

## Imposition of an administrative penalty on Goldman Sachs Bank Europe SE

The EUROPEAN CENTRAL BANK,

pursuant to Article 18(1) of Council Regulation (EU) No 1024/2013<sup>1</sup>, decided on 4 April 2023 to impose an administrative penalty on Goldman Sachs Bank Europe SE, in the amount of EUR 6,630,000. This penalty is imposed in respect of a breach of Article 430(1), point (a)<sup>2</sup> of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>3</sup> committed by reporting inaccurate information on risk-weighted exposure amounts and capital ratios in the quarterly individual common reporting on own funds and own funds requirements for eight consecutive reporting periods from 30 September 2019 to 30 June 2021.

When determining an administrative penalty, the ECB follows the principles set out in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18(1) and (7) of Regulation (EU) No 1024/2013. In accordance with this Guide, the ECB considered all the relevant circumstances of the case, in particular the impact of the breach, the degree of the misconduct of Goldman Sachs Bank Europe SE, the size of the entity and the applicable mitigating factors.

The ECB assessed the impact of the breach as 'high' based on the effect that the breach had on the prudential situation of the entity and its effective supervision, as determined on the basis of the importance of reporting obligations for day-to-day supervision, the extent to which the reported figures differed from the actual ones and the duration of the breach, which prevented the ECB from obtaining a comprehensive view of the risk profile and prudential situation of the entity in the relevant period.

The degree of the entity's misconduct was assessed as 'medium' taking into account that the supervised entity did not act with the necessary diligence in implementing its internal policies, which led to the misclassification of a considerable number of corporate exposures and the miscalculation of its risk-weighted exposure amounts and own funds requirements for approximately two years, while its internal controls failed to detect this during the relevant reviews.

Out of the severity categories 'minor', 'moderately severe', 'severe', 'very severe' and 'extremely severe', the ECB classified the breach as 'severe' since the impact and the misconduct were

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<sup>1</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

<sup>2</sup> Article 430(1), point (a) of Regulation (EU) No 575/2013 became applicable on 28 June 2021, during the period when the breach was committed. Prior to that date, the same requirement was imposed by Article 99(1) of Regulation (EU) No 575/2013.

<sup>3</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).



determined, respectively, as 'high' and 'medium'. In addition, the ECB considered certain mitigating circumstances, namely, the fact that the entity notified the ECB about the reporting errors, the entity's cooperation with the ECB, and the measures taken by the entity after the breach was identified to prevent similar breaches from happening in the future.

The administrative penalty is published in accordance with Article 18(6) of Council Regulation (EU) No 1024/2013 and Article 132 of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17)<sup>4</sup>.

The ECB's decision to impose an administrative penalty on Goldman Sachs Bank Europe SE may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

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<sup>4</sup> Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1).