

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

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1. Notifying national authority	
1.1 Name of the notifying authority	Finansinspektionen (Swedish Financial Supervisory Authority)
2. Description of the measure	
2.1 Concerned institution or group of institutions	Skandinaviska Enskilda Banken AB, F3JS33DEI6XQ4ZBPTN86 Svenska Handelsbanken AB, NHBDELHYZYCNBV5UYZ31 Swedbank AB, M312WZV08Y7LYUC7168 Nordea Hypotek AB – 5493000K2HPWIF6MFO29 All applied at the highest level of consolidation for these three groups and institution
2.2 Level of the buffer applied	1% for the groups (Svenska Handelsbanken AB; Swedbank AB; Skandinaviska Enskilda Banken AB). 0% (no buffer) for Nordea Hypotek AB
2.3 Name of the EU ultimate parent institution	For Nordea Hypotek AB, the ultimate parent is Nordea Bank Abp – 529900ODI3047E2LIV03
2.4 Names of subsidiaries	The three institutions to which an O-SII buffer is applied have the buffer applied at the highest consolidation level only.
3. Timing of the measure	
3.1 Timing of the Decision	29 December 2020
3.2 Timing of the Publication	29 December 2020
3.3 Disclosure	Finansinspektionen has on 20 November 2020 published a memorandum on Finansinspektionen's website in which Finansinspektionen declares its intention to lower the O-SII buffer at group level for Svenska Handelsbanken AB, Swedbank AB and Skandinaviska Enskilda Banken AB from 2 % to 1 % and to

	<p>maintain the buffer of 0 % for Nordea Hypotek and publish decisions no later than 1 January 2021.</p> <p>https://www.fi.se/en/published/important-pms-and-decisions/2020/fi-has-decided-on-a-change-in-the-application-of-banks-capital-requirements/</p> <p>FSA intends to publish the decisions, with the justifications, on its website.</p>
3.4 Timing of Application	<p>The measure has been in place since 1 January 2016. The three O-SIIs subject to a measure this year were also identified in 2019, 2018, 2017, 2016 and 2015.</p> <p>The O-SII-buffer will be lowered to 1 % as of 29 December 2020</p>
3.5 Phasing in	<p>No phase-in. The above mentioned credit institutions are today subject to a O-SII buffer of 2 %. The O-SII buffer will be lowered to 1 %.</p>
3.6 Review of the measure	<p>Before end of Q4 2020</p>
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>Skandinaviska Enskilda Banken Group – 2 542</p> <p>Svenska Handelsbanken Group – 1 995</p> <p>Swedbank Group – 1 502</p> <p>Nordea Hypotek – 329</p> <p>Please see category scores and indicator values in the attached Excel file, Annex I.</p>
4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<ol style="list-style-type: none"> a. Finansinspektionen has followed the EBA guidelines b. 350 was used as the threshold c. Please see 4.1 d. Not applicable, no optional indicators used. e. Not applicable, no optional indicators used. f. Not applicable, no optional indicators used. g. No, no entities were excluded. h. Please see Annex I i. Yes, non-bank institutions were included.
4.3 Supervisory judgement	<p>Nordea Hypotek was identified using supervisory judgement in combination with the fact that it exceeds the EBA's lower threshold of 275.</p>
4.4 Calibrating the O-SII buffer	<p>Svenska Handelsbanken AB, Swedbank AB, Skandinaviska Enskilda Banken AB ("the three credit institutions") shall be subject to an O-SII buffer of 1 % because they, through their operations separately create risks that not only can affect the own institution's survival but also lead to risks for the stability of the financial system.</p> <p>The three credit institutions have been subject to an O-SII buffer of 2 % since January 2016. Finansinspektionen considers that, given the amendments to CRR and CRD, including a more clear motivation of the buffer and the introduction of the pillar 2 guidance which will strengthen the resilience of the institutions, the O-SII buffer shall be lowered to 1 %.</p> <p>As Nordea Hypotek AB is a subsidiary and is subject to the capital requirements set by the Finnish authorities on its parent Nordea Bank Abp, Finansinspektionen</p>

	has not judged it necessary to set an additional buffer requirement on the subsidiary.
4.5 Effectiveness and proportionality of measure	The O-SII buffer covers risks that the other measures in CRR and CRD do not cover. Given the amendments to CRR and CRD, including e.g. the pillar 2 guidance, Finansinspektionen considers that the O-SII buffer shall be lowered to 1 %.
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>FI does not expect the measure to have any negative consequences on the functioning of the single market. The O-SII buffer is placed on Svenska Handelsbanken AB's, Swedbank AB's, Skandinaviska Enskilda Banken AB's total exposures, thus no difference is made based on the domicile of the exposures.</p> <p>The measure could also be seen as strengthening the single market as it balances some of the benefits that large systemic banks tend to gain from. When a few banks dominate a national banking system, the risk is that the markets perceive them to be subject to some form of implicit state guarantee, especially in countries with strong fiscal positions such as Sweden. The additional capital requirements for the large banks could be seen as somewhat reducing this competitive advantage, a measure which should be regarded as positive for the single market.</p>
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	For the major banks that are already subject to extensive systemic risk requirements, the total risk-weighted capital requirement is not expected to be significantly affected. Even though the O-SII buffer rate will be lowered, not much is changing in terms of overall capital requirements. Therefore we do not have strong concerns about leakage.
6. Combinations and interactions with other measures	
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	There are no entities in Sweden subject to both buffers.
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	<p>Svenska Handelsbanken AB, Swedbank AB, Skandinaviska Enskilda Banken AB are subject to a 3 % SRB applied on all exposures at a consolidated level, the same consolidated level as the O-SII buffer.</p> <p>The SRB will be applied cumulatively with the O-SII buffer according to art 131.15 of CRD 5.</p>
6.3 O-SII requirement for a subsidiary (Article 131.8)	For Nordea Hypotek AB, its parent – Nordea Bank Abp – is subject to a 2% O-SII buffer.
6.4 Interaction with other measures	Svenska Handelsbanken AB, Swedbank AB, Skandinaviska Enskilda Banken AB are subject to an O-SII buffer, a systemic risk buffer and a risk weight floor for mortgages via article 458. The measures cover different risks and complement each other.

7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Björn van der Veer, Senior legal counsellor, Banking law, +47 76 507 83 13 bjorn.vanderveer@fi.se
7.2 Any other relevant information	