

OPINION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 25 July 2019

regarding Finnish notification of an extension of the period of application 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/2019/16)

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) and (9) 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) Finanssivalvonta (FIN-FSA, the Finnish Financial Supervisory Authority), acting as designated authority for the purpose of Article 458 of Regulation (EU) No 575/2013, informed the European Systemic Risk Board (ESRB) on 28 June 2019 of its decision to extend for one additional year, in accordance with Article 458(9) of that Regulation, the period of application of its existing stricter national measure which has been in force since 1 January 2018.
- (2) The existing stricter national measure consists of a credit-institution-specific minimum level of 15 % for the average risk weight on housing loans of credit institutions that have adopted the internal ratings-based approach.
- (3) In its Opinion of 19 July 2017, the ESRB assessed the draft stricter national measure as warranted under the circumstances that existed at the time of the assessment. In addition, it was the ESRB's assessment that the draft stricter national measure did not have a negative impact on the internal

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.

market that outweighed the financial stability benefits resulting in a reduction of the macroprudential or systemic risk identified.

- (4) Taking into account the opinions provided by the ESRB and the European Banking Authority in line with the procedure set out in Article 458 of Regulation (EU) No 575/2013, the Commission decided on 21 August 2017 not to propose to the Council an implementing act to reject the draft stricter national measure. In the absence of such an implementing act, the draft stricter national measure became applicable from 1 January 2018.
- (5) Following a request by FIN-FSA to the ESRB under Article 458(8) of Regulation (EU) No 575/2013, the General Board of the ESRB decided to include this stricter national measure in the list of macroprudential policy measures which are recommended to be reciprocated under Recommendation ESRB/2015/2 of the European Systemic Risk Board⁴.
- (6) To assess the extension of the period of application of the existing stricter national measure notified by FIN-FSA, 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 extension of the period of application of the existing stricter national measure applicable in Finland is, under the current circumstances, assessed as warranted. In particular:
 - (a) the changes in the intensity of macroprudential or systemic risk continue to be 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 of the European Parliament and of the Council⁵ do not seem to adequately address the macroprudential or systemic risk identified, taking into account the relative effectiveness of those measures;
 - (c) the 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 in Directive 2013/36/EU.
2. The 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 risks identified.

⁴ Recommendation ESRB/2015/2 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 (OJ C 97, 12.3.2016, p. 9).

⁵ 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).

3. The attached assessment note entitled 'Assessment of the Finnish notification of an extension of the period of application of a stricter national measure for residential real estate lending based on Article 458 of Regulation (EU) No 575/2013' is an integral part of this Opinion.

Done at Frankfurt am Main, 25 July 2019.



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

Francesco MAZZAFERRO