

**FINANCIAL REGULATION**

# 2017 G-SIBs list: three main changes

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The Financial Stability Board (FSB) has updated its 2017 list for the Global Systemically Important Banks (G-SIBs). The total number of G-SIBs remains the same: 30. There are three main changes versus the previous list: i) One in and one out: Royal Bank of Canada (RBC) enters in the 1% bucket and Groupe BPCE exits the list. ii) Two Chinese banks rise from the 1% to the 1.5 % bucket: Bank of China and China Construction Bank iii) Three banks fall off to their respective immediate lower buckets: Citigroup from the 2.5% to the 2% bucket; BNP Paribas from the 2% to the 1.5% and Credit Suisse from the 1.5% to the 1%.

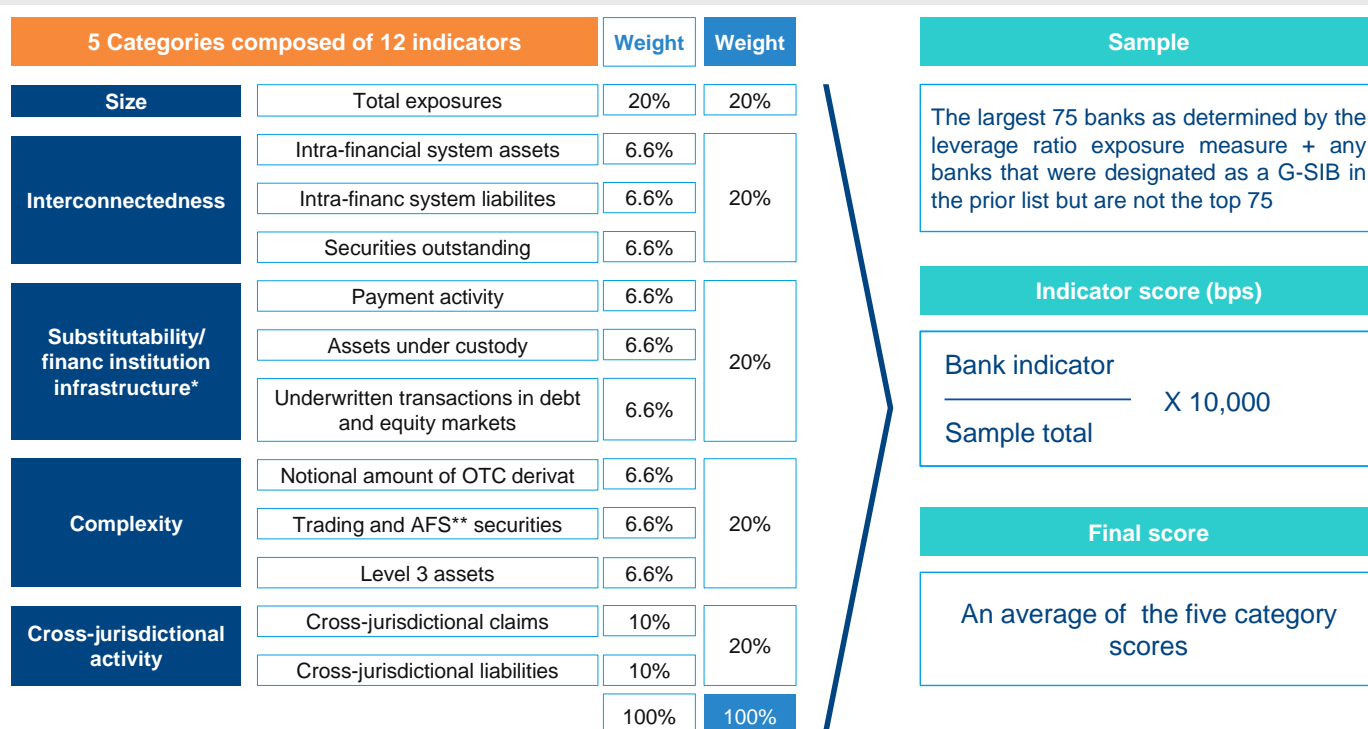
Table 1 G-SIBs list from 2011 to 2017

Entities	Capital Surcharge (% of CET1/RWAs)						
	2011*	2012	2013	2014	2015	2016	2017
JP Morgan	*	2.5	2.5	2.5	2.5	2.5	2.5
Citigroup	*	2.5	2	2	2	2.5	2
HSBC	*	2.5	2.5	2.5	2.5	2	2
Deutsche Bank	*	2.5	2	2	2	2	2
Bank of America	*	1.5	1.5	1.5	1.5	2	2
Barclays	*	2	2	2	2	1.5	1.5
BNP Paribas	*	2	2	2	2	2	1.5
Goldman Sachs	*	1.5	1.5	1.5	1.5	1.5	1.5
Mitsubishi	*	1.5	1.5	1.5	1.5	1.5	1.5
ICBC			1	1	1	1.5	1.5
Wells Fargo	*	1	1	1	1	1.5	1.5
China Construction Bank					1	1	1.5
Bank of China	*	1	1	1	1	1	1.5
Agricultural Bank of China				1	1	1	1
Bank of NY Mellon	*	1.5	1	1	1	1	1
Crédit Agricole	*	1	1.5	1	1	1	1
Crédit Suisse	*	1.5	1.5	1.5	1.5	1.5	1
ING	*	1	1	1	1	1	1
Morgan Stanley	*	1.5	1.5	1.5	1.5	1	1
Mizuho	*	1	1	1	1	1	1
Nordea	*	1	1	1	1	1	1
Royal Bank of Canada							1
RBS	*	1.5	1.5	1.5	1	1	1
Santander	*	1	1	1	1	1	1
Société Générale	*	1	1	1	1	1	1
Standard Chartered		1	1	1	1	1	1
State Street	*	1	1	1	1	1	1
Sumitomo	*	1	1	1	1	1	1
UBS	*	1.5	1.5	1	1	1	1
Unicredit	*	1	1	1	1	1	1
BBVA		1	1	1	OUT		
BPCE	*	1	1	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>	<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

2014 list was the first binding list for the G-SIBs' higher capital requirements that started to be phased on 1 Jan 2016 and that will be fully implemented on 1 Jan 2019. In addition to that, G-SIBs are subject to TLAC requirements (to be phased-in from 1 Jan 2019 based on the 2015 G-SIB list); to resolution planning and periodically resolvability assessments and to higher supervisory expectations (such as risk management functions, risk data aggregation capabilities, risk governance and internal controls).

**Figure 1** Current methodology: an overview



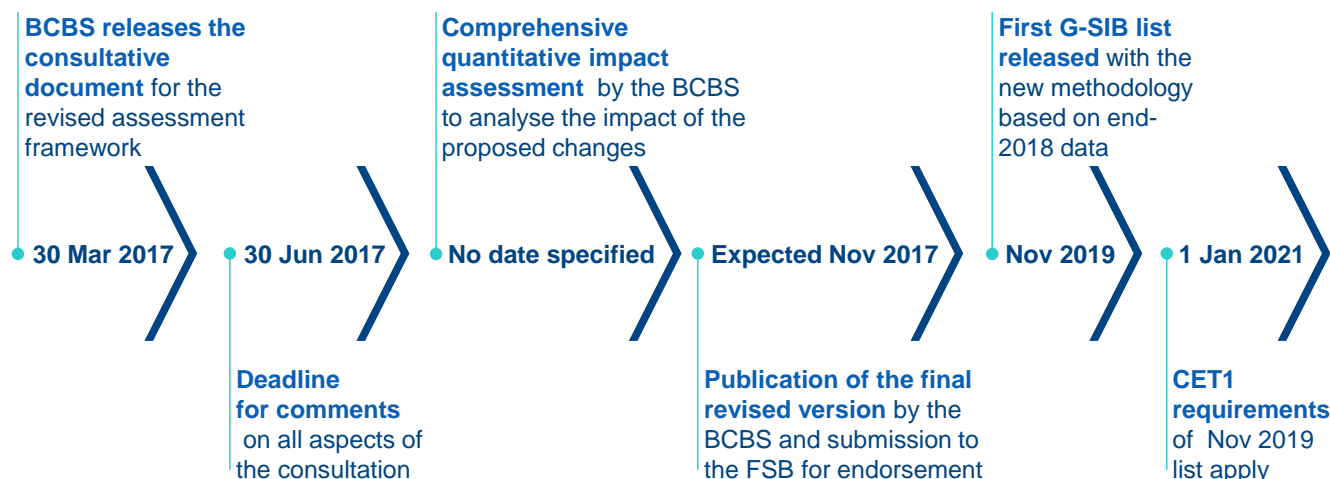
\* The substitutability/financial institution infrastructure category score is subject to a 500 bps cap. \*\* AFS: Available for sale.  
Source: BBVA Research based on BCBS

## A review of the current methodology by the BCBS: timeline & main changes

Last 30 March, the Basel Committee on Banking Supervision (BCBS) released its [consultative document](#) for revisiting the assessment frame for the G-SIBs. It proposes seven main changes aimed at improving the frame capturing new sources of systemic risk. The updated methodology is expected to take into force on 1 January 2021 for the November 2019 G-SIB list.

A more detailed explanation can be found in [Reviewing the G-SIBs framework: The turn of the screw](#).

Figure 2 Timeline



Source: BBVA Research based on BCBS

Figure 3 The new proposed methodology compared to current methodology

Changes vs the current methodology		Weight in %				Sample
		Current		NEW		
<b>Size</b>	Total exposures cum insurance*	20	20	20	20	The largest 75 banks as determined by the leverage ratio exposure measure + any banks that were designated as a G-SIB in t-1 list but are not the top 75
<b>Interconnectedness (affected by insurance*)</b>	Intra-financial system assets	6.6	20	5	20	
	Intra-financ system liabilities	6.6		5		
	Securities outstanding	6.6		5		
	New STWF**			5		
<b>Substitutability/financ institution infrastructure</b>	Payment activity	6.6	20	6.6	20	Indicator score (bps)  Bank indicator / Sample total X 10,000
	Assets under custody	6.6		6.6		
	Underwritten transactions in debt & equity markets	6.6		3.3		
	Trading volume in fixed income & equity and other securities***			3.3		
<b>Complexity (affected by insurance*)</b>	Notional amount of OTC derivat	6.6	20			
	Trading and AFS** securities	6.6				
	Level 3 assets	6.6				
<b>CJ activity (derivatives at consolidated level)</b>	Cross-jurisdictional claims	10	20			
	Cross-jurisdictional liabilities	10				
		100	100	100	100	

\*Inclusion of exposures under insurance subsidiaries in the scope of consolidation. \*\*All sources of a bank's wholesale funding with a maturity of less than six months (based on data used to compute the NSFR). \*\*\*=0.5\*[FI/SUM(FI)] +0.5\*[EOS/SUM(EOS)]  
Source: BBVA Research based on BCBS

## 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-2016.

The FSB has also released the 2017 update of the [global systemically important insurers](#) (G-SIIs).

An updated list of G-SIBs and G-SIIs will be released in November 2018.

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