Notification template for Article 131 of the Capital Requirements Directive (CRD) – Global Systemically Important Institutions (G-SIIs)

Template for notifying the European Central Bank (ECB) and European Systemic Risk Board (ESRB) of the identity of G-SIIs under Article 131(12) CRD

Please send/upload this template to:

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation);
- notifications@esrb.europa.eu when notifying the ESRB.

The ESRB will forward the notification to the European Commission and the European Banking Authority (EBA) without delay and will publicly disclose the names of the G-SIIs on its website. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure.

E-mailing/uploading this template to the above addresses constitutes official notification, no further official letter is required. To facilitate the work of the notified authorities, please submit the notification template in a format that allows the information to be read electronically.

<table>
<thead>
<tr>
<th>1. Notifying national authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Name of the notifying authority</td>
</tr>
<tr>
<td>1.2 Country of the notifying authority</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Description of the measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1a Institution(s) concerned</td>
</tr>
<tr>
<td>Name of institution</td>
</tr>
<tr>
<td>Banco Santander S.A.</td>
</tr>
</tbody>
</table>

| 2.1b Changes to the list of institutions concerned | None. |

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2 On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

Date of template version: 06-08-2021
### 2.2 Level of the buffer applied

What is the level of the buffer (in %) applied to the institution(s)?

1.0% in 2023.

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>New G-SII buffer</th>
<th>Previous G-SII buffer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco Santander S.A.</td>
<td>1.0%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

### 2.3 Names of subsidiaries

Do any of the institutions identified as a G-SII have one or more subsidiaries that have been identified as Other Systemically Important Institutions (O-SIIs)?

Two subsidiaries of the institution identified as G-SII were notified in 2020 as O-SIIs (for 2021) by the relevant national authorities:

<table>
<thead>
<tr>
<th>Name of identified parent G-SII</th>
<th>Name of O-SII subsidiary</th>
<th>LEI of O-SII subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco Santander S.A.</td>
<td>Santander Bank Polska SA</td>
<td>259400LGXW3K0GD AG361</td>
</tr>
<tr>
<td>Banco Santander S.A.</td>
<td>Banco Santander Totta S.A.</td>
<td>5493005RLLC1P7VS VC58</td>
</tr>
</tbody>
</table>

### 3. Timing for the measure

#### 3.1 Timing for the decision

What is the date of the official decision? For SSM countries when notifying the ECB: provide the date on which the decision referred to in Article 5 of the Single Supervisory Mechanism Regulation (SSMR) will be taken.

17/12/2021

#### 3.2 Timing for publication

What is the date of publication of the notified measure?

Shortly after the decision date.

Click here to enter a date.

#### 3.3 Disclosure

Information about the strategy for communicating the notified measure to the market.

As in previous years, the institution identified as a G-SII and its associated capital buffer requirement will be announced via press statement on the BdE website. The information will be accessible in EN under the following link:


#### 3.4 Timing for application

What is the intended date of application of the measure?

01/01/2023

### 4. Reason for G-SII identification and activation of the G-SII buffer

#### 4.1 Indicators used for designation of the G-SII (Article 131.2 CRD)

Please provide the scores attributed to the following categories of indicators:

- size of the group:
b. interconnectedness of the group with the rest of the financial system;

c. substitutability of the services or the financial infrastructure provided by the group;

d. complexity of the group;

e. cross-border activity of the group, including cross-border activity between Member States and between a Member State and third countries.

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Size</th>
<th>Substitutability</th>
<th>Complexity</th>
<th>Interconnectedness</th>
<th>Cross-border activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco Santander, S.A.</td>
<td>183</td>
<td>56</td>
<td>106</td>
<td>149</td>
<td>469</td>
</tr>
</tbody>
</table>

Source: BCBS.
Note: Scores calculated using end-2020 data. All figures in basis points.

4.2 Scores and buckets (Articles 131.2 and 131.9 CRD)

Please provide information on:

a. which overall score and bucket is attributed to each G-SII?

b. which overall score and bucket is attributed when the alternative methodology under Article 131.2a CRD is used? Not applicable.

Source: BCBS.
Note: Overall score (in basis points) calculated using end-2020 data.

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>Overall score</th>
<th>Bucket</th>
<th>Overall score (alternative methodology)</th>
<th>Bucket (alternative methodology)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco Santander, S.A.</td>
<td>192</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3 Supervisory judgement (Article 131.10 CRD)

Have any of the institutions listed in 2.1 been identified by applying supervisory judgement? If yes, please list the institutions concerned.

No.

Please provide full details of the reasons why a supervisory judgement was handed down calling for:

(1) re-allocation of a G-SII to higher sub-category;

(2) designation of an institution as a G-SII;

(3) re-allocation of a G-SII from a higher sub-category to a lower sub-category, bearing in mind the Single Resolution Mechanism, on the basis of the additional overall score referred to in Article 131(2a) CRD.

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

Assessment of the cross-border effects of implementation of the measure.

a. Assessment of the spillover channels operating through risk adjustment and regulatory arbitrage. The relevant indicators set out in Chapter 11 of the ESRB Handbook on Operationalising Macroprudential Policy in the Banking
Sector and the Framework to assess cross-border spillover effects of macroprudential policies of the ECB Task Force on cross-border spillover effects of macroprudential measures can be used.

b. Assessment of:
   o cross-border effects of implementation of the measure in your own jurisdiction (inward spillovers);
   o cross-border effects on other Member States and on the Single Market of the measure (outward spillovers);
   o overall impact on the Single Market of implementation of the measure.

The G-SII buffer requirement is intended to mitigate negative externalities, reduce potential moral hazard incentives and implicit subsidies (in terms of funding costs) and, ultimately, increase the designated institution’s resilience.

Supported by empirical evidence and the experience gained since 2016 with the use of this macroprudential instrument, BdE’s internal assessment of the G-SII buffer requirement suggests limited spillovers within the EU (particularly vis-à-vis those Member States hosting the institution’s main subsidiaries). Likewise, other types of potential cross-border effects of the proposed measure are, a priori, expected to be contained. BdE remains committed to monitor developments in this area over the coming year in coordination with the relevant EU bodies and national authorities.

5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State

Referring to your Member State’s specific characteristics, what is the scope for “leakages and regulatory arbitrage” in your own jurisdiction (i.e. circumvention of the measure/leakages to other parts of the financial sector)? Is there scope for “leakages and regulatory arbitrage” in other jurisdictions?

The scope for potential leakages and regulatory arbitrage/circumvention is deemed to be very narrow, particularly on account of two key mitigating factors: (i) the macroprudential measure is directly targeted at the largest Spanish banking group (which accounts for around 40% of total assets of the country’s banking sector), and (ii) the Spanish financial system is largely bank-based.

6. Combinations and interactions with other measures

6.1 Combinations between G-SII and O-SII buffers (Article 131.14 CRD)

If both G-SII and O-SII buffers apply to the same institution at a consolidated level, which of the two buffers is the highest?

In 2022 the applicable SII buffer for Banco Santander, S.A. will be 1.0% (as a result of the two buffer rates having been set at the same level).

As regards the applicable SII buffer in 2023, this will be contingent on the O-SII decision for that year (to be taken by 30 November 2022).

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>O-SII buffer</th>
<th>G-SII buffer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banco Santander, S.A.</td>
<td>1.0%</td>
<td>1.0%</td>
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6.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)

Are any of the institutions identified as G-SIs subject to a systemic risk buffer?

No.

If yes, please provide the following information:

a. What is/are the systemic risk buffer rate(s)?

b. At what level is/are the systemic risk buffer rate(s) applied (i.e., consolidation level and/or individual)?

c. Is the sum of the systemic risk buffer rate(s) and the G-SII buffer rate (or the higher of G-SII and O-SII buffer rates if a group is subject to a G-SII buffer and to an O-SII buffer on a consolidated basis) to which the same institution is subject over 5%?

Not applicable.

<table>
<thead>
<tr>
<th>Name of institution</th>
<th>SyRB rate</th>
<th>SyRB application level</th>
<th>Sum of G-SII/O-SII and SyRB rates</th>
</tr>
</thead>
<tbody>
<tr>
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7. Miscellaneous

7.1 Contact person(s)/mailbox at notifying authority

Mailbox at the Financial Stability and Macroprudential Policy Department of BdE:
macropru(at)bde(dot)es

7.2 Any other relevant information

This is a notification addressed to the ESRB. The ECB is being notified in parallel.

7.3 Date of the notification

Please provide the date on which this notification was uploaded/sent.
03/12/2021