Our suggestions:

1. **The Pillar 1 common minimum TLAC requirement should be 4% alongside minimum regulatory capital management. We recommend that the final calibration of the common Pillar 1 Minimum TLAC requirement be set to 12%. The leverage ratio should be no less than 4.5%. Additional Pillar 2 TLAC requirements are not proposed.**

The suggestion on reducing TLAC requirement is based on the following concerns: Firstly, an increase of 8-12 percent TLAC calibration is too much since it may pose pressure on prudent operation and internal management. The financing cost will be higher for the banks, so they have to increase the rate of debts and deposits, which will hinder the development of real economy. Secondly, it has not been long since the Basel 3 went into force. The Basel 3 has stricter capital requirement and more stringent criteria of eligibility standards of capital. The proposal of TLAC requirement will make the regulatory standard stricter than before, making the regulatory policy lack of continuity and stability. Strengthening the overall risk management is more effective to enhance the loss absorbing capacity, rather than simply lifting the regulatory standards. Thirdly, the Basel 3 has proposed additional capital requirements for G-Sibs, the higher standards for TLAC requirement will lead to a problem of over-regulation, which is against for creating a fair competitive environment, and even cause adverse incentives.

2. **The implement of the TLAC requirement should be postponed for those G-SIBs that are headquartered in emerging markets. The implementation time line should depend on the assessment result of necessity.**

Overall, the G-SIBs that are headquartered in emerging markets have significantly different business models than the banks in Europe and the US. Their business scope mainly covers the traditional deposit and loan business in domestic market. Their assets are mostly denominated in domestic currency rather than predominant currencies such as dollars and euros. The emerging markets G-SIBs' influence on the international financial markets is limited, the need for implementation of TLAC is not urgent.

In addition, the structure of liabilities of the banks in emerging markets is largely different from the banks in Europe and the US. For example, the debt instruments take up a large proportion of debts for the banks in Europe. The European banks can easily meet the requirement of TLAC by replacing them with eligible TLAC instruments. However, deposits take up a large proportion in the Chinese banks' liabilities. The capacity of domestic bond market cannot hold the amount of debts issued by China's largest banks. It is estimated that the issuance of TLAC instruments for the top four largest banks in china will be 1500 billion

Yuan. The environment of emerging markets has not yet matured. Investors are not fully experienced to judge the risk. Once there is misjudgment, the market will be extremely volatile. In addition, since the domestic market has not enough volume to hold the large amount of issuance, the banks in emerging markets will inevitably turn their attention to international markets; the surging amount of debt instruments may magnify contagion risk effect and destabilize financial markets.

Given the special circumstances in emerging market countries, it is suggested that the banks in emerging markets should be excluded to implement the TLAC requirement, without setting a specific date of implementing the TLAC. The implementing schedule will be determined by the bank’s business size, structure and influence on the international financial markets, after the assessment of the necessity of implementation.