



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	FIN-FSA
2. Description of the measure	
2.1 Concerned institution or group of institutions	Danske Bank Finland Plc 3BAUHUB4IZR54J3EPO08 Municipality Finance Plc 529900HEKOENJHPNN480 Nordea Mortgage Bank Plc 7437001LESKGLAEOEU84 OP-Group I7437003B5WFBOIEFY714 The measures apply on a consolidated level.
2.2 Level of the buffer applied	0.5, 1.0, 0.5 and 2.0% respectively.
2.3 Name of the EU ultimate parent institution	Danske Bank A/S MAES062Z21O4RZ2U7M96 and Nordea Bank AB 6SCPQ280AIY8EP3XFW53
2.4 Names of subsidiaries	OP Corporate Bank, OP Mortgage Bank
3. Timing of the measure	
3.1 Timing of the Decision	21 December 2017
3.2 Timing of the Publication	22 December 2017
3.3 Disclosure	FIN-FSA website
3.4 Timing of Application	1 July 2017

3.5 Phasing in	No
3.6 Review of the measure	2018
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>Danske Bank Finland Plc, Municipality Finance Plc, Nordea Mortgage Bank Plc and OP-Group.</p> <p>Overall scores 6.86, 8.72, 5.89 and 23.96 respectively.</p> <p>Category scores: Size 7.00, 7.93, 6.24 and 26.76. Importance 6.51, 2.60, 3.60 and 27.29. Complexity 8.93, 9.58, 4.17 and 22.25. Interconnectedness 4.99, 14.77, 9.57 and 19.52.</p> <p>Please see enclosed Excel-file.</p>
4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)	<p>Please provide information on:</p> <ol style="list-style-type: none"> a. whether you followed the EBA guidelines on the assessment of O-SIIs Yes. b. which threshold score has been set to identify O-SIIs The 3.5 % threshold score has been applied. c. which of the optional indicators have been used to justify supervisory assessment decisions, if any, and what are the scores <i>No optional indicators have been used.</i> d. why these optional indicators are relevant for the Member State <i>See above</i> e. why the bank is systemically important in terms of those particular optional indicators <i>N.a.</i> f. whether relevant entities with relative total assets not in excess of 0.02% have been excluded from the identification process <i>No, all entities are included.</i> g. names and scores of all relevant entities not excluded from the identification process (could be sent in a separate excel file, see 4.1) <i>O-SII excel file.</i> h. whether non-bank institutions have been included in the calculations <i>All Finnish credit institutions and branches operating in Finland are included in the calculations.</i>
4.3 Supervisory judgement	Not used.

4.4 Calibrating the O-SII buffer	<p>_OSII % < 3,50 => 0,0 %</p> <p>3,50 <=O-SII %< 7,00 => 0,5 %</p> <p>7,00<= O-SII % <10,50 => 1 %</p> <p>10,50 <=O-SII%<14,00 => 1,5 %</p> <p>14,00 <= O-SII % => 2,0 %</p>
4.5 Effectiveness and proportionality of measure	<p>The measure directly addresses the risk generated by the respective systemically important institutions. An additional capital requirement in the form of an O-SII buffer increases the resilience of the institutions. The current capital level of the institutions exceed that of the combined requirement. The O-SII buffer applies to the four largest domestic credit institutions in the Finnish market.</p>
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 application of the O-SII buffers increases the capital requirements for the respective institutions between 0.5 and 2.0%. The impact of the additional requirements in terms of pricing of financial services is perceived as minor. Hence, domestic and cross-border market effects are seen as small.</p>
5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	<p>See above.</p>
6. Combinations and interactions with other measures	
6.1 Combinations between G-SII and O-SII buffers (Article 131.14)	<p>A G-SII buffer of 1.0 % applies to Nordea Bank AB.</p>
6.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	<p>A Government proposal regarding the systemic risk buffer was submitted to the Parliament on 12 October 2017. According to the proposal, the legislation would enter into force on 1 January 2018.</p> <p>Home country systemic risk buffers apply to Danske Bank A/S and Nordea Bank AB.</p>
6.3 O-SII requirement for a subsidiary (Article 131.8)	<p>Home country OSII-buffers apply to Nordea Bank AB (and implicitly Danske Bank A/S).</p>
6.4 Interaction with other measures	<p>Capital conservation buffer introduced in Finland on 1 January 2015 without phasing in.</p>
7. Miscellaneous	

7.1 Contact person(s) at notifying authority	Peik Granlund +358 – 9-183 5236, peik.granlund@fiva.fi
7.2 Any other relevant information	The Board of Danske Bank Plc announced in June 2017 that the company will be merged into its parent company. According to the plan, the Finnish subsidiary would be transformed into a branch by 31 December 2017. As a result, the O-SII buffer of 0.5 % would not apply to Danske Bank Plc: