

Notification template for Article 131 of the Capital Requirements Directive (CRD) – Other Systemically Important Institutions (O-SIIs)

Template for notifying the European Central Bank (ECB) and the European Systemic Risk Board (ESRB) of the setting or resetting of an O-SII buffer under Article 131(7) CRD and of the identity of O-SIIs under Article 131(12) CRD

Please send/upload this template to:

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation¹);
- [DARWIN/ASTRA](#) when notifying the ESRB.

The ESRB will forward this notification to the European Commission, to the European Banking Authority (EBA) and to the competent and designated authorities of the Member States concerned without delay and will publicly disclose the names of the O-SIIs on its website. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure².

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority								
1.1 Name of the notifying authority	Banca d'Italia							
1.2 Country of the notifying authority	Italy							
2. Description of the measure								
2.1a Institution or group of institutions concerned	<p>The EBA methodology has been applied to compute the scores for all the institutions operating in Italy as of 31 December 2021. Banca d'Italia has decided to maintain the 350 basis point threshold defined by the EBA Guidelines. The identification took place at the highest level of consolidation in Italy.</p> <p>The following institutions have been identified as O-SIIs: three institutions with a score higher than 350 basis points were automatically designated as O-SIIs and one institution was additionally identified as O-SIIs based on supervisory judgement.</p> <table border="1"> <thead> <tr> <th>Name of institution</th> <th>LEI</th> <th>Consolidation level</th> </tr> </thead> <tbody> <tr> <td>UniCredit Group (UCG)</td> <td>549300TRUWO2CD2 G5692</td> <td>Highest level of consolidation</td> </tr> </tbody> </table>		Name of institution	LEI	Consolidation level	UniCredit Group (UCG)	549300TRUWO2CD2 G5692	Highest level of consolidation
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¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

	Gruppo Intesa Sanpaolo (ISP)	2W8N8UU78PMDQK ZENC08	Highest level of consolidation																					
	Gruppo Banco BPM (BBPM)	815600E4E6DCD2D2 5E30	Highest level of consolidation																					
	Gruppo Monte dei Paschi di Siena (MPS)	J4CP7MHCXR8DAQ MKIL78	Highest level of consolidation																					
2.1b Changes to the list of institutions concerned	No changes with respect to last year's notification.																							
2.2 Level of the buffer applied	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>New O-SII buffer</th> <th>Previous O-SII buffer</th> </tr> </thead> <tbody> <tr> <td>UniCredit Group</td> <td>1.00%</td> <td>1.00%</td> </tr> <tr> <td>Gruppo Intesa Sanpaolo</td> <td>0.75%</td> <td>0.75%</td> </tr> <tr> <td>Gruppo Banco BPM</td> <td>0.25%</td> <td>0.25%</td> </tr> <tr> <td>Gruppo Monte dei Paschi di Siena</td> <td>0.25%</td> <td>0.25%</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>			Name of institution	New O-SII buffer	Previous O-SII buffer	UniCredit Group	1.00%	1.00%	Gruppo Intesa Sanpaolo	0.75%	0.75%	Gruppo Banco BPM	0.25%	0.25%	Gruppo Monte dei Paschi di Siena	0.25%	0.25%						
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2.4 Names of subsidiaries	Not applicable.																							
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3. Timing for the measure																								
3.1 Timing for the decision	18/10/2022																							

3.2 Timing for publication	25/11/2022																																																						
3.3 Disclosure	The designated institutions will be notified. The O-SII capital buffer requirements will be published on the Banca d'Italia website once all the administrative procedures have been completed.																																																						
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3.5 Phasing in	<p>The buffers have been fully implemented as of 1 January 2022.</p> <table border="1"> <thead> <tr> <th>Name of institution</th> <th>Date1</th> <th>Date2</th> <th>Date3</th> <th>Date4</th> <th>Date5</th> </tr> </thead> <tbody> <tr> <td></td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> </tr> <tr> <td></td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> <td>%</td> </tr> </tbody> </table>	Name of institution	Date1	Date2	Date3	Date4	Date5		%	%	%	%	%		%	%	%	%	%																																				
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3.6 Review of the measure	The measure will be reviewed at least annually.																																																						
4. Reason for O-SII identification and activation of the O-SII buffer																																																							
4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>Size</th> <th>Substitutability</th> <th>Complexity</th> <th>Interconnectedness</th> <th>Overall Score</th> </tr> </thead> <tbody> <tr> <td>UniCredit Group</td> <td>2,647</td> <td>2,190</td> <td>4,451</td> <td>3,207</td> <td>3,124</td> </tr> <tr> <td>Gruppo Intesa Sanpaolo</td> <td>2,490</td> <td>2,870</td> <td>3,072</td> <td>2,791</td> <td>2,806</td> </tr> <tr> <td>Gruppo Banco BPM</td> <td>579</td> <td>473</td> <td>360</td> <td>526</td> <td>484</td> </tr> <tr> <td>Gruppo Monte dei Paschi di Siena</td> <td>398</td> <td>336</td> <td>254</td> <td>323</td> <td>328</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Please refer to the attached file for a full description of the methodology used..</p>	Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score	UniCredit Group	2,647	2,190	4,451	3,207	3,124	Gruppo Intesa Sanpaolo	2,490	2,870	3,072	2,791	2,806	Gruppo Banco BPM	579	473	360	526	484	Gruppo Monte dei Paschi di Siena	398	336	254	323	328																								
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4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>The identification process followed the methodology set out in the EBA Guidelines (EBA/GL/2014/10). Accordingly, the systemic importance of institutions was assessed using ten mandatory indicators referring to the four following criteria: size, importance (including substitutability/financial system infrastructure), complexity/cross-border activity, and interconnectedness.</p> <p>The exercise was conducted using data as of 31 December 2021 from the FINREP templates prescribed by the EBA Guidelines. Whenever the requirements for reporting those templates do not apply to relevant institutions, Banca d'Italia relied on the closest available variables from other FINREP templates.</p> <p>Banca d'Italia opted to maintain the 350 basis points threshold defined by the Guidelines as a limit for systemic importance. Hence, all institutions with a score above 350 basis points were automatically identified as O-SIIs.</p>																																																						

	<p>It also complemented the automatic scoring with supervisory judgment as described below.</p> <p>A more detailed illustration of the score attributed to each institution is provided in the attached file.</p>
4.3 Supervisory judgement	<p>Banca d'Italia decided to exercise supervisory judgement to identify MPS as O-SII.</p> <p>Even though the overall score was below the 350 bps threshold, more than half of the decrease in the score from the previous year is due to the interconnectedness category. Such category includes assets and liabilities to banks and other financial intermediaries, which are historically volatile. In light of the current uncertainty about developments in the economic situation and the importance of the banking group in domestic funding and lending activities, Banca d'Italia, exercising its supervisory judgment, has decided to identify MPS as O- SII also for 2023.</p>
4.4 Calibrating the O-SII buffer	<p>The identified institutions are assigned to buckets of the capital buffers (0.25%, 0.75% and 1.00%) according to the classification resulting from a cluster analysis</p>
4.5 Effectiveness and proportionality of measure	<p>The scope for negative spillovers from failing systemically important financial institutions has been widely acknowledged. The O-SII buffer improves the total loss-absorbing capacity of such institutions, thus minimizing the risk of contagion and strengthening the resilience of the financial sector as a whole. At the same time, it corrects the distortions in risk-taking incentives caused by implicit public guarantee (moral hazard).</p> <p>The proposed calibrations of the O-SII buffers are proportionate to the systemic importance of the banks involved.</p>
5. Sufficiency, consistency and non-overlap of the policy response	
5.1 Sufficiency of the policy response	<p>The identification process applied by Banca d'Italia follows the methodology set out in the EBA Guidelines (EBA/GL/2014/10), which allows for a proper representation of structural risks in the Italian banking system. The mapping from institution-specific score to O-SII buffer requirement was designed to reflect differences in the degree of systemic importance identified through a cluster analysis. The O-SII buffers applied by Banca d'Italia are consistent with the ECB floors.</p>
5.2 Consistency of application of the policy response	<p>The measure is aimed at addressing the risks arising from the systemic importance of domestic institutions. It is reviewed and applied on an annual basis. There are no interactions with other measures potentially pursuing the same goal. Regarding the methodology applied by the Bank of Italy, see the answer to paragraph 5.1.</p>

5.3 Non-overlap of the policy response	There are no other policy instruments used to address the same systemic risk. As illustrated in paragraph 7.1, only one banking group identified as O-SII (UCG) also has G-SII status for 2023 and is subject to a G-SII capital buffer (1.00%).																																						
6. Cross-border and cross-sector impact of the measure																																							
6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2³)	Not applicable.																																						
6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	Leakages or regulatory arbitrage are not expected.																																						
7. Combinations and interactions with other measures																																							
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7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)	Not applicable. <table border="1" data-bbox="571 1420 1422 1803"> <thead> <tr> <th>Name of institution</th> <th>SyRB rate</th> <th>SyRB application level</th> <th>Sum of G-SII/O-SII and SyRB rates</th> </tr> </thead> <tbody> <tr><td></td><td>%</td><td></td><td>%</td></tr> <tr><td></td><td>%</td><td></td><td>%</td></tr> <tr><td></td><td>%</td><td></td><td>%</td></tr> <tr><td></td><td>%</td><td></td><td>%</td></tr> <tr><td></td><td>%</td><td></td><td>%</td></tr> <tr><td></td><td>%</td><td></td><td>%</td></tr> <tr><td></td><td>%</td><td></td><td>%</td></tr> <tr><td></td><td>%</td><td></td><td>%</td></tr> </tbody> </table>			Name of institution	SyRB rate	SyRB application level	Sum of G-SII/O-SII and SyRB rates		%		%		%		%		%		%		%		%		%		%		%		%		%		%		%		%
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7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)	Not applicable. <table border="1" data-bbox="571 1850 1422 1935"> <thead> <tr> <th>Name of O-SII subsidiary</th> <th>Name of the EU parent of the O-SII subsidiary</th> <th>Buffer applicable to O-SII EU parent</th> </tr> </thead> <tbody> <tr><td></td><td></td><td></td></tr> </tbody> </table>			Name of O-SII subsidiary	Name of the EU parent of the O-SII subsidiary	Buffer applicable to O-SII EU parent																																	
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³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

			%
			%
			%
8. Miscellaneous			
8.1 Contact person(s)/mailbox at notifying authority	Ms Maddalena Galardo Financial Stability Analysis and Coordination Division Email: maddalena.galardo@bancaditalia.it Phone: +39 06 47924182.		
8.2 Any other relevant information			
8.3 Date of the notification	19/10/2022		