FSB FINANCIAL STABILITY BOARD

21 November 2016

2016 list of global systemically important banks (G-SIBs)

1. The Financial Stability Board (FSB), in consultation with Basel Committee on Banking Supervision (BCBS) and national authorities, has identified the 2016 list of global systemically important banks (G-SIBs), using end-2015 data and the updated assessment methodology published by the BCBS in July 2013.[1] The 30 institutions identified as G-SIBs in 2016 remain the same as those on the 2015 list (see Annex).

2. The changes in the allocation across buckets of the institutions on the list reflect the combined effects of data quality improvements, changes in underlying activity, and the use of supervisory judgement.

3. In November 2011 the FSB published an integrated set of policy measures to address the systemic and moral hazard risks associated with systemically important financial institutions (SIFIs).[2] In that publication, the FSB identified as global systemically important financial institutions (G-SIFIs) an initial group of G-SIBs, using a methodology developed by the BCBS. The November 2011 report noted that the group of G-SIBs would be updated annually based on new data and published by the FSB each November.

4. G-SIBs are subject to:

   Higher capital buffer requirements: Since the November 2012 update, the G-SIBs have been allocated to buckets corresponding to the higher capital buffers that they would be required to hold by national authorities in accordance with international standards. Higher capital buffer requirements began to be phased in from 1 January 2016 for G-SIBs that were identified in November 2014 (with full implementation by 1 January 2019). The capital buffer requirements for the G-SIBs identified in the annual update each November will apply to them as from January fourteen months later. The assignment of G-SIBs to the buckets in the list published today determines the higher capital buffer requirements that will apply to each G-SIB from 1 January 2018.[3]

   Total Loss-Absorbing Capacity (TLAC) requirements: G-SIBs will be required to meet the TLAC standard, alongside the regulatory capital requirements set out in the Basel III

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1 See BCBS and BCBS, *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement*, July 2013.

2 See FSB, *Policy Measures to Address Systemically Important Financial Institutions,* 4 November 2011 (http://www.fsb.org/2011/11/r_111104bb/)

3 Based on the implementation schedule, G-SIBs identified this November will be required to hold in 2018 75% of the higher loss absorbency applying to the bucket of systemic importance to which they have been allocated in the list published today (http://www.bis.org/bcbs/publ/d296.pdf).

framework.[4] The TLAC standard will be phased-in from 1 January 2019 for G-SIBs designated in the 2015 list (provided that they will continue to be designated as G-SIBs thereafter).

Resolvability requirements: These include group-wide resolution planning and regular resolvability assessments. The resolvability of each G-SIB is also reviewed in a high-level FSB Resolvability Assessment Process (RAP) by senior regulators within the firms' Crisis Management Groups.[5]

Higher supervisory expectations: These include supervisory expectations for risk management functions, risk data aggregation capabilities, risk governance and internal controls.[6]

5. Since November 2013 the BCBS has published the denominators used to calculate banks' scores, and the thresholds used to allocate the banks to buckets.[7] In November 2014 the BCBS published a technical summary of the methodology, as well as the links to the G-SIBs' public disclosures. Since last year the BCBS has also published and provided the links to the public disclosures of the full sample of banks assessed, as determined by the sample criteria set out in the BCBS G-SIB framework.[8]

6. A new list of G-SIBs will next be published in November 2017.

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[4] See FSB, *Total Loss-Absorbing Capacity (TLAC) Principles and Term Sheet*, 9 November 2015 (http://www.fsb.org/2015/11/total-loss-absorbing-capacity-tlac-principles-and-term-sheet/). The BCBS published the final standard on the regulatory capital treatment of banks' investments in instruments that comprise TLAC for G-SIBs on 12 October 2016 (https://www.bis.org/bcbs/publ/d387.htm).

[5] See FSB, *Resilience through resolvability – moving from policy design to implementation*, 18 August 2016 (http://www.fsb.org/2016/08/resilience-through-resolvability-moving-from-policy-design-to-implementation/).

[6] The timeline for G-SIBs to meet this requirement were set out in the November 2013 update. See FSB, *2013 update of group of global systemically important banks (G-SIBs),* November 2013 ((http://www.fsb.org/wp-content/uploads/r_131111.pdf).

[7] The denominators are updated annually using the most recently collected data. The cut-off score and bucket thresholds remain fixed until the first review of the methodology, to be completed by November 2017.

[8] See BCBS, *Global systemically important banks: Assessment methodology and the additional loss absorbency requirement* (http://www.bis.org/bcbs/gsib/index.htm)

Annex

G-SIBs as of November 2016[9] allocated to buckets corresponding to required levels of additional capital buffers

Bucket[10]	G-SIBs in alphabetical order within each bucket
5 **(3.5%)**	(Empty)
4 **(2.5%)**	Citigroup JP Morgan Chase
3 **(2.0%)**	Bank of America BNP Paribas Deutsche Bank HSBC
2 **(1.5%)**	Barclays Credit Suisse Goldman Sachs Industrial and Commercial Bank of China Limited Mitsubishi UFJ FG Wells Fargo
1 **(1.0%)**	Agricultural Bank of China Bank of China Bank of New York Mellon China Construction Bank Groupe BPCE Groupe Crédit Agricole ING Bank Mizuho FG Morgan Stanley Nordea Royal Bank of Scotland Santander Société Générale Standard Chartered State Street Sumitomo Mitsui FG UBS Unicredit Group

9 Compared with the list of G-SIBs published in 2015, the number and names of banks identified as G-SIBs remain the same. Four banks moved to a higher bucket: Citigroup moved from bucket 3 to 4, Bank of America moved from bucket 2 to 3, Industrial and Commercial Bank of China and Wells Fargo moved from bucket 1 to 2. Three banks moved to a lower bucket: HSBC moved from bucket 4 to 3, Barclays moved from bucket 3 to 2 and Morgan Stanley moved from bucket 2 to 1.

10 The bucket approach is defined in Table 2 of the Basel Committee document *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement*, July 2013. The numbers in parentheses are the required level of additional common equity loss absorbency as a percentage of risk-weighted assets that applies to each G-SIB. Based on the implementation schedule, G-SIBs identified in this list will be required to hold in 2018 75% of the higher loss absorbency requirement applying to the bucket of systemic importance to which they have been allocated in the list published today.