

Notification template for Article 131 CRD – Other Systemically Important Institutions (O-SII)

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1. Notifying national authority																																			
1.1 Name of the notifying authority	Prudential Regulation Authority (PRA)																																		
2. Description of the measure																																			
2.1 Concerned institution or group of institutions	<p>The PRA has designated as O-SIIs the following institutions on the basis of their highest consolidated situations:</p> <table border="1"> <thead> <tr> <th>Institution</th> <th>LEI code</th> </tr> </thead> <tbody> <tr> <td>Barclays Plc</td> <td>G5GSEF7VJP5I7OUK5573</td> </tr> <tr> <td>Citigroup Global Markets Limited</td> <td>XKZZ2JZF41MRHTR1V493</td> </tr> <tr> <td>Credit Suisse International</td> <td>E58DKGMJYYYYJLN8C3868</td> </tr> <tr> <td>Credit Suisse Investments (UK)</td> <td>549300FK5LWVMQ9QY386</td> </tr> <tr> <td>Goldman Sachs Group UK Limited</td> <td>549300RQT6K4WXZL3083</td> </tr> <tr> <td>HSBC Holdings Plc</td> <td>MLU0ZO3ML4LN2LL2TL39</td> </tr> <tr> <td>J.P. Morgan Capital Holdings Limited</td> <td>549300Z1UDXFNOBBUI23</td> </tr> <tr> <td>Lloyds Banking Group Plc</td> <td>549300PPXHEU2JF0AM85</td> </tr> <tr> <td>Merrill Lynch International</td> <td>GGDZP1UYGU9STUHRDP48</td> </tr> <tr> <td>Morgan Stanley International Limited</td> <td>LSMWH68Y2RHEDP8W5261</td> </tr> <tr> <td>Nationwide Building Society</td> <td>549300XFX12G42QIKN82</td> </tr> <tr> <td>Nomura Europe Holdings Plc</td> <td>549300IU15NXFPV2FC82</td> </tr> <tr> <td>Royal Bank of Scotland Group Public Limited Company</td> <td>2138005O9XJIJN4JPN90</td> </tr> <tr> <td>Santander UK Plc</td> <td>PTCQB104N23FMNK2RZ28</td> </tr> <tr> <td>Standard Chartered Plc</td> <td>U4LOSYZ7YG4W3S5F2G91</td> </tr> <tr> <td>UBS Limited</td> <td>REYPIEJN7XZHSUI0N355</td> </tr> </tbody> </table>	Institution	LEI code	Barclays Plc	G5GSEF7VJP5I7OUK5573	Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493	Credit Suisse International	E58DKGMJYYYYJLN8C3868	Credit Suisse Investments (UK)	549300FK5LWVMQ9QY386	Goldman Sachs Group UK Limited	549300RQT6K4WXZL3083	HSBC Holdings Plc	MLU0ZO3ML4LN2LL2TL39	J.P. Morgan Capital Holdings Limited	549300Z1UDXFNOBBUI23	Lloyds Banking Group Plc	549300PPXHEU2JF0AM85	Merrill Lynch International	GGDZP1UYGU9STUHRDP48	Morgan Stanley International Limited	LSMWH68Y2RHEDP8W5261	Nationwide Building Society	549300XFX12G42QIKN82	Nomura Europe Holdings Plc	549300IU15NXFPV2FC82	Royal Bank of Scotland Group Public Limited Company	2138005O9XJIJN4JPN90	Santander UK Plc	PTCQB104N23FMNK2RZ28	Standard Chartered Plc	U4LOSYZ7YG4W3S5F2G91	UBS Limited	REYPIEJN7XZHSUI0N355
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2.2 Level of the buffer applied	No buffer has been applied.																																		
2.3 Name of the EU ultimate parent institution	<table border="1"> <thead> <tr> <th>Institution</th> <th>LEI code</th> </tr> </thead> <tbody> <tr> <td>Banco Santander SA</td> <td>5493006QMFDDMYWIAM13</td> </tr> </tbody> </table>	Institution	LEI code	Banco Santander SA	5493006QMFDDMYWIAM13																														
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2.4 Names of subsidiaries	No buffer has been applied.					
3. Timing of the measure						
3.1 Timing of the Decision	29 November 2016.					
3.2 Timing of the Publication	29 November 2016.					
3.3 Disclosure	The PRA discloses its list of O-SIIs on its CRD IV updates page.					
3.4 Timing of Application	1 January 2017					
3.5 Phasing in	The designation will apply immediately from 1 January 2017 application.					
3.6 Review of the measure	The identification of O-SIIs will be reviewed by 1 December 2017 and at least annually going forward.					
4. Reason for O-SII identification and activation of the O-SII buffer						
4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)	Institution	Stage 1 score	Size	Importance	Complexity	Inter-connectedness
	Barclays Plc	1110	1034	1412	918	1075
	Citigroup Global Markets Limited	181	197	0	386	140
	Credit Suisse International	282	252	22	571	284
	Credit Suisse Investments (UK)	57	88	17	60	61
	Goldman Sachs Group UK Limited	602	541	80	1118	669
	HSBC Holdings Plc	1577	1589	2006	1683	1032
	J.P. Morgan Capital Holdings Limited	297	322	147	345	375
	Lloyds Banking Group Plc	776	627	1824	134	518
	Merrill Lynch International	317	287	129	537	315
	Morgan Stanley International Limited	360	367	25	641	407
	Nationwide Building Society	236	191	612	7	134
	Nomura Europe Holdings Plc	299	246	174	516	262
	Royal Bank of Scotland Group Plc	883	767	1384	752	631
	Santander UK Plc	319	262	715	48	250
Standard Chartered Plc	247	411	64	137	375	
UBS Limited	37	37	29	39	40	
4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>a. The PRA followed the EBA guidelines on the assessment of O-SIIs.</p> <p>b. The PRA used a threshold score for automatic designation of 350 basis points.</p> <p>c. PRA O-SIIs are those institutions that scored over 350 basis points under the EBA's methodology, and that had a score greater than 100 basis points under the PRA's supervisory assessment (see below).</p> <p>d. The PRA used firms' market share in the following indicators as the basis for its supervisory assessment:</p> <ul style="list-style-type: none"> ▪ Value of Retail Deposits ▪ Value of Retail Lending 					

- Number of Retail Customers
- Value of Corporate Deposits
- Value of Corporate Lending
- Intra-financial Liabilities (Deposits, Repos, Derivatives)
- Intra-financial Assets (Loans, Reverse Repos, Derivatives)
- Daily Average Value of CHAPS transactions
- Daily Average Value of BACS transactions
- Daily Average Value of CREST transactions
- Daily Average Value of LCH transactions
- Custody assets
- Trading Assets
- Market transaction volumes

The PRA has designated all institutions whose supervisory assessment score exceeds 100 basis points as O-SIIs. The table below lists these institutions and their supervisory assessment scores:

Institution	Supervisory assessment score (in basis points)
J.P. Morgan Capital Holdings Limited	300
Merrill Lynch International	276
Santander UK Plc	264
Standard Chartered Plc	256
Nomura Europe Holdings Plc	203
Credit Suisse Investments (UK)	178
Citigroup Global Markets Limited	160
Nationwide Building Society	155
Credit Suisse International	154
UBS Limited	104

- e. These indicators are relevant to the United Kingdom because they reflect the direct impact that the distress or failure of a systemic institution could have on the UK economy through the disruption or cessation of services, as well as reflecting other direct and indirect channels through which the distress or failure of institutions could pose a threat to the real economy, including through other intermediaries.
- f. The table below sets out why each institution designated through the supervisory overlay is has been deemed systemically important:

Institution	Rationale for designation
Santander UK Plc	Significant activities in retail banking
Merrill Lynch International	Significant activities in intra-financial banking and investment banking
Nomura Europe Holdings Plc	Significant activities in intra-financial banking and investment banking
J.P. Morgan Capital Holdings Limited	Significant activities in intra-financial banking and investment banking
Credit Suisse International	Significant activities in intra-financial banking
Standard Chartered Plc	Significant activities in corporate banking
Nationwide Building Society	Significant activities in retail banking

		Citigroup Global Markets Limited	Significant activities in intra-financial banking and investment banking
		Credit Suisse Investments (UK)	Significant activities in investment banking
		UBS Limited	Significant activities in investment banking
		<p>g. The PRA elected to exclude relevant entities with relative total assets not in excess of 0.02% from the identification process.</p> <p>h. The 'Firms in scope of assessment' tab in the attached document sets out the names and scores of all entities that were included in the identification process.</p> <p>i. The PRA has included significant investment firms in its calculations.</p>	
4.3 Supervisory judgement	The PRA has used supervisory judgement to designate as O-SIIs those firms listed in 4.2.f.		
4.4 Calibrating the O-SII buffer	Not applicable as no buffer has been set.		
4.5 Effectiveness and proportionality of measure	Not applicable as no buffer has been set.		
5. Cross-border and cross-sector impact of the measure			
5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)	As no O-SII buffer has been set, we do not anticipate any cross-border effects as a result of the PRA's O-SII identification.		
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	As no O-SII buffer has been set, we do not anticipate any leakages with the UK financial sector as a result of the PRA's O-SII identification.		
6. Combinations and interactions with other measures			
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	All G-SIIs designated by the PRA have also been identified as O-SIIs. However, as no O-SII buffer has been set, only the G-SII buffer will apply to these firms.		
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	No institutions are currently subject to an SRB. The PRA intends to set the SRB from 2019.		

6.3 O-SII requirement for a subsidiary (Article 131.8)	Institution	Parent institution	G-SII buffer of the parent*	O-SII buffer of the parent*
	Santander UK Plc	Banco Santander, S.A.	1.0%	1.0%
Note: *G-SII and O-SII buffers after phase-in period.				
6.4 Interaction with other measures	Not applicable as a buffer has not been set.			

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	<p>Anna Jernova Tel: +44 20 3461 7574. Email: Anna.Jernova@bankofengland.co.uk</p> <p>Casey Murphy Tel: +44 20 7601 5828 Email: Casey.Murphy@bankofengland.co.uk</p>
7.2 Any other relevant information	