



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

Please send this template to

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Emailing this template to the above-mentioned addresses constitutes an official notification, no further official letter is required. In order to facilitate the work of the notified authorities, please send the notification template in a format that allows electronically copying the information.

1. Notifying national authority	
1.1 Name of the notifying authority	Swedish Financial Supervisory Authority
2. Description of the measure	
2.1 Concerned institution or group of institutions	Nordea Bank AB – 6SCPQ280AIY8EP3XFW53 Svenska Handelsbanken AB – M312WZV08Y7LYUC71685 Swedbank AB – NHBDILHZTYCNBV5UYZ31 Skandinaviska Enskilda Banken AB – F3JS33DEI6XQ4ZBPTN86 All applied at the highest level of consolidation for all four groups
2.2 Level of the buffer applied	2 % for all four institutions
2.3 Name of the EU ultimate parent institution	
2.4 Names of subsidiaries	The four institutions to which an O-SII buffer is applicable have the buffer applied at the highest consolidation level only.
3. Timing of the measure	
3.1 Timing of the Decision	3 July 2017
3.2 Timing of the Publication	3 July 2017
3.3 Disclosure	Publicised on our website <a href="http://www.fi.se">www.fi.se</a> <a href="http://www.fi.se/sv/publicerat/nyheter/2017/de-fyra-storbankerna-fortsatt-systemviktiga-foretag/">http://www.fi.se/sv/publicerat/nyheter/2017/de-fyra-storbankerna-fortsatt-systemviktiga-foretag/</a>
3.4 Timing of Application	In place since 1 January 2016. The same O-SIIs were identified in 2016 and 2015. There was no change in identified O-SIIs in the 2017 exercise.
3.5 Phasing in	No phase-in. Already in place.

<b>3.6 Review of the measure</b>	Before Q4 2018
<b>4. Reason for O-SII identification and activation of the O-SII buffer</b>	
<b>4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)</b>	<p>Nordea Group – 4200</p> <p>Skandinaviska Enskilda Banken Group – 1574</p> <p>Svenska Handelsbanken Group – 1436</p> <p>Swedbank Group – 1150</p> <p>Please see indicator values in the attached Excel file.</p>
<b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b>	<p>a) Yes, the EBA guidelines were followed.</p> <p>b) 350 was used as the threshold</p> <p>c) See 4.1</p> <p>d) Not applicable, no optional indicators used.</p> <p>e) Not applicable, no optional indicators used.</p> <p>f) Not applicable, no optional indicators used.</p> <p>g) No, no entities were excluded.</p> <p>h) See <a href="http://www.fi.se/sv/publicerat/nyheter/2017/de-fyra-storbankerna-fortsatt-systemviktiga-foretag/">http://www.fi.se/sv/publicerat/nyheter/2017/de-fyra-storbankerna-fortsatt-systemviktiga-foretag/</a></p> <p>i) Yes, non-bank institutions were included.</p>
<b>4.3 Supervisory judgement</b>	No institutions have been identified through supervisory judgement.
<b>4.4 Calibrating the O-SII buffer</b>	The Swedish market is still characterised by four large, interlinked banking groups operating in a concentrated market with similar business models, assets, and exposures, the failure of any one of which would cause serious and negative effects for the real economy. This does not mean that Sweden is at great risk of a financial crisis, but instead that were one to occur, the consequences could be particularly severe. FI has previously concluded that this risk requires an add-on in excess of 2pp. However, since the maximum O-SII buffer rate is only 2 %, this is the rate chosen for the O-SII buffer.
<b>4.5 Effectiveness and proportionality of measure</b>	FI does not believe that the maximum level of O-SII buffer available is sufficient to mitigate the risk. As such, in order to mitigate this un-addressed risk), and taking into account the accumulation of the G-SIB buffer, O-SII buffer and Systemic Risk Buffer when applied at the consolidated level, additional capital requirements have been applied to the four Swedish O-SIIs via the SRB and Pillar 2. Note, however, that the un-addressed O-SII risk encompasses only part of the justification for these additional measures.
<b>5. Cross-border and cross-sector impact of the measure</b>	
<b>5.1 Assessment of cross-border effects and the likely impact on the internal market (Recommendation ESRB/2015/2)</b>	<p>FI does not expect the measure to have any negative consequences on the functioning of the single market. The O-SII buffer is placed on the four major banks' total exposures, thus no difference is made based on the domicile of the exposures. The measure is motivated by the specific features of the Swedish banking system with four dominant banks that both separate and aggregated hold assets that are considerable, especially in relation to the country's GDP. Strengthening the resilience of these banks has a positive effect on the financial stability in Sweden and hence also on the single market.</p> <p>The measure could also be seen as strengthening the single market as it</p>

	balances some of the benefits that large systemic banks tend to gain from. When a few banks dominate a national banking system, the risk is that the markets perceive them to be subject to some form of implicit state guarantee, especially in countries with strong fiscal positions such as Sweden. The additional capital requirements for the four large banks could be seen as somewhat reducing this competitive advantage, a measure which should be regarded as positive for the single market.
<b>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b>	(See above under question 5.1). The assessment is that no adverse effects on the whole or parts of the financial system in other Member States or of the EU as a whole will occur and that the buffer will not create an obstacle to the functioning of the internal market.
<b>6. Combinations and interactions with other measures</b>	
<b>6.1 Combinations between G-SII and O-SII buffers (Article 131.14)</b>	Nordea is subject to both buffers. The O-SII buffer is the higher of the two.
<b>6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)</b>	All four O-SIIs are subject to a 3 % SRB applied on all exposures at a consolidated level.
<b>6.3 O-SII requirement for a subsidiary (Article 131.8)</b>	None of the four O-SIIs are subsidiaries.
<b>6.4 Interaction with other measures</b>	See the answer to 4.5 regarding the accumulation of different measures.

<b>7. Miscellaneous</b>	
<b>7.1 Contact person(s) at notifying authority</b>	Kajsa Larsberger Holting (kajsa.larsbergerholting@fi.se) +46 8 408 982 30 & Per Axelsson (per.axelsson@fi.se) +46 8 408 981 48
<b>7.2 Any other relevant information</b>	