

OPINION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 9 March 2018

regarding French notification of a stricter national measure based on Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (ESRB/2018/3)

THE GENERAL BOARD OF THE EUROPEAN SYSTEMIC RISK BOARD,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board¹, and in particular Article 3(2)(j) thereof,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012², and in particular Article 458(4) thereof,

Having regard to Decision ESRB/2015/4 of the European Systemic Risk Board of 16 December 2015 on a coordination framework for the notification of national macroprudential policy measures by relevant authorities, the issuing of opinions and recommendations by the ESRB, and repealing Decision ESRB/2014/2³,

Whereas:

- (1) The Haut Conseil de stabilité financière (HCSF), acting as designated authority for the purpose of Article 458 of Regulation (EU) No 575/2013, notified the European Systemic Risk Board (ESRB) on 13 February 2018 of its intention to apply a stricter national measure for French credit institutions qualified as either global systemically important institutions (G-SIIs) or other systemically important institutions (O-SIIs), pursuant to Article 131 of Directive 2013/36/EU of the European Parliament and of the Council⁴, with regard to tighter limits in respect of exposures to highly indebted large non-financial companies (NFCs) that have their registered office in France.
- (2) The draft stricter national measure, scheduled to come into force on 1 July 2018 for two years, concerns the requirements for large exposures laid down in Article 392 and Article 395 to 403 of

¹ OJ L 331, 15.12.2010, p. 1.

² OJ L 176, 27.6.2013, p. 1.

³ OJ C 97, 12.3.2016, p. 28.

⁴ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

Regulation (EU) No 575/2013 (Article 458(2)(d)(ii) of Regulation (EU) No 575/2013). It consists of the imposition, on French G-SIIs and O-SIIs at the highest level of consolidation of the banking prudential perimeter of the institution concerned, of tighter large exposure limits – 5 % of their eligible capital – with regard to highly indebted large NFCs.

- (3) To assess the draft stricter national measure notified by the HCSF, the ESRB's assessment team referred to in Decision ESRB/2015/4 issued an assessment note, which is annexed hereto,

HAS ADOPTED THIS OPINION:

1. The draft stricter national measure notified by the HCSF under Article 458 of Regulation (EU) No 575/2013 is, under the current circumstances, assessed as warranted. In particular:
 - (a) the changes in the intensity of macroprudential or systemic risk are of such nature as to pose risk to financial stability at national level;
 - (b) Articles 124 and 164 of Regulation (EU) No 575/2013 and Articles 101, 103 to 105, 133 and 136 of Directive 2013/36/EU do not adequately address the macroprudential or systemic risk identified, taking into account the relative effectiveness of those measures;
 - (c) the draft stricter national measure does not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or in the Union as a whole, thus forming or creating an obstacle to the functioning of the internal market;
 - (d) the issue concerns only one Member State;
 - (e) the risks have not already been addressed by other measures in Regulation (EU) No 575/2013 or Directive 2013/36/EU.
2. The draft stricter national measure does not have a negative impact on the internal market that outweighs the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified.
3. The attached assessment note entitled 'Assessment of the French notification in accordance with Article 458 of Regulation (EU) No 575/2013 concerning the application of a stricter national measure as regards requirements for large exposures' is an integral part of this Opinion.

Done at Frankfurt am Main, 9 March 2018.

Francesco Mazzaferro

Head of the ESRB Secretariat, on behalf of the General Board of the ESRB