

## I

(Resolutions, recommendations and opinions)

## RECOMMENDATIONS

## EUROPEAN SYSTEMIC RISK BOARD

## RECOMMENDATION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 24 March 2016

**amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures**

**(ESRB/2016/3)**

(2016/C 153/01)

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 Board <sup>(1)</sup>, and in particular Article 3 and Articles 16 to 18 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 648/2012 <sup>(2)</sup>, and in particular Article 458(8) thereof,

Having regard to Decision ESRB/2011/1 of the European Systemic Risk Board of 20 January 2011 adopting the Rules of Procedure of the European Systemic Risk Board <sup>(3)</sup>, and in particular Article 15(3)(e) and Articles 18 to 20 thereof,

Whereas:

- (1) Ensuring effectiveness and consistency of macroprudential policy requires policy makers to give due consideration to the cross-border effects of macroprudential policy measures adopted by individual Member States and, when warranted, to adopt suitable reciprocating macroprudential policy measures to address them.
- (2) The framework on voluntary reciprocation for macroprudential policy measures set out in Recommendation ESRB/2015/2 of the European Systemic Risk Board <sup>(4)</sup> should ensure that all exposure-based macroprudential policy measures activated in one Member State are reciprocated in the other Member States.
- (3) In the light of recent legislative developments in Belgium with respect to the implementation of the 5-percentage-point risk-weight add-on applied under Article 458(2)(d)(vi) of Regulation (EU) No 575/2013 to Belgian mortgage loan exposures of credit institutions using the internal ratings-based (IRB) approach, the General Board of the European Systemic Risk Board has decided to include the Belgian measure in the list of macroprudential policy measures which are recommended to be reciprocated under Recommendation ESRB/2015/2,

<sup>(1)</sup> OJ L 331, 15.12.2010, p. 1.

<sup>(2)</sup> OJ L 176, 27.6.2013, p. 1.

<sup>(3)</sup> OJ C 58, 24.2.2011, p. 4.

<sup>(4)</sup> 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).

HAS ADOPTED THIS RECOMMENDATION:

SECTION 1

**AMENDMENTS**

Recommendation ESRB/2015/2 is amended as follows:

(1) Section 1, sub-recommendation C(1) is replaced by the following:

- '1. The relevant authorities are recommended to reciprocate the macroprudential policy measures adopted by other relevant authorities and recommended for reciprocation by the ESRB. It is recommended that the following measures be reciprocated:

Belgium:

- a 5-percentage-point risk-weight add-on applied under Article 458(2)(d)(vi) of Regulation (EU) No 575/2013 to Belgian mortgage loan exposures of credit institutions using the internal-ratings based approach as further described in the annex.;

(2) the text set out in the Annex is added as an annex to Recommendation ESRB/2015/2.

Done at Frankfurt am Main, 24 March 2016.

*The Chair of the ESRB*

Mario DRAGHI

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## ANNEX

## ANNEX

**Belgium**

5-Percentage-point risk-weight add-on applied under Article 458(2)(d)(vi) of Regulation (EU) No 575/2013 to Belgian mortgage loan exposures of credit institutions using the internal-ratings based approach (IRB credit institutions)

**I. Description of the measure**

1. The Belgian measure constitutes a 5-percentage-point increase in risk weights applied by IRB credit institutions to the exposure value of Belgian mortgage loans. Specifically, the risk weighting, calculated in accordance with Article 154(3) of Regulation (EU) No 575/2013, for retail exposures secured by residential immovable property located in Belgium is increased by 5 percentage points. For example, a risk weighting of 10 percent applied by IRB credit institutions to Belgian mortgage loans is increased to 15 percent.

**II. Reciprocation**

2. In accordance with Article 458(5) of Regulation (EU) No 575/2013, relevant authorities are recommended to reciprocate the Belgian measure for the exposure value of Belgian mortgage loans issued by domestically authorised branches, located in Belgium, of IRB credit institutions established in their respective jurisdictions. For the purposes of this paragraph, the deadline specified in sub-recommendation C(3) applies.
  3. Where there are no IRB credit institutions located in other Member States with branches established in Belgium that have material exposures to the Belgian mortgage market, relevant authorities may decide not to apply Article 458(5) of Regulation (EU) No 575/2013. Where a new decision to extend the period of application of the Belgian measure has been adopted under Article 458(9) of Regulation (EU) No 575/2013, relevant authorities are recommended to review the situation and, if deemed necessary, reciprocate the Belgian measure.
  4. Relevant authorities are also recommended to reciprocate the Belgian measure for the exposure value of Belgian mortgage loans provided directly across borders by IRB credit institutions established in their respective jurisdictions. In accordance with sub-recommendation C(2), relevant authorities are recommended to apply, following consultation with the ESRB, the macroprudential policy measure available in their jurisdiction that has the effect most equivalent to the above reciprocation, including adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU. Relevant authorities are recommended to adopt the equivalent measure within six months.
  5. Where there are no IRB credit institutions located in other Member States with material direct cross-border exposures to the Belgian mortgage market, relevant authorities may decide not to reciprocate. Where a new decision to extend the period of application of the Belgian measure has been adopted under Article 458(9) of Regulation (EU) No 575/2013, relevant authorities are recommended to review the situation and, if deemed necessary, reciprocate the Belgian measure.'
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