

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

Template for notifying the European Central Bank (ECB) and the European Systemic Risk Board (ESRB) of the setting or resetting of an O-SII buffer under Article 131(7) CRD and of the identity of O-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) Regulation¹);
- [DARWIN/ASTRA](#) when notifying the ESRB.

The ESRB will forward this notification to the European Commission, to the European Banking Authority (EBA) and to the competent and designated authorities of the Member States concerned without delay and will publicly disclose the names of the O-SIIs on its website. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure².

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 send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority			
1.1 Name of the notifying authority	Finansinspektionen (Swedish Financial Supervisory Authority)		
1.2 Country of the notifying authority	Sweden		
2. Description of the measure			
2.1a Institution or group of institutions concerned	-		
	Name of institution	LEI	Consolidation level
	Skandinaviska Enskilda Banken AB	F3JS33DEI6XQ4ZBPTN86	consolidated
	Svenska Handelsbanken AB	NHBDILHZTYCNBV5UYZ31	consolidated
	Swedbank AB	M312WZV08Y7LYUC71685	consolidated
	Nordea Hypotek AB	5493000K2HPWIF6MFO29	individual

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

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authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2.1b Changes to the list of institutions concerned	No changes.																										
2.2 Level of the buffer applied	<table border="1" data-bbox="571 327 1439 609"> <thead> <tr> <th data-bbox="571 327 836 360">Name of institution</th> <th data-bbox="842 327 1155 360">New O-SII buffer</th> <th data-bbox="1161 327 1439 360">Previous O-SII buffer</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 369 836 421">Skandinaviska Enskilda Banken AB</td> <td data-bbox="842 369 1155 421">1,00%</td> <td data-bbox="1161 369 1439 421">1,00%</td> </tr> <tr> <td data-bbox="571 430 836 459">Svenska Handelsbanken AB</td> <td data-bbox="842 430 1155 459">1,00%</td> <td data-bbox="1161 430 1439 459">1,00%</td> </tr> <tr> <td data-bbox="571 468 836 497">Swedbank AB</td> <td data-bbox="842 468 1155 497">1,00%</td> <td data-bbox="1161 468 1439 497">1,00%</td> </tr> <tr> <td data-bbox="571 506 836 535">Nordea Hypotek AB</td> <td data-bbox="842 506 1155 535">0,00%</td> <td data-bbox="1161 506 1439 535">0,00%</td> </tr> <tr> <td data-bbox="571 544 836 573"></td> <td data-bbox="842 544 1155 573"></td> <td data-bbox="1161 544 1439 573"></td> </tr> <tr> <td data-bbox="571 582 836 611"></td> <td data-bbox="842 582 1155 611"></td> <td data-bbox="1161 582 1439 611"></td> </tr> </tbody> </table>						Name of institution	New O-SII buffer	Previous O-SII buffer	Skandinaviska Enskilda Banken AB	1,00%	1,00%	Svenska Handelsbanken AB	1,00%	1,00%	Swedbank AB	1,00%	1,00%	Nordea Hypotek AB	0,00%	0,00%						
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2.3 Name of the ultimate EU parent institution	<table border="1" data-bbox="571 654 1439 945"> <thead> <tr> <th data-bbox="571 654 868 687">Name of identified O-SII</th> <th data-bbox="874 654 1171 687">Ultimate EU parent institution</th> <th data-bbox="1177 654 1439 710">LEI of ultimate parent institution</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 719 868 748">Nordea Hypotek AB</td> <td data-bbox="874 719 1171 748">Nordea Bank Abp</td> <td data-bbox="1177 719 1439 748">529900ODI3047E2LIV03</td> </tr> <tr> <td data-bbox="571 757 868 786"></td> <td data-bbox="874 757 1171 786"></td> <td data-bbox="1177 757 1439 786"></td> </tr> <tr> <td data-bbox="571 795 868 824"></td> <td data-bbox="874 795 1171 824"></td> <td data-bbox="1177 795 1439 824"></td> </tr> <tr> <td data-bbox="571 833 868 862"></td> <td data-bbox="874 833 1171 862"></td> <td data-bbox="1177 833 1439 862"></td> </tr> <tr> <td data-bbox="571 871 868 900"></td> <td data-bbox="874 871 1171 900"></td> <td data-bbox="1177 871 1439 900"></td> </tr> <tr> <td data-bbox="571 909 868 938"></td> <td data-bbox="874 909 1171 938"></td> <td data-bbox="1177 909 1439 938"></td> </tr> </tbody> </table>						Name of identified O-SII	Ultimate EU parent institution	LEI of ultimate parent institution	Nordea Hypotek AB	Nordea Bank Abp	529900ODI3047E2LIV03															
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3. Timing for the measure																											
3.1 Timing for the decision	05/07/2021																										
3.2 Timing for publication	05/07/2021																										
3.3 Disclosure	Published on our website, www.fi.se . https://www.fi.se/contentassets/f8e4c164e64c4c9482c8bfced46e0b7/o-sii-pm_2021.pdf .																										
3.4 Timing for application	01/01/2022																										
3.5 Phasing in	<p data-bbox="571 1742 619 1771">N/A</p> <table border="1" data-bbox="571 1780 1439 1899"> <thead> <tr> <th data-bbox="571 1780 884 1814">Name of institution</th> <th data-bbox="890 1780 995 1814">Date1</th> <th data-bbox="1002 1780 1107 1814">Date2</th> <th data-bbox="1114 1780 1219 1814">Date3</th> <th data-bbox="1225 1780 1331 1814">Date4</th> <th data-bbox="1337 1780 1439 1814">Date5</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 1823 884 1852"></td> <td data-bbox="890 1823 995 1852">%</td> <td data-bbox="1002 1823 1107 1852">%</td> <td data-bbox="1114 1823 1219 1852">%</td> <td data-bbox="1225 1823 1331 1852">%</td> <td data-bbox="1337 1823 1439 1852">%</td> </tr> <tr> <td data-bbox="571 1861 884 1890"></td> <td data-bbox="890 1861 995 1890">%</td> <td data-bbox="1002 1861 1107 1890">%</td> <td data-bbox="1114 1861 1219 1890">%</td> <td data-bbox="1225 1861 1331 1890">%</td> <td data-bbox="1337 1861 1439 1890">%</td> </tr> </tbody> </table>						Name of institution	Date1	Date2	Date3	Date4	Date5		%	%	%	%	%		%	%	%	%	%			
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3.6 Review of the measure	Year-end 2022																										

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

<p>4.1 Scores of institutions or group of institutions concerned, as per EBA guidelines on the assessment of O-SIIs (Article 131.3 CRD)</p>	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>Size</th> <th>Substitutability</th> <th>Complexity</th> <th>Interconnectedness</th> <th>Overall Score</th> </tr> </thead> <tbody> <tr> <td>Skandinaviska Enskilda Banken AB</td> <td>1903</td> <td>2024</td> <td>4643</td> <td>2222</td> <td>2698</td> </tr> <tr> <td>Svenska Handelsbanken AB</td> <td>2091</td> <td>2073</td> <td>1831</td> <td>1409</td> <td>1851</td> </tr> <tr> <td>Swedbank AB</td> <td>1663</td> <td>1768</td> <td>1486</td> <td>1240</td> <td>1539</td> </tr> <tr> <td>Nordea Hypotek AB</td> <td>462</td> <td>228</td> <td>3</td> <td>621</td> <td>329</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Name of institution	Size	Substitutability	Complexity	Interconnectedness	Overall Score	Skandinaviska Enskilda Banken AB	1903	2024	4643	2222	2698	Svenska Handelsbanken AB	2091	2073	1831	1409	1851	Swedbank AB	1663	1768	1486	1240	1539	Nordea Hypotek AB	462	228	3	621	329																								
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<p>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</p>	<p>Please provide information on:</p> <ol style="list-style-type: none"> whether you followed the EBA guidelines on the assessment of O-SIIs; Yes which threshold score has been set to identify O-SIIs; 350 whether relevant entities with relative total assets not in excess of 0.02% have been excluded from the identification process; No the names and scores of all relevant entities not excluded from the identification process (could be sent in a separate Excel file, see 4.1); Please see 3.3 whether non-bank institutions have been included in the calculations. Yes, non-bank institutions under CRR/CRD were included. 																																																						
<p>4.3 Supervisory judgement</p>	<p>Nordea Hypotek was identified using supervisory judgement in combination with the fact that the total score by a good margin exceeds the EBA's lower threshold of 275. We did not use any optional indicators. In the supervisory judgment we have in part taken into account how the Danish and Norwegian supervisory authorities assess the corresponding mortgage lenders Nordea Kredit Realkreditaktieselskab and Nordea Eiendoms kreditt respectivel.</p>																																																						
<p>4.4 Calibrating the O-SII buffer</p>	<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. FI has previously concluded that these risks require an add-on of at least 1pp for each O-SII.</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 has not judged it necessary to set an additional buffer requirement on the subsidiary..</p>																																																						

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 1 %.
5. Sufficiency, consistency and non-overlap of the policy response	
5.1 Sufficiency of the policy response	FI does not believe that a 1% O-SII buffer in isolation is sufficient to completely mitigate the risks mentioned in section 4.4. As such, and taking into account the accumulation rules of the O-SII buffer and Systemic Risk Buffer when applied at the consolidated level, additional capital requirements have been applied to the three large Swedish O-SIIs via the SRB and Pillar 2 in order to mitigate the individual and aggregate risks. Note, however, that the un-addressed O-SII risk encompasses only a small part of the justification for these additional measures.
5.2 Consistency of application of the policy response	The policy response of setting an O-SII buffer is consistent with the goal of limiting the potential risks stemming from a failure of these institutions on the overall Swedish banking market. The measure is applied in a consistent manner, strengthening the resilience of financial infrastructure through build-up of loss absorption capacity within these institutions.
5.3 Non-overlap of the policy response	No other policy instruments used to address the same systemic risk. 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.
6. Cross-border and cross-sector impact of the measure	
6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Recommendation ESRB/2015/2³)	<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>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>
6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	As regards domestic implications, the differences between the total structural buffers for the biggest Swedish institutions are kept at their previous levels.

³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

7. Combinations and interactions with other measures																																							
7.1 Combinations between G-SII and O-SII buffers (Article 131.14)	There are no entities in Sweden subject to both buffers.																																						
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7.2 Combinations with systemic risk buffers (SyRBs) (Article 131.15 CRD)	<p>Are any of the institutions identified as O-SIIs subject to a systemic risk buffer?</p> <p>If yes, please provide the following information:</p> <p>a. What is/are the systemic risk buffer rates(s)?</p> <p>See below</p> <p>b. At what level is/are the systemic risk buffer rate(s) applied (i.e. consolidation level and/or individual)?</p> <p>The systemic risk buffer is applied at the same consolidation level as the O-SII buffer.</p> <p>c. Is the sum of the systemic risk buffer rate(s) and the O-SII buffer rate (or the higher of the G-SII and O-SII buffer rates, if a group is subject to a G-SII buffer and to an O-SII buffer at consolidated level) to which the same institution is subject over 5%?</p> <p>No</p>																																						
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7.3 O-SII requirement for a subsidiary (Article 131.8 CRD)	<p>For Nordea Hypotek AB, its parent – Nordea Bank Abp – is subject to a 2% O-SII buffer.</p> <p>Does the cap for the subsidiary prevent the implementation of a higher O-SII buffer based on the domestic buffer setting methodology?</p> <p>No</p>																																						
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		%																																					
8. Miscellaneous																																							
8.1 Contact person(s)/mailbox at notifying authority	Per Axelsson, Analyst, Bank Analysis and Policy +46 76 507 8148 per.axelsson@fi.se																																						

8.2 Any other relevant information	
8.3 Date of the notification	02/12/2021