Templates for Capital Adequacy Supplementary Information ("CASI") Quarterly and Semi-annual Submissions

Explanatory Note on the CASI Templates for Derivatives and Level 3 Assets

Version 1.0 – June 2025

1. Introduction to the enhanced CASI_QS and CASI_SAS templates

1.1. Overview

The 2025 update to the CASI templates introduces two new spreadsheets for Derivatives in the CASI_QS (quarterly returns) and one on Level 3 Assets found in the CASI_SAS (semi-annual returns) as outlined below:

- "CASI-QR04a" spreadsheet: Over-the-counter ("OTC") derivatives;
- "CASI-QR04b" spreadsheet: Exchange-traded derivatives; and
- "CASI-SR02" spreadsheet: Level 3 assets data.

There is no change to the existing CASI-QR01, CASI-QR02, CASI-QR03 and CASI-SR01 spreadsheets.

1.2. Scope and Granularity of the CASI-QR and CASI-SR Enhanced Templates

Derivatives

Scope

The CASI-QR template is applicable to both OTC (CASI-QR04a) and exchange-traded (CASI-QR-04b) derivatives used by entities within a Group that is:-

- Part of a hedging programme[1];
  OR
- Total notional amount greater than USD 50 million (or equivalent notional in alternative currencies) and maturing within at least one quarter[2].

Granularity

The template may be inserted as line-by-line transactions (individual trades) or bucketed and entered as a single line into the template, provided that the bucketed trades meet the following criteria:

- All trades within a particular bucket that expire within the same quarter,
  AND
- All trades within a particular bucket that has strike/lock-in rates within 50bps.

[1] "Hedging programme" is a structured, long-term strategy which involves a series or group of individual trades managed collectively with a certain level of commitment over time. Hedging programme differs from a tactical hedging initiative which is isolated and usually smaller in scale comparatively.

[2] I.e., any derivative or group of derivatives which would expire within three months is excluded, regardless of the total notional amount.

Level 3 assets

Scope

Level 3 assets held by entities within the Group, directly or indirectly, should be recorded using the CASI-SR02 template. For ease of classification, in-scope Level 3 assets/investments have been categorised as below:

A. Fund investment – Hedge Funds & private equity
B. Fund investment – Private credit
C. Fund investment – Real estate
D. Fund investment – Infrastructure
E. Direct Holding – Private credit, unstructured
F. Direct Holding – Structured credit
G. Direct Holding – Real estate investment and own use
H. Direct Holding – Infrastructure debt
I. Direct Holding – Infrastructure equity
J. Direct Holding – Private equity & hedge funds
K. Direct Holding – Derivatives
L. Others

Granularity

The CASI-SR02 should be filled as follows:

- For fund investments: for each fund, the total invested into each of categories A, B and C with no more granular split at sub-fund level, but entered as separate lines for each entity within the Group.
- For direct holdings: each individual security/investment should be entered as a single line.

2. CASI-QR04a: Over-the-counter Derivatives

2.1. Fields Description

ITEM	INSTRUCTIONS
Over-the-counter ("OTC") Derivatives	Select the most applicable type of derivative from the drop-down menu.
Contract Description	Provide a brief description of the contract.
Derivative Use/Purpose	Purpose of the derivative, such as "Pre-funding", "IR hedging programme", "Tactical FX hedging", etc..
Legal Entity	Legal entity within the Group that entered into the contract.

Counterparty Name	Name of the counterparty.
Counterparty Credit Rating	Provide the latest long term credit rating of the counterparty from external rating agency[3]. If several ratings are available, provide the long term and the lowest rating.
Type(s) of Collateral	Indicate the type(s) of collateral used contractually, such as cash, US Treasuries ("UST"), etc.
Underlying Contract	Indicate the underlying reference of the derivative contract. For example, for a UST bond forward contract, the underlying would be the specific UST bond referenced in the agreement with a specific maturity date.
Maturity Date	Provide the maturity date of the derivative. Note that for some derivatives, the underlying instrument might have its own maturity date (which is not what is requested in this field).
Notional Currency "CCY"	Indicate the currency in which the contract notional is denominated.
Strike/Lock-in Rate	Provide the strike or lock-in rate value or range (if bucketing is used). (**See details on this field in the examples below.)**
Total Notional	Total contractual notional amount in its notional currency "CCY". If the OTC derivative was bucketed, the total notional should be the sum of the derivatives in the bucket.
Current P&L (USD)	Provide the current mark-to-market profit and loss ("P&L") in USD (since inception of the derivative) under the International Financial Reporting Standards ("IFRS").
Current MV (USD)	Provide the current market value ("MV") in USD (since inception of the derivative) under the IFRS. If there is no secondary market valuation available, please enter the estimated fair value with additional explanations in the **Commentary** field or on a separate note.

[3] Examples of credit rating agencies include, but not limited to: S&P Global Ratings, Moody's Investors Service, Fitch Ratings, and A.M. Best Company, Inc.

2.2. Examples on Inputting the CASI Templates

Illustrated examples on how to complete the template for typical OTC derivatives, such as interest-rates, foreign exchange ("FX") and credit derivatives for which some fields might otherwise be open to interpretation are at **Annex**.

3. CASI-SR02: Level 3 Assets Data

3.1. Fields description and completion instructions

ITEM	INSTRUCTIONS
Name of the Investment	Investment name.
Credit Rating of the Investment	Credit rating of the counterparty from an external rating agency. Please enter "N/A" if irrelevant to the specific investment.
Country/Region of the Issuing Entity	The country/region of the issuing entity.
Name of IM	Name of the Investment Manager. Please enter "N/A" if irrelevant to the specific investment.
Name of GP	Name of the General Partner. Please enter "N/A" if irrelevant to the specific investment.
Name of the Holding Entity	The name of the legal entity within the Group which is holding the investment.
Beneficiary Entity within the Group	The ultimate entity which is the investment beneficiary within the Group.
Valuation Provider	The name of the company performing the valuation of the Level 3 investment.
Valuation Method	The method used for the valuation of the investment by the valuation provider.
Valuation Frequency	The frequency of valuation by the valuation provider.

ITEM	INSTRUCTIONS
Valuation Time Lag (months)	The time lag between the provision and the point in time the valuation relates to.
Valuation Independently Reviewed	If "Yes", please enter the name of the valuation reviewer. Please enter "No" if the valuation has not been independently reviewed.
Amount Invested (USD millions)	The amount invested in USD millions under IFRS.
Maturity Date	The maturity date of the investment. Please enter "N/A" when this field is irrelevant to the specific investment.
Remaining Lock-in Period (months)	The known remaining period of unavailability of the capital invested. Please enter the number of days (e.g. 15 days) if the remaining time is less than one month. Please enter "N/A" when this field is irrelevant to the specific investment.

4. Questions and Answers

#	Spreadsheet	Comments / Questions	IA's Response
1.	CASI-QR04a and CASI-QR04b	"Values at Reporting Date" (Total Notional, Current P&L, Current/Total MV): Is there any default value and definition of each value for derivative use/purpose? Also to clarify, IA wants us to capture the exposure/open position as of reporting date, rather than the matured transaction during the period?	Groups should align the definition of value and P&L to IFRS reporting equivalent concepts. The concept of "notional" should be unambiguous for most derivatives. Further guidance may be provided for specific cases, if required. The intention is to capture the exposure/open positions as at the reporting date, not matured transactions.
2.	CASI-QR04a and CASI-QR04b	Are the "derivatives used for reinsurance hedging purpose" in-scope?	In accordance with "Scope" of "Derivatives" under paragraph 1.2,

#	Spreadsheet	Comments / Questions	IA's Response
			all derivatives are in scope irrespective of their purpose(s).
3.	CASI-QR04a and CASI-QR04b	Would it be sufficient to report derivative transactions in QR-04(a)&(b) only? We note that derivative transactions are also required to be reported in SR-02, which could lead to duplication of effort.	The reported numbers under SR-02 relate to derivatives which would be classified as Level 3 assets. A small degree of duplicated reporting is considered necessary as we would like to single out the derivatives reported in CASI-QR04a and QR04b. Groups would only be required to provide the total future value of Level 2 alternative investments.
4.	CASI-QR04a and CASI-QR04b	Would it be acceptable to the HKIA for derivative transactions to be reported by individual trades? It would cause a significant administrative burden on our internal resources if we are required to report on derivatives within a specified bucket range.	Please see "Granularity" under paragraph 1.2. Groups may choose to report derivatives at the level of individual trades.
5.	CASI-QR04a and CASI-QR04b	We would like to clarify if derivatives "maturing within at least one quarter" means less than three months or 'at least one quarter' i.e. more than 3 months. It would also be useful to understand the reason for focusing on either one of them.	Pursuant to "Scope" of "Derivatives" under paragraph 1.2, derivatives (or groups of derivatives) whereby there is at least three more months before expiry and the total notional amount is at least USD 50 million should be entered into the CASI templates. In avoidance of doubt, any derivatives (or groups of derivatives) which is part of a hedging programme that will be maturing within the next quarter, with lock-in rates of less than 50bps, should be entered into the CASI templates. Please see "Granularity" of "Derivatives" under paragraph 1.2.

#	Spreadsheet	Comments / Questions	IA's Response
6.	CASI-SR02	The definition of structured credit and unstructured credit. In our view, structured credit assets such as ABS, MBS, CMBS and CLO should not be considered as Level 3 assets (and therefore should not be considered in scope of the enhanced CASI template), given that such assets are widely traded and considered relatively liquid in the industry and would normally be considered as Level 2 assets.	For the purpose of the CASI templates, the definition of Level 3 assets should align with the Group's financial statements.
7.	CASI-SR02	Does "C. Fund investment - Real estate" include exchange traded REITs, real estate funds and direct property investments? Such assets are not currently reported in our Alternative Investment Data Collection Template, as we do not consider such assets as alternative assets.	"C. Fund investment – Real estate" include exchange traded REITs, and real estate funds, while direct property investments should be reported under the category "G. Direct Holding – Real estate investment and own use".

Annex

Examples of Over-the-Counter ("OTC") Derivatives

Interest-Rate Derivatives

Example 1. Bond Forward

This example illustrates a UST bond forward contract which was entered to hedge against a potential fall in USD interest rates.

- **Notional amount**: USD 200 million
- **Underlying bond instrument**: 20-year UST bond
- **Lock-in interest rate**: 4.00%
- **Maturity date**: 30 June 2025
- **Counterparty**: Bank XYZ
- **Counterparty credit rating**: A
- **Initial MV**: USD 206 million
- **Current MV**: USD 197 million
- **Current P&L**: USD -9 million (USD 197 million – USD 206 million)

Based on the details provided above, the bond forward contract should be entered as follows:

											Values at Reporting Date (millions)		
Over-the-counter ("OTC") Derivatives	Contract Description	Derivative Use/Purpose	Legal Entity (1)	Counterparty Name	Counterparty Credit Rating	Type(s) of Collateral	Underlying Contract	Maturity Date (DD/MM/YYYY)	Notional Currency "CCY"	Strike/Lock-in Rate	Total Notional	Current P&L (USD)	Current MV (USD)
Interest rate derivatives													
A. Interest rate derivatives - Bond forwards	Bond forward on 20Y UST bond	USD IR hedging	Entity ABC	Bank XYZ	A	Cash	20-year UST bond	30/6/2025	USD	4.00%	200	(9)	196

Example 2. Receiver Interest-Rate Swap

The following example is a USD receiver interest-rate swap which was placed to hedge against a potential fall in USD interest rates. Details as follows:

- **Notional amount**: USD 500 million
- **Floating rate reference**: 3-month SOFR
- **Cash-flows frequency**: semi-annual
- **Fixed rate received**: 2.5%
- **Maturity date**: 30 September 2035
- **Counterparty**: Bank XYZ
- **Counterparty credit rating**: A
- **Initial MV**: USD 0 million (by construction)
- **Current MV**: USD 12 million
- **Current P&L**: USD 12 million (same as MV for swaps)

For vanilla interest-rate swaps, please note the following specific instructions:

- Specify the type of the swap (receiver or payer) in the ***Contract Description*** field, with the reference floating rate described in the explanatory note column of the template.
- Enter "N/A" in the ***Underlying Contract*** field as it is not applicable to this scenario.
- Enter the fixed rate in the ***Strike/Lock-in Rate*** regardless of whether it is a receiver or payer swap.

The details of this receiver interest-rate swap should be so entered:

											Values at Reporting Date (millions)			
Over-the-counter ("OTC") Derivatives	Contract Description	Derivative Use/Purpose	Legal Entity (1)	Counterparty Name	Counterparty Credit Rating	Type(s) of Collateral	Underlying Contract	Maturity Date (DD/MM/YYYY)	Notional Currency "CCY"	Strike/Lock-in Rate	Total Notional	Current P&L (USD)	Current MV (USD)	Commentary
Interest rate derivatives														
B. Interest rate derivatives - Interest-rates swaps	Semi-annual USD receiver swap	USD IR hedging	Entity ABC	Bank XYZ	A	Cash	N/A	30/9/2035	USD	2.50%	500	12	12	Variable rate being paid is 3-month SOFR + 25bps

Example 3. Receiver Interest-Rate Swaption

Below details a USD receiver interest-rate swaption, with a 10-year payer swap as the underlying, placed to hedge against a potential large fall in USD interest rates (described as "gamma hedging" in the example below).

- **Notional amount**: USD 500 million
- **Floating rate reference**: 3-month SOFR
- **Swap cash-flows frequency**: semi-annual
- **Swaption strike (fixed rate locked-in)**: 2.5%
- **Maturity date**: 30 June 2025
- **Counterparty**: Bank XYZ
- **Counterparty credit rating**: A
- **Initial MV**: USD 18 million
- **Current MV**: USD 19.5 million
- **Current P&L**: USD 1.5 million

For interest-rate swaptions, please note the following specific instructions:

- Specify the type of swaption (payer or receiver) and the duration of the underlying swap in the ***Contract Description*** field.
- Insert the maturity date of the swaption in the ***Maturity Date*** field.
- Enter the swaption strike rate (which is also the fixed rate locked-in for the underlying interest-rates swap) in the ***Strike/Lock-in Rate*** field.
- Indicate the notional amount of the swap which underlies the swaption in the ***Total Notional*** field.
- Provide the reference floating rate of the swap underlying the swaption in the ***Commentary*** field.
- Input "N/A" in the ***Type(s) of Collateral*** field.

An example of swaption is provided below:

											Values at Reporting Date (millions)			
Over-the-counter ("OTC") Derivatives	Contract Description	Derivative Use/Purpose	Legal Entity (1)	Counterparty Name	Counterparty Credit Rating	Type(s) of Collateral	Underlying Contract	Maturity Date (DD/MM/YYYY)	Notional Currency "CCY"	Strike/Lock-in Rate	Total Notional	Current P&L (USD)	Current MV (USD)	Commentary
Interest rate derivatives														
C. Interest rate derivatives - Swaptions	Option on 10-year semi-annual USD receiver swap	USD IR gamma hedging	Entity ABC	Bank XYZ	A	N/A	10-year USD semi-annual receiver swap	30/6/2025	USD	2.50%	500	19.50	1.50	Variable rate being paid is 3-month SOFR + 25bps

Foreign-Exchange Derivatives

Example 4. Currency Swap

The example depicted below is a USD payer/SGD receiver interest-rate swap with aims to achieve the synthetic transformation of funding.

- **Notional amount**: USD 250 million
- **Cash-flows frequency**: semi-annual
- **Fixed rate received**: 3.00% (SGD leg of the swap)
- **Fixed rate received**: 2.75% (USD leg of the swap)
- **Maturity date**: 30 June 2030
- **Counterparty**: Bank XYZ
- **Counterparty credit rating**: A
- **Initial MV**: USD 0 million (by construction)
- **Current MV**: USD -13 million
- **Current P&L**: USD -13 million (same as MV for swaps)

For currency swaps, please note the following specific instructions:

- Describe the fixed rate of the payer leg of the swap using either the ***Contract Description*** field or the ***Commentary*** field.
- Input the ***Strike/Lock-in Rate*** field with the following considerations by default:
  - If both legs are at fixed rates (as shown in this Example), fill in the receiver leg of the swap;
  - If one leg is variable, insert the leg with the fixed rate (regardless of it is paid or received); and
- The ***Total Notional*** field can be either currency depending on the specifics of the contract, and which currency receives the fixed rate.
- Provide features of the swap, *inter alia*, payment schedules, non-standard benchmark floating rate, and embedded options in the ***Commentary*** field for non-vanilla swaps.

The example currency swap above is entered as so:

												Values at Reporting Date (millions)			
Over-the-counter ("OTC") Derivatives	**Contract Description**	**Derivative Use/Purpose**	**Legal Entity (1)**	**Counterparty Name**	**Counterparty Credit Rating**	**Type(s) of Collateral**	**Underlying Contract**	**Maturity Date (DD/MM/YYYY)**	**Notional Currency "CCY"**	**Strike/Lock-in Rate**	**Total Notional**	**Current P&L (USD)**	**Current MV (USD)**	**Commentary**
Foreign exchange ("FX") derivatives														
I. Foreign exchange ("FX") derivatives - Currency swaps	10-year USD payer / SGD receiver swap (semi-annual)	Synthetic funding	Entity ABC	Bank XYZ	A	US Treasuries	N/A	30/6/2030	USD	3.00%	250	(13)	(13)	This is a 2.75% USD payer / 3% SGD receiver swap.

Example 5. Currency "FX" Forward

This example is a CNY to USD FX forward with aims to achieve fixed income FX hedging.

- **Notional amount**: USD 500 million
- **Locked-in USD/CNY FX rate**: 7.15
- **Maturity date**: 30 December 2028
- **Counterparty**: Bank XYZ
- **Counterparty credit rating**: A
- **Initial MV**: USD 0 million (by construction)
- **Current MV**: USD 22 million
- **Current P&L**: USD 22 million (same as MV for swaps)

For FX forwards, please note the following specific instructions:

- Specify the two FX currencies underlying the forward contract in the ***Underlying Contract*** field. Use the convention of FX rate CCY1/CCY2.
- Insert the locked-in FX rate in the ***Strike/Lock-in Rate*** field.

Below demonstrates how this example should be entered:

											Values at Reporting Date (millions)		
Over-the-counter ("OTC") Derivatives	**Contract Description**	**Derivative Use/Purpose**	**Legal Entity (1)**	**Counterparty Name**	**Counterparty Credit Rating**	**Type(s) of Collateral**	**Underlying Contract**	**Maturity Date (DD/MM/YYYY)**	**Notional Currency "CCY"**	**Strike/Lock-in Rate**	**Total Notional**	**Current P&L (USD)**	**Current MV (USD)**
Foreign exchange ("FX") derivatives													
H. Foreign exchange ("FX") derivatives - FX forwards	CNY FX forward	Fixed income FX hedging	Entity ABC	Bank XYZ	A	Cash	USD/CNY	30/12/2028	CNY	7.15	500	22	22

Example 6. Credit Default Swap ("CDS")

The example is a synthetic credit default swap using Itraxx-Japan as the underlying reference index used to hedge against the overall risk of Japanese banking default risk:

- **Notional amount**: USD 100 million
- **Locked-in rate**: 0.52% (52bps)
- **Maturity date**: 30 June 2027
- **Semi-annual cashflow settlement**
- **Counterparty**: Bank XYZ
- **Counterparty credit rating**: A
- **Initial MV**: USD 0 million (by construction)
- **Current MV**: USD 14 million
- **Current P&L**: USD 14 million (same as MV for swaps)

For CDS swaps, please note the following specific instructions:

- Enter the named description of the reference used as a spread in the swap in the ***Underlying Contract*** field, (e.g. Itraxx Japan) or the name of the corresponding company for a single-name CDS.
- Input the CDS spread locked at inception of the swap in percentage in the ***Strike/Lock-in Rate*** field.

The above CDS example should be entered as follows:

											Values at Reporting Date (millions)		
Over-the-counter ("OTC") Derivatives	**Contract Description**	**Derivative Use/Purpose**	**Legal Entity (1)**	**Counterparty Name**	**Counterparty Credit Rating**	**Type(s) of Collateral**	**Underlying Contract**	**Maturity Date (DD/MM/YYYY)**	**Notional Currency "CCY"**	**Strike/Lock-in Rate**	**Total Notional**	**Current P&L (USD)**	**Current MV (USD)**
Credit derivatives													
K. Credit derivatives - Credit default swaps	Itraxx Japan CDS (semi-annual)	Hedging Japan banking default risk	Entity ABC	Bank XYZ	A	US Treasuries	Itraxx Japan CDS spread	30/6/2027	USD	0.52%	100	14	14

Examples of Exchange-Traded Derivatives

Example 7. Bond Futures Contract

The following example is a 10-year UST-Note futures contract traded on the CME Group, US Stock Exchange to hedge against a potential fall in USD interest rates.

- **Notional amount**: USD 50 million (500 futures contracts × USD 100,000)
- **Underlying bond instrument**: 10-year UST note
- **Strike/Execution rate**: 111.5
- **Maturity date**: 30 March 2025 (expiry of the future contracts)
- **Exchange name and country**: CME Group, US
- **Initial MV**: USD 47 million
- **Current MV**: USD 51 million
- **Current P&L**: USD 4 million

The above example bond futures contract should be entered as follows:

										Values at Reporting Date (millions)		
Exchange-traded Derivatives	**Contract Description**	**Derivative Use/Purpose**	**Legal Entity (1)**	**Exchange Name & Country**	**Underlying Contract**	**Number of Contracts**	**Maturity Date (DD/MM/YYYY)**	**Notional currency "CCY"**	**Strike/Execution Rate**	**Total Notional**	**Current P&L (USD)**	**Total MV (USD)**
Interest rate derivatives												
A. Interest rate derivatives - Money market & bond futures	10-year UST note futures contract	USD IR hedging	Entity ABC	CME Group, US	10-year UST note	500	30/3/2025	USD	111.50	50	4	51

Example 8. Bond Futures Option Contract

A lot of 500 call options expiring on 30 March 2025 on the 10-year UST-Note futures contract traded expiring on 30 June 2025, also traded on the CME Group was placed to hedge against a potential large fall in USD interest rates "gamma hedging". Additional details as below:

- **Notional amount**: USD 50 million (500 contracts × USD 100,000)
- **Underlying bond instrument**: 10-year UST note futures expiring on 30 June 2025
- **Strike/Execution rate**: 112

- **Maturity date**: 30 March 2025
- **Exchange name and country**: CME Group, US
- **Initial MV**: USD 2.5 million
- **Current MV**: USD 3.7 million
- **Current P&L**: USD 1.2 million

Bond futures contract should be entered as follows:

										Values at Reporting Date (millions)		
Exchange-traded Derivatives	Contract Description	Derivative Use/Purpose	Legal Entity (1)	Exchange Name & Country	Underlying Contract	Number of Contracts	Maturity Date (DD/MM/YYYY)	Notional currency "CCY"	Strike/Execution Rate	Total Notional	Current P&L (USD)	Total MV (USD)
Interest rate derivatives												
B. Interest rate derivatives - Bond futures options	10-year UST note futures call options	USD IR gamma hedging	Entity ABC	CME Group, US	June 2025, 10-year UST note futures	500	30/3/2025	USD	112.00	50	1.20	3.70