

FINANCIAL REGULATION

# 2016 G-SIBs list: seven changes versus 2015

Arturo Fraile / Álvaro Romero

The Financial Stability Board (FSB) has updated its 2016 [list](#) for the Global Systemically Important Banks (G-SIBs). The thirty designated entities are the same of the [previous](#) year and there are seven main changes: three entities have moved to an immediately lower capital requirement bucket (HSBC from 2.5% to 2%; Barclays from 2% to 1.5% and Morgan Stanley from 1.5% to 1%) and four to an immediately higher (Citigroup from 2% to 2.5%; Bank of America from 1.5% to 2%; Industrial and Commercial Bank of China -ICBC- and Wells Fargo from 1% to 1.5%).

Figure 1

G-SIBs list from 2011 to 2016						
Entities	Capital Surcharge (% of CET1/RWAs)					
	2011*	2012	2013	2014	2015	2016
JP Morgan	*	2.5	2.5	2.5	2.5	2.5
Citigroup	*	2.5	2	2	2	2.5 ▲
BNP Paribas	*	2	2	2	2	2
HSBC	*	2.5	2.5	2.5	2.5	2 ▼
Deutsche Bank	*	2.5	2	2	2	2
Bank of America	*	1.5	1.5	1.5	1.5	2 ▲
Barclays	*	2	2	2	2	1.5 ▼
Crédit Suisse	*	1.5	1.5	1.5	1.5	1.5
Goldman Sachs	*	1.5	1.5	1.5	1.5	1.5
Mitsubishi	*	1.5	1.5	1.5	1.5	1.5
ICBC			1	1	1	1.5 ▲
Wells Fargo	*	1	1	1	1	1.5 ▲
Agricultural Bank of China				1	1	1
Bank of China	*	1	1	1	1	1
Bank of NY Mellon	*	1.5	1	1	1	1
BPCE	*	1	1	1	1	1
China Construction Bank					1	1
Crédit Agricole	*	1	1.5	1	1	1
ING	*	1	1	1	1	1
Morgan Stanley	*	1.5	1.5	1.5	1.5	1 ▼
Mizuho	*	1	1	1	1	1
Nordea	*	1	1	1	1	1
RBS	*	1.5	1.5	1.5	1	1
Santander	*	1	1	1	1	1
Société Générale	*	1	1	1	1	1
Standard Chartered		1	1	1	1	1
State Street	*	1	1	1	1	1
Sumitomo	*	1	1	1	1	1
UBS	*	1.5	1.5	1	1	1
Unicredit	*	1	1	1	1	1
BBVA		1	1	1	OUT	
Commerzbank	*					
Dexia	*					
Lloyds	*					
<b>Total entities</b>	<b>29</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>30</b>

\* No bucket released for the 2011 list. CET1: Core Equity Tier 1 Capital. RWAs: Risk Weighted Assets.

Source: BBVA Research based on FSB

## The main implications of being designated as a G-SIB

The FSB remembers in its press release that G-SIBs are subject to higher capital buffer requirements; total loss-absorbing Capacity (TLAC) requirements, resolvability requirements and higher supervisory expectations:

- **Higher capital buffer requirements:** today's buckets define the higher loss absorbency the designated entities have to comply with from 1 January 2018 at 75%. The phase-in period started on 1 January 2016 -according to [2014 G-SIB list](#)- and will be fully implemented on 1 January 2019. The capital buffer corresponding to the list released today enters into force fourteen months later.
- **TLAC standard:** it will start to be phased-in from 1 January 2019 to 1 January 2022 for "firms that have been designated by the FSB as G-SIBs before the end of 2015 and continue to be designated thereafter"<sup>1</sup>.
- **Resolvability requirements:** they include resolution planning at group level and resolvability assessments.
- **More stringent supervisory expectations:** that encompass risk management, data aggregation and governance and internal controls.

Figure 2

### Timetable for implementation of resolution planning requirements for newly designated G-SIFIs

G-SIFI Requirement	Deadline for completion following date of G-SIFI designation. In months (m)
Establishment of Crisis Management Group (CMG)	6 m
Development of recovery plan	12 m
Development of a resolution strategy and review within CMG	12 m
Agreement of institution specific cross-border cooperation agreement	18 m
Development of operational resolution plan	18 m
Conduct of resolvability assessment by CMG and resolvability assessment process	24 m

Source: FSB. 2013 update of group of global systemically important banks (G-SIBs)

## Other relevant information released

Jointly with the update of the G-SIB list, the BCBS has published the G-SIB assessment reporting [instructions](#); the G-SIB [denominators](#) and the [assessment sample](#) for the end-2015.

The FSB has also released the 2016 update of the global systemically important [insurers](#) (G-SIIs).

An updated list of G-SIBs and G-SIIs will be released in November 2017.

<sup>1</sup> "with the exception of such firms headquartered in an emerging market economy (EME), must comply with the TLAC standard and meet from 1 January 2019 Minimum TLAC requirements". Source: FSB: Principles on Loss-absorbing and Recapitalisation Capacity of G-SIBs in Resolution Total Loss-absorbing Capacity (TLAC) Term Sheet

## DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.