

MEMBER STATES' PRACTICES IN APPLICATION AND RECOGNITION OF CCB RATES DURING TRANSITIONAL PERIOD 2016-2018

According to Article 160 CRD IV, national authorities can introduce a cap on CCB rates at the level of 0.625%, 1.25% and 1.875% in 2016, 2017 and 2018, respectively. The transitional provisions relate to institution-specific countercyclical capital buffer rates and to the scope of the CCB recognition by designated authorities when buffer rates are set in other EEA jurisdictions and in third countries. The CRD provides Member States with an option of introducing a shorter transitional period.

The ESRB has conducted a stocktaking exercise among its members to understand how these transitional provisions are applied across the Union. Based on information provided by designated authorities, institution-specific buffers are not capped in 13 Member States (BE, CZ, DK, EE, FI, HR, LV, LT, LU, PL, SE, SK, UK), implying that CCB requirements are applied in full from January 2016 onwards. Other 15 jurisdictions have introduced caps in line with Article 160 CRD.

As interpretational issues on whether the caps apply to institution-specific buffers or to CCB rates that designated authorities may set have become apparent during the CRD implementation process, the stocktake also asked designated authorities on the use of caps on CCB rates. Responses showed that in 5 jurisdictions (BG, DK, FR, HU and ES) the maximum level of CCB rates that designated authorities can set is limited according to Article 160 CRD IV. Whereas in 5 of these jurisdictions applicable caps are in line with that Article, in case of Denmark the upper CCR rate limits are 1%, 1.5% and 2% in the next three years, respectively.

On recognition of CCB rates set by other designated authorities, as far as exposures located in other EEA jurisdictions and in third countries are concerned, all Member States, but one jurisdiction, allow for full recognition of applicable CCB rates, subject to the caps established for the institution-specific rates. The only exception is Croatia, where CCB rates for third-country exposures are capped at 0% according to national legislation.