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

Please send this template to

- notifications@eba.europa.eu when notifying the EBA.

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	Financial Market Authority Liechtenstein - ("FMA" Liechtenstein)
2. Description of the measure	
2.1 Concerned institution or group of institutions	The following institutions (on the highest level of consolidation) have been identified as O-SII: a) LGT Group Foundation ("LGT Group") (LEI code: 5493009EIBTCB1X12G89 b) Liechtensteinische Landesbank AG ("LLB Group") (LEI code LLB AG: 529900OE1FOAM50XLP72) c) VP Bank AG ("VPB Group") (LEI code VP Bank: MI3TLH1I0D58ORE24Q14)
2.2 Level of the buffer applied	The O-SII buffer for all identified institutions (see above 2.1) has been set to 0%.
2.3 Name of the EU ultimate parent institution	a) LGT Group Foundation based in Liechtenstein ("LGT Group"); LEI code: 5493009EIBTCB1X12G89 (LEI code LGT Bank: 7KDSOB6Z0X4S67TMX170) b) Liechtensteinische Landesbank AG (the holding company) based in Liechtenstein; LEI code: LLB AG 529900OE1FOAM50XLP72 c) VP Bank AG (the holding company) based in Liechtenstein; LEI code: VP Bank MI3TLH1I0D58ORE24Q14
2.4 Names of subsidiaries	n/a
3. Timing of the measure	
3.1 Timing of the Decision	29 November 2018
3.2 Timing of the Publication	30 November 2018
3.3 Disclosure	The results of the O-SII analysis are published on the website of the FMA Liechtenstein.
3.4 Timing of Application	Since the buffer has been set to 0% (please also refer to 2.2) => n/a

3.5 Phasing in	There is no phasing in.
3.6 Review of the measure	The necessity and level of O-SII buffers will be reviewed annually. The first analysis has been performed with 31 Dec 2015 data. This update has been performed based on 31 Dec 2017 data.
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)**	Please refer to the attached excel file.
4.2 Methodology and indicators used for designation of the O-SII **(Article 131.3)**	Please provide information on: a. whether you followed the EBA guidelines on the assessment of O-SIIs: The identification of the O-SIIs is according to EBA/GL/2014/10. b. which threshold score has been set to identify O-SIIs: the standard threshold of 350 basis points has been applied c. which overall score is attributed to the O-SIIs (please see attached excel file) d. which of the optional indicators have been used to justify supervisory assessment decisions: assets under management (AuM) e. why these optional indicators are relevant for the wealth management in the Member State: “AuM” is an important indicator as Private Banking is the predominant business activity in Liechtenstein (AuM has been used to verify the “size” indicator) f. why the bank is systemically important in terms of those particular optional indicators: the 3 identified banks together represent approx. 92% of the entire market in Liechtenstein (reference: AuM) g. whether relevant entities with relative total assets not in excess of 0.02% have been excluded from the identification process: n/a h. names and scores of all relevant entities not excluded from the identification process (could be sent in a separate excel file, see 4.1) => please see excel attachment i. whether non-bank institutions have been included in the calculations: => n/a
4.3 Supervisory judgement	No.
4.4 Calibrating the O-SII buffer	Since the buffer has been set to 0% => n/a (please see 2.2)
4.5 Effectiveness and proportionality of measure	The impact of the failure of a systemic bank on the domestic financial sector and the real economy is much larger than the impact of failure of a non-systemic bank. Therefore, the probability of default of systemic banks should be significantly reduced. This can be accomplished by increasing the loss absorption capacity through higher buffer requirements. The calibration of the O-SII buffer must be seen in the context of other macroprudential measures, particularly the decision on the Systemic Risk Buffer (SyRB, see 6.4). The higher capital requirements will structurally increase the solvency of systemic banks in Liechtenstein. This positively affects the stability of the finan-

	cial system in Liechtenstein.
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)**	The measure applies to Liechtenstein banks at the consolidated level. There may be an impact on individuals or companies outside of Liechtenstein through exposures of subsidiaries and branches. However, given the current capitalisation level of the identified banks (i.e. banks already have a capital level above the minimum requirements), the FMA expects the impact to be limited. As the size of the O-SII buffer is set at 0% of RWA, the FMA does not expect that the O-SII will have any cross-border effects or an impact on the internal market.
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	The O-SII buffer and the SRB are applied at the consolidated level, which should avoid (jurisdictional) shifts of activities within the banking groups due to regulatory arbitrage. Systemic banks may take measures to reduce their systemic importance, possibly by shifting their activities to their non-regulated entities. However, as the current capitalisation level of the identified O-SIIs is strong, we expect these incentives to be small.
6. Combinations and interactions with other measures	
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	In case both G-SII and O-SII criteria applied to the same institution at the consolidated level, which of the two buffers is the highest? n/a
6.2 Combinations with SRB buffers **(Article 131.14 + Article 133.5)**	Are any of the institutions subject to a systemic risk buffer? => Yes. If yes, please provide the following information: a. The level of the systemic risk buffer is 2.5% b. Is the systemic risk buffer applied to all exposures located in your Member State only? => No c. Is the systemic risk buffer applied at the same consolidation level as the O-SII buffer? =>Yes
6.3 O-SII requirement for a subsidiary (Article 131.8)	In case the O-SII is a subsidiary of an EU parent institution which is subject to a G-SII or O-SII buffer on a consolidated basis, what is the G-SII or O-SII buffer rate on a consolidated basis of the parent institution? n/a
6.4 Interaction with other measures	How does the buffer requirement interact with other measures addressing the same risk (e.g. with other supervisory measures)? As the O-SII buffer (currently 0%) and the systemic risk buffer (currently 2.5%) do not take effect cumulatively, only the higher buffer requirement applies and a higher O-SII buffer would be mostly ineffective. Therefore, we do not see any overlap in this regard.

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Contact persons at the Financial Market Authority in Liechtenstein: Andreas Stifel, Senior Specialist Supervision Section, Banking Division andreas.stifel@fma-li.li, Tel: +423 236 76 44

7.2 Any other relevant information	-