

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	The PRA has designated as O-SIIs the following institutions on the basis of their highest consolidated situations:	
	Institution	LEI code
	Barclays Plc	213800LBQA1Y9L22JB70
	Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493
	Credit Suisse International	E58DKGMJYYYJLN8C3868
	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
The Royal Bank of Scotland Group Public Limited Company	2138005O9XJ1JN4JPN90	
Santander UK Group Holdings Plc	549300F5XIFGNNW4CF72	
Standard Chartered Plc	U4LOSYZ7YG4W3S5F2G91	
2.2 Level of the buffer applied	No buffer has been applied.	
2.3 Name of the EU ultimate parent institution	O-SII that has an EU ultimate parent institution	LEI code of EU ultimate parent institution
	Santander UK Group Holdings Plc	Banco Santander SA 5493006QMFDDMYWIAM13

2.4 Names of subsidiaries	Not applicable.					
3. Timing of the measure						
3.1 Timing of the Decision	1 November 2018					
3.2 Timing of the Publication	29 November 2018					
3.3 Disclosure	The PRA discloses its list of O-SIIs on its CRD IV updates page.					
3.4 Timing of Application	1 January 2019					
3.5 Phasing in	The designation will apply immediately from 1 January 2019 application.					
3.6 Review of the measure	The identification of O-SIIs will be reviewed by 1 December 2019 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
	HSBC Holdings Plc	1615	1564	1999	1809	1088
	Barclays Plc	1074	983	1274	991	1047
	Royal Bank of Scotland Group Plc	753	647	1369	528	468
	Goldman Sachs Group UK Limited	694	615	114	1262	785
	Lloyds Banking Group Plc	638	585	1409	125	430
	J P Morgan Capital Holdings Limited	397	393	207	407	582
	Morgan Stanley International Limited	301	297	26	533	349
	Santander UK Group Holdings Plc	300	273	636	58	234
	Merrill Lynch International	277	250	118	447	292
	Nomura Europe Holdings Plc	259	175	217	402	243
	Standard Chartered Plc	258	433	74	183	343
	Nationwide Building Society	226	202	545	7	150
Credit Suisse International	212	161	18	458	211	
Citigroup Global Markets Limited	182	233	0	366	129	
Credit Suisse Investments (UK)	60	80	26	50	85	
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"> o Retail Banking indicators: <ul style="list-style-type: none"> ▪ Value of Retail Deposits ▪ Value of Retail Lending ▪ Number of Retail Customers o Corporate Banking indicators: <ul style="list-style-type: none"> ▪ Value of Corporate Deposits ▪ Value of Corporate Lending o Intra-financial Banking indicators: <ul style="list-style-type: none"> ▪ Intra-financial Liabilities (Deposits, Repos, Derivatives) ▪ Intra-financial Assets (Loans, Reverse Repos, Derivatives) 					

- Payment, Settlement & Clearing services indicators:
 - 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 Services indicators:
 - Custody assets
- Investment Banking indicators:
 - 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)
Morgan Stanley International Limited	356
Standard Chartered Plc	275
Merrill Lynch International	270
Santander UK Group Holdings Plc	260
Nationwide Building Society	163
Citigroup Global Markets Limited	162
Credit Suisse Investments (UK)	157
Nomura Europe Holdings Plc	128
Credit Suisse International	124

- 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 the systemically important activities of the firms that have been identified through supervisory overlay:

Institution	Systemically important activities
Morgan Stanley International Limited	Intra-financial banking and investment banking
Standard Chartered Plc	Corporate banking
Merrill Lynch International	Intra-financial banking and investment banking
Santander UK Group Holdings Plc	Retail banking
Nationwide Building Society	Retail banking
Citigroup Global Markets Limited	Intra-financial banking and investment banking
Credit Suisse Investments (UK)	Investment banking
Nomura Europe Holdings Plc	Intra-financial banking and investment banking
Credit Suisse International	Intra-financial banking

- g. The PRA elected to exclude from the identification process relevant entities that hold less than 0.02% of the total assets of UK credit institutions and investment firms.
- h. The 'Firms in scope of assessment' tab in the attached spreadsheet sets out the names and

	<p>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 designated all institutions whose supervisory assessment score exceeds 100 basis points as O-SIIs. See 4.2.			
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 Group	Banco Santander, S.A.	1.0%	1.0%

	Holdings Plc			
	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>Alex Ying Tel: +44 20 7601 8755 Email: Alexander.Ying@bankofengland.co.uk</p> <p>Hannah Burnett Tel: +44 20 7601 6944 Email: Hannah.Burnett@bankofengland.co.uk</p> <p>Sam McPhilemy Tel: +44 20 7601 5732 Email: Samuel.McPhilemy@bankofengland.co.uk</p>
7.2 Any other relevant information	