Basel Committee on
Banking Supervision

DIS

Disclosure requirements

DIS26

Capital distribution constraints

**Version effective as of
31 Dec 2020**

First version in the format of the consolidated framework.

BANK FOR INTERNATIONAL SETTLEMENTS

Introduction

26.1 The disclosure requirement under this section is: Template CDC - Capital distribution constraints.

Template CDC: Capital distribution constraints

26.2 Template CDC provides the common equity tier 1 (CET1) capital ratios that would trigger capital distribution constraints.

Purpose: To provide disclosure of the capital ratio(s) below which capital distribution constraints are triggered as required under the Basel framework (ie risk-based, leverage, etc) to allow meaningful assessment by market participants of the likelihood of capital distributions becoming restricted.

Scope of application: The table is mandatory for banks only when required by national supervisors at a jurisdictional level. Where applicable, the template may include additional rows to accommodate other national requirements that could trigger capital distribution constraints.

Content: Quantitative information. Includes the CET1 capital ratio that would trigger capital distribution constraints when taking into account (i) CET1 capital that banks must maintain to meet the minimum CET1 capital ratio, applicable risk-based buffer requirements (ie capital conservation buffer, G-SIB surcharge and countercyclical capital buffer) and Pillar 2 capital requirements (if CET1 capital is required); and (ii) CET1 capital that banks must maintain to meet the minimum regulatory capital ratios and any CET1 capital used to meet Tier 1 capital, total capital and TLAC[1] requirements, applicable risk-based buffer requirements (ie capital conservation buffer, G-SIB surcharge and countercyclical capital buffer) and Pillar 2 capital requirements (if CET1 capital is required).

Frequency: Annual.

Format: Fixed. Jurisdictions may add rows to supplement the disclosure to include other requirements that trigger capital distribution constraints.

Accompanying narrative: In cases where capital distribution constraints have been imposed, banks should describe the constraints imposed. In addition, banks shall provide a link to the supervisor's or regulator's website, where the characteristics of the relevant jurisdictions' national requirements governing capital distribution constraints are set out (eg stacking hierarchy of buffers, relevant time frame between breach of buffer and application of constraints, definition of earnings and distributable profits used to calculate restrictions). Further, banks may choose to provide any additional information they consider to be relevant for understanding the stated figures.

		a	b
		CET1 capital ratio that would trigger capital distribution constraints (%)	**Current CET1 capital ratio (%)**
1	CET1 minimum requirement plus capital buffers (not taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)		
2	CET1 capital plus capital buffers (taking into account CET1 capital used to meet other minimum regulatory capital/ TLAC ratios)		

Instructions

Row number	Explanation
1	*CET1 minimum plus capital buffers (not taking into account CET1 capital used to meet other minimum regulatory capital/TLAC ratios):* CET1 capital ratio which would trigger capital distribution constraints, should the bank's CET1 capital ratio fall below this level. The ratio takes into account only CET1 capital that banks must maintain to meet the minimum CET1 capital ratio (4.5%), applicable risk-based buffer requirements (ie capital conservation buffer (2.5%), G-SIB surcharge and countercyclical capital buffer) and Pillar 2 capital requirements (if CET1 capital is required). The ratio does not take into account instances where the bank has used its CET1 capital to meet its other minimum regulatory ratios (ie Tier 1 capital, total capital and/or TLAC requirements), which could increase the CET1 capital ratio which the bank has to meet in order to prevent capital distribution constraints from being triggered.
2	*CET1 minimum plus capital buffers (taking into account CET1 capital used to meet other minimum regulatory capital/TLAC ratios):* CET1 capital ratio which would trigger capital distribution constraints, should the bank's CET1 capital ratio fall below this level. The ratio takes into account CET1 capital that banks must maintain to meet the minimum regulatory ratios (ie CET1, Tier 1, total capital requirements and TLAC requirements), applicable risk-based buffer requirements (ie capital conservation buffer (2.5%), G-SIB surcharge and countercyclical capital buffer) and Pillar 2 capital requirements (if CET1 capital is required).

Linkages across templates

Amount in [CDC:1/b] is equal to [KM1:5/a]

Amount in [CDC:3/b] is equal to [KM1:14/a]

Footnotes

1 *RBC30.2 states that Common Equity Tier 1 must first be used to meet the minimum capital and TLAC requirements if necessary (including the 6% Tier 1, 8% total capital and 18% TLAC requirements), before the remainder can contribute to the capital conservation buffer.*