

Notification template for Articles 133 and 134(5) of the Capital Requirements Directives (CRD) – Systemic risk buffer (SyRB)

Template for notifying the European Central Bank (ECB) and European Systemic Risk Board (ESRB) of the setting or resetting of one or more systemic risk buffer rates pursuant to Article 133(9) CRD and to request that the ESRB issue a recommendation to other Member States to reciprocate the measure under Article 134(5) CRD

Please send/upload this template to

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation¹);
- [DARWIN/ASTRA link] when notifying the ESRB.

The ESRB will forward the notification to the European Commission, the European Banking Authority (EBA) and the competent and designated authorities of the Member States concerned without delay. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure².

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification	
1.1 Name of the notifying authority	Eesti Pank
1.2 Country of the notifying authority	Estonia
1.3 Type of measure (also for reviews of existing measures)	<p>Which SyRB measure do you intend to implement?</p> <p><input type="checkbox"/> Activate a new SyRB</p> <p><input type="checkbox"/> Change the level of an existing SyRB</p> <p><input type="checkbox"/> Change the scope of an existing SyRB (incl. changes to a subset of institutions or exposures)</p> <p><input checked="" type="checkbox"/> De-activate an existing SyRB</p> <p><input type="checkbox"/> Reset an existing SyRB (review)</p>

¹ 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).

² On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2. Description of the measure

2.1 Institutions covered by the intended SyRB

Please indicate whether the SyRB applies to:

- All institutions authorised in the Member State
- One or more subsets of credit institutions in the sector (please provide the names and identifiers (Legal Entity Identifier (LEI) code) of institutions covered)

Name of institution	LEI code	Consolidation level

- A subsidiary whose parent is established in another Member State. (Please provide the names and identifiers (LEI code) of subsidiaries)

Name of subsidiary	Name of the parent	LEI code of the subsidiary

If the SyRB applies to a subset of institutions, please describe the criteria for selection of the relevant institutions.

2.2 Exposures covered by the SyRB (Article 133(5) CRD)

Please indicate the exposures to which the SyRB applies:

- (a) all exposures located in the Member State that is setting the buffer;
- (b) the following sectoral exposures located in the Member State that is setting the buffer:
- (i) all retail exposures to natural persons that are secured by residential property;
 - (ii) all exposures to legal persons that are secured by mortgages on commercial immovable property;
 - (iii) all exposures to legal persons excluding those specified in point (ii);
 - (iv) all exposures to natural persons excluding those specified in point (i);
- (c) subsets of any of the sectoral exposures identified in point (b). Please specify the subsets in Section 2.3;
- (d) all exposures located in other Member States;
- (e) exposures located in third countries.

2.3 Subsets of sectoral exposures	N/A
2.4 Exposures located in other Member States and in third countries	N/A
2.5 Buffer rate (Article 133(9)(e) CRD)	N/A De-activation of the SyRB
3. Timing for the measure	
3.1 Timing for the decision	29/11/2021
3.2 Timing for publication	03/12/2021
3.3 Disclosure	In the economic policy statement and the FSR (published on 03.11.2021) Eesti Pank announced its intention to apply 1% countercyclical capital buffer requirement in place of systemic risk buffer requirement that was lowered from 1% to 0% in spring 2020. The Eesti Pank Governor's Decree No. 6 of 30 May 2016 "Establishment of the requirement for the systemic risk buffer" was decided to be repealed.
3.4 Timing for application	06/12/2021
3.5 Phasing in	N/A
3.6 Review/deactivation of the measure	N/A
4. Reasons for the notified SyRB	
4.1 Description of the macroprudential or systemic risk in your Member State (Article 133(9)(a) of the CRD)	N/A
4.2 Reasons why the dimension of the macroprudential or systemic risks threatens the stability of the financial system in your Member State (Article 133(9)(b) CRD)	N/A

4.3 Indicators used for activation of the measure	N/A
4.4 Effectiveness and proportionality of the measure (Article 133(9)(c) CRD)	N/A
4.5 Reason why the systemic risk buffer is not duplicating the functioning of the O-SII buffer provided for in Article 131 CRD (Article 133(9)(f) CRD)	N/A
5. Sufficiency, consistency and non-overlap of the policy response	
5.1 Sufficiency of the policy response	The deactivation of the SyRB was necessary to ensure consistency of the changed capital buffer framework of Eesti Pank (see 5.2).
5.2 Consistency of application of the policy response	<p>In May 2020 Eesti Pank lowered the systemic risk buffer rate from 1% to 0%, in order to provide leeway for banks to absorb potential credit losses and continue providing credit to the economy.</p> <p>In 2021 Eesti Pank revised its macroprudential policy framework and adopted an early implementation approach to setting the CCyB. According to the new framework, the overall CCyB requirement includes a base requirement, which is normally set at a positive rate (1%). The CCyB base requirement is meant to address the same risks as the previously applied systemic risk buffer.</p> <p>The systemic risk buffer requirement will remain in the macroprudential toolbox that Eesti Pank can apply if its risk assessment shows additional systemic risks arising (incl. on sectoral level).</p>
5.3 Non-overlap of the policy response	N/A
6. Cross-border and cross-sector impact of the measure	
6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Article 133(9)(d) of the CRD and Recommendation ESRB/2015/2³)	N/A

³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	N/A
6.3 Request for reciprocity by other Member States (Article 134(5) CRD and Recommendation ESRB/2015/2)	N/A
6.4 Justification for the request for reciprocity by other Member States (Article 134(5) CRD and Recommendation ESRB/2015/2)	N/A
7. Combination of the SyRB with other buffers	
7.1 Combination with G-SII and/or O-SII buffers (Article 131(15) CRD)	N/A
7.2 Combination with other systemic risk buffers (Article 133(11) and (12) CRD)	N/A
8. Miscellaneous	
8.1 Contact person(s)/mailbox at notifying authority	Jaak Tõrs, jaak.tors@eestipank.ee
8.2 Any other relevant information	-
8.3 Date of the notification	14/01/2022