FINANCIAL STABILITY BOARD

11 November 2013

2013 update of group of global systemically important banks (G-SIBs)

1. In November 2011 the Financial Stability Board published an integrated set of policy measures to address the systemic and moral hazard risks associated with systemically important financial institutions (SIFIs). In that publication, the FSB identified as global SIFIs (G-SIFIs) an initial group of global systemically important banks (G-SIBs), using a methodology developed by the Basel Committee on Banking Supervision (BCBS).[1]

2. The November 2011 report noted that the group of G-SIFIs would be updated annually based on new data and published by the FSB each November. Beginning with the November 2012 update, the G-SIBs were allocated to buckets corresponding to the higher loss absorbency requirements that they would be required to hold from January 2016.[2]

3. The FSB and the BCBS have updated the list of G-SIBs, using end-2012 data and an updated assessment methodology published by the BCBS in July 2013.[3] One bank has been added to the list of banking groups identified as G-SIBs in 2012, increasing the overall number from 28 to 29 (Annex I).

4. The group of G-SIBs will be next updated in November 2014.

5. The July 2013 changes to the G-SIB assessment methodology reflect lessons from applying the methodology using data submitted by the banks in previous years. The adjustment included the introduction of a cap to one of the five categories of indicators used in the assessment methodology (the Substitutability category). In its July 2013 publication, the BCBS also announced that it would bring forward by one year to November 2013 the publication of the denominators used to calculate banks' scores, as well as the cut-off score and thresholds used to allocate the banks to buckets. The BCBS publishes today these data on its website.[4]

6. The changes in the institutions included in the list and in their allocation across buckets reflect the combined effects of data quality improvements, changes in the methodology and changes in underlying systemic importance. The scores and the current assignment of the G-SIBs to the buckets are provisional; the assignment relevant for the higher loss

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[1] See BCBS, *Global systemically important banks: Assessment methodology and the additional loss absorbency requirement*, November 2011

[2] See FSB, *Update of group of global systemically important banks*, November 2012

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

[4] See BCBS, www.bis.org/bcbs/gsib/. The denominators will be updated annually using the most recently collected data. The cut-off score and bucket thresholds will remain fixed until the first three-year review of the methodology, to be completed by November 2017.

absorbency requirement will be based in the future on the best and most current available data prior to implementation.

7. The FSB's November 2011 report and the 2012 update set out the policy requirements relating to G-SIFIs and the timetable by which these requirements are to be met. For the institutions identified today, as well as for future updates, the following time-lines will apply:

   i) The higher loss absorbency requirements for G-SIBs will be phased in from January 2016, with full implementation by January 2019. The initial requirements in January 2016 will apply to G-SIBs identified in November 2014, using the buckets for higher loss absorbency at that date. Thereafter, the higher loss absorbency requirements for the G-SIBs identified in the annual update each November will apply to them as from January fourteen months later.

   ii) For the G-SIFIs identified in November 2011 and November 2012, the timelines for implementation of the resolution planning requirements remain those specified at the time of their identification. For newly identified G-SIBs, the timelines for implementation of the resolution planning requirements will apply as detailed in Annex II to this note.

   iii) G-SIFIs are required to meet higher supervisory expectations for risk management functions, data aggregation capabilities, risk governance and internal controls. G-SIBs identified in November 2011 or November 2012 must meet the higher expectations for data aggregation capabilities and risk reporting by January 2016. G-SIBs newly designated in November 2013 or in subsequent annual updates will need to meet these higher expectations within three years of the designation.

8. The FSB and the standard setting bodies continue to extend the SIFI framework to other systemically important financial institutions.

   i) In July 2013, the International Association of Insurance Supervisors (IAIS) published a methodology for identifying global systemically important insurers (G-SIIs), and a set of policy measures that will apply to them. The FSB has endorsed the methodology and the policy measures, including the plan to develop backstop capital requirements to apply to all group activities as a foundation for higher loss absorbency requirements for G-SIIs. On the same date, using the IAIS methodology and based on 2011 data, the FSB, in consultation with the IAIS and national authorities, identified an initial list of nine G-SIIs. The group of G-SIIs will also be updated annually and published by the FSB each November, starting from November 2014. The FSB, in consultation with the IAIS and national authorities, will make a decision on the G-SII status of, and appropriate risk mitigating measures for, major reinsurers in July 2014.

   ii) The FSB, in consultation with IOSCO, will issue a proposed assessment methodology for identifying non-bank non-insurance global systemically important financial institutions (NBNI G-SIFIs) by the end of 2013.

G-SIBs as of November 2013[5] allocated to buckets corresponding to required level of additional loss absorbency

Bucket[6]	G-SIBs in alphabetical order within each bucket
5 **(3.5%)**	(Empty)
4 **(2.5%)**	HSBC JP Morgan Chase
3 **(2.0%)**	Barclays BNP Paribas Citigroup Deutsche Bank
2 **(1.5%)**	Bank of America Credit Suisse Goldman Sachs Group Crédit Agricole Mitsubishi UFJ FG Morgan Stanley Royal Bank of Scotland UBS
1 **(1.0%)**	Bank of China Bank of New York Mellon BBVA Groupe BPCE Industrial and Commercial Bank of China Limited ING Bank Mizuho FG Nordea Santander Société Générale Standard Chartered State Street Sumitomo Mitsui FG Unicredit Group Wells Fargo

5 Compared with the group of G-SIBs published in 2012, one bank (Industrial and Commercial Bank of China Limited) has been added.

6 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 will apply to G-SIBs identified in November 2014, with phase-in starting in January 2016.

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

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