

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

Please send this template to

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1. Notifying national authority															
1.1 Name of the notifying authority	Autorité de Contrôle Prudentiel et de Résolution (ACPR)														
2. Description of the measure															
2.1 Concerned institution or group of institutions	<p>Based on reported data as of end-December 2018, the measure is applied to the six following banking groups:</p> <ul style="list-style-type: none"> - BNP PARIBAS (BNPP) - R0MUWSFPU8MPRO8K5P83 - GROUPE CREDIT AGRICOLE (GCA) - FR969500TJ5KRTCJQWXH - SOCIETE GENERALE (SG) - O2RNE8IBXP4R0TD8PU41 - GROUPE BPCE (GBPCE) - FR9695005MSX1OYEMGDF - GROUPE CREDIT MUTUEL (GCM) - 9695000CG7B84NLR5984 - LA BANQUE POSTALE (LBP) - 96950066U5XAAIRCPA78 <p>The measure is applied at the highest level of consolidation.</p>														
2.2 Level of the buffer applied	<p>The level of the O-SII buffer (in %) applied to each institutions is:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>O-SII buffer as of 1st Jan. 2020</th> </tr> </thead> <tbody> <tr> <td>BNPP</td> <td>1,5%</td> </tr> <tr> <td>GCA</td> <td>1%</td> </tr> <tr> <td>SG</td> <td>1%</td> </tr> <tr> <td>GBPCE</td> <td>1%</td> </tr> <tr> <td>GCM</td> <td>0,5%</td> </tr> <tr> <td>LBP</td> <td>0,25%</td> </tr> </tbody> </table>		O-SII buffer as of 1 st Jan. 2020	BNPP	1,5%	GCA	1%	SG	1%	GBPCE	1%	GCM	0,5%	LBP	0,25%
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2.3 Name of the EU ultimate parent institution	For the six aforementioned banking groups, the EU ultimate parent institution is the concerned institution itself.														
2.4 Names of subsidiaries	No subsidiary at any sub-consolidated level has been designated O-SII in France.														

3. Timing of the measure																			
3.1 Timing of the Decision	The official decision is foreseen to be taken by the ACPR on the 17 th October 2019.																		
3.2 Timing of the Publication	The notified measure is foreseen to be published by 1 st December 2019.																		
3.3 Disclosure	The list of French O-SIIs for 2019 will be published on the ACPR website on a dedicated web page: https://acpr.banque-france.fr/en/prudential-supervision/banking-supervision/systemic-entities-banking-sector																		
3.4 Timing of Application	O-SII buffers decided in 2019 will be applicable starting from 1 st January 2020.																		
3.5 Phasing in	O-SII buffers are fully phased-in starting from 1 st January 2019.																		
3.6 Review of the measure	In line with articles 131(6) and 131(12) which specify that the buffer, the identification of O-SIIs and the allocation into subcategories must be reviewed at least annually, the ACPR performs its review each year during the summer, based on reported data as of end-December of the preceding year.																		
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)	<p>The automatic O-SII identification was based on the 10 indicators listed in the EBA Guideline (EBA/GL/2014/10) and the ACPR applied the 350 basis point threshold to identify O-SIIs in this automatic step of the assessment.</p> <p>At this step, the ACPR identified 5 O-SIIs given their final score greater than 350 basis points:</p> <ul style="list-style-type: none"> - BNPP : 2 605 bp - SG : 1 851 bp - GCA : 1 774 bp - GBPCE : 1 444 bp - GCM : 755 bp <p>For the second step of the designation procedure of the EBA Guidelines (supervisory judgment), the ACPR has selected two additional optional indicators from Annex 2, given their relevance for the French banking system:</p> <ul style="list-style-type: none"> - share of private domestic deposits, excluding a regulated saving accounts centralised at Caisse des Depots et Consignations (CDC) ; - share of private domestic loans. <p>For both indicators, the ACPR has decided to use a threshold of 3.5% (equivalent to 350 basis points over 10 000).</p> <p>For these two additional indicators, only one additional banking group presents a significant share: La Banque Postale (LBP). Indeed, apart from the five O-SIIs automatically designated, LBP, with respective shares of 4.7% and 3.7%, stands out clearly above the following credit institutions.</p> <p>The table below provides detailed scores by category for the six O-SIIs.</p> <table border="1"> <thead> <tr> <th></th> <th>Final O-SII score</th> <th>Size score</th> <th>Importance score</th> <th>Complexity / cross-border score</th> <th>Interconnectedness score</th> </tr> </thead> <tbody> <tr> <td>BNPP</td> <td>2 605</td> <td>2 256</td> <td>2 450</td> <td>3 155</td> <td>2 558</td> </tr> <tr> <td>SG</td> <td>1 851</td> <td>1 452</td> <td>1 554</td> <td>2 570</td> <td>1 827</td> </tr> </tbody> </table>		Final O-SII score	Size score	Importance score	Complexity / cross-border score	Interconnectedness score	BNPP	2 605	2 256	2 450	3 155	2 558	SG	1 851	1 452	1 554	2 570	1 827
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4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	The ACPR strictly follows the EBA methodology.																								
4.3 Supervisory judgement	The supervisory judgement is used only for La Banque Postale, based on the additional indicators.																								
4.4 Calibrating the O-SII buffer	<p>The ACPR uses a bucketing approach, like for the calibration of G-SII buffers. Buckets' cut-offs have been defined using expert judgement based on the final O-SII score:</p> <ul style="list-style-type: none"> ➤ from 0 to 500 bp: 0.25% CET1 ➤ from 500 to 1 000 bp: 0.5% CET1 ➤ from 1 000 to 2 000 bp: 1% CET1 ➤ from 2 000 to 3 000 bp: 1.5% CET1 ➤ larger than 3 000 bp: 2% CET1 <p>As a result, the fully phased-in O-SII buffers to be implemented by 1st January 2020 are the following:</p> <ul style="list-style-type: none"> - BNPP: 1.5% - SG: 1% - GCA: 1% - GBPCE: 1% - GCM: 0.5% - LBP: 0.25% <div style="text-align: center;"> <p>Calibration of O-SII buffers</p> <p>The chart displays the buffer rate (% CET1) on the y-axis (0 to 2) against the O-SII Score (bp) on the x-axis (0 to 3500). Five buckets are defined by vertical dashed lines at 500, 1000, 2000, and 3000 bp. Horizontal lines represent the buffer rate for each bucket. Data points for specific banks are plotted: LBP (0.25% at ~200 bp), GCM (0.5% at ~750 bp), GBPCE (1% at ~1400 bp), GCA/SG (1% at ~1800 bp), and BNPP (1.5% at ~2600 bp).</p> <table border="1"> <caption>Bank-specific O-SII Buffers</caption> <thead> <tr> <th>Bank</th> <th>O-SII Score (bp)</th> <th>Buffer Rate (% CET1)</th> </tr> </thead> <tbody> <tr> <td>LBP</td> <td>~200</td> <td>0.25</td> </tr> <tr> <td>GCM</td> <td>~750</td> <td>0.5</td> </tr> <tr> <td>GBPCE</td> <td>~1400</td> <td>1.0</td> </tr> <tr> <td>GCA/SG</td> <td>~1800</td> <td>1.0</td> </tr> <tr> <td>BNPP</td> <td>~2600</td> <td>1.5</td> </tr> </tbody> </table> </div> <p>Other methods have been envisaged but were not totally suited for the French banking system. However, a peer review analysis is performed each year.</p>	Bank	O-SII Score (bp)	Buffer Rate (% CET1)	LBP	~200	0.25	GCM	~750	0.5	GBPCE	~1400	1.0	GCA/SG	~1800	1.0	BNPP	~2600	1.5						
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BNPP	~2600	1.5																							

4.5 Effectiveness and proportionality of measure	<p>Concerning the implementation of O-SII buffers in France, the effect should be mild for the following reasons:</p> <ul style="list-style-type: none"> - Four out of the 6 O-SIIs already have a G-SII buffer and have already taken into account this requirement for their capital planning; - For the additional two O-SIIs, the phase-in of the O-SII buffer ensured a smooth capital planning for these two groups.
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)	<p>The French banking system is rather concentrated on a consolidated basis. Four French banking groups have a G-SII and O-SII status. With the designation of two additional systemic banking groups in France as O-SIIs, the market share of the 6 French systemic banking groups covers around 83% of the total assets of the French banking system (at the highest level of consolidation).</p> <p>In close coordination, the ACPR and the Banque de France (Directorate General Operations and Financial Stability) monitor the development of structural risk and of interconnectedness within the EU banking system, using multiple data sources for measuring cross-border exposures. This monitoring activity is complemented by empirical assessments in line with the work of the International Banking Research Network (IBRN) on cross-border spill-over effects. Such assessment reveals that any tightening of capital requirement by the French authorities would generally have very small impact in terms of cross-border spill-overs.</p>
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	<p>This is closely monitored by the Oversight and Research and Risk Analysis Directorates of the ACPR and there is no sign of leakages or regulatory arbitrage.</p>
6. Combinations and interactions with other measures	
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	<p>Four out of the six French O-SIIs are G-SIIs (according to the November 2019 G-SII designation): BNPP, GCA, SG and GBPCE.</p> <p>For all of them, the fully phased-in O-SII buffer equals the fully phased-in G-SII buffer.</p>
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	<p>To date, no SRB buffer is applied to any French O-SII.</p> <p>For the SRB instrument, the competent authority is the Haut Conseil de la Stabilité Financière (HCSF).</p> <p>For more information, see https://www.economie.gouv.fr/hcsf-en</p>
6.3 O-SII requirement for a subsidiary (Article 131.8)	<p>No subsidiary has been designated as O-SII.</p>
6.4 Interaction with other measures	<p>No other interaction. Please note that the <i>Haut Conseil de Stabilité Financière</i> (HCSF) has been informed of the envisaged O-SII designations and buffers.</p>

7. Miscellaneous

7.1 Contact person(s) at notifying authority	Laurent CLERC (laurent.clerc2@banque-france.fr) Denis MARIONNET (denis.marionnet@acpr.banque-france.fr) Aurélien VIOLON (aurelien.violon@acpr.banque-france.fr)
7.2 Any other relevant information	