

Notification template for Article 130 CRD

Template for notifying on the exemption of small and medium-sized investment firms from the requirement to maintain a countercyclical capital buffer

| 1. NOTIFYING NATIONAL AUTHORITY | |
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| 1.1 Name of the notifying authority | Národná banka Slovenska |
| 2. RATIONALE FOR ACTIVATION OF THE STRICTER NATIONAL MEASURE | |
| 2.1 Definition | <p>- <i>Clearly define which small and medium-sized investment firms are exempted from maintaining a countercyclical capital buffer</i></p> <p>In Slovakia it has been decided to exempt small and medium-sized investment firms from maintaining a countercyclical capital buffer, pursuant to Article 130, paragraph 2 of the CRD IV.</p> <p>According to Articles 74d and 120 (7) of the Act No 566/2001 Coll. on Securities and Investment Services (The Securities Act) and on amendments and supplements to certain laws, as amended, a 'small and medium-sized investment firm' means a company or cooperative which, according to its last annual or consolidated accounts, meets at least two of the following criteria:</p> <p>a) an average number of employees during the financial year of less than 250, b) total wealth not exceeding EUR 43,000,000, c) annual net turnover not exceeding EUR 50,000,000.</p> |
| 2.2 Motivation | <p>- <i>Why do you believe that small and medium-sized investment firms should be exempted from maintaining a countercyclical capital buffer?</i></p> <p>- <i>Does this exemption threaten the stability of the financial system of the Member State? Why not?</i></p> <p>The range of activities permitted to investment firms is rather limited compared to banks and hence they could be winded up without causing considerable damage. Investment firms in Slovakia are not allowed to receive deposits. Loans to clients are only side product provided by investment firms and their aim is allow client to perform transactions with financial instruments.</p> <p>In addition, the investments firms have significantly lower market share compared to banks. On 31 December 2014, there were 19 investment firms (including foreign branches with the single passport licence) in Slovakia. All these firms met the condition for small and medium investment firms and the sum of their own assets is EUR 26 mil. The share of their total assets to total assets of the whole financial sector in Slovakia is only 2.1 % (in terms of assets under management), whereas for the banking sector the share of their total assets to total assets of the whole financial sector is 69.7 % (as of 31 December 2014). Hence the exemption is not deemed to create a threat to the stability of the financial system in Slovakia.</p> <p>Therefore, following the principle proportionality, in Slovakia it has been decided to exempt the small and medium-sized investment firms from the requirement to maintain a countercyclical capital buffer.</p> |
| 3. MISCELLANEOUS | |

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| 3.2 Contact person(s) at notifying authority | Pavol Jurča; +421 (0)2 5787 2894; pavol.jurca@nbs.sk |
| 3.3 Any other relevant information | None. |