

1   Schedule XIII to the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011 (the "principal Rules") is amended in Paragraph 2A Part I by revoking and replacing paragraph 1 with the following—

1. The Class C BSCR shall be established, on an EBS Valuation basis, in accordance with the following formula—

$$BSCR = \sqrt{C_{fi}^2 + C_{eq}^2 + C_{LT\text{int}}^2 + C_{curr}^2 + C_{conc}^2 + C_{LTcred}^2 + (C_{LTmort} + C_{LTsl} + C_{LTr})^2 + C_{LTmorb}^2}$$

cont'd $\sqrt{+C_{LTlong}^2 - .5 \times (C_{LTmort} + C_{LTsl} + C_{LTr}) \times C_{LTlong} + C_{LTVA}^2 + C_{LTother}^2 + C_{op} + C_{adj}}$

$$+ \left[BSCR_{Corr} - \left(\sqrt{C_{fi}^2 + C_{eq}^2 + C_{LT\text{int}}^2 + C_{curr}^2 + C_{conc}^2 + C_{LTcred}^2 + (C_{LTmort} + C_{LTsl} + C_{LTr})^2 + C_{LTmorb}^2} \right. \right.$$

cont'd $\left. \left. \sqrt{+C_{LTlong}^2 - .5 \times (C_{LTmort} + C_{LTsl} + C_{LTr}) \times C_{LTlong} + C_{LTVA}^2 + C_{LTother}^2 + C_{op} + C_{adj}} \right) \right]$

$\boxed{\times \text{TransitionalFactor}}$

Where—

C_{fi}	= fixed income investment risk charge as calculated in accordance with paragraph 2;
C_{eq}	= equity investment risk charge as calculated in accordance with paragraph 3;
$C_{LT\text{int}}$	= long-term interest rate and liquidity risk charge as calculated in accordance with paragraph 4;
C_{Curr}	= currency risk charge as calculated in accordance with paragraph 5;
C_{Conc}	= concentration risk charge as calculated in accordance with paragraph 6;
C_{LTcred}	= credit risk charge as calculated in accordance with paragraph 7;
C_{LTmort}	= long-term insurance risk - mortality capital as calculated in accordance with paragraph 8;
C_{LTsl}	= long-term insurance risk - stop loss capital as calculated in accordance with paragraph 9;
C_{LTr}	= long-term insurance risk - riders capital as calculated in accordance with paragraph 10;
$C_{LTmortb}$	= long-term insurance risk - morbidity and disability capital as calculated in accordance with paragraph 11;

C_{LTlong}	= long-term, insurance risk - longevity capital as calculated in accordance with paragraph 12;
C_{LTVA}	= long-term variable annuity guarantee risk capital as calculated in accordance with paragraph 13;
$C_{LTother}$	= long-term other insurance risk capital as calculated in accordance with paragraph 14;
C_{op}	= operational risk capital as calculated in accordance with paragraph 15; and
C_{adj}	=charge for capital adjustment, calculated as the sum of (a) and (b) where: (a) Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 16; and (b) Capital adjustment for the loss-absorbing capacity of deferred taxes calculated as determined in accordance to paragraph 38;
$BSCR_{Corr}$	= as calculated in accordance with paragraph 17;
$TransitionalFactor$	(a) 10%, for the financial year beginning on or after 1St January 2019; (b) 20%, for the financial year beginning on or after 1St January 2020; (c) 30%, for the financial year beginning on or after 1St January 2021; (d) 40% for the financial year beginning on or after 1st January 2022; (e) 50% for the financial year beginning on or after 1st January 2023; (f) 60% for the financial year beginning on or after 1st January 2024; (g) 70% for the financial year beginning on or after 1st January 2025; (h) 80% for the financial year beginning on or after 1st January 2026; (i) 90% for the financial year beginning on or after 1st January 2027; (j) 100% for the financial year beginning on or after 1st January 2028."

Amends Table 2

2   Schedule XIII to the principal Rules is amended in Paragraph 2A Part I by deleting, in Table 2 – Capital charge factors for $Eqastclass_i$, the requirements for "Other tangible assets – net of segregated accounts" and substituting the following—

Other tangible assets – net of segregated accounts	Form 4EBS, Lines 13(k), 14(d) & 36(f) Less Lines 13(b), 13(c),13(d) and 13(h)	20.0%

Inserts paragraphs 17 to 38

3   Schedule XIII to the principal Rules is amended in Paragraph 2A Part I by inserting the following after paragraph 16—

17.   The $BSCR_{Corr}$ shall be established on an economic balance sheet (EBS) valuation basis in accordance with the following formula—

$$BSCR_{Corr} = \text{Basic BSCR} + C_{operational} + C_{regulatoryadj} + C_{otheradj} + C_{AdjTP}$$;

Where –

Basic BSCR	= Basic BSCR risk module charge as calculated in accordance with paragraph 18;
$C_{operational}$	= operational risk charge as calculated in accordance with paragraph 35;
$C_{regulatoryadj}$	= regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 36;

C_{AdjTP}	= adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37; and
$C_{otheradj}$	= adjustment for loss absorbing capacity of deferred taxes as calculated in accordance with paragraph 38.

18.   The Basic BSCR risk module charge calculation shall be determined in accordance with the following formula—

$$Basic\ BSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times C_i \times C_j}$$;

Where —

$CorrBBSCR_{i,j}$	=	the correlation factors of the Basic BSCR correlation matrix in accordance with Table A;
i, j	=	the sum of the different terms should cover all possible combinations of i and j;
C_i and C_j	=	risk module charge i and risk module charge j which are replaced by the following:
		C_{Market}, C_{LT}, C_{Credit};
C_{Market}	=	market risk module charge as calculated in accordance with paragraph 19;
C_{LT}	=	long-Term risk module charge as calculated in accordance with paragraph 20; and
C_{Credit}	=	credit risk module charge as calculated in accordance with paragraph 27.

Table A – Basic BSCR Correlation Matrix

$CorrBBSCR_{i,j}$	C_{Market}	C_{Credit}	C_{LT}
C_{Market}	1		
C_{Credit}	0.25	1	
C_{LT}	0.125	0.25	1

19.   The market risk module risk module charge calculation shall be determined in accordance with the following formula—

$$C_{Market} = \sqrt{\sum_{i,j} Market_{i,j} \times C_i \times C_j}$$;

Where —

$CorrMarket_{i,j}$	=	the correlation factors of the market risk module in accordance with Table B; where A = 0 if interest rate / liquidity risk charge is calculated using the shock-based approach in accordance with paragraph 24 and the risk charge is being determined based on the interest rate up shock, and A = 0.25 otherwise;
i,j	=	the sum of the different terms should cover all possible combinations of i and j;
C_i and C_j	=	risk charge i and risk charge j which are replaced by the following:
		$C_{fixedIncome}$, C_{equity}, $C_{interest}$, $C_{currency}$, $C_{concentration}$;
$C_{fixedIncome}$	=	fixed income investment risk charge as calculated in accordance with paragraph 21;
C_{equity}	=	equity investment risk charge as calculated in accordance with paragraph 22;

C_{interest}	=	interest rate / liquidity risk charge as calculated in accordance with paragraph 24;
C_{currency}	=	currency risk charge as calculated in accordance with paragraph 25; and
$C_{\text{concentration}}$	=	concentration risk charge as calculated in accordance with paragraph 26.

Table B – Market Risk Module Correlation Matrix

$CorrMarket_{i,j}$	$C_{\text{fixedIncome}}$	C_{equity}	C_{interest}	C_{currency}	$C_{\text{concentration}}$
$C_{\text{fixedIncome}}$	1				
C_{equity}	0.50	1			
C_{interest}	A	A	1		
C_{currency}	0.25	0.25	0.25	1	
$C_{\text{concentration}}$	0.00	0.00	0.00	0.00	1

20. The Long-Term risk module charge calculation shall be determined in accordance with the following formula-

$$C_{\text{LT}} = \sqrt{\sum_{i,j} CorrLT_{i,j} \times C_i \times C_j}$$

Where—

$CorrLT_{i,j}$	= the correlation factors of the Long-Term risk module correlation matrix in accordance with table C;
i,j	= the sum of the different terms should cover all possible combinations of i and j;
C_i and C_j	= risk charge i and risk charge j which are replaced by the following: $C_{LTmortality}$, $C_{LTstoploss}$, $C_{LTrider}$, $C_{LTmorbidity}$, $C_{LTlongevity}$, $C_{LTVariableAnnuity}$, $C_{LTotherrisk}$;
$C_{LTmortality}$	= long-term insurance risk - mortality capital as calculated in accordance with paragraph 28;
$C_{LTstoploss}$	= long-term insurance risk - stop loss capital as calculated in accordance with paragraph 29;
$C_{LTrider}$	= long-term insurance risk - riders capital as calculated in accordance with paragraph 30;
$C_{LTmorbidity}$	= long-term insurance risk - morbidity and disability capital as calculated in accordance with paragraph 31;
$C_{LTlongevity}$	= long-term, insurance risk - longevity capital as calculated in accordance with paragraph 32;
$C_{LTVariableAnnuity}$	= long-term variable annuity guarantee risk capital as calculated in accordance with paragraph 33;
$C_{LTotherrisk}$	= long-term other insurance risk capital as calculated in accordance with paragraph 34;

Table D – Long-Term Risk Module Correlation Matrix

$CorrLT_{i,j}$	$C_{LTmortality}$	$C_{LTstoploss}$	$C_{LTrider}$	$C_{LTmorbidity}$	$C_{LTlongevity}$	$C_{LTVariableAnnuity}$	$C_{LTotherrisk}$
$C_{LTmortality}$	1						
$C_{LTstoploss}$	0.75	1					
$C_{LTrider}$	0.75	0.75	1				
$C_{LTmorbidity}$	0.25	0.00	0.00	1			
$C_{LTlongevity}$	-0.50	-0.50	-0.50	0.00	1		
$C_{LTVariableAnnuity}$	0.00	0.00	0.00	0.00	0.00	1	
$C_{LTotherrisk}$	0.125	0.25	0.25	0.25	0.25	0.25	1

21.   The fixed income investment risk charge calculation shall be determined in accordance with the following formula—

$$C_{fixedIncome} = \sum_i \chi_i \times FIastclass_i \times \mu_r + Credit\ Derivatives\ ;$$

Where—

χ_i	= the capital charge factors prescribed in Table 1A for each type of $FIastclass_i$;
$FIastclass_i$	= value of investment in corresponding asset $class_i$; and
μ_r	= additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes; and
$Credit\ Derivatives$	= the spread risk charge for credit derivatives calculated as per the following formula:
$CreditDerivatives$	= greater of: i) $CreditDerivatives_{ShockUp}$; ii) $CreditDerivatives_{ShockDown}$; and iii) 0.
$CreditDerivatives_{ShockUp}$	= the spread risk charge for credit derivatives resulting from an upward credit spread shock calculated as per the following formula:
$CreditDerivatives_{ShockUp}$	= $\sum_i \left[\left(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i) \right) + \left(SCD_i^{BShock} - SCD_i^{AShock}(\chi_i) \right) \right]$
$CreditDerivatives_{ShockDown}$	= the spread risk charge for credit derivatives resulting from an downward credit spread shock calculated as per the following formula:
$CreditDerivatives_{ShockDown}$	= $\sum_i \left[\left(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i) \right) + \left(SCD_i^{BShock} - SCD_i^{AShock}(\chi_i) \right) \right]$
LCD_i^{BShock}	= refers to the valuation of long exposures for credit derivatives before applying the instantaneous shock χ_i as per table 1B
$LCD_i^{AShock}(\chi_i)$	= refers to the valuation of long exposures for credit derivatives after applying instantaneous shock χ_i as per table 1B
SCD_i^{BShock}	= refers to the valuation of short exposures for credit derivatives before applying the instantaneous shock χ_i as per table 1B
$SCD_i^{AShock}(\chi_i)$	= refers to the valuation of short exposures for credit derivatives after applying the instantaneous shock χ_i as per table 1B

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D AND CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

Table 1A – Capital charge factors for $Flastclass_i$

Type of fixed income investments $Flastclass_i$	Statement Source These Rules	Capital Factor χ_i
Corporate and Sovereign Bonds		
BSCR rating 0	Part IIB, Column (1), Line 1, Part IIC, Column (1), Line 1, (Part IID, Column (1), Line 1 – Column (2), Line 1), Part IIE, Column (1), Line 1, Part IIF, Column (1), Line 1	0.0%
BSCR rating 1	Part IIB, Column (1), Line 2, Part IIC, Column (1), Line 2, (Part IID, Column (1), Line 2 – Column (2), Line 2), Part IIE, Column (1), Line 2, Part IIF, Column (1), Line 2	0.4%
BSCR rating 2	Part IIB, Column (1), Line 3, Part IIC, Column (1), Line 3, (Part IID, Column (1), Line 3 – Column (2), Line 3), Part IIE, Column (1), Line 3, Part IIF, Column (1), Line 3	0.8%
BSCR rating 3	Part IIB, Column (1), Line 4, Part IIC, Column (1), Line 4, (Part IID, Column (1), Line 4 – Column (2), Line 4), Part IIE, Column (1), Line 4, Part IIF, Column (1), Line 4	1.5%
BSCR rating 4	Part IIB, Column (1), Line 5, Part IIC, Column (1), Line 5, (Part IID, Column (1), Line 5 – Column (2), Line 5), Part IIE, Column (1), Line 5, Part IIF, Column (1), Line 5	3.0%
BSCR rating 5	Part IIB, Column (1), Line 6, Part IIC, Column (1), Line 6, (Part IID, Column (1), Line 6 – Column (2), Line 6), Part IIE, Column (1), Line 6, Part IIF, Column (1), Line 6	8.0%
BSCR rating 6	Part IIB, Column (1), Line 7, Part IIC, Column (1), Line 7, (Part IID, Column (1), Line 7 – Column (2), Line 7), Part IIE, Column (1), Line 7, Part IIF, Column (1), Line 7	15.0%
BSCR rating 7	Part IIB, Column (1), Line 8, Part IIC, Column (1), Line 8, (Part IID, Column (1), Line 8 – Column (2), Line 8), Part IIE, Column (1), Line 8, Part IIF, Column (1), Line 8	26.3%
BSCR rating 8	Part IIB, Column (1), Line 9, Part IIC, Column (1), Line 9, (Part IID, Column (1), Line 9 – Column (2), Line 9), Part IIE, Column (1), Line 9, Part IIF, Column (1), Line 9	35.0%
Residential Mortgage-Backed Securities		
BSCR rating 1	Part IIB, Column (3), Line 2, Part IIC, Column (3), Line 2, (Part IID, Column (3), Line 2 – Column (4), Line 2), Part IIE, Column (3), Line 2, Part IIF, Column (3), Line 2	0.6%
BSCR rating 2	Part IIB, Column (3), Line 3, Part IIC, Column (3), Line 3, (Part IID, Column (3), Line 3 – Column (4), Line 3), Part IIE, Column (3), Line 3, Part IIF, Column (3), Line 3	1.2%
BSCR rating 3	Part IIB, Column (3), Line 4, Part IIC, Column (3), Line 4, (Part IID, Column (3), Line 4 – Column (4), Line 4), Part IIE, Column (3), Line 4, Part IIF, Column (3), Line 4	2.0%
BSCR rating 4	Part IIB, Column (3), Line 5, Part IIC, Column (3), Line 5, (Part IID, Column (3), Line 5 – Column (4), Line 5), Part IIE, Column (3), Line 5, Part IIF, Column (3), Line 5	4.0%
BSCR rating 5	Part IIB, Column (3), Line 6, Part IIC, Column (3), Line 6, (Part IID, Column (3), Line 6 – Column (4), Line 6), Part IIE, Column (3), Line 6, Part IIF, Column (3), Line 6	11.0%
BSCR rating 6	Part IIB, Column (3), Line 7, Part IIC, Column (3), Line 7, (Part IID, Column (3), Line 7 – Column (4), Line 7), Part IIE, Column (3), Line 7, Part IIF, Column (3), Line 7	25.0%
BSCR rating 7	Part IIB, Column (3), Line 8, Part IIC, Column (3), Line 8, (Part IID, Column (3), Line 8 – Column (4), Line 8), Part IIE, Column (3), Line 8, Part IIF, Column (3), Line 8	35.0%
BSCR rating 8	Part IIB, Column (3), Line 9, Part IIC, Column (3), Line 9, (Part IID, Column (3), Line 9 – Column (4), Line 9), Part IIE, Column (3), Line 9,	35.0%

	Part IIF, Column (3), Line 9	
Commercial Mortgage-Backed Securities/Asset-Backed Securities		
BSCR rating 1	Part IIB, Column (5), Line 2, Part IIC, Column (5), Line 2, (Part IID, Column (5), Line 2 – Column (6), Line 2), Part IIE, Column (5), Line 2, Part IIF, Column (5), Line 2	0.5%
BSCR rating 2	Part IIB, Column (5), Line 3, Part IIC, Column (5), Line 3, (Part IID, Column (5), Line 3 – Column (6), Line 3), Part IIE, Column (5), Line 3, Part IIF, Column (5), Line 3	1.0%
BSCR rating 3	Part IIB, Column (5), Line 4, Part IIC, Column (5), Line 4, (Part IID, Column (5), Line 4 – Column (6), Line 4), Part IIE, Column (5), Line 4, Part IIF, Column (5), Line 4	1.8%
BSCR rating 4	Part IIB, Column (5), Line 5, Part IIC, Column (5), Line 5, (Part IID, Column (5), Line 5 – Column (6), Line 5), Part IIE, Column (5), Line 5, Part IIF, Column (5), Line 5	3.5%
BSCR rating 5	Part IIB, Column (5), Line 6, Part IIC, Column (5), Line 6, (Part IID, Column (5), Line 6 – Column (6), Line 6), Part IIE, Column (5), Line 6, Part IIF, Column (5), Line 6	10.0%
BSCR rating 6	Part IIB, Column (5), Line 7, Part IIC, Column (5), Line 7, (Part IID, Column (5), Line 7 – Column (6), Line 7), Part IIE, Column (5), Line 7, Part IIF, Column (5), Line 7	20.0%
BSCR rating 7	Part IIB, Column (5), Line 8, Part IIC, Column (5), Line 8, (Part IID, Column (5), Line 8 – Column (6), Line 8), Part IIE, Column (5), Line 8, Part IIF, Column (5), Line 8	30.0%
BSCR rating 8	Part IIB, Column (5), Line 9, Part IIC, Column (5), Line 9, (Part IID, Column (5), Line 9 – Column (6), Line 9), Part IIE, Column (5), Line 9, Part IIF, Column (5), Line 9	35.0%
Bond Mutual Funds		
BSCR rating 0	Part IIB, Column (7), Line 1, Part IIC, Column (7), Line 1, (Part IID, Column (7), Line 1 – Column (8), Line 1), Part IIE, Column (7), Line 1, Part IIF, Column (7), Line 1	0.0%
BSCR rating 1	Part IIB, Column (7), Line 2, Part IIC, Column (7), Line 2, (Part IID, Column (7), Line 2 – Column (8), Line 2), Part IIE, Column (7), Line 2, Part IIF, Column (7), Line 2	0.4%
BSCR rating 2	Part IIB, Column (7), Line 3, Part IIC, Column (7), Line 3, (Part IID, Column (7), Line 3 – Column (8), Line 3), Part IIE, Column (7), Line 3, Part IIF, Column (7), Line 3	0.8%
BSCR rating 3	Part IIB, Column (7), Line 4, Part IIC, Column (7), Line 4, (Part IID, Column (7), Line 4 – Column (8), Line 4), Part IIE, Column (7), Line 4, Part IIF, Column (7), Line 4	1.5%
BSCR rating 4	Part IIB, Column (7), Line 5, Part IIC, Column (7), Line 5, (Part IID, Column (7), Line 5 – Column (8), Line 5), Part IIE, Column (7), Line 5, Part IIF, Column (7), Line 5	3.0%
BSCR rating 5	Part IIB, Column (7), Line 6, Part IIC, Column (7), Line 6, (Part IID, Column (7), Line 6 – Column (8), Line 6), Part IIE, Column (7), Line 6, Part IIF, Column (7), Line 6	8.0%
BSCR rating 6	Part IIB, Column (7), Line 7, Part IIC, Column (7), Line 7, (Part IID, Column (7), Line 7 – Column (8), Line 7), Part IIE, Column (7), Line 7, Part IIF, Column (7), Line 7	15.0%
BSCR rating 7	Part IIB, Column (7), Line 8, Part IIC, Column (7), Line 8, (Part IID, Column (7), Line 8 – Column (8), Line 8), Part IIE, Column (7), Line 8, Part IIF, Column (7), Line 8	26.3%
BSCR rating 8	Part IIB, Column (7), Line 9, Part IIC, Column (7), Line 9, (Part IID, Column (7), Line 9 – Column (8), Line 9), (Part IIE, Column (7), Line 9 – Column (8), Line 9), Part IIF, Column (7), Line 9	35.0%
Mortgage Loans		
Insured/guaranteed mortgages	Part IIB, Column (9), Line 10, Part IIC, Column (9), Line 10, (Part IID, Column (9), Line 10 – Column (10), Line 10), Part IIE, Column (9), Line 10, Part IIF, Column (9), Line 10	0.3%
Other commercial and farm mortgages	Part IIB, Column (9), Line 11, Part IIC, Column (9), Line 11, (Part IID, Column (9), Line 11 – Column (10), Line 11), Part IIE, Column (9), Line 11, Part IIF, Column (9), Line 11	5.0%

Other residential mortgages	Part IIB, Column (9), Line 12, Part IIC, Column (9), Line 12, (Part IID, Column (9), Line 12 – Column (10), Line 12), Part IIE, Column (9), Line 12, Part IIF, Column (9), Line 12	1.5%
Mortgages not in good standing	Part IIB, Column (9), Line 13, Part IIC, Column (9), Line 13, (Part IID, Column (9), Line 13 – Column (10), Line 13), Part IIE, Column (9), Line 13, Part IIF, Column (9), Line 13	25.0%
Other Fixed Income Investments		
Other loans	Form 4EBS, Line 8	5.0%
Cash and cash equivalents		
BSCR rating 0	Part XIXA, Column A	0.0%
BSCR rating 1	Part XIXA, Column A	0.1%
BSCR rating 2	Part XIXA, Column A	0.2%
BSCR rating 3	Part XIXA, Column A	0.3%
BSCR rating 4	Part XIXA, Column A	0.5%
BSCR rating 5	Part XIXA, Column A	1.5%
BSCR rating 6	Part XIXA, Column A	4.0%
BSCR rating 7	Part XIXA, Column A	6.0%
BSCR rating 8	Part XIXA, Column A	9.0%

INSTRUCTIONS AFFECTING TABLE 1A: Capital charge factors for $FIastclass_i$

(a) all assets comprising of bonds and debentures, loans, and other miscellaneous investments that are subject to capital charges within the fixed income investment risk charge shall be included;

(b) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;

(c) all bonds and debentures, loans, and other miscellaneous investments shall include amounts reported for economic balance sheet reporting purposes and include fixed income risk exposures as determined by application of the "look-through" approach calculated in accordance with the criteria prescribed by the Authority for the following items:

    (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;

    (ii) segregated accounts assets and liabilities;

    (iii) deposit asset and liabilities;

    (iv) assets and liabilities held by ceding insurers or under retrocession;

    (v) other sundry assets and liabilities; and

    (vi) derivatives.

(d) The capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%; and

(e) the diversification adjustment in paragraph (d) is determined as 40% multiplied by 1 minus the ratio of the largest cash and cash equivalent balance held with a single counterparty to the total of all cash and cash equivalent balance.

Table 1B – Spread risk shocks for credit derivatives

	SPREAD UP				
	Long Exposures		Short Exposures		
	Before Shock	After Shock	Before Shock	After Shock	Shock basis points
Spread Up					χ_i
BSCR rating 0	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 38	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 38	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 38	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 38	0
BSCR rating 1	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 39	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 39	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 39	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 39	130
BSCR rating 2	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 40	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 40	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 40	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 40	150
BSCR rating 3	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 41	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 41	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 41	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 41	260
BSCR rating 4	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 42	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 42	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 42	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 42	450
BSCR rating 5	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 43	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 43	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 43	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 43	840
BSCR rating 6	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 44	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 44	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 44	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 44	1620
BSCR rating 7	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 45	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 45	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 45	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 45	1620
BSCR rating 8	Parts IIB, IIC, IID, IIE, and IIF, Column (1), Line 46	Parts IIB, IIC, IID, IIE, and IIF, Column (2), Line 46	Parts IIB, IIC, IID, IIE, and IIF, Column (3), Line 46	Parts IIB, IIC, IID, IIE, and IIF, Column (4), Line 46	1620
Total Spread Up					
	SPREAD DOWN				
	Long Exposures		Short Exposures		
	Before Shock	After Shock	Before Shock	After Shock	Shock Rate
Spread Up					χ_i
BSCR rating 0	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 38	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 38	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 38	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 38	0.0%
BSCR rating 1	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 39	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 39	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 39	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 39	-75.0%
BSCR rating 2	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 40	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 40	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 40	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 40	-75.0%
BSCR rating 3	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 41	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 41	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 41	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 41	-75.0%
BSCR rating 4	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 42	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 42	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 42	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 42	-75.0%
BSCR rating 5	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 43	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 43	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 43	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 43	-75.0%
BSCR rating 6	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 44	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 44	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 44	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 44	-75.0%
BSCR rating 7	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Rules 45	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 45	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 45	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 45	-75.0%
BSCR rating 8	Parts IIB, IIC, IID, IIE, and IIF, Column (6), Line 46	Parts IIB, IIC, IID, IIE, and IIF, Column (7), Line 46	Parts IIB, IIC, IID, IIE, and IIF, Column (8), Line 46	Parts IIB, IIC, IID, IIE, and IIF, Column (9), Line 46	-75.0%
Total Spread Down					

INSTRUCTIONS AFFECTING TABLE 1B: Spread risk shocks for credit derivatives

    (a) Amounts are to be reported on an EBS Valuation basis.

22.   The equity investment risk charge calculation shall be established in accordance with the following formula—

$$C_{\text{equity}} = C_{equity}^{basic} + C_{equity}^{grandfathered} \; ;$$

Where—

$$C_{equity}^{basic} = \sqrt{\sum_{i,j} CorrEq_{i,j} \times C_i \times C_j}$$

$C_{equity}^{grandfathered}$	= the equity risk charge calculated according to paragraph 3 for equity exposures that are grandfathered according to paragraph 23A;
$CorrEq_{i,j}$	= the correlation factors of the equity risk correlation matrix in accordance with Table 2A;
i,j	= the sum of the different terms should cover all possible combinations of correlation i and j;
C_i and C_j	= risk charge i and risk charge j which are replaced by the following: $C_{Type1}, \; C_{Type2}, \; C_{Type3}, \; C_{Type4}$;
C_{Type1}	= $Type1$ equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
C_{Type2}	= $Type2$ equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
C_{Type3}	= $Type3$ equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
C_{Type4}	= $Type4$ equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;

Table 2A – Equity Risk Charge Correlation Matrix

$CorrEq_{i,j}$	C_{Type1}	C_{Type2}	C_{Type3}	C_{Type4}
C_{Type1}	1			
C_{Type2}	0.75	1		
C_{Type3}	0.75	0.75	1	
C_{Type4}	0.5	0.5	0.5	1

23.   Type1, Type2, Type3 and Type4 equity risk charges calculation shall be determined in accordance with the following formulas—

$$C_{Type1} = \max\left\{ \sum_{i \in Type1} \left[\begin{array}{l} \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \cdots \\ + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - \left(BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)\right) \end{array} \right], 0 \right\}$$

$$C_{Type2} = \max\left\{ \sum_{i \in Type2} \left[\begin{array}{l} \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \cdots \\ + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - \left(BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)\right) \end{array} \right], 0 \right\}$$

$$C_{Type3} = \max\left\{ \sum_{i \in Type3} \left[\begin{array}{l} \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \cdots \\ + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - \left(BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)\right) \end{array} \right], 0 \right\}$$

$$C_{Type4} = \max\left\{ \sum_{i \in Type4} \left[\begin{array}{l} \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \cdots \\ + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - \left(BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)\right) \end{array} \right], 0 \right\}$$

Where—

χ_i	= the instantaneous shocks prescribed in Table 2B for each type of equity class i ; and
$LAssets^{BShock}$	= refers to the valuation of long asset exposures before applying shock
$LAssets^{AShock}$	= refers to the valuation of long asset exposures after applying shock
$SQAssets_{BShock}$	= refers to the valuation of short exposures for qualifying assets that are held for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority before applying shock
$SQAssets_{AShock}$	= refers to the valuation of short exposures for qualifying assets that are held for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority after applying shock
$SNQAssets_{BShock}$	= refers to the valuation of short exposures for assets that do not qualify for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority before applying shock
$SNQAssets_{AShock}$	= refers to the valuation of short exposures for assets that do not qualify for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority after applying shock
$BELiabilities^{BShock}$	= refers to the best estimate of insurance liabilities and other liabilities before applying shock
$BELiabilities^{AShock}$	= refers to the best estimate of insurance liabilities and other liabilities after applying shock

Table 2B – Shock for classes of equity

Equity investments Equity class, i	Assets			Liabilities	Shock Factor χ_i
	Long Exposures	Short Exposures		Without Management Action	
		Qualifying as Assets held for risk-mitigation purposes	Not Qualifying as Assets held for risk-mitigation purposes		
Type 1 Equity Holdings					
Strategic Holdings – Listed	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 15 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 15	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 15 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 15	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 15 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 15	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 15 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 15	20.0%
Duration Based	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 16 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 16	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 16 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 16	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 16 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 16	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 16 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 16	20.0%
Listed Equity Securities in Developed Markets	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 17 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 17	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 17 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 17	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 17 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 17	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 17 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 17	35.0%
Preferred Stocks, Rating 1	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 18 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 18	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 18 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 18	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 18 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 18	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 18 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 18	0.6%
Preferred Stocks, Rating 2	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 19 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 19	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 19 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 19	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 19 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 19	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 19 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 19	1.2%
Preferred Stocks, Rating 3	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 20 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 20	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 20 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 20	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 20 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 20	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 20 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 20	2.0%
Preferred Stocks, Rating 4	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 21 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 21	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 21 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 21	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 21 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 21	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 21 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 21	4.0%
Preferred Stocks, Rating 5	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 22 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 22	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 22 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 22	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 22 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 22	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 22 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 22	11.0%
Preferred Stocks, Rating 6	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 23 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 23	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 23 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 23	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 23 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 23	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 23 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 23	25.0%
Preferred Stocks, Rating 7	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 24 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 24	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 24 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 24	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 24 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 24	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 24 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 24	35.0%

Preferred Stocks, Rating 8	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 25 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 25	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 25 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 25	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 25 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 25	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 25 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 25	35.0%
Equity Derivatives on Type 1 Equities	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 26 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 26	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 26 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 26	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 26 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 26	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 26 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 26	35.0%
Subtotal Type 1 Equity Holdings					
Type 2 Equity Holdings					
Strategic Holdings – Unlisted	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 27 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 27	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 27 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 27	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 27 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 27	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 27 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 27	20.0%
Other Equities	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 28 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 28	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 28 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 28	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 28 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 28	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 28 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 28	45.0%
Letters of Credit	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 29 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 29	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 29 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 29	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 29 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 29	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 29 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 29	20.0%
Intangible assets	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 30 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 30	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 30 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 30	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 30 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 30	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 30 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 30	20.0%
Pension Benefit Surplus	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 31 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 31	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 31 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 31	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 31 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 31	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 31 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 31	20.0%
Equity Derivatives on Type 2 Equities	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 32 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 32	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 32 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 32	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 32 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 32	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 32 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 32	45.0%
Subtotal Type 2 Equity Holdings					
Type 3 Equity Holdings					
Infrastructure	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 33 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 33	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 33 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 33	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 33 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 33	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 33 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 33	25.0%
Derivatives on Infrastructure	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 34 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 34	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 34 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 34	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 34 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 34	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 34 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 34	25.0%
Subtotal Type 3 Equity Holdings					
Type 4 Equity Holdings					
Equity Real Estate 1	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 35 Less Part	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 35 Less Part	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 35 Less Part	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 35 Less Part IIB,	10.0%

	IIB, IIC, IID, IIE, & IIF, Column (2), Line 35	IIB, IIC, IID, IIE, & IIF, Column (4), Line 35	IIB, IIC, IID, IIE, & IIF, Column (6), Line 35	IIC, IID, IIE, & IIF, Column (8), Line 35	
Equity Real Estate 2	Part IIB, IIC, IID, IIE, & IIF, Column (1), Line 36 Less Part IIB, IIC, IID, IIE, & IIF, Column (2), Line 36	Part IIB, IIC, IID, IIE, & IIF, Column (3), Line 36 Less Part IIB, IIC, IID, IIE, & IIF, Column (4), Line 36	Part IIB, IIC, IID, IIE, & IIF, Column (5), Line 36 Less Part IIB, IIC, IID, IIE, & IIF, Column (6), Line 36	Part IIB, IIC, IID, IIE, & IIF, Column (7), Line 36 Less Part IIB, IIC, IID, IIE, & IIF, Column (8), Line 36	20.0%

Subtotal Type 4 Equity Holdings
Total Equity Risk before Diversification

Aggregation of Risks

Correlation Matrix	Type 1	Type 2	Type 3	Type 4
Type 1	1			
Type 2	0.75	1		
Type 3	0.75	0.75	1	
Type 4	0.50	0.50	0.50	1

Total Type 1 Risk without Management Actions
Total Type 2 Risk without Management Actions
Total Type 3 Risk without Management Actions
Total Type 4 Risk without Management Actions
Total Equity Risk after Diversification

INSTRUCTIONS AFFECTING TABLE 2B: Shocks for $Eqastclass_i$

(a)　all assets (except regulated non-insurance financial operating entities) and liabilities (except the risk margin) whose value is subject to equity risk shocks are to be reported on a basis consistent with that used for the purposes of economic balance sheet reporting. Such assets and liabilities shall include equity risk exposures determined by application of the "look-through" approach calculated in accordance with criteria prescribed by the Authority for the following items:

　　(i)　collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;

　　(ii)　segregated accounts assets and liabilities;

　　(iii)　deposit asset and liabilities;

　　(iv)　assets and liabilities held by ceding insurers or under retrocession;

　　(v)　other sundry assets and liabilities; and

　　(vi)　derivatives.

(b)　for asset types referred to in paragraph (a) (i) to (vi) where the "look through" approach cannot be applied, the residual balance shall be included in "Equity Securities – Other Investments";

(c)　short exposures qualifying as assets held for risk-mitigation purposes and short exposures not qualifying as assets held for risk-mitigation purposes, shall both be determined in accordance with criteria prescribed by the Authority; and

(d)　amounts are to be reported on an EBS Valuation basis.

23A.　The equity investments that are eligible to be used in the calculation of $C_{equity}^{grandfatheed}$ as defined in paragraph 22 are determined as follows:

　i.　The average value of equities as percentage of total assets over the prior three financial year ends before January 1st 2019 (i.e., over the financial years ending 2016 to 2018) is calculated.

　　a.　Similarly, for each class of equities in accordance with Table 2B, the average amounts as a percentage of total equities shall be determined over the same prior three years, i.e. the allocations for each equity class.

　ii.　The total amount of equities eligible to be used in the calculation of $C_{equity}^{grandfatheed}$ as defined in paragraph 22 at each year end is determined by multiplying the amount of legacy reserves by the equity percentage of paragraph i., where

　　a.　"Legacy reserves" are defined as the long term best estimate labilities, at the applicable point in time (financial year-end), for insurance business carried on as at December 31st 2018.

　　b.　The total amount of equities eligible to be used in the calculation of $C_{equity}^{grandfatheed}$ as defined in paragraph 22 at each year end shall not be greater than the amount of the legacy reserves.

　iii.　The equity investments eligible to being used in the calculation of $C_{equity}^{grandfatheed}$ as defined in paragraph 22 per equity class are calculated by multiplying the total amount in paragraph ii. by the equity class allocation in paragraph i.

　iv.　Future applicable reserves shall be capped at the initial reserve. The amount of equities eligible to be used in the calculation of $C_{equity}^{grandfatheed}$ as defined in paragraph 22 can therefore never be greater than the initial amount.

　v.　Equities that are eligible to be used being used in the calculation of $C_{equity}^{grandfatheed}$ as defined in paragraph 22 may be traded or replaced within a specific equity class and still receive the aforementioned treatment.

24. The interest rate and liquidity risk charge calculation may be calculated in accordance with paragraph 4 or the formula below. Where an insurer decides to utilise the formula below, it will only be allowed to revert back and utilise the calculations prescribed in paragraph 4 where it has received the written approval of the Authority pursuant to an application made in accordance with section 6D of the Act.

$$C_{Interest} = \max\{\max(Shock_{IR,Down}, Shock_{IR,Up}) - OffSet_{ScenarioBased}, 0\};$$

Where—

$$Shock_{IR,\omega} = \sum_{CCY} Shock_{IR,\omega}^{CCY}$$

$$Shock_{IR,\omega}^{CCY} = (MVA_{Before}^{CCY,Q} - MVA_{After,\omega}^{CCY,Q}) + \max(MVA_{Before}^{CCY,NQ} - MVA_{After,\omega}^{CCY,NQ}, 0) - (MVL_{Before}^{CCY} - MVL_{After,\omega}^{CCY})$$

$$\omega = Down, Up$$

$$OffSet_{ScenarioBased} = \min(0.5 \cdot (BELiability_{WorstScenario} - BELiability_{BaseScenario}), 0.75 \cdot C_{Interest}^{WithoutOffset})$$

$$C_{Interest}^{WithoutOffset} = \max(Shock_{IR,Down}, Shock_{IR,Up})$$

$MVA_{Before}^{CCY,Q}$	=	refers to the market value of qualified assets including derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) before shock ω (ω=Up or Down) by currency type (CCY), that has been converted to the functional currency as expressed in Form 4EBS;
$MVA_{After}^{CCY,Q}$	=	refers to the revaluation of qualified assets including derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by χ(CCY,ω) where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 4EBS prescribed in Table 3B;
$MVA_{Before}^{CCY,NQ}$	=	refers to the market value of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) before shock ω (ω=Up or Down) by currency type (CCY), that has been converted to the functional currency as expressed in Form 4EBS;
$MVA_{After}^{CCY,NQ}$	=	refers to the revaluation of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by χ(CCY,ω) where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 4EBS prescribed in Table 3B;
MVL_{Before}^{CCY}	=	refers to the best estimate of insurance liabilities and other liabilities before shock ω (ω=Up or Down by currency type that has been converted to the functional currency as reported in Form 4EBS;
MVL_{After}^{CCY}	=	refers to the revaluation of the best estimate of insurance liabilities and other liabilities after shocking interest rates by χ(CCY,ω) where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 4EBS prescribed in Table 3B;
$BELiability_{BaseScenario}$	=	refers to best estimate of liabilities in the base case scenario when using the scenario-based approach; and
$BELiability_{WorstScenario}$	=	refers to best estimate of liabilities in the worst-case scenario when using the scenario-based approach.

Table 3C –Shock vectors for Interest Rate – Liquidity Risk

Currency	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Down)$
Interest Rate Down – Exposures without Derivatives			
United States Dollars	Part XXIII, Column A Line 1 Less Part XXIII Column B, Line 1	Part XXIII, Column C Line 1 Less Part XXIII Column D, Line 1	*
Euro	Part XXIII, Column A Line 2 Less Part XXIII Column B, Line 2	Part XXIII, Column C Line 2 Less Part XXIII Column D, Line 2	*
United Kingdom Pounds	Part XXIII, Column A Line 3 Less Part XXIII Column B, Line 3	Part XXIII, Column C Line 3 Less Part XXIII Column D, Line 3	*
Japan Yen	Part XXIII, Column A Line 4 Less Part XXIII Column B, Line 4	Part XXIII, Column C Line 4 Less Part XXIII Column D, Line 4	*
Canada Dollars	Part XXIII, Column A Line 5 Less Part XXIII Column B, Line 5	Part XXIII, Column C Line 5 Less Part XXIII Column D, Line 5	*
Swiss Francs	Part XXIII, Column A Line 6 Less Part XXIII Column B, Line 6	Part XXIII, Column C Line 6 Less Part XXIII Column D, Line 6	*
Australia Dollars	Part XXIII, Column A Line 7 Less Part XXIII Column B, Line 7	Part XXIII, Column C Line 7 Less Part XXIII Column D, Line 7	*
New Zealand Dollars	Part XXIII, Column A Line 8 Less Part XXIII Column B, Line 8	Part XXIII, Column C Line 8 Less Part XXIII Column D, Line 8	*
Other currency 1	Part XXIII, Column A Line 9 Less Part XXIII Column B, Line 9	Part XXIII, Column C Line 9 Less Part XXIII Column D, Line 9	*
Other currency 2	Part XXIII, Column A Line 10 Less Part XXIII Column B, Line 10	Part XXIII, Column C Line 10 Less Part XXIII Column D, Line 10	*
Other currency 3	Part XXIII, Column A Line 11 Less Part XXIII Column B, Line 11	Part XXIII, Column C Line 11 Less Part XXIII Column D, Line 11	*
Other currency 4	Part XXIII, Column A Line 12 Less Part XXIII Column B, Line 12	Part XXIII, Column C Line 12 Less Part XXIII Column D, Line 12	*
Other currency 5	Part XXIII, Column A Line 13 Less Part XXIII Column B, Line 13	Part XXIII, Column C Line 13 Less Part XXIII Column D, Line 13	*
Other currency 6	Part XXIII, Column A Line 14 Less Part XXIII Column B, Line 14	Part XXIII, Column C Line 14 Less Part XXIII Column D, Line 14	*
Other currency 7	Part XXIII, Column A Line 15 Less Part XXIII Column B, Line 15	Part XXIII, Column C Line 15 Less Part XXIII Column D, Line 15	*
Other currency 8	Part XXIII, Column A Line 16 Less Part XXIII Column B, Line 16	Part XXIII, Column C Line 16 Less Part XXIII Column D, Line 16	*
Other currency 9	Part XXIII, Column A Line 17 Less Part XXIII Column B, Line 17	Part XXIII, Column C Line 17 Less Part XXIII Column D, Line 17	*
Other currency 10	Part XXIII, Column A Line 18 Less Part XXIII Column B, Line 18	Part XXIII, Column C Line 18 Less Part XXIII Column D, Line 18	*

Currency	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Down)$
Interest Rate Down – Derivative Exposure				
United States Dollars	Part XXIII, Column F Line 1 Less Part XXIII Column G, Line 1	Part XXIII, Column H Line 1 Less Part XXIII Column I, Line 1	Part XXIII, Column J Line 1 Less Part XXIII Column K, Line 1	*
Euro	Part XXIII, Column F Line 2 Less Part XXIII Column G, Line 2	Part XXIII, Column H Line 2 Less Part XXIII Column I, Line 2	Part XXIII, Column J Line 2 Less Part XXIII Column K, Line 2	*
United Kingdom Pounds	Part XXIII, Column F Line 3 Less Part XXIII Column G, Line 3	Part XXIII, Column H Line 3 Less Part XXIII Column I, Line 3	Part XXIII, Column J Line 3 Less Part XXIII Column K, Line 3	*
Japan Yen	Part XXIII, Column F Line 4 Less Part XXIII Column G, Line 4	Part XXIII, Column H Line 4 Less Part XXIII Column I, Line 4	Part XXIII, Column J Line 4 Less Part XXIII Column K, Line 4	*
Canada Dollars	Part XXIII, Column F Line 5 Less Part XXIII Column G, Line 5	Part XXIII, Column H Line 5 Less Part XXIII Column I, Line 5	Part XXIII, Column J Line 5 Less Part XXIII Column K, Line 5	*
Swiss Francs	Part XXIII, Column F Line 6 Less Part XXIII Column G, Line 6	Part XXIII, Column H Line 6 Less Part XXIII Column I, Line 6	Part XXIII, Column J Line 6 Less Part XXIII Column K, Line 6	*
Australia Dollars	Part XXIII, Column F Line 7 Less Part XXIII Column G, Line 7	Part XXIII, Column H Line 7 Less Part XXIII Column I, Line 7	Part XXIII, Column J Line 7 Less Part XXIII Column K, Line 7	*
New Zealand Dollars	Part XXIII, Column F Line 8 Less Part XXIII Column G, Line 8	Part XXIII, Column H Line 8 Less Part XXIII Column I, Line 8	Part XXIII, Column J Line 8 Less Part XXIII Column K, Line 8	*
Other currency 1	Part XXIII, Column F Line 9 Less Part XXIII Column G, Line 9	Part XXIII, Column H Line 9 Less Part XXIII Column I, Line 9	Part XXIII, Column J Line 9 Less Part XXIII Column K, Line 9	*
Other currency 2	Part XXIII, Column F Line 10 Less Part XXIII Column G, Line 10	Part XXIII, Column H Line 10 Less Part XXIII Column I, Line 10	Part XXIII, Column J Line 10 Less Part XXIII Column K, Line 10	*
Other currency 3	Part XXIII, Column F Line 11 Less Part XXIII Column G, Line 11	Part XXIII, Column H Line 11 Less Part XXIII Column I, Line 11	Part XXIII, Column J Line 11 Less Part XXIII Column K, Line 11	*
Other currency 4	Part XXIII, Column F Line 12 Less Part XXIII Column G, Line 12	Part XXIII, Column H Line 12 Less Part XXIII Column I, Line 12	Part XXIII, Column J Line 12 Less Part XXIII Column K, Line 12	*
Other currency 5	Part XXIII, Column F Line 13 Less Part XXIII Column G, Line 13	Part XXIII, Column H Line 13 Less Part XXIII Column I, Line 13	Part XXIII, Column J Line 13 Less Part XXIII Column K, Line 13	*
Other currency 6	Part XXIII, Column F Line 14 Less Part XXIII Column G, Line 14	Part XXIII, Column H Line 14 Less Part XXIII Column I, Line 14	Part XXIII, Column J Line 14 Less Part XXIII Column K, Line 14	*
Other currency 7	Part XXIII, Column F Line 15 Less Part XXIII Column G, Line 15	Part XXIII, Column H Line 15 Less Part XXIII Column I, Line 15	Part XXIII, Column J Line 15 Less Part XXIII Column K, Line 15	*
Other currency 8	Part XXIII, Column F Line 16 Less Part XXIII Column G, Line 16	Part XXIII, Column H Line 16 Less Part XXIII Column I, Line 16	Part XXIII, Column J Line 16 Less Part XXIII Column K, Line 16	*
Other currency 9	Part XXIII, Column F Line 17 Less Part XXIII Column G, Line 17	Part XXIII, Column H Line 17 Less Part XXIII Column I, Line 17	Part XXIII, Column J Line 17 Less Part XXIII Column K, Line 17	*
Other currency 10	Part XXIII, Column F Line 18 Less Part XXIII Column G, Line 18	Part XXIII, Column H Line 18 Less Part XXIII Column I, Line 18	Part XXIII, Column J Line 18 Less Part XXIII Column K, Line 18	*

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

Currency	$MVA_{Before}^{CCY} - MVA_{After}^{CCY}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY,Up)$
Interest Rate Up – Exposures without Derivatives			
United States Dollars	Part XXIII, Column A Line 20 Less Part XXIII Column B, Line 20	Part XXIII, Column C Line 20 Less Part XXIII Column D, Line 20	*
Euro	Part XXIII, Column A Line 21 Less Part XXIII Column B, Line 21	Part XXIII, Column C Line 21 Less Part XXIII Column D, Line 21	*
United Kingdom Pounds	Part XXIII, Column A Line 22 Less Part XXIII Column B, Line 22	Part XXIII, Column C Line 22 Less Part XXIII Column D, Line 22	*
Japan Yen	Part XXIII, Column A Line 23 Less Part XXIII Column B, Line 23	Part XXIII, Column C Line 23 Less Part XXIII Column D, Line 23	*
Canada Dollars	Part XXIII, Column A Line 24 Less Part XXIII Column B, Line 24	Part XXIII, Column C Line 24 Less Part XXIII Column D, Line 24	*
Swiss Francs	Part XXIII, Column A Line 25 Less Part XXIII Column B, Line 25	Part XXIII, Column C Line 25 Less Part XXIII Column D, Line 25	*
Australia Dollars	Part XXIII, Column A Line 26 Less Part XXIII Column B, Line 26	Part XXIII, Column C Line 26 Less Part XXIII Column D, Line 26	*
New Zealand Dollars	Part XXIII, Column A Line 27 Less Part XXIII Column B, Line 27	Part XXIII, Column C Line 27 Less Part XXIII Column D, Line 27	*
Other currency 1	Part XXIII, Column A Line 28 Less Part XXIII Column B, Line 28	Part XXIII, Column C Line 28 Less Part XXIII Column D, Line 28	*
Other currency 2	Part XXIII, Column A Line 29 Less Part XXIII Column B, Line 29	Part XXIII, Column C Line 29 Less Part XXIII Column D, Line 29	*
Other currency 3	Part XXIII, Column A Line 30 Less Part XXIII Column B, Line 30	Part XXIII, Column C Line 30 Less Part XXIII Column D, Line 30	*
Other currency 4	Part XXIII, Column A Line 31 Less Part XXIII Column B, Line 31	Part XXIII, Column C Line 31 Less Part XXIII Column D, Line 31	*
Other currency 5	Part XXIII, Column A Line 32 Less Part XXIII Column B, Line 32	Part XXIII, Column C Line 32 Less Part XXIII Column D, Line 32	*
Other currency 6	Part XXIII, Column A Line 33 Less Part XXIII Column B, Line 33	Part XXIII, Column C Line 33 Less Part XXIII Column D, Line 33	*
Other currency 7	Part XXIII, Column A Line 34 Less Part XXIII Column B, Line 34	Part XXIII, Column C Line 34 Less Part XXIII Column D, Line 34	*
Other currency 8	Part XXIII, Column A Line 35 Less Part XXIII Column B, Line 35	Part XXIII, Column C Line 35 Less Part XXIII Column D, Line 35	*
Other currency 9	Part XXIII, Column A Line 36 Less Part XXIII Column B, Line 36	Part XXIII, Column C Line 36 Less Part XXIII Column D, Line 36	*
Other currency 10	Part XXIII, Column A Line 37 Less Part XXIII Column B, Line 37	Part XXIII, Column C Line 37 Less Part XXIII Column D, Line 37	*

Currency	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Up)$
Interest Rate Up – Derivative Exposure				
United States Dollars	Part XXIII, Column F Line 20 Less Part XXIII Column G, Line 20	Part XXIII, Column H Line 20 Less Part XXIII Column I, Line 20	Part XXIII, Column J Line 20 Less Part XXIII Column K, Line 20	*
Euro	Part XXIII, Column F Line 21 Less Part XXIII Column G, Line 21	Part XXIII, Column H Line 21 Less Part XXIII Column I, Line 21	Part XXIII, Column J Line 21 Less Part XXIII Column K, Line 21	*
United Kingdom Pounds	Part XXIII, Column F Line 22 Less Part XXIII Column G, Line 22	Part XXIII, Column H Line 22 Less Part XXIII Column I, Line 22	Part XXIII, Column J Line 22 Less Part XXIII Column K, Line 22	*
Japan Yen	Part XXIII, Column F Line 23 Less Part XXIII Column G, Line 23	Part XXIII, Column H Line 23 Less Part XXIII Column I, Line 23	Part XXIII, Column J Line 23 Less Part XXIII Column K, Line 23	*
Canada Dollars	Part XXIII, Column F Line 24 Less Part XXIII Column G, Line 24	Part XXIII, Column H Line 24 Less Part XXIII Column I, Line 24	Part XXIII, Column J Line 24 Less Part XXIII Column K, Line 24	*
Swiss Francs	Part XXIII, Column F Line 25 Less Part XXIII Column G, Line 25	Part XXIII, Column H Line 25 Less Part XXIII Column I, Line 25	Part XXIII, Column J Line 25 Less Part XXIII Column K, Line 25	*
Australia Dollars	Part XXIII, Column F Line 26 Less Part XXIII Column G, Line 26	Part XXIII, Column H Line 26 Less Part XXIII Column I, Line 26	Part XXIII, Column J Line 26 Less Part XXIII Column K, Line 26	*
New Zealand Dollars	Part XXIII, Column F Line 27 Less Part XXIII Column G, Line 27	Part XXIII, Column H Line 27 Less Part XXIII Column I, Line 27	Part XXIII, Column J Line 27 Less Part XXIII Column K, Line 27	*
Other currency 1	Part XXIII, Column F Line 28 Less Part XXIII Column G, Line 28	Part XXIII, Column H Line 28 Less Part XXIII Column I, Line 28	Part XXIII, Column J Line 28 Less Part XXIII Column K, Line 28	*
Other currency 2	Part XXIII, Column F Line 29 Less Part XXIII Column G, Line 29	Part XXIII, Column H Line 29 Less Part XXIII Column I, Line 29	Part XXIII, Column J Line 29 Less Part XXIII Column K, Line 29	*
Other currency 3	Part XXIII, Column F Line 30 Less Part XXIII Column G, Line 30	Part XXIII, Column H Line 30 Less Part XXIII Column I, Line 30	Part XXIII, Column J Line 30 Less Part XXIII Column K, Line 30	*
Other currency 4	Part XXIII, Column F Line 31 Less Part XXIII Column G, Line 31	Part XXIII, Column H Line 31 Less Part XXIII Column I, Line 31	Part XXIII, Column J Line 31 Less Part XXIII Column K, Line 31	*
Other currency 5	Part XXIII, Column F Line 32 Less Part XXIII Column G, Line 32	Part XXIII, Column H Line 32 Less Part XXIII Column I, Line 32	Part XXIII, Column J Line 32 Less Part XXIII Column K, Line 32	*
Other currency 6	Part XXIII, Column F Line 33 Less Part XXIII Column G, Line 33	Part XXIII, Column H Line 33 Less Part XXIII Column I, Line 33	Part XXIII, Column J Line 33 Less Part XXIII Column K, Line 33	*
Other currency 7	Part XXIII, Column F Line 34 Less Part XXIII Column G, Line 34	Part XXIII, Column H Line 34 Less Part XXIII Column I, Line 34	Part XXIII, Column J Line 34 Less Part XXIII Column K, Line 34	*
Other currency 8	Part XXIII, Column F Line 35 Less Part XXIII Column G, Line 35	Part XXIII, Column H Line 35 Less Part XXIII Column I, Line 35	Part XXIII, Column J Line 35 Less Part XXIII Column K, Line 35	*
Other currency 9	Part XXIII, Column F Line 36 Less Part XXIII Column G, Line 36	Part XXIII, Column H Line 36 Less Part XXIII Column I, Line 36	Part XXIII, Column J Line 36 Less Part XXIII Column K, Line 36	*
Other currency 10	Part XXIII, Column F Line 37 Less Part XXIII Column G, Line 37	Part XXIII, Column H Line 37 Less Part XXIII Column I, Line 37	Part XXIII, Column J Line 37 Less Part XXIII Column K, Line 37	*

* Shall be prescribed by the Authority.

INSTRUCTIONS AFFECTING TABLE 3C: Shock Vectors for Interest rate – Liquidity

(a) all assets sensitive to interest rates shall be included in the table, including but not limited to fixed income assets, hybrid instruments, deposits, loans (including mortgage and policyholder loans), reinsurance balance receivables and exposures as determined by application of the "look-through" approach calculated in accordance with criteria prescribed by the Authority for the following items:

   (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;

   (ii) segregated accounts assets;

   (iii) deposit asset;

   (iv) other sundry;

   (v) derivatives;

   (vi) funds held by ceding insurers.

(b) all liabilities sensitive to interest rates shall be included in the table, including but not limited to best estimate of insurance liabilities, other liabilities (except risk margin) and liability exposures determined by application of the "look-through" approach calculated in accordance with the criteria prescribed by the Authority for the following items:

   (i) segregated accounts liabilities;

   (ii) deposit liabilities;

   (iii) other sundry liabilities;

   (iv) derivatives;

   (v) funds held under retrocession.

(c) amounts are to be reported on an EBS Valuation basis.

25. The currency risk charge calculation shall be established in accordance with the following formula-

$$C_{Currency} = \sum_i \max\left\{ \begin{bmatrix} \left(MVA_{i,Before} - MVA_{i,After}(\chi_i)\right) + \left(MVDL_{i,Before}^{Q} - MVDL_{i,After}^{Q}(\chi_i)\right) + \cdots \\ + \left(MVDS_{i,Before}^{Q} - MVDS_{i,After}^{Q}(\chi_i)\right) + \max\left(MVDL_{i,Before}^{NQ} - MVDL_{i,After}^{NQ}(\chi_i), 0\right) + \cdots \\ + \max\left(MVDS_{i,Before}^{NQ} - MVDS_{i,After}^{NQ}(\chi_i), 0\right) - \left(MVL_{i,Before} - MVL_{i,After}(\chi_i)\right) + \cdots \\ + Currproxybscr_i \times \chi_i \end{bmatrix}, 0 \right\}$$

Where—

χ_i = the instantaneous shocks prescribed in Table 4A for each type of currency where ($MVA_{i,Before}$ $+MVDL_{i,Before}^{Q} + MVDS_{i,Before}^{Q} + MVDL_{i,Before}^{NQ} + MVDS_{i,Before}^{NQ} - MVL_{i,Before} - Currproxybscr_i$)<0 and 0 otherwise;

$Currency_i$ = refers to currency type that has been converted to the functional currency as reported in Form 4EBS

$MVA_{i,Before}$ = refers to the market value of assets excluding currency-sensitive derivatives prescribed by the Authority by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;

$MVA_{i,After}$ = refers to the revaluation of assets excluding currency-sensitive derivatives after shocking by χ(CCY) where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;

$MVDL_{i,Before}^{Q}$ = refers to the market value of long positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;

$MVDL_{i,After}^{Q}$ = refers to the revaluation of long positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the

		Authority) after shocking by $\chi(CCY)$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i,Before}^{Q}$	=	refers to the market value of short positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i,After}^{Q}$	=	refers to the revaluation of short positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(CCY)$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$MVDL_{i,Before}^{NQ}$	=	refers to the market value of long positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;
$MVDL_{i,After}^{NQ}$	=	refers to the revaluation of long positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(CCY)$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i,Before}^{NQ}$	=	refers to the market value of short positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i,After}^{NQ}$	=	refers to the revaluation of short positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(CCY)$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$MVL_{i,Before}$	=	refers to the market value of the best estimate of insurance liabilities and other liabilities by currency type that has been converted to the functional currency as reported in Form 4EBS;
$MVL_{i,After}$	=	refers to the revaluation of the best estimate of insurance liabilities and other liabilities after shocking by $\chi(CCY)$ where (CCY) refers to currency type and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$Currproxybscr_i$	=	refers to the product of $MVL_{i,Before}$ and BSCR Proxy factor;
BSCR Proxy factor	=	greater of paragraphs (a) and (b) below: (a) the ECR divided by Form 4EBS Line 39 Total Liabilities for the preceding year and (b) the average of the above ratio for the preceding three years. Where there are no prior submissions available, the BSCR proxy factor is the above ratio that would be obtained from the current submission without taking into account the currency risk charge.

Table 4A – Shock factors for Currency Risk

Currency	$MVA_{i,Before} - MVA_{i,After}$	Long Exposure $MVDS^Q_{i,Before} - MVDS^Q_{i,After}$	Long Exposure $MVDS^{NQ}_{i,Before} - MVDS^{NQ}_{i,After}$	Short Exposure $MVDL^Q_{i,Before} - MVDL^Q_{i,After}$	Short Exposure $MVDL^{NQ}_{i,Before} - MVDL^{NQ}_{i,After}$	$MVL_{i,Before} - MVL_{i,After}$	Shock If reporting currency χ_i	Shock Other wise χ_i
United States Dollar	Part XXA, Column A, Line 1 Less Part XXA, Column G, Line 1	Part XXA, Column B, Line 1 Less Part XXA, Column H, Line 1	Part XXA, Column C, Line 1 Less Part XXA, Column I, Line 1	Part XXA, Column D, Line 1 Less Part XXA, Column J, Line 1	Part XXA, Column E, Line 1 Less Part XXA, Column K, Line 1	Part XXA, Column F, Line 1 Less Part XXA, Column L, Line 1	0%	A
Bermuda Dollar	Part XXA, Column A, Line 2 Less Part XXA, Column G, Line 2	Part XXA, Column B, Line 2 Less Part XXA, Column H, Line 2	Part XXA, Column C, Line 2 Less Part XXA, Column I, Line 2	Part XXA, Column D, Line 2 Less Part XXA, Column J, Line 2	Part XXA, Column E, Line 2 Less Part XXA, Column K, Line 2	Part XXA, Column F, Line 2 Less Part XXA, Column L, Line 2	0%	B
Qatari Riyal	Part XXA, Column A, Line 3 Less Part XXA, Column G, Line 3	Part XXA, Column B, Line 3 Less Part XXA, Column H, Line 3	Part XXA, Column C, Line 3 Less Part XXA, Column I, Line 3	Part XXA, Column D, Line 3 Less Part XXA, Column J, Line 3	Part XXA, Column E, Line 3 Less Part XXA, Column K, Line 3	Part XXA, Column F, Line 3 Less Part XXA, Column L, Line 3	0%	C
Hong Kong Dollar	Part XXA, Column A, Line 4 Less Part XXA, Column G, Line 4	Part XXA, Column B, Line 4 Less Part XXA, Column H, Line 4	Part XXA, Column C, Line 4 Less Part XXA, Column I, Line 4	Part XXA, Column D, Line 4 Less Part XXA, Column J, Line 4	Part XXA, Column E, Line 4 Less Part XXA, Column K, Line 4	Part XXA, Column F, Line 4 Less Part XXA, Column L, Line 4	0%	D
Euro	Part XXA, Column A, Line 5 Less Part XXA, Column G, Line 5	Part XXA, Column B, Line 5 Less Part XXA, Column H, Line 5	Part XXA, Column C, Line 5 Less Part XXA, Column I, Line 5	Part XXA, Column D, Line 5 Less Part XXA, Column J, Line 5	Part XXA, Column E, Line 5 Less Part XXA, Column K, Line 5	Part XXA, Column F, Line 5 Less Part XXA, Column L, Line 5	0%	E
Danish Krone	Part XXA, Column A, Line 6 Less Part XXA, Column G, Line 6	Part XXA, Column B, Line 6 Less Part XXA, Column H, Line 6	Part XXA, Column C, Line 6 Less Part XXA, Column I, Line 6	Part XXA, Column D, Line 6 Less Part XXA, Column J, Line 6	Part XXA, Column E, Line 6 Less Part XXA, Column K, Line 6	Part XXA, Column F, Line 6 Less Part XXA, Column L, Line 6	0%	F
Bulgarian Lev	Part XXA, Column A, Line 7 Less Part XXA, Column G, Line 7	Part XXA, Column B, Line 7 Less Part XXA, Column H, Line 7	Part XXA, Column C, Line 7 Less Part XXA, Column I, Line 7	Part XXA, Column D, Line 7 Less Part XXA, Column J, Line 7	Part XXA, Column E, Line 7 Less Part XXA, Column K, Line 7	Part XXA, Column F, Line 7 Less Part XXA, Column L, Line 7	0%	G
West African CFA Franc	Part XXA, Column A, Line 8 Less Part XXA, Column G, Line 8	Part XXA, Column B, Line 8 Less Part XXA, Column H, Line 8	Part XXA, Column C, Line 8 Less Part XXA, Column I, Line 8	Part XXA, Column D, Line 8 Less Part XXA, Column J, Line 8	Part XXA, Column E, Line 8 Less Part XXA, Column K, Line 8	Part XXA, Column F, Line 8 Less Part XXA, Column L, Line 8	0%	H
Central African CFA Franc	Part XXA, Column A, Line 9 Less Part XXA, Column G, Line 9	Part XXA, Column B, Line 9 Less Part XXA, Column H, Line 9	Part XXA, Column C, Line 9 Less Part XXA, Column I, Line 9	Part XXA, Column D, Line 9 Less Part XXA, Column J, Line 9	Part XXA, Column E, Line 9 Less Part XXA, Column K, Line 9	Part XXA, Column F, Line 9 Less Part XXA, Column L, Line 9	0%	I
Comorian Franc	Part XXA, Column A, Line 10 Less Part XXA, Column G, Line 10	Part XXA, Column B, Line 10 Less Part XXA, Column H, Line 10	Part XXA, Column C, Line 10 Less Part XXA, Column I, Line 10	Part XXA, Column D, Line 10 Less Part XXA, Column J, Line 10	Part XXA, Column E, Line 10 Less Part XXA, Column K, Line 10	Part XXA, Column F, Line 10 Less Part XXA, Column L, Line 10	0%	J
United Kingdom Pound	Part XXA, Column A, Line 11 Less Part XXA, Column G, Line 11	Part XXA, Column B, Line 11 Less Part XXA, Column H, Line 11	Part XXA, Column C, Line 11 Less Part XXA, Column I, Line 11	Part XXA, Column D, Line 11 Less Part XXA, Column J, Line 11	Part XXA, Column E, Line 11 Less Part XXA, Column K, Line 11	Part XXA, Column F, Line 11 Less Part XXA, Column L, Line 11	0%	25.00%
Canada Dollar	Part XXA, Column A, Line 12 Less Part XXA, Column G, Line 12	Part XXA, Column B, Line 12 Less Part XXA, Column H, Line 12	Part XXA, Column C, Line 12 Less Part XXA, Column I, Line 12	Part XXA, Column D, Line 12 Less Part XXA, Column J, Line 12	Part XXA, Column E, Line 12 Less Part XXA, Column K, Line 12	Part XXA, Column F, Line 12 Less Part XXA, Column L, Line 12	0%	25.00%

Japan Yen	Part XXA, Column A, Line 13 Less Part XXA, Column G, Line 13	Part XXA, Column B, Line 13 Less Part XXA, Column H, Line 13	Part XXA, Column C, Line 13 Less Part XXA, Column I, Line 13	Part XXA, Column D, Line 13 Less Part XXA, Column J, Line 13	Part XXA, Column E, Line 13 Less Part XXA, Column K, Line 13	Part XXA, Column F, Line 13 Less Part XXA, Column L, Line 13	0%	25.00%
Other currency 1	Part XXA, Column A, Line 14 Less Part XXA, Column G, Line 14	Part XXA, Column B, Line 14 Less Part XXA, Column H, Line 14	Part XXA, Column C, Line 14 Less Part XXA, Column I, Line 14	Part XXA, Column D, Line 14 Less Part XXA, Column J, Line 14	Part XXA, Column E, Line 14 Less Part XXA, Column K, Line 14	Part XXA, Column F, Line 14 Less Part XXA, Column L, Line 14	0%	25.00%
Other currency 2	Part XXA, Column A, Line 15 Less Part XXA, Column G, Line 15	Part XXA, Column B, Line 15 Less Part XXA, Column H, Line 15	Part XXA, Column C, Line 15 Less Part XXA, Column I, Line 15	Part XXA, Column D, Line 15 Less Part XXA, Column J, Line 15	Part XXA, Column E, Line 15 Less Part XXA, Column K, Line 15	Part XXA, Column F, Line 15 Less Part XXA, Column L, Line 15	0%	25.00%
Other currency 3	Part XXA, Column A, Line 16 Less Part XXA, Column G, Line 16	Part XXA, Column B, Line 16 Less Part XXA, Column H, Line 16	Part XXA, Column C, Line 16 Less Part XXA, Column I, Line 16	Part XXA, Column D, Line 16 Less Part XXA, Column J, Line 16	Part XXA, Column E, Line 16 Less Part XXA, Column K, Line 16	Part XXA, Column F, Line 16 Less Part XXA, Column L, Line 16	0%	25.00%
Other currency 4	Part XXA, Column A, Line 17 Less Part XXA, Column G, Line 17	Part XXA, Column B, Line 17 Less Part XXA, Column H, Line 17	Part XXA, Column C, Line 17 Less Part XXA, Column I, Line 17	Part XXA, Column D, Line 17 Less Part XXA, Column J, Line 17	Part XXA, Column E, Line 17 Less Part XXA, Column K, Line 17	Part XXA, Column F, Line 17 Less Part XXA, Column L, Line 17	0%	25.00%
Other currency 5	Part XXA, Column A, Line 18 Less Part XXA, Column G, Line 18	Part XXA, Column B, Line 18 Less Part XXA, Column H, Line 18	Part XXA, Column C, Line 18 Less Part XXA, Column I, Line 18	Part XXA, Column D, Line 18 Less Part XXA, Column J, Line 18	Part XXA, Column E, Line 18 Less Part XXA, Column K, Line 18	Part XXA, Column F, Line 18 Less Part XXA, Column L, Line 18	0%	25.00%
Other currency 6	Part XXA, Column A, Line 19 Less Part XXA, Column G, Line 19	Part XXA, Column B, Line 19 Less Part XXA, Column H, Line 19	Part XXA, Column C, Line 19 Less Part XXA, Column I, Line 19	Part XXA, Column D, Line 19 Less Part XXA, Column J, Line 19	Part XXA, Column E, Line 19 Less Part XXA, Column K, Line 19	Part XXA, Column F, Line 19 Less Part XXA, Column L, Line 19	0%	25.00%
Other currency 7	Part XXA, Column A, Line 20 Less Part XXA, Column G, Line 20	Part XXA, Column B, Line 20 Less Part XXA, Column H, Line 20	Part XXA, Column C, Line 20 Less Part XXA, Column I, Line 20	Part XXA, Column D, Line 20 Less Part XXA, Column J, Line 20	Part XXA, Column E, Line 20 Less Part XXA, Column K, Line 20	Part XXA, Column F, Line 20 Less Part XXA, Column L, Line 20	0%	25.00%
Other currency 8	Part XXA, Column A, Line 21 Less Part XXA, Column G, Line 21	Part XXA, Column B, Line 21 Less Part XXA, Column H, Line 21	Part XXA, Column C, Line 21 Less Part XXA, Column I, Line 21	Part XXA, Column D, Line 21 Less Part XXA, Column J, Line 21	Part XXA, Column E, Line 21 Less Part XXA, Column K, Line 21	Part XXA, Column F, Line 21 Less Part XXA, Column L, Line 21	0%	25.00%
Other currency 9	Part XXA, Column A, Line 22 Less Part XXA, Column G, Line 22	Part XXA, Column B, Line 22 Less Part XXA, Column H, Line 22	Part XXA, Column C, Line 22 Less Part XXA, Column I, Line 22	Part XXA, Column D, Line 22 Less Part XXA, Column J, Line 22	Part XXA, Column E, Line 22 Less Part XXA, Column K, Line 22	Part XXA, Column F, Line 22 Less Part XXA, Column L, Line 22	0%	25.00%
Other currency 10	Part XXA, Column A, Line 23 Less Part XXA, Column G, Line 23	Part XXA, Column B, Line 23 Less Part XXA, Column H, Line 23	Part XXA, Column C, Line 23 Less Part XXA, Column I, Line 23	Part XXA, Column D, Line 23 Less Part XXA, Column J, Line 23	Part XXA, Column E, Line 23 Less Part XXA, Column K, Line 23	Part XXA, Column F, Line 23 Less Part XXA, Column L, Line 23	0%	25.00%

INSTRUCTIONS AFFECTING TABLE 4A: Shock factors for Currency Risk

(a) The initials "A" to "J" on the column labeled "Shock Otherwise χ_i" shall be replaced by the following shock values:

- "A" by:
  - "0%" if the reporting currency is the Bermuda Dollar or,
  - "5.00%" if the reporting currency is the Qatari Riyal or,
  - "1.00%" if the reporting currency is the Hong Kong Dollar or,
  - "25%" otherwise.
- "B" by:
  - "0%" if the reporting currency is the United States Dollar or,

- o "25%" otherwise.
- "C" by:
  - o "5.00%" if the reporting currency is the United States Dollar or,
  - o "25%" otherwise.
- "D" by:
  - o "1.00%" if reporting currency is the United States Dollar or,
  - o "25%" otherwise.
- "E" by:
  - o "0.39%" if the reporting currency is the Danish Krone or,
  - o "1.81%" if the reporting currency is the Bulgarian Lev or,
  - o "2.18%" if the reporting currency is the West African CFA Franc or,
  - o "1.96%" if the reporting currency is the Central African CFA Franc or,
  - o "2.00%" if the reporting currency is the Comorian Franc or,
  - o "25%" otherwise.
- "F" by:
  - o "0.39%" if reporting currency is the Euro or,
  - o "25%" otherwise.
- "G" by:
  - o "1.81%" if reporting currency is the Euro or,
  - o "25%" otherwise.
- "H" by:
  - o "2.18%" if reporting currency is the Euro or,
  - o "25%" otherwise.
- "I" by:
  - o "1.96%" if reporting currency is the Euro or,
  - o "25%" otherwise.
- "J" by:
  - o "2.00%" if reporting currency is the Euro or,
  - o "25%" otherwise.

(b) all assets and liabilities (except the risk margin) whose value is subject to currency risk shocks shall be reported on a basis consistent with that used for purposes of economic balance sheet reporting. These assets and liabilities shall include currency risk exposures determined by application of the "look-through approach" calculated in accordance with criteria prescribed by the Authority for the following items:

    (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;

    (ii) segregated accounts assets and liabilities;

    (iii) deposit asset and liabilities;

    (iv) assets and liabilities held by ceding insurers or under retrocession;

    (v) other sundry assets and liabilities; and

    (vi) derivatives.

(c) where the reporting currency is the United States Dollar, the capital factor χ_i charge shall be reduced to:

    i. 0.00% for the Bermuda Dollar;

    ii. 5.00% for the Qatari Riyal;

    iii. 1.00% for the Hong Kong Dollar.

(d) where the reporting currency is the Bermuda Dollar the capital factor χ_i charge shall be reduced to 0.00% for the United States Dollar.

(e) where the reporting currency is the Qatari Riyal the capital factor χ_i charge shall be reduced to 5.00% for the United States Dollar.

(f) where the reporting currency is the Hong Kong Dollar the capital factor χ_i charge shall be reduced to 1.00% for the United States Dollar.

(g) where the reporting currency is Euros, the capital factor χ_i shall be reduced to:

    i. 0.39% for the Danish Krone;

    ii. 1.81% for the Bulgarian Lev;

    iii. 2.18% for the West African CFA Franc;

    iv. 1.96% for the Central African CFA Franc;

    v. 2.00% for the Comorian Franc.

(h) where the reporting currency is the Danish Krone the capital factor χ_i charge shall be reduced to 0.39% for the Euro.

(i) where the reporting currency is the Bulgarian Lev the capital factor χ_i charge shall be reduced to 1.81% for the Euro.

(j) where the reporting currency is the West African CFA Franc the capital factor χ_i charge shall be reduced to 2.18% for the Euro.

(k) where the reporting currency is the Central African CFA Franc the capital factor χ_i charge shall be reduced to 1.96% for the Euro.

(l) where the reporting currency is the Comorian Franc the capital factor χ_i charge shall be reduced to 2.00% for the Euro.

(m) insurers are to report currencies representing at least 95% of their economic balance sheet liabilities; and

(n) amounts are to be reported on an EBS Valuation basis.

26.   The concentration risk charge calculation shall be determined in accordance with the following formula-

$$C_{Concentraion} = \sum_{i} \chi_i \times Concastclass_i;$$

Where—

χ_i	=	the capital charge factors prescribed in Table 5A for each type of $Concastclass_i$ or in table 5 for each type of $Concastclass_i$ for equity exposures that are grandfathered according to paragraph 23A and
$Concastclass_i$	=	the value of the corresponding asset prescribed in Table 5A, for each type of Asset Class; or the value of the corresponding asset prescribed in Table 5, for each type of Asset Class for equity exposures that are grandfathered according to paragraph 23A.

Table 5A – Capital charge factors for $Concastclass_i$

Asset Class	Statement Source These Rules	Capital Factor χ_i
Cash and Cash Equivalents		
BSCR rating 0	Part XXIA, Column H	0.0%
BSCR rating 1	Part XXIA, Column H	0.1%
BSCR rating 2	Part XXIA, Column H	0.2%
BSCR rating 3	Part XXIA, Column H	0.3%
BSCR rating 4	Part XXIA, Column H	0.5%
BSCR rating 5	Part XXIA, Column H	1.5%
BSCR rating 6	Part XXIA, Column H	4.0%
BSCR rating 7	Part XXIA, Column H	6.0%
BSCR rating 8	Part XXIA, Column H	9.0%
Corporate & Sovereign Bonds		
BSCR rating 0	Part XXIA, Column H	0.0%
BSCR rating 1	Part XXIA, Column H	0.4%
BSCR rating 2	Part XXIA, Column H	0.8%
BSCR rating 3	Part XXIA, Column H	1.5%
BSCR rating 4	Part XXIA, Column H	3.0%
BSCR rating 5	Part XXIA, Column H	8.0%
BSCR rating 6	Part XXIA, Column H	15.0%
BSCR rating 7	Part XXIA, Column H	26.3%
BSCR rating 8	Part XXIA, Column H	35.0%
Residential Mortgage-Backed Securities		
BSCR rating 0	Part XXIA, Column H	0.0%
BSCR rating 1	Part XXIA, Column H	0.6%
BSCR rating 2	Part XXIA, Column H	1.2%
BSCR rating 3	Part XXIA, Column H	2.0%
BSCR rating 4	Part XXIA, Column H	4.0%
BSCR rating 5	Part XXIA, Column H	11.0%
BSCR rating 6	Part XXIA, Column H	25.0%
BSCR rating 7	Part XXIA, Column H	35.0%
BSCR rating 8	Part XXIA, Column H	35.0%
Commercial Mortgage-Backed Securities/Asset Backed Securities		
BSCR rating 0	Part XXIA, Column H	0.0%
BSCR rating 1	Part XXIA, Column H	0.5%

BSCR rating 2	Part XXIA, Column H	1.0%
BSCR rating 3	Part XXIA, Column H	1.8%
BSCR rating 4	Part XXIA, Column H	3.5%
BSCR rating 5	Part XXIA, Column H	10.0%
BSCR rating 6	Part XXIA, Column H	20.0%
BSCR rating 7	Part XXIA, Column H	30.0%
BSCR rating 8	Part XXIA, Column H	35.0%
Bond Mutual Funds		
BSCR rating 0	Part XXIA, Column H	0.0%
BSCR rating 1	Part XXIA, Column H	0.4%
BSCR rating 2	Part XXIA, Column H	0.8%
BSCR rating 3	Part XXIA, Column H	1.5%
BSCR rating 4	Part XXIA, Column H	3.0%
BSCR rating 5	Part XXIA, Column H	8.0%
BSCR rating 6	Part XXIA, Column H	15.0%
BSCR rating 7	Part XXIA, Column H	26.3%
BSCR rating 8	Part XXIA, Column H	35.0%
Preferred Shares		
BSCR rating 1	Part XXIA, Column H	0.6%
BSCR rating 2	Part XXIA, Column H	1.2%
BSCR rating 3	Part XXIA, Column H	2.0%
BSCR rating 4	Part XXIA, Column H	4.0%
BSCR rating 5	Part XXIA, Column H	11.0%
BSCR rating 6	Part XXIA, Column H	25.0%
BSCR rating 7	Part XXIA, Column H	35.0%
BSCR rating 8	Part XXIA, Column H	35.0%
Mortgage Loans		
Insured/Guaranteed Mortgages	Part XXIA, Column H	0.3%
Other Commercial and Farm Mortgages	Part XXIA, Column H	5.0%
Other Residential Mortgages	Part XXIA, Column H	1.5%
Mortgages Not In Good Standing	Part XXIA, Column H	25%
Other Asset Classes		
Infrastructure	Part XXIA, Column H	25.0%
Listed Equity Securities in Developed Markets	Part XXIA, Column H	35.0%
Other Equities	Part XXIA, Column H	45.0%
Strategic Holdings	Part XXIA, Column H	20.0%
Duration Based	Part XXIA, Column H	20.0%
Letters of Credit	Part XXIA, Column H	20.0%
Advances to Affiliates	Part XXIA, Column H	5.0%
Policy Loans	Part XXIA, Column H	0.0%
Equity Real Estate 1	Part XXIA, Column H	10.0%
Equity Real Estate 2	Part XXIA, Column H	20.0%
Collateral Loans	Part XXIA, Column H	5.0%

INSTRUCTIONS AFFECTING TABLE 5A: Capital factor charge for $Concastclass_i$

(a) $Concastclass_i$ shall only apply to an insurers' ten largest counterparty exposures based on the aggregate of all assets set out in the in Table 5A relating to that counterparty;

(b)   for the purposes of Table 5A, a counterparty exposure shall be reported on the valuation of individually underlying assets i.e. determined by application of the "look through" approach in accordance with criteria prescribed by the Authority for all amounts reported on the balance;

(c)   for the purposes of Table 5A, a counterparty shall include all related or connected counterparties captured by either of the following criteria:

      (i)   controller relationship: if a counterparty, directly or indirectly, has control of (as a result of its majority shareholding in or effective management) which it is a subsidiary company; or

      (ii)   economic interdependence: if one of the counterparties were to experience financial difficulties which directly or indirectly affect the ability of any or all of the remaining counterparties to perform their financial obligations (for example where a counterparty becomes unable to fund or repay certain financial contractual obligations, and as a result, other counterparties, are likely to be unable to fund or repay certain obligations imposed on them);

(d) amounts are to be reported on an EBS Valuation basis.

27.   The credit risk charge calculation shall be established in accordance with the following formula-

$$C_{credit} = \sum_i \delta_i \times debtor_i \times \mu_r + \text{CCROTC}$$

Where–

δ_i	=	the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 6A;
$debtor_i$	=	receivable amount from $debtor_i$ net of any collateral in favour of the insurer;
μ_r	=	additional diversification adjustment factor applied to reinsurance balances only taking into consideration diversification by number of reinsurers, equal to 40%.
CCROTC	=	counterparty default risk for over-the-counter derivatives calculated as per the following formula:

$$\text{CCROTC} = \sum_i Max\left(0, MVDerivativeP_i - (1-\beta)Min(MVderivativeP_i, MVCollateral_i)\right) \times \alpha_i$$

$MVDerivativeP_i$	=	Market value of over-the-counter derivatives with positive market values and BSCR rating i,
β_i	=	collateral factor as prescribed in Table 6B;
α_i	=	capital factor for the BSCR rating i as prescribed in Table 6B;
$MVCollateral$	=	market value of collateral of over-the-counter derivatives with positive market values and BSCR rating i.

Table 6A – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	Statement Source These Rules	Capital Factor δ_i
Accounts and Premiums Receivable		
In course of collection	Form 4EBS, Line 10(a)	5.0%
Deferred - Not Yet Due	Form 1SFS, Line 10 (b)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 4EBS, Line 10(c) and instruction (c) below	10.0%
All Other Receivables		
Accrued investment income	Form 4EBS, Line 9	2.5%
Advances to affiliates	Form 4EBS, Line 4(g)	5.0%
Policy loans	Form 4EBS, Line 6	0.0%
Balances receivable on sale of investments	Form 4EBS, Line 13(f)	2.5%

Particulars of reinsurance balances		
BSCR rating 0	Part XVIII paragraph (d)	0.0%
BSCR rating 1	Part XVIII paragraph (d)	0.7%
BSCR rating 2	Part XVIII paragraph (d)	1.5%
BSCR rating 3	Part XVIII paragraph (d)	3.5%
BSCR rating 4	Part XVIII paragraph (d)	7.0%
BSCR rating 5	Part XVIII paragraph (d)	12.0%
BSCR rating 6	Part XVIII paragraph (d)	20.0%
BSCR rating 7	Part XVIII paragraph (d)	17.0%
BSCR rating 8	Part XVIII paragraph (d)	35.0%
Less: Diversification adjustment	Part XVIII paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 6A: Capital charge factors for $debtor_i$

(a) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;

(b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;

(c) collateralized balances are assets pledged in favour of the insurer relating to accounts and premiums receivable;

(d) the net qualifying exposure comprises of reinsurance balances receivable and reinsurance recoverable balances less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favour of the insurer in relation to the reinsurance balances;

(e) the net qualifying exposure in instruction (d) shall be subject to the prescribed credit risk capital factor;

(f) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;

(g) the diversification adjustment in instruction (f) is determined as 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure; and

(h) amounts are to be reported on an EBS Valuation basis.

Table 6B – Capital charge factors for Default Risk for over-the-counter Derivatives

Rating of over-the-counter Derivatives Counterparty	Capital Factor α_i	Capital charge factors on Collateral β_i
BSCR Rating 0	0.0%	3.0%
BSCR Rating 1	0.4%	3.0%
BSCR Rating 2	0.8%	3.0%
BSCR Rating 3	1.5%	3.0%
BSCR Rating 4	3.0%	3.0%
BSCR Rating 5	8.0%	3.0%
BSCR Rating 6	15.0%	3.0%
BSCR Rating 7	26.3%	3.0%
BSCR Rating 8	35.0%	3.0%

28.   The long-term insurance risk - mortality capital calculation shall be established in accordance with the following formula –

$$C_{LTmort} = \left[\sum_{i>1} \alpha 1_i \times NAAR1_i\right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i\right];$$

Where–

$\alpha 1_i$	= capital factor for adjustable life insurance business as prescribed in Table 7A;
$NAAR1_i$	= the Net Amount at Risk of all adjustable life insurance business. The statement source is Part VII, Column (9), Line 1 of these Rules;
$\alpha 2_i$	= capital factor for non-adjustable business as prescribed in Table 7A; and
$NAAR2_i$	= the Net Amount at Risk of all non-adjustable life insurance business. The statement source is Part VII, Column (10), Line 1 of these Rules;

Table 7A – Capital charge factors for long-term insurance risk -mortality

Net Amount at Risk $NAAR1_i$ **or** $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First $1 billion	0.00199	0.00397
Next $4 billion	0.00090	0.00180
Next $5 billion	0.00072	0.00144
Next $40 billion	0.00065	0.00129
Excess over $50 billion	0.00057	0.00113

29. The long-term insurance risk – stop loss capital calculation shall be established in accordance with the following formula –

C_{LTsl}	= 50% x Net Annual Premium for stop loss covers as prescribed in Part VII, Column (11), Line 14 of these Rules.

30. The long-term insurance risk – rider charge calculation for long-term business shall be established in accordance with the following formula –

C_{LTr}	= 25% x Net Annual Premium for insurance product riders not included elsewhere as prescribed in Part VII, Column (11), Line 15 of these Rules.

31. The long-term insurance risk – morbidity and disability capital calculation shall be established in accordance with the following formula –

$C_{LTmorb} = (a) + (b) + (c) + (d) + (e)$ Where:

(a)	= 7.00% x BSCR adjusted reserves for disability income claims in payment on waiver of premium and long-term care as prescribed in Part VII, Column (7), Line 9 of these Rules plus
(b)	= 10% x BSCR adjusted reserves for disability income claims in payment on other accident and sickness products as prescribed in Part VII, Column (7), Line 10 of these Rules; plus
(c)	$=\left[\sum_i \alpha_i \times NAP_i\right]$

Where –

α_i = capital charge factor as prescribed in Table 8A; and

NAP_i = the Net Annual Premium for disability income business – active lives as described in Table 8A;

Table 8A – Capital charge factors for NAP_i

Net Annual Premium NAP_i	Statement Source These Rules	Capital Factor α_i
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Part VII, Column (9), Line 7(a)	9.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Part VII, Column (9), Line 7(b)	15.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Part VII, Column (9), Line 7(c)	22.5%
Benefit period greater than two years, premium guarantee less than or equal to 1 year	Part VII, Column (10), Line 7(a)	12.0%
Benefit period greater than two years, premium guarantee of more than 1 year but less than or equal to 5 years	Part VII, Column (10), Line 7(b)	20.0%
Benefit period greater than two years, premium guarantee of more than 5 years	Part VII, Column (10), Line 7(c)	30.0%

(d)   = 12% x net annual premiums for disability income - active lives for other accident and sickness products as prescribed in Part VII, Column (11), Line 8;

(e) $= \left[\sum_i \alpha 1_i \times NAAR1_i \right] + \left[\sum_i \alpha 2_i \times NAAR2_i \right]$

Where –

$\alpha 1_i$ = capital factor as prescribed in Table 9A;

$NAAR1_i$ = the Net Amount at Risk of all adjustable critical illness insurance business in force as in Part VII, Column (9), Line 2;

$\alpha 2_i$ = capital factor as prescribed in Table 9A;

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable critical illness insurance business in force as in Part VII, Column (10), Line 2.

Table 9A – Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ Or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First $1 billion	0.00596	0.01191
Next $4 billion	0.00270	0.00540
Next $5 billion	0.00216	0.00432
Next $40 billion	0.00194	0.00387
Excess over $50 billion	0.00170	0.00339

32.   The long-term insurance risk – longevity capital calculation shall be established in accordance with the following formula –

$$C_{LTlong} = \sum_i \alpha_i \times BAR_i \; ;$$

Where–

α_i = capital charge factor as prescribed in Table 10A; and

BAR_i	= the BSCR adjusted reserves for longevity risk as described in Table 10A.

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Table 10A – Capital charge factors for BAR_i

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BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Longevity (*immediate pay-out annuities, contingent annuities, pension blocks*) – Attained age of annuitant:		
0-55 years	Part VII, Column (7), Line 3(a)	2.0%
56-65 years	Part VII, Column (7), Line 3(b)	3.0%
66-70 years	Part VII, Column (7), Line 3(c)	4.0%
71-80 years	Part VII, Column (7), Line 3(d)	5.0%
81+ years	Part VII, Column (7), Line 3(e)	6.0%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs) – Age at which annuity benefits commence:		
0-55 years	Part VII, Column (7), Line 4(a)	2.0%
56-60 years	Part VII, Column (7), Line 4(b)	3.0%
61-65 years	Part VII, Column (7), Line 4(c)	4.0%
66-70 years	Part VII, Column (7), Line 4(d)	5.0%
71-75 years	Part VII, Column (7), Line 4(e)	6.0%
76+ years	Part VII, Column (7), Line 4(e)	7.0%

<div align="center">

INSTRUCTIONS AFFECTING TABLE 10A: Capital charge factors for BAR_i

</div>

For joint and survivor annuities, the youngest age should be used.

33. The long-term variable annuity guarantee risk capital calculation shall be established in accordance with the following formula –

$$C_{LTVA} = \text{either} \left(\sum_i TotalBSReq_i - TotalBAR - TotalGMB_{adj} \right) \text{ or } \left(IMCReq_{LTVA} \right)$$

Wherein:

(i) $TotalBSReq_i$ = higher of (a) $\left(\alpha1_i \times GV1_i + \alpha2_i \times GV2_i + \alpha3_i \times GV3_i \right)$ and

(b) $\left(\alpha4_i \times NAR1_i + \alpha5_i \times NAR2_i + \alpha6_i \times NAR3_i \right)$;

(ii) $TotalBAR$ = the total BSCR adjusted reserves for variable annuity guarantee risk. The statement source for $TotalBAR$ is Part VII, line 17, column (7) of these Rules;

(iii) $TotalGMB_{adj}$ = the capital requirement charged on guaranteed minimum death benefit (GMDB) policies multiplied by the percentage of GMDB with multiple guarantees. The statement source for the percentage of GMDB with multiple guarantees is Part VIII, line 32, column (4) of these Rules;

(iv) $IMCReq_{LTVA}$ = the capital requirement for variable annuity guarantee risk determined in accordance with an insurance group's internal capital model, if applicable. The statement source for $IMC\,\mathrm{Re}\,q_{LTVA}$ is Part VIIIA, line 1, column (7) of these Rules;

(v) $\left(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i \right)$ have the statement source identified in Table 11A; and

(vi) $\left(\alpha1_i, \alpha2_i, \alpha3_i, \alpha4_i, \alpha5_i, \alpha6_i \right)$ are the capital factors as prescribed in Table 12A.

Table 11A – Capital charge factors for $\left(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i\right)$

Variable Annuity Benefit Type	Statement Source These Rules $GV1_i$	Statement Source These Rules $GV2_i$	Statement Source These Rules $GV3_i$	Statement Source These Rules $Nar1_i$	Statement Source These Rules $Nar2_i$	Statement Source These Rules $Nar3_i$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	Part VIII, lines 1 and 16, column (2)	Part VIII, lines 1 and 16, column (3)	Part VIII, lines 1 and 16, column (4)	Part VIII, lines 1, column (5)	Part VIII, lines 1, column (6)	Part VIII, lines 1, column (7)
Guaranteed minimum death benefit: Enhanced benefits (roll up)	Part VIII, Lines 2 and 17, column (2)	Part VIII, Lines 2 and 17, column (3)	Part VIII, Lines 2 and 17, column (4)	Part VIII, Lines 2, column (5)	Part VIII, Lines 2, column (6)	Part VIII, Lines 2, column (7)
Guaranteed minimum income benefit	Part VIII, Lines 3 and 18, column (2)	Part VIII, Lines 3 and 18, column (3)	Part VIII, Lines 3 and 18, column (4)	Part VIII, Lines 3, column (5)	Part VIII, Lines 3, column (6)	Part VIII, Lines 3, column (7)
Guaranteed minimum withdrawal benefit	Part VIII, Lines 4 and 19, column (2)	Part VIII, Lines 4 and 19, column (3)	Part VIII, Lines 4 and 19, column (4)	Part VIII, Lines 4, column (5)	Part VIII, Lines 4, column (6)	Part VIII, Lines 4, column (7)
Guaranteed enhanced earnings benefit	Part VIII, Lines 5 and 20, column (2)	Part VIII, Lines 5 and 20, column (3)	Part VIII, Lines 5 and 20, column (4)	Part VIII, Lines 5, column (5)	Part VIII, Lines 5, column (6)	Part VIII, Lines 5, column (7)
Guaranteed minimum accumulation benefit with 1 year or less to maturity	Part VIII, Lines 6 and 21, column (2)	Part VIII, Lines 6 and 21, column (3)	Part VIII, Lines 6 and 21, column (4)	Part VIII, Lines 6, column (5)	Part VIII, Lines 6, column (6)	Part VIII, Lines 6, column (7)
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	Part VIII, Lines 7 and 22, column (2)	Part VIII, Lines 7 and 22, column (3)	Part VIII, Lines 7 and 22, column (4)	Part VIII, Lines 7, column (5)	Part VIII, Lines 7, column (6)	Part VIII, Lines 7, column (7)
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	Part VIII, Lines 8 and 23, column (2)	Part VIII, Lines 8 and 23, column (3)	Part VIII, Lines 8 and 23, column (4)	Part VIII, Lines 8, column (5)	Part VIII, Lines 8, column (6)	Part VIII, Lines 8, column (7)
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	Part VIII, Lines 9 and 24, column (2)	Part VIII, Lines 9 and 24, column (3)	Part VIII, Lines 9 and 24, column (4)	Part VIII, Lines 9, column (5)	Part VIII, Lines 9, column (6)	Part VIII, Lines 9, column (7)
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	Part VIII, Lines 10 and 25, column (2)	Part VIII, Lines 10 and 25, column (3)	Part VIII, Lines 10 and 25, column (4)	Part VIII, Lines 10, column (5)	Part VIII, Lines 10, column (6)	Part VIII, Lines 10, column (7)
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	Part VIII, Lines 11 and 26, column (2)	Part VIII, Lines 11 and 26, column (3)	Part VIII, Lines 11 and 26, column (4)	Part VIII, Lines 11, column (5)	Part VIII, Lines 11, column (6)	Part VIII, Lines 11, column (7)
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	Part VIII, Lines 12 and 27, column (2)	Part VIII, Lines 12 and 27, column (3)	Part VIII, Lines 12 and 27, column (4)	Part VIII, Lines 12, column (5)	Part VIII, Lines 12, column (6)	Part VIII, Lines 12, column (7)
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	Part VIII, Lines 13 and 28, column (2)	Part VIII, Lines 13 and 28, column (3)	Part VIII, Lines 13 and 28, column (4)	Part VIII, Lines 13, column (5)	Part VIII, Lines 13, column (6)	Part VIII, Lines 13, column (7)
Guaranteed minimum accumulation benefit with more than 8 years	Part VIII,	Part VIII,	Part VIII,	Part VIII,	Part VIII,	Part VIII, Lines

but less than or equal to 9 years to maturity	Lines 14 and 29, column (2)	Lines 14 and 29, column (3)	Lines 14 and 29, column (4)	Lines 14, column (5)	Lines 14, column (6)	14, column (7)
Guaranteed minimum accumulation benefit with more than 9 years to maturity	Part VIII, Lines 15 and 30, column (2)	Part VIII, Lines 15 and 30, column (3)	Part VIII, Lines 15 and 30, column (4)	Part VIII, Lines 15, column (5)	Part VIII, Lines 15, column (6)	Part VIII, Lines 15, column (7)

Table 12A – Capital charge factors for $\left(\alpha1_i, \alpha2_i, \alpha3_i, \alpha4_i, \alpha5_i, \alpha6_i\right)$

Variable Annuity Benefit Type	Capital Charge $\alpha1$	Capital Charge $\alpha2$	Capital Charge $\alpha3$	Capital Charge $\alpha4$	Capital Charge $\alpha5$	Capital Charge $\alpha6$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	0.25%	0.50%	0.75%	4.00%	8.50%	13.00%
Guaranteed minimum death benefit: Enhanced benefits (roll up)	0.75%	1.00%	1.25%	12.00%	16.50%	21.00%
Guaranteed minimum income benefit	5.00%	6.50%	8.00%	100.00%	130.00%	160.00%
Guaranteed minimum withdrawal benefit	3.25%	4.25%	5.00%	60.00%	75.00%	90.00%
Guaranteed enhanced earnings benefit	0.00%	0.50%	1.00%	1.00%	9.00%	17.00%
Guaranteed minimum accumulation benefit with 1 year or less to maturity	3.20%	5.00%	9.00%	90.00%	130.00%	250.00%
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	3.00%	5.00%	8.90%	80.00%	115.00%	200.00%
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	3.00%	5.00%	8.90%	70.00%	105.00%	160.00%
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	2.80%	5.00%	8.80%	60.00%	95.00%	135.00%
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	2.40%	4.30%	8.00%	55.00%	85.00%	115.00%
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	2.00%	3.50%	6.80%	50.00%	75.00%	100.00%
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	1.70%	2.80%	5.90%	45.00%	65.00%	90.00%
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	1.40%	2.10%	4.90%	40.00%	55.00%	80.00%
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	1.10%	1.70%	4.30%	35.00%	50.00%	70.00%
Guaranteed minimum accumulation benefit with more than 9 years to maturity	1.00%	1.40%	3.90%	30.00%	45.00%	60.00%

34.   The long-term other insurance risk capital calculation shall be established in accordance with the following formula –

$$C_{LToth} = \sum_i \alpha_i \times BAR_i;$$

Where–

α_i = capital charge factor as prescribed in Table 13A; and

BAR_i = the BSCR adjusted reserves as described in Table 13A.

Table 13A – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Mortality (term insurance, whole life, universal life)	Part VII, Column (7), Line 1	2.0%
Critical illness (including accelerated critical illness products)	Part VII, Column (7), Line 2	2.0%
Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	Part VII, Column (7), Line 3(f)	0.5%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay- outs)	Part VII, Column (7), Line 4(g)	0.5%
Annuities certain only	Part VII, Column (7), Line 5	0.5%
Deferred accumulation annuities	Part VII, Column (7), Line 6	0.5%
Disability income: active lives – including waiver of premium and long-term care	Part VII, Column (7), Line 7(d)	2.0%
Disability income: active lives – other accident and sickness	Part VII, Column (7), Line 8	2.0%
Disability income: claims in payment – including waiver of premium and long-term care	Part VII, Column (7), Line 9	0.5%
Disability income: claims in payment – other accident and sickness	Part VII, Column (7), Line 10	0.5%
Group life	Part VII, Column (7), Line 11	0.5%
Group disability	Part VII, Column (7), Line 12	0.5%
Group health	Part VII, Column (7), Line 13	0.5%
Stop loss	Part VII, Column (7), Line 14	2.0%
Rider (other product riders not included above)	Part VII, Column (7), Line 15	2.0%

35.   The operational risk charge calculation shall be established in accordance with the following formula—

$$C_{Operational} = \rho \times (Basic\ BSCR + Adj_{TP});$$
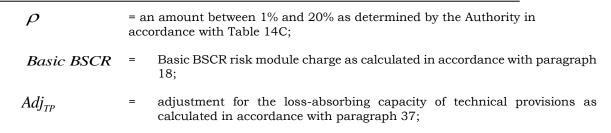
Where —

ρ = an amount between 1% and 20% as determined by the Authority in accordance with Table 14C;

Basic BSCR = Basic BSCR risk module charge as calculated in accordance with paragraph 18;

Adj_{TP} = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37;

Table 14C – Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
<=600	20.0%
>600 <=800	20.0%
>800 <=1200	18.0%
>1200 <=1400	15.0%
>1400 <=1600	12.0%
>1600 <=1800	9.0%
>1800 <=2000	7.0%
>2000 <=2200	5.0%
>2200 <=2400	3.0%
>2400	1.0%

INSTRUCTIONS AFFECTING TABLE 14C

In this table, "overall score" means an amount equal to the sum of the aggregate score derived from each of tables 14D and 14E.

TABLE 14D
Corporate Governance Score Table

Criterion	Implemented	Score
Board sets risk policies, practices and tolerance limits for all material foreseeable operational risks at least annually		200
Board ensures they are communicated to relevant business units		200
Board monitors adherence to operational risk tolerance limits more regularly than annually		200
Board receives, at least annually, reports on the effectiveness of material operational risk internal controls as well as management's plans to address related weaknesses		200
Board ensures that systems or procedures, or both, are in place to identify, report and promptly address internal control deficiencies related to operational risks		200
Board promotes full, open and timely disclosure from senior management on all significant issues related to operational risk		200
Board ensures that periodic independent reviews of the risk management function are performed and receives the findings of the review		200
Total		**XX**

Comments

INSTRUCTIONS AFFECTING TABLE 14D

The total score is derived by adding the score for each criterion of corporate governance that the insurer has implemented.

TABLE 14E
Risk Management Function ('RMF') Score Table

Criterion	Implemented	Score
RMF is independent of other operational units and has direct access to the Board of Directors		200
RMF is entrenched in strategic planning, decision making and the budgeting process		200
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		200
RMF ensures that the risk management policies and procedures are communicated throughout the organization		200
RMF ensures that operational risk management processes and procedures are reviewed at least annually		200
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		200
RMF ensures that risk management recommendations are documented for operational units, ensures that deficiencies have remedial plans and that progress on the execution of such plans are reported to the Board of Directors at least annually		200
Total		**XX**

Comments

36.   The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Part XVI - "Part of Regulated Non-Insurance Financial Operating Entities". This amount shall be equal to the sum of the insurer's proportionate share of each entity's regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity is licensed or registered

37.   The capital charge adjustment for the loss-absorbing capacity of technical provisions due to management actions shall be established in accordance with the following formula—

$$Adj_{TP} = -\max(\min(Basic\ BSCR - Basic\ nBSCR, FDB), 0);$$

Where,

$$Basic\ BSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times C_i \times C_j}$$

$$Basic\ nBSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times nC_i \times nC_j}$$

$CorrBBSCR_{i,j}$	=	the correlation factors of the Basic BSCR correlation matrix in accordance with Table A of Paragraph 18;
C_i	=	risk module charge *i* which are replaced by the following:
		$C_{Market}, C_{LT}, C_{Credit}$;
C_{Market}	=	market risk module charge as calculated in accordance with paragraph 19;

C_{LT}	=	Long-Term risk module charge as calculated in accordance with paragraph 20;
C_{Credit}	=	credit risk module charge as calculated in accordance with paragraph 27.
nC_i	=	net risk module charge i which are calculated the same way as C_i but by allowing the future discretionary benefits to change and by allowing managements actions to be performed in accordance to with the criteria prescribed by the Authority and which are replaced by the following:
		$nC_{Market}, \ nC_{LT}, \ nC_{Credit};$
FDB	=	net present value of future bonuses and other discretionary benefits.

38.   The adjustment for the loss-absorbing capacity of deferred taxes shall be established in accordance with the following formula—

$$C_{otheradj} = Min\left(\left(Basic\ BSCR + C_{operational} + C_{regulatoryadj} + Adj_{TP}\right) \times t, Limit, \left(Basic\ BSCR + C_{operational} + C_{regulatoryadj} + Adj_{TP}\right) \times 20\%\right)$$

Where —

Basic BSCR	=	Basic BSCR risk module charge as calculated in accordance with paragraph 18;
$C_{operational}$	=	operational risk charge as calculated in accordance with paragraph 35;
$C_{regulatoryadj}$	=	regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 36;
Adj_{TP}	=	= adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37
t	=	insurer's standard federal tax rate
$Limit$	=	$PastLAC + CurrentLAC + FutureLAC$
$PastLAC$	=	Loss Carryback Provision multiplied by t;
$CurrentLAC$	=	Current Deferred Tax Liabilities minus Current Deferred Tax Assets;
$FutureLAC$	=	Risk Margin as reported on Form 4EBS Line 18 multiplied by t;