THIS VERSION OF THE AMENDMENTS IS IN DRAFT FORM AND SUBJECT TO CHANGE. IT IS ALSO SUBJECT TO CLEARANCE BY THE ATTORNEY GENERAL'S CHAMBERS

"*Division 3 — Total loss-absorbing capacity*

Interpretation of this Division

57A. In this Division, unless the context otherwise requires —

"eligible instrument" has the meaning given by section 80(1);

"total loss-absorbing capacity" means the sum of all loss-absorbing instruments and any other financial resource, that a Division 6 financial institution holds and can be used to absorb losses;

"loss-absorbing instrument" means an ordinary share or an eligible instrument which meets the criteria set out in the written notice issued under section 57B.

Total loss-absorbing capacity requirements

57B.—(1) The Authority may issue a notice to a Division 6 financial institution requiring the Division 6 financial institution-

(a) to maintain a specified level (which may be expressed in a ratio) of total loss-absorbing capacity; and

(b) to disclose (in the form and manner and containing the information specified in the notice) the level and composition of total loss-absorbing capacity maintained by it, as well as the creditor hierarchy ranking of all its loss-absorbing instruments.

(2) The Authority may, in the same notice issued under subsection (1), specify any criteria for an eligible instrument to qualify as a loss-absorbing instrument, including the class(es) of investors such instrument is issued to.

(3) A notice under this section may make different provisions for different classes of Division 6 financial institutions.

(4) The Authority may, if it considers appropriate in the particular circumstances of a Division 6 financial institution, vary any total loss-absorbing capacity

requirement imposed by a notice under subsection (1) on that Division 6 financial institution.

Provisions concerning notices under this Division

57C.—(1) A notice under this Division must be in writing.

(2) It is not necessary to publish a notice under this Division in the *Gazette*.

Offences under this Division

57D. A Division 6 financial institution that does not comply with a notice of the Authority under this Division will be guilty of an offence and will be liable on conviction to a fine not exceeding $250,000 and, in the case of a continuing offence, to a further fine not exceeding $25,000 for every day or part of a day during which the offence continues after conviction.