

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

Please send this template to

- notifications@esrb.europa.eu when notifying the ESRB;
- macropru.notifications@ecb.europa.eu when notifying the ECB;
- notifications@eba.europa.eu when notifying the EBA.

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1. Notifying national authority and scope of the notification																									
1.1 Name of the notifying authority	Danish Ministry of Industry, Business and Financial Affairs.																								
1.2 Type of measure intended (also for reviews of existing measures)	Maintain a SRB for a subset of institutions and activate a SRB one institution.																								
2. Description of the notified measure																									
2.1 Institutions covered by the intended SRB	<p>The SRB will be set for the following institutions, which has been identified as O-SIIs:</p> <table border="1"> <thead> <tr> <th>O-SII institution</th> <th>Level of consolidation</th> <th>LEI code</th> </tr> </thead> <tbody> <tr> <td>Danske Realkreditselskab A/S</td> <td>Consolidated</td> <td>MAES062Z2104RZ2U7M96</td> </tr> <tr> <td>Nykredit Realkredit A/S</td> <td>Consolidated</td> <td>LIU16F6VZJSD6UKHD557</td> </tr> <tr> <td>Nordea Kredit Realkreditaktieselskab A/S</td> <td>Individual</td> <td>52990080NNXXLC14OC65</td> </tr> <tr> <td>Jyske Bank A/S</td> <td>Consolidated</td> <td>3M5E1GQGKL17HI6CPN30</td> </tr> <tr> <td>Sydbank A/S</td> <td>Consolidated</td> <td>GP5DT10VX1QRQUKVBK64</td> </tr> <tr> <td>DLR Kredit A/S</td> <td>Consolidated</td> <td>529900PR2ELW8QI1B775</td> </tr> <tr> <td>Spar Nord Bank A/S</td> <td>Consolidated</td> <td>549300DHT635Q5P8J715</td> </tr> </tbody> </table> <p>The SRB applies to O-SII's in Denmark. The SRB is set within a range of</p>	O-SII institution	Level of consolidation	LEI code	Danske Realkreditselskab A/S	Consolidated	MAES062Z2104RZ2U7M96	Nykredit Realkredit A/S	Consolidated	LIU16F6VZJSD6UKHD557	Nordea Kredit Realkreditaktieselskab A/S	Individual	52990080NNXXLC14OC65	Jyske Bank A/S	Consolidated	3M5E1GQGKL17HI6CPN30	Sydbank A/S	Consolidated	GP5DT10VX1QRQUKVBK64	DLR Kredit A/S	Consolidated	529900PR2ELW8QI1B775	Spar Nord Bank A/S	Consolidated	549300DHT635Q5P8J715
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	<p>1,0 – 3,0 percent of REA. The applicable buffer level for an institution depends on the subcategory of systemic risk. Danish O-SII's are allocated into five different subcategories based on the level of systemic importance of the institutions. The systemic importance is calculated as an average of the total assests in percent of the assests of the sector, loans in percent of the total lending in the sector and deposits in percent of the total deposits of the sector.</p> <p>The systemic risk buffer is applied according to the subcategories og systemic importance.</p>																		
<p>2.2 Buffer rate (Article 133(11)(f) of the CRD)</p>	<table border="1"> <thead> <tr> <th>Subcategory</th> <th>O-SII institution</th> <th>Buffer rate</th> </tr> </thead> <tbody> <tr> <td>Subcategory 1</td> <td>DLR Kredit A/S (2,0) Spar Nord Bank A/S (2,1) Sydbank A/S (3,2)</td> <td>1,0 percent</td> </tr> <tr> <td>Subcategory 2</td> <td>Nordea Kredit Realkreditaktieselskab A/S (5,4) Jyske Bank A/S (9,7)</td> <td>1,5 percent</td> </tr> <tr> <td>Subcategory 3</td> <td>Nykredit Realkredit A/S (18,7)</td> <td>2,0 percent</td> </tr> <tr> <td>Subcategory 4</td> <td></td> <td>2,5 percent</td> </tr> <tr> <td>Subcategory 5</td> <td>Dansk Bank A/S (35,8)</td> <td>3,0 percent</td> </tr> </tbody> </table>	Subcategory	O-SII institution	Buffer rate	Subcategory 1	DLR Kredit A/S (2,0) Spar Nord Bank A/S (2,1) Sydbank A/S (3,2)	1,0 percent	Subcategory 2	Nordea Kredit Realkreditaktieselskab A/S (5,4) Jyske Bank A/S (9,7)	1,5 percent	Subcategory 3	Nykredit Realkredit A/S (18,7)	2,0 percent	Subcategory 4		2,5 percent	Subcategory 5	Dansk Bank A/S (35,8)	3,0 percent
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<p>2.3 Exposures covered by the SRB</p>	<p>All exposures, including those in third countries.</p>																		
<p>3. Timing of the measure</p>																			
<p>3.1 Timing of the Decision</p>	<p>December 2018</p>																		
<p>3.2 Timing of the Publication</p>	<p>December 2018 and January 2019 for the institution where the SRB is activated.</p>																		
<p>3.3 Disclosure</p>	<p>The systemic risk buffer is disclosed at the website of the Ministry of Industry, Business and Financial Affairs (available in Danish only).</p> <p>The justification of SRB is also disclosed at the website.</p>																		
<p>3.4 Timing of Application</p>	<p>The SRB was applicable as of 1 January 2019.</p>																		
<p>3.5 Phasing in</p>	<p>For the institutions where the SRB is maintained the SRB is fully phased in in 2019. For the institution where the SRB is activated the SRB is 0,5 percent in 2019 and 1,0 percent in 2020 when fully phased in.</p>																		

<p>3.6 Review/deactivation of the measure</p>	<p>The SRB addresses the identified Danish O-SIIs. All identified O-SIIs are subject to a SRB according to their systemic importance.</p> <p>The identification of O-SIIs takes place annually and the SRB is reviewed and disclosed subsequently by the Ministry of Industry, Business and Financial Affairs. The size of the SRB depends on the systemic importance of the institutions. If the systemic importance of institutions changes, the SRB will be adjusted accordingly.</p>
<p>4. Reasons for the intended SRB</p>	
<p>4.1 Description of the long-term non-cyclical systemic risk in your Member State (Article 133(11)a of the CRD)</p>	<p>The SRB applies to Danish O-SIIs only. The failure of a Danish O-SII could cause significant disruption of the Danish financial system and have severe negative consequences for households, enterprises and the real economy.</p>
<p>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)</p>	<p>The Danish O-SIIs are required to meet a systemic risk buffer to reduce the probability of failure compared to non-systemic institutions, reflecting the greater impact an O-SIIs failure has on the Danish financial system and real economy.</p>
<p>4.3 Indicators used for the activation of the measure</p>	<p>The applicable buffer level for an institution depends on the subcategory of systemic risk. Danish O-SII's are allocated into five different subcategories based on the level of systemic importance of the institutions. The systemic importance is calculated as an average of the total assets in percent of the assets of the sector, loans in percent of the total lending in the sector and deposits in percent of the total deposits of the sector.</p>
<p>4.4 Effectiveness and proportionality of the measure (Article 133(11)(c) of the CRD)</p>	<p>The SRB is assessed to be effective because it increases the loss-absorbing capacity of the systemic credit institutions. Hence, it may increase the stability of the financial system and the real economy.</p>
<p>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)</p>	<p>The SRB is only applied to institutions that are systemically important to the financial stability of the Danish economy. Therefore, it is only applied to a small group of institutions which have been appointed as O-SIIs.</p> <p>The systemic risk which is addressed is primarily connected to the risk of the Danish economy posed by a few large and medium-sized financial institutions. Other macroprudential measures alone or on combination are not deemed sufficient to address these risks in an effective way.</p>
<p>5. Cross-border and cross-sector impact of the measure</p>	
<p>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)</p>	<p>The increased capital requirements will increase the solvency of the O-SIIs in Denmark. This increases the stability of the financial system in Denmark and the real economy in Denmark as well as the stability of the internal market.</p> <p>The systemic risk buffer is set in line with the capital requirements of systemically important institutions in other European countries in order to ensure equal competitive conditions for Danish credit institutions, while</p>

	taking into account the specific Danish market conditions.
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	There is no scope for leakages and regulatory arbitrage as the SRB applies to all levels of consolidation.
5.3 Reciprocation by other Member States (Article 134(4) of the CRD and Recommendation ESRB/2015/2)	No, the Danish authority does not request the ESRB to issue a recommendation to other Member States to reciprocate the measure in accordance with Article 134(4). Given the fact that the Danish SRB only addresses Danish O-SIIs, it is not deemed relevant to request reciprocation.
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)	<ul style="list-style-type: none"> a. There is no G-SIIs in Denmark and the O-SII buffer is not applied as the cap of 2 percent on the O-SII is too low to address the risks associated with the O-SIIs in Denmark. b. There is no G-SIIs in Denmark and the O-SII buffer is not applied as the cap of 2 percent on the O-SII is too low to address the risks associated with the O-SIIs in Denmark. c. There is no G-SIIs in Denmark and the O-SII buffer is not applied as the cap of 2 percent on the O-SII is too low to address the risks associated with the O-SIIs in Denmark.
6.2 Other relevant information	All relevant information is provided above.
7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Jeppe Eriksen, +45 91 33 73 03, jee@em.dk
7.2 Any other relevant information	