Template for notifying the intended use of a systemic risk buffer (SRB)

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 and scope of the notification	
1.1 Name of the notifying authority	Financial Market Authority Liechtenstein - ("FMA" Liechtenstein)
1.2 Type of measure intended (also for reviews of existing measures)	Which SRB measure do you intend to implement? - The SRB remains unchanged, amounting to 2.5% of total RWA (calculated in accordance with Art. 92 para 3 of CRR (EU) No. 575/2013 for systemically important institutions
2. Description of the notified measure	
2.1 Institutions covered by the intended SRB	The SRB in Liechtenstein has been applied for the following institutions: - LGT Group Foundation (LEI code: 5493009EIBTCB1X12G89) and LGT Bank AG (LEI code: 7KDSOB6Z0X4S67TMX170) - LLB Group and Liechtensteinische Landesbank AG (LEI code: 529900OE1FOAM50XLP72) - VP Bank Group and VP Bank AG (LEI code: MI3TLH1I0D58ORE24Q14) The SRB is applied on a stand-alone and on a consolidated level.
2.2 Buffer rate **(Article 133(11)(f) of the CRD)**	The buffer rate has been set at 2.5% of RWA (as described above) on a stand-alone and on a consolidated level for the year starting 1 January 2019.
2.3 Exposures covered by the SRB	Please indicate the exposures to which the SRB applies: - All exposures (total RWA)
3. Timing of the measure	
3.1 Timing of the Decision	The decision has been taken on 29 November 2018.
3.2 Timing of the Publication	What is the date of publication of the notified measure? – We have notified EBA and the other relevant European Authorities as of 30 November

	2018.
3.3 Disclosure	Do you also intend to publish the justification for the SRB? – Yes, the relevant information will be separately disclosed on the FMA's website.
3.4 Timing of Application	The activation of the SRB is as of 1 January 2019 (application unchanged in comparison to 2018).
3.5 Phasing in	n/a
3.6 Review/deactivation of the measure	The SRB rate and the selection of the respective institutions will be reviewed at least annually.
4. Reasons for the intended SRB	
4.1 Description of the long-term non-cyclical systemic risk in your Member State **(Article 133(11)a of the CRD)**	The long-term non-cyclical systemic risks stem from the structural vulnerabilities of Liechtenstein's small and open economy, with negative shocks being amplified rapidly also in light of the large banking sector relative to the country's GDP.
4.2 Reasons why the dimension of the long-term non-cyclical systemic risk threatens the stability of the financial system in your Member State **(Article 133(11)(b) of the CRD)**	Potential destabilisation of the relevant institutions may undermine financial stability in Liechtenstein. The banking sector plays the key role in Liechtenstein's financial system. The Liechtenstein banking sector is characterised by a relatively high degree of concentration and the corresponding banks exhibit significant common exposures, including to the national residential/commercial real estate sector.
4.3 Indicators used for the activation of the measure	The indicators used for activating the measure are: a) The size and openness of the economy b) The size of the institutions in relation to the overall banking sector c) The importance of the banking sector relating to the financing of the economy.
4.4 Effectiveness and proportionality of the measure **(Article 133(11)(c) of the CRD)**	Effectiveness and proportionality of the measure will be ensured by the fact that both the choice of the relevant institutions and the size of the buffer are determined on the basis of their systemic importance. Overall, the buffer crucially increases the resilience of the systemically important institutions in Liechtenstein.
4.5 Justification of inadequacy of existing measures in the CRD or in the CRR, excluding Articles 458 and 459 of the CRR, to address the identified risks **(Article 133(11)(e) of the CRD)**	The SRB is expected to ensure a high resilience of the exposed banks with the largest systemic vulnerabilities and to safeguard the financial system as a whole. Thus, the FMA deems the current level of the SRB necessary to ensure financial stability 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 **(Article 133(11)(d) of the CRD and Recommendation ESRB/2015/2)**	The measure applies to Liechtenstein banks at the stand-alone and the consolidated level. There may be an impact on individuals or companies outside of Liechtenstein through the exposures of the banks' subsidiaries and branches. However, given the current capitalisation level of the identified banks, the FMA expects the impact to be limited.

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 avoids (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, due to the current strong capitalisation level of the identified O-SIIs, we expect these incentives to be small.
5.3 Reciprocation by other Member States **(Article 134(4) of the CRD and Recommendation ESRB/2015/2)**	n/a
6. Combination of the SRB with other buffers	
6.1 Combination with G-SII and/or O-SII buffers (Article 133(4) and (5) of the CRD)	a. O-SII buffer is also applied on a consolidated level, while the SRB is applied at both the consolidated and the stand-alone level. b. In Liechtenstein, if both buffers are applicable, the respective institution has to apply the higher of the two buffer rates. Currently, the SRB rate of 2.5% has been applied on the consolidated level.
6.2 Other relevant information	n/a
7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Andreas Stifel, Banking Division, Senior Specialist Supervision Section, andreas.stifel@fma-li.li, Phone +423 236 76 44
7.2 Any other relevant information	-