

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

Please send this template to

- [notifications@esrb.europa.eu](mailto:notifications@esrb.europa.eu) when notifying the ESRB;
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1. Notifying national authority		
<b>1.1 Name of the notifying authority</b>	Prudential Regulation Authority (PRA)	
2. Description of the measure		
<b>2.1 Concerned institution or group of institutions</b>	The PRA has designated as O-SIIs the following institutions on the basis of their highest consolidated situations:	
	<b>Institution</b>	<b>LEI code</b>
	Barclays Plc	213800LBQA1Y9L22JB70
	Citigroup Global Markets Limited	XKZZ2JZF41MRHTR1V493
	Credit Suisse International	E58DKGMJYYYYJLN8C3868
	Credit Suisse Investments (UK)	549300FK5LWVMQ9QY386
	Goldman Sachs Group UK Limited	549300RQT6K4WXZL3083
	HSBC Holdings Plc	MLU0ZO3ML4LN2LL2TL39
	J.P. Morgan Capital Holdings Limited	549300Z1UDXFNOBBUI23
	Lloyds Banking Group Plc	549300PPXHEU2JF0AM85
	Merrill Lynch International	GGDZP1UYGU9STUHRDP48
	Morgan Stanley International Limited	LSMWH68Y2RHEDP8W5261
	Nationwide Building Society	549300XFX12G42QIKN82
	Nomura Europe Holdings Plc	549300IU15NXFPV2FC82
The Royal Bank of Scotland Group Public Limited Company	2138005O9XJIJN4JPN90	
Santander UK Group Holdings Plc	549300F5XIFGNNW4CF72	
Standard Chartered Plc	U4LOSYZ7YG4W3S5F2G91	
<b>2.2 Level of the buffer applied</b>	The PRA applies the O-SII buffer to ring fenced banks and large building societies that hold more than £25 billion in deposits, as prescribed by UK legislation implementing the O-SII buffer.	
	The O-SII buffer applies on a sub-consolidated basis for RFBs.	
	<b>RFB sub-group</b>	<b>RFBs covered by the SRB</b>
		<b>LEI code</b>

	Barclays RFB sub-group	Barclays Bank UK Plc	213800UUGANOMFJ9X769
	HSBC RFB sub-group	HSBC UK Bank Plc Marks and Spencer Financial Services Plc HSBC Private Bank (UK) Ltd HSBC Trust Company (UK) Ltd	21380081EP12LC86CB82 2138009M124EE2Q9ZK29 549300G717XMVN87UL79 213800L268IWWDMGE602
	Lloyds Banking Group RFB sub-group	Lloyds Bank Plc Bank of Scotland Plc	H7FNTJ4851HG0EXQ1Z70 OQ3T05P7YR8P5YJEVI93
	The Royal Bank of Scotland RFB sub-group	National Westminster Bank Plc Coutts & Company Ulster Bank Limited The Royal Bank of Scotland Plc	213800IBT39XQ9C4CP71 549300OLXJ4Y010LOT34 213800BZ9V4RRA2IRN26 549300WHU4EIHRP28H10
	Santander UK RFB sub-group	Santander UK Plc Cater Allen Limited	PTCQB104N23FMNK2RZ28 NJ2Z3LWOIYWE0BE0UJ21
	The O-SII buffer applies on a consolidated basis for building societies.		
	<b>Building society</b>		<b>LEI code</b>
	Nationwide Building Society		549300XFX12G42QIKN82
<b>2.3 Name of the EU ultimate parent institution</b>	<b>O-SII that has an EU ultimate parent institution</b>	<b>EU ultimate parent institution</b>	<b>LEI code of EU ultimate parent institution</b>
	Santander UK Group Holdings Plc	Banco Santander SA	5493006QMFDDMYWIAM13
<b>2.4 Names of subsidiaries</b>	Not applicable.		
<b>3. Timing of the measure</b>			
<b>3.1 Timing of the Decision</b>	O-SII designation: 17 November 2020 O-SII buffer: 4 December 2020		
<b>3.2 Timing of the Publication</b>	O-SII designation: 27 November 2020 O-SII buffer: 29 December 2020		
<b>3.3 Disclosure</b>	The PRA discloses its list of O-SIIs and will disclose the applicable O-SII buffer rate for firms subject to the O-SII buffer on its <a href="#">CRD IV updates</a> page. <sup>1</sup>		
<b>3.4 Timing of Application</b>	O-SII designation: 1 January 2021 O-SII buffer: 29 December 2020		
<b>3.5 Phasing in</b>	The O-SII designation will apply immediately from 1 January 2021 application.		

<sup>1</sup> From 28/29 December 2020, this information will be available on the CRD V equivalent of this page.

	In April 2020, the PRA to maintain SRB rates until they are reassessed in December 2021. <sup>2</sup> The decision applied to any successor buffer, including the O-SII buffer, implemented following the adoption of CRD V.					
<b>3.6 Review of the measure</b>	The identification of O-SIIs will be reviewed by 1 December 2021 and at least annually going forward. The PRA will re-apply the O-SII framework annually and will announce the O-SII buffer rates resulting from its assessment by 15 December of each year. As a result of the PRA's decision to maintain rates at the rate set in December 2019, it will next reassess them in December 2021.					
<b>4. Reason for O-SII identification and activation of the O-SII buffer</b>						
<b>4.1 Scores of concerned institution or group of institutions, as per EBA guidelines on the assessment of O-SIIs (Article 131.3)</b>	<b>Institution</b>	<b>Stage 1 score</b>	<b>Size</b>	<b>Importance</b>	<b>Complexity</b>	<b>Inter-connectedness</b>
	HSBC Holdings Plc	1763	1642	2016	1971	1424
	Barclays Plc	1115	961	1146	1025	1326
	Royal Bank of Scotland Group Plc	724	595	1106	607	590
	Goldman Sachs Group UK Limited	668	611	118	1194	750
	Lloyds Banking Group Plc	639	569	1253	112	623
	J P Morgan Capital Holdings Limited	407	443	238	421	524
	Morgan Stanley International Limited	326	297	28	604	377
	Standard Chartered Bank Plc	300	465	80	209	448
	Santander UK Group	297	246	596	34	311
	Merill Lynch Europe Group	247	244	470	219	54
	Nomura Europe Holdings Group	241	172	204	363	227
	Nationwide Building Society	230	204	505	9	204
Citigroup Global Markets Limited	230	269	10	459	181	
Credit Suisse International	170	154	14	417	95	
Credit Suisse Investments (UK)	41	64	16	20	65	
<b>4.2 Methodology and indicators used for designation of the O-SII (Article 131.3)</b>	<p>a. The PRA followed the EBA guidelines on the assessment of O-SIIs.</p> <p>b. The PRA used a threshold score for automatic designation of 350 basis points.</p> <p>c. PRA O-SIIs are those institutions that scored over 350 basis points under the EBA's methodology, and that had a score greater than 100 basis points under the PRA's supervisory assessment (see below).</p> <p>d. The PRA used firms' market share in the following indicators as the basis for its supervisory assessment:</p> <ul style="list-style-type: none"> <li>○ Retail Banking indicators: <ul style="list-style-type: none"> <li>▪ Value of Retail Deposits</li> <li>▪ Value of Retail Lending</li> <li>▪ Number of Retail Customers</li> </ul> </li> <li>○ Corporate Banking indicators: <ul style="list-style-type: none"> <li>▪ Value of Corporate Deposits</li> <li>▪ Value of Corporate Lending</li> </ul> </li> <li>○ Intra-financial Banking indicators: <ul style="list-style-type: none"> <li>▪ Intra-financial Liabilities (Deposits, Repos, Derivatives)</li> <li>▪ Intra-financial Assets (Loans, Reverse Repos, Derivatives)</li> </ul> </li> <li>○ Payment, Settlement &amp; Clearing services indicators: <ul style="list-style-type: none"> <li>▪ Daily Average Value of CHAPS transactions</li> <li>▪ Daily Average Value of BACS transactions</li> <li>▪ Daily Average Value of CREST transactions</li> <li>▪ Daily Average Value of LCH transactions</li> </ul> </li> <li>○ Custody Services indicators: <ul style="list-style-type: none"> <li>▪ Custody assets</li> </ul> </li> <li>○ Investment Banking indicators: <ul style="list-style-type: none"> <li>▪ Trading Assets</li> <li>▪ Market transaction volumes</li> </ul> </li> </ul> <p>The PRA has designated all institutions whose supervisory assessment score exceeds 100 basis points as O-SIIs. The table below lists these institutions and their 'supervisory assessment' scores:</p>					

<sup>2</sup> <https://www.bankofengland.co.uk/prudential-regulation/publication/2020/pra-decision-on-srb-rates>

		<table border="1"> <thead> <tr> <th>Institution</th> <th>Supervisory assessment score (in basis points)</th> </tr> </thead> <tbody> <tr> <td>Morgan Stanley International Limited</td> <td>356</td> </tr> <tr> <td>Standard Chartered Plc</td> <td>275</td> </tr> <tr> <td>Merrill Lynch International</td> <td>270</td> </tr> <tr> <td>Santander UK Group Holdings Plc</td> <td>260</td> </tr> <tr> <td>Nationwide Building Society</td> <td>163</td> </tr> <tr> <td>Citigroup Global Markets Limited</td> <td>162</td> </tr> <tr> <td>Credit Suisse Investments (UK)</td> <td>157</td> </tr> <tr> <td>Nomura Europe Holdings Plc</td> <td>128</td> </tr> <tr> <td>Credit Suisse International</td> <td>124</td> </tr> </tbody> </table>	Institution	Supervisory assessment score (in basis points)	Morgan Stanley International Limited	356	Standard Chartered Plc	275	Merrill Lynch International	270	Santander UK Group Holdings Plc	260	Nationwide Building Society	163	Citigroup Global Markets Limited	162	Credit Suisse Investments (UK)	157	Nomura Europe Holdings Plc	128	Credit Suisse International	124	<p>e. These indicators are relevant to the United Kingdom because they reflect the direct impact that the distress or failure of a systemic institution could have on the UK economy through the disruption or cessation of services, as well as reflecting other direct and indirect channels through which the distress or failure of institutions could pose a threat to the real economy, including through other intermediaries.</p> <p>f. The table below sets out the systemically important activities of the firms that have been identified through supervisory overlay:</p> <table border="1"> <thead> <tr> <th>Institution</th> <th>Systemically important activities</th> </tr> </thead> <tbody> <tr> <td>Morgan Stanley International Limited</td> <td>Intra-financial banking and investment banking</td> </tr> <tr> <td>Standard Chartered Plc</td> <td>Corporate banking</td> </tr> <tr> <td>Merrill Lynch International</td> <td>Intra-financial banking and investment banking</td> </tr> <tr> <td>Santander UK Group Holdings Plc</td> <td>Retail banking</td> </tr> <tr> <td>Nationwide Building Society</td> <td>Retail banking</td> </tr> <tr> <td>Citigroup Global Markets Limited</td> <td>Intra-financial banking and investment banking</td> </tr> <tr> <td>Credit Suisse Investments (UK)</td> <td>Investment banking</td> </tr> <tr> <td>Nomura Europe Holdings Plc</td> <td>Intra-financial banking and investment banking</td> </tr> <tr> <td>Credit Suisse International</td> <td>Intra-financial banking</td> </tr> </tbody> </table> <p>g. The PRA elected to exclude from the identification process relevant entities that hold less than 0.02% of the total assets of UK credit institutions and investment firms.</p> <p>h. The data used for this year's identification exercise were unchanged from 2019. The PRA took the decision not to request additional data in order to relieve the burden on firms in light of the extraordinary circumstances arising as a result of the Covid-19 pandemic. The PRA has therefore used supervisory judgment in its identification exercise. The PRA concluded that the 2020 list of O-SIIs should be unchanged from 2019.</p> <p>i. The 'Firms in scope of assessment' tab in the attached spreadsheet sets out the names and scores of all entities that were included in the identification process.</p> <p>j. The PRA has included significant investment firms in its calculations.</p>	Institution	Systemically important activities	Morgan Stanley International Limited	Intra-financial banking and investment banking	Standard Chartered Plc	Corporate banking	Merrill Lynch International	Intra-financial banking and investment banking	Santander UK Group Holdings Plc	Retail banking	Nationwide Building Society	Retail banking	Citigroup Global Markets Limited	Intra-financial banking and investment banking	Credit Suisse Investments (UK)	Investment banking	Nomura Europe Holdings Plc	Intra-financial banking and investment banking	Credit Suisse International	Intra-financial banking
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<p><b>4.3 Supervisory judgement</b></p>	<p>The PRA has designated all institutions whose supervisory assessment score exceeds 100 basis points as O-SIIs. See 4.2.</p>																																										

**4.4 Calibrating the O-SII buffer**

The PRA determines the O-SII buffer rates by applying the UK [Financial Policy Committee's framework for the SRB](#)<sup>3</sup> to each of the institutions in scope of the framework, which are ring-fenced bodies<sup>4</sup> (RFBs) and large building societies.

A summary of the framework is shown below. Institutions with total assets greater than £175bn are subject to a positive O-SII buffer rate. Total assets are assessed on a sub-consolidated basis for RFBs, and on a consolidated basis for building societies.<sup>5</sup>

Risk weighted SRB rate	Total Assets (£bns)	
	Lower threshold	Upper threshold
0%	-	<175
1%	175	<320
1.5%	320	<465
2%	465	<610
2.5%	610	<755
3%	≥755	

The most recent assessment of SRB rates was completed in 2019, based on 2018 data. In April 2020, the PRA decided to maintain these buffer rates until they are reassessed in December 2021, where the new rates would apply from January 2023 (unless the PRA makes any subsequent decision to further maintain these rates beyond that date). The decision applied to any successor buffer, including the O-SII buffer, implemented following the adoption of CRD V.<sup>6</sup>

The O-SII buffer rate applies on a sub-consolidated basis for RFBs.

RFB sub-group	RFBs covered by the SRB	Buffer rate
Barclays RFB sub-group	Barclays Bank UK Plc	1%
HSBC RFB sub-group	HSBC UK Bank Plc Marks and Spencer Financial Services Plc HSBC Private Bank (UK) Ltd HSBC Trust Company (UK) Ltd	1%
Lloyds Banking Group RFB sub-group	Lloyds Bank Plc Bank of Scotland Plc	2%
The Royal Bank of Scotland RFB sub-group	National Westminster Bank Plc Coutts & Company Ulster Bank Limited The Royal Bank of Scotland Plc	1.5%
Santander UK RFB sub-group	Santander UK Plc Cater Allen Limited	1%

The O-SII buffer rate applies on a consolidated basis for building societies.

Building society	Buffer rate
Nationwide Building Society	1%

<sup>3</sup> This will be amended to indicate that the same framework should be applied for setting O-SII buffer rates

<sup>4</sup> Within the meaning of section 142A of the Financial Services and Markets Act 2000.

<sup>5</sup> The PRA may, in the exercise of sound supervisory judgement, deviate from the O-SII buffer rates derived from the FPC framework.

<sup>6</sup> <https://www.bankofengland.co.uk/prudential-regulation/publication/2020/pra-decision-on-srb-rates>

<b>4.5 Effectiveness and proportionality of measure</b>	<p>The O-SII buffer will lead to higher capital buffers for RFBs and large building societies. This will increase their resilience through raising their capacity to absorb losses when in distress and continue to lend to UK households and non-financial corporates.</p> <p>The O-SII buffer rates are higher for firms that pose a greater systemic risk to the UK economy from their contraction of lending to UK households and non-financial corporates.</p>											
<b>5. Cross-border and cross-sector impact of the measure</b>												
<b>5.1 Assessment of cross-border effects and the likely impact on the internal market</b>  <b>(Recommendation ESRB/2015/2)</b>	<p>By reducing the risk that RFBs and large building societies contract their UK real economy lending if they fall into distress, the O-SII buffer will reduce the risk of possible contagion to other Member States in the internal market.</p> <p>There may be leakages to branches of foreign financial institutions. However, currently they do not account for a substantial proportion of UK real economy lending.</p>											
<b>5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</b>	<p>There may be leakages to entities outside of the scope of the O-SII buffer, for example non-ring-fenced entities. However, currently they do not account for a substantial proportion of UK real economy lending.</p>											
<b>6. Combinations and interactions with other measures</b>												
<b>6.1 Combinations between G-SII and O-SII buffers</b> <b>(Article 131.14)</b>	<p>All G-SIIs designated by the PRA have also been identified as O-SIIs.</p> <p>Currently, Barclays Plc, HSBC Holdings Plc, and RBS Group Plc are subject to the G-SII buffer, at a group consolidation level.</p> <p>The O-SII buffer applies at a sub-consolidated level for the RFB sub-groups of these institutions.</p>											
<b>6.2 Combinations with SRB buffers</b> <b>(Article 131.14 + Article 133.5)</b>	<p>N/A as the O-SII buffer supersedes the SRB and the PRA has not set a new SRB under CRD V.</p>											
<b>6.3 O-SII requirement for a subsidiary</b> <b>(Article 131.8)</b>	<table border="1"> <thead> <tr> <th>Institution</th> <th>Parent institution</th> <th>G-SII buffer of the parent</th> <th>O-SII buffer of the parent</th> </tr> </thead> <tbody> <tr> <td>Santander UK Group Holdings Plc</td> <td>Banco Santander, S.A.</td> <td>1.0%</td> <td>1.0%</td> </tr> </tbody> </table>	Institution	Parent institution	G-SII buffer of the parent	O-SII buffer of the parent	Santander UK Group Holdings Plc	Banco Santander, S.A.	1.0%	1.0%			
Institution	Parent institution	G-SII buffer of the parent	O-SII buffer of the parent									
Santander UK Group Holdings Plc	Banco Santander, S.A.	1.0%	1.0%									
<b>6.4 Interaction with other measures</b>	<p>N/A</p>											

<b>7. Miscellaneous</b>	
<b>7.1 Contact person(s) at notifying authority</b>	<p>Matthew Naylor  Tel: +44 (0)20 7601 7028  Email: <a href="mailto:matthew.naylor@bankofengland.co.uk">matthew.naylor@bankofengland.co.uk</a></p>

	<p>Jennifer Clark +44 (0)20 3461 7662 <a href="mailto:jennifer.clark@bankofengland.co.uk">jennifer.clark@bankofengland.co.uk</a></p> <p>Katie Low Tel: +44 (0)20 7601 5029 Email: <a href="mailto:katie.low@bankofengland.co.uk">katie.low@bankofengland.co.uk</a></p>
<b>7.2 Any other relevant information</b>	No