

Summary Compliance Report

December 2021

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/2015/2)



ESRB

European Systemic Risk Board

European System of Financial Supervision

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Introduction

This report presents the outcome of the assessment of the implementation of the 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/2015/2)¹ (hereinafter the “Recommendation”) as at 30 June 2017.

The Recommendation is addressed to relevant authorities, which are defined as authorities entrusted with the adoption and/or activation of macroprudential policy measures, including, but not limited to, designated authorities in accordance with Chapter 4 of the Capital Requirements Directive (CRD)² and Article 458 of the Capital Requirements Regulation (CRR)³ as in force on 30 June 2017 (hereinafter “national designated authorities” or “NDAs”), competent authorities as defined in Article 4(1)(40) of the CRR as in force on 30 June 2017 (hereinafter “national competent authorities” or “NCAs”), the European Central Bank (ECB) in accordance with Article 9(1) of the Single Supervisory Mechanism (SSM) Regulation⁴, and macroprudential authorities with the objectives, arrangements, powers, accountability requirements and other characteristics set out in Recommendation ESRB/2011/3.⁵

This report contains an assessment of the addressees’ compliance, or of their explanations for non-compliance, with the Recommendation based on their submissions to the European Systemic Risk Board (ESRB) Secretariat. Addressees were requested to report on their actions taken in response to the Recommendation or to adequately justify any inaction, as provided for under Section 2.3 of the Recommendation, and to respond to the questions relating to the implementation of the Recommendation raised by the Assessment Team set up to assess the addressees’ compliance with the Recommendation.

The Recommendation targets the systematic assessment of the cross-border effects of macroprudential policy and complements the mandatory recognition required under Union law of macroprudential policy measures adopted by other authorities with voluntary reciprocity, thereby contributing to the effectiveness and consistency of macroprudential policy measures adopted at national level by bringing branches of foreign financial service providers and foreign

¹ 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/2015/2) (OJ C 97, 12.3.2016, p. 9).

² 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 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 648/2013 (OJ L 176, 27.6.2013, p. 1).

⁴ 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).

⁵ Recommendation of the European Systemic Risk Board of 22 December 2011 on the macro-prudential mandate of national authorities (ESRB/2011/3) (OJ C 41, 14.2.2012, p. 1).



financial service providers providing cross-border financial services directly within the scope of national macroprudential policy measures.

The Recommendation covers all adopted macroprudential policy measures irrespective of which part of the financial system they address, including measures that have not been harmonised under Union law.

Relevant authorities are requested to report to the ESRB and the Council on the actions taken in response to the Recommendation, or to adequately justify any inaction, every two years, with the first report being due by 30 June 2017.⁶

This report assesses the addressees' compliance with the Recommendation as at 30 June 2017. Accordingly, the report does not include information on: (i) the addressees' compliance with the Recommendation with respect to macroprudential policy measures adopted after 30 June 2017⁷; (ii) the addressees' compliance with the Recommendation with respect to macroprudential policy measures recommended for reciprocity by the ESRB after 30 June 2017⁸; or (iii) the implementation of the recently introduced materiality threshold pursuant to Recommendation ESRB/2017/4.⁹ The regulatory framework taken into account by the assessors was the one in force between 15 December 2015 and 30 June 2017 (the "reference period"), with the exception of the ESRB Regulation, which was amended in December 2019. For that reason, this report and the communications between the ESRB Secretariat, the Assessment Team and the relevant authorities will be communicated pursuant to Article 17 of the ESRB Regulation as currently amended and in force.

The assessment was carried in relation to macroprudential policy measures that were notified to the ESRB, as well as macroprudential policy measures that were mentioned in the reports submitted to the ESRB pursuant to Section 2.3.1 of the Recommendation. This report assesses the addressees' compliance with the Recommendation with respect to notified macroprudential policy measures adopted during the reference period. However, the addressees' compliance with sub-recommendations A(3) and B(3) was assessed in relation to all notified macroprudential policy measures adopted by 30 June 2017 (including macroprudential policy measures adopted before the reference period).

⁶ According to Article 17 of the ESRB Regulation, addressees shall also communicate their actions to the European Commission and the European Parliament. See 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 (OJ L 331, 15.12.2010, p. 1).

⁷ The date of adoption of a macroprudential policy measure is deemed to be the date on which the final decision enacting the relevant macroprudential policy measure was taken, provided that all the relevant procedural requirements in accordance with Union law and the national law of the jurisdiction of the relevant activating authority have been complied with.

⁸ A macroprudential policy measure adopted by a relevant authority is deemed to be recommended for reciprocity by the ESRB on the day on which the relevant amendment to the Recommendation is published in the Official Journal of the European Union.

⁹ Recommendation of the European Systemic Risk Board of 20 October 2017 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2017/4) (OJ C 431, 15.12.2017, p. 1).



The assessment of compliance with the Recommendation was carried out by an Assessment Team consisting of several assessors, including a Chair appointed by the Advisory Technical Committee (ATC) (see Annex I of this report), and followed the methodology set out in the Handbook on the assessment of compliance with ESRB recommendations (the “Handbook”)¹⁰.

¹⁰ *Handbook on the assessment of compliance with ESRB recommendations*, ESRB, April 2016, available at https://www.esrb.europa.eu/pub/pdf/recommendations/160502_handbook.en.pdf.



1 Policy objectives

In view of the increasingly integrated nature of the Union's financial system, national macroprudential policy may have sizeable cross-border effects. In the Single Market, financial service providers¹¹ may provide financial services via subsidiaries or branches located in another Member State or provide cross-border financial services directly. In the case of services provided via branches or directly, financial service providers, although exposed to the same risks, are usually not subject to the same macroprudential policy requirements as domestic financial service providers in a given Member State, thereby resulting in leakages and regulatory arbitrage that could undermine the effectiveness of national macroprudential policy measures.

Differing macroprudential policy requirements between Member States could also create competitive advantages for financial service providers providing financial services directly or via branches located in another Member State, which could result in an unlevel playing field. Furthermore, such competitive advantages over domestic financial service providers might also encourage an increase in exposures to the relevant macroprudential risks in the activating Member State, thereby exposing the home Member State to greater risk. In order to ensure the effectiveness and consistency of macroprudential policy, due consideration needs to be given to the cross-border effects of macroprudential policy measures and, when warranted, suitable policy instruments should be deployed to address such cross-border effects. To achieve this aim, the Recommendation recommends an approach that is based on two main pillars: (a) the systematic assessment of the cross-border effects of macroprudential policy; and (b) a coordinated policy response in the form of a voluntary reciprocity arrangement for macroprudential policy measures when needed. It is, however, also important that these pillars are implemented as consistently as possible throughout the Union.

The procedure set out in the Recommendation for the systematic assessment of the cross-border effects of macroprudential policy aims to ensure that macroprudential policymakers make both an ex ante assessment of any potential cross-border effects of their proposed measures and an ex post assessment of any actual cross-border effects of the implemented measures, while also taking into consideration the existing requirements of the CRR, the CRD and Recommendation ESRB/2013/1.¹²

The proposed coordinated policy response, on the other hand, takes the form of a voluntary arrangement for the reciprocity of macroprudential policy measures. This seeks to complement the mandatory recognition¹³ required under Union law of macroprudential policy measures adopted by other authorities with voluntary reciprocity, thereby contributing to the

¹¹ Section 2.1(c) of the Recommendation defines a "financial service" as "any service of a banking, credit, insurance, personal pension, investment or payment nature".

¹² Recommendation of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (ESRB/2013/1) (OJ C 170, 15.6.2013, p. 1).

¹³ Mandatory recognition is provided for with regard to measures taken pursuant to Articles 124(5) and 164(7) of the CRR and countercyclical buffer rates set below the ceiling for mandatory recognition.



effectiveness and consistency of macroprudential policy measures adopted at national level by bringing within the scope of national macroprudential policy measures both branches of financial service providers established in other Member States and financial service providers established in other Member States providing cross-border financial services directly.

The Recommendation therefore aims to improve the effectiveness and consistency of national macroprudential policy measures by ensuring that the same type of risk exposure in a given Member State is subject to the same macroprudential requirements, irrespective of the legal status or location of the financial service provider.

Furthermore, the Recommendation is intended to cover all macroprudential policy measures, including measures that have not been harmonised under Union law, irrespective of which part of the financial system they address. Consequently, the scope of the Recommendation, which is based on the ESRB's mandate under the ESRB Regulation, goes beyond the application of macroprudential instruments provided for in the CRD and the CRR and applies to macroprudential policy measures that the relevant authorities are mandated to adopt or activate.

In order to ensure the effectiveness of the voluntary reciprocity arrangement, the relevant activating authorities are expected to notify the ESRB of the adoption of macroprudential policy measures in a timely manner and in sufficient detail, whereas the relevant reciprocating authorities are expected to adopt reciprocating measures within a reasonable time frame, depending on the macroprudential toolbox available in the reciprocating jurisdiction. The Recommendation also encourages relevant authorities to establish an effective communication strategy as regards both reciprocation requests and reciprocating measures as part of their general communication strategy regarding macroprudential policy measures and provides guidance to relevant authorities with regard to adopting reciprocating measures in response to other relevant authorities' macroprudential policy measures.

1.1 Content and structure

The Recommendation comprises four recommendations (A, B, C and D), with recommendations A, B and C being further divided into sub-recommendations.

Recommendation A – Assessment of cross-border effects of relevant authorities' own macroprudential policy measures

Recommendation A is divided into three sub-recommendations which recommend relevant activating authorities to assess, prior to adoption, the cross-border effects of the implementation of their own macroprudential policy measures, as well as to monitor, at least once a year, the materialisation and evolution of the cross-border effects of the macroprudential policy measures they have introduced. Cross-border effects are defined as leakages and regulatory arbitrage, and relevant activating authorities are recommended to assess such possible effects in their jurisdiction, on other Member States and on the Single Market.

Recommendation B – Notification and reciprocation request with regard to relevant authorities' own macroprudential policy measures



Recommendation B, which is divided into three sub-recommendations, is of a procedural nature and recommends that relevant activating authorities notify the ESRB of macroprudential policy measures as soon as they are adopted. It also describes the required formalities for the submission of such notifications and what they should contain. In particular, if, further to the assessment undertaken by the relevant activating authorities pursuant to recommendation A, reciprocity is deemed necessary to ensure the effective functioning of the relevant measures, the relevant activating authorities are recommended to submit a request for reciprocity to the ESRB along with the notification of the measure. The relevant activating authority may also submit a request for reciprocity to the ESRB where the activation of a macroprudential policy measure occurred prior to the adoption of the Recommendation or where the need for reciprocity arises only after the measure was first introduced.

Recommendation C – Reciprocity of other relevant authorities’ macroprudential policy measures

Recommendation C is divided into three sub-recommendations and recommends that relevant authorities reciprocate the macroprudential policy measures adopted by other relevant authorities and recommended for reciprocity by the ESRB. The modalities of how to reciprocate a macroprudential policy measure are also included, together with the deadline by which relevant authorities are recommended to adopt reciprocating macroprudential policy measures.

In particular, while relevant authorities are recommended to reciprocate the macroprudential policy measures recommended for reciprocity by the ESRB by implementing the same macroprudential policy measure implemented by the activating authority, if the latter is not available in national legislation, relevant authorities are recommended to reciprocate, following consultation with the ESRB, with a macroprudential policy measure having the most equivalent effect. Adopted and reciprocating measures should, insofar as possible, have the same activation date, and unless a specific deadline is otherwise recommended, relevant authorities are recommended to adopt the reciprocating macroprudential policy measures no later than three months following the publication of the latest amendment to the Recommendation in the Official Journal of the European Union.

The macroprudential policy measures which are recommended for reciprocity by the ESRB are also listed under recommendation C, while the Annex to the Recommendation provides detailed measure-specific information on each such measure. Within the reference period, the ESRB recommended two measures for reciprocity, namely a Belgian measure consisting of a 5 percentage point risk weight add-on applied under Article 458(2)(d)(vi) of the CRR to Belgian mortgage loan exposures of credit institutions using the internal ratings-based approach, and an Estonian measure consisting of a 1 percent systemic risk buffer rate applied in accordance with Article 133 of the CRD to the domestic exposures of all credit institutions authorised in Estonia.

Recommendation D – Notification of the reciprocity of other relevant authorities’ macroprudential policy measures

Recommendation D recommends that relevant authorities notify the ESRB of their reciprocity no later than one month after the adoption of the reciprocating measure and outlines the required formalities for the submission of the notification.



1.2 Implementation

The Recommendation also provides guidance on different aspects of its implementation, including the exemptions available to relevant authorities.

While relevant authorities are, in principle, recommended to reciprocate macroprudential policy measures adopted by other relevant authorities and recommended for reciprocation by the ESRB, they may also choose to exempt financial service providers with exposures below a set threshold from the reciprocating macroprudential policy measure. However, this can only be done where the exempted financial service providers have non-material exposures to the identified macroprudential risk in the jurisdiction in which the relevant activating authority is applying the macroprudential policy measure in question (referred to as the “de minimis” principle). In addition, when making use of such exemptions, relevant authorities are requested to follow the required formalities when reporting their use to the ESRB, to monitor closely whether leakages and regulatory arbitrage materialise and to close the regulatory loophole if needed.

Furthermore, if a relevant authority has already reciprocated a macroprudential policy measure adopted by a relevant activating authority in another Member State and reported the reciprocating measure before the original measure was recommended for reciprocation by the ESRB, the reciprocating measure will not need to be amended even if it differs from the one implemented by the activating authority.

1.3 Timeline and reporting

The addressees of the Recommendation are requested to report to the ESRB and the Council every two years on the actions they have taken in response to the Recommendation, or to adequately justify any inaction, with the first report being due by 30 June 2017. Furthermore, in the event of shared responsibilities, relevant authorities should also coordinate with each other in order to provide the necessary information on time.



2 Methodology

Article 17 of the ESRB Regulation charges the ESRB with monitoring the compliance of addressees with ESRB recommendations. To this effect, and pursuant to Article 20 of the ESRB Rules of Procedure¹⁴, the ESRB assesses the actions and justifications undertaken and communicated by the addressees of ESRB recommendations in accordance with the “act or explain” mechanism described in Article 17 of the ESRB Regulation, whereby the addressee of a recommendation can either (i) take action in response to a recommendation, or (ii) adequately justify any inaction. The ESRB thus analyses the information provided by addressees and assesses whether the action taken duly achieves the objective of the Recommendation, or whether the justification provided for inaction is sufficient. This analysis results in an overall compliance grade being assigned to each addressee, reflecting the level of implementation by the addressee concerned.

2.1 Grading methodology

In order to arrive at a single grade per recommendation and sub-recommendation for each addressee, a four-step grading methodology is employed in line with the Handbook. Such a methodology is necessary to ensure full transparency of the single overall compliance grade and a high level of objectivity in the entire assessment process, while still allowing room for high-quality expert judgement, which can easily be identified and reviewed to understand the rationale behind the allocation of particular overall grades.

Step I – When assessing compliance with the recommendations, the implementation of each sub-recommendation is, in accordance with the established implementation standards, graded as FC, LC, PC, MN or NC in the case of action, SE or IE in the case of inaction or NA if the sub-recommendation is not applicable.

The grading scale for action is as follows:

- **fully compliant (FC):** an addressee complies entirely with the requirements;
- **largely compliant (LC):** requirements have been met almost entirely and only negligible requirements remain to be implemented;
- **partially compliant (PC):** the most important requirements have been met; certain deficiencies affect the adequacy of the implementation, but without resulting in a situation where the given recommendation has not been acted upon;

¹⁴ Decision of the European Systemic Risk Board of 20 January 2011 adopting the Rules of Procedure of the European Systemic Risk Board (ESRB/2011/1) (OJ C 58, 24.2.2011, p.4).



- **materially non-compliant (MN):** the requirements have been fulfilled to a degree, resulting in a significant deficiency in the implementation;
- **non-compliant (NC):** almost none of the requirements have been met, even if steps have been taken towards implementation.

The grading scale for inaction is as follows:

- **sufficiently explained (SE):** a complete and well-reasoned explanation for the lack of implementation has been provided. If one or more of the sub-recommendations are intended to address a particular systemic risk that does not affect a particular addressee, such justification/explanation may be considered sufficient;
- **insufficiently explained (IE):** the explanation given for the lack of implementation is not sufficient to justify the inaction;
- **not applicable (NA):** the sub-recommendation does not apply to a particular addressee.

Step II – Compliance grades for every sub-recommendation are converted into a numerical grade (see the table below). These numerical grades are then weighted¹⁵ and aggregated into a single numerical grade for each recommendation.

Compliance grade	Numerical grade
Fully compliant (FC)	1
Largely compliant (LC)	0.75
Partially compliant (PC)	0.5
Materially non-compliant (MC)	0.25
Non-compliant (NC)	0
Sufficiently explained (SE)	1
Insufficiently explained (IE)	0
Not applicable (NA)	NA

Where a grade of “NA” was attributed to a sub-recommendation, in order not to unfairly prejudice the Member State assessed (by allocating a numerical grade of “0”) or the other Member States (by allocating a numerical grade of “1”), no numerical grade was allocated. Instead, the weights of the other sub-recommendations of the same recommendation were adjusted by redistributing the weight of the non-applicable sub-recommendation to the applicable sub-recommendations in proportion to the original weights of the latter.¹⁶

¹⁵ For details of the weights attributed to each sub-recommendation, see section 2.2 of this report.

¹⁶ For further details on how the weights for each sub-recommendation are adjusted in such cases, see section 2.2 of this report.



Step III – The numerical grades for each recommendation are then weighted¹⁷ and aggregated into a single numerical grade for the entire Recommendation.

Step IV – Finally, the overall compliance grade for the entire Recommendation is determined by converting the single numerical grade using the conversion table below.

Compliance grades	Numerical grades
FC	0.9 - 1
LC	0.65 - <0.9
PC	0.4 - <0.65
MN	0.15 - <0.4
NC	0 - <0.15

Finally, the level of compliance is expressed in a colour-coded form*:

Positive grades	Mid-grade	Negative grades
Fully compliant (FC) – Actions taken fully implement the Recommendation		Materially non-compliant (MN) – Actions taken only implement a small part of the Recommendation
Largely compliant (LC) – Actions taken implement almost all of the Recommendation	Partially compliant (PC) – Actions taken only implement part of the Recommendation	Non-compliant (NC) – Actions taken are not in line with the nature of the Recommendation
Inaction sufficiently explained (SE) – No actions were taken but the addressee provided sufficient justification		Inaction insufficiently explained (IE) – No actions were taken and the addressee did not provide sufficient justification

*Please note that for the purposes of this assessment the neutral grade “not applicable” (NA), was also included in the grading scale.

2.2 Weights

When establishing the weights for each recommendation and sub-recommendation, the Assessment Team took into consideration the relative importance of each recommendation and sub-recommendation in relation to the achievement of the policy objectives of the Recommendation as outlined in section 1 of this report. The Assessment Team determined that the recommendations and sub-recommendations having a substantial nature, as opposed to those having a more procedural nature, should be given more importance and thus a higher weight.

Accordingly, the weights assigned by the Assessment Team to each recommendation and sub-recommendation are as follows:

¹⁷ For details of the weights attributed to each recommendation, see section 2.2 of this report.



Recommendations	Weights	Sub-recommendations	Weights
A	0.4	A1	0.5
		A2	0.3
		A3	0.2
B	0.1	B1	0.5
		B2	0.25
		B3	0.25
C	0.4	C1	0.6
		C2	0.3
		C3	0.1
D	0.1	D	1

As described in section 2.1 of this report, where a grade of “NA” was attributed to an addressee in relation to particular sub-recommendation, no numerical grade was allocated. Instead, the weights of the other sub-recommendations of the same recommendation were adjusted by redistributing the weight of the non-applicable sub-recommendation to the applicable sub-recommendations in proportion to the original weights of the latter.

Specifically, in order to adjust the weights in such cases, the following methodology was adopted:

- Step 1: The weight of each applicable sub-recommendation was first expressed as a percentage of all applicable sub-recommendations of the same recommendation.
- Step 2: For each applicable sub-recommendation, the weight of the non-applicable sub-recommendation was then multiplied by the percentage obtained in Step 1.
- Step 3: The results obtained in Step 2 were then added to the original weight of each applicable sub-recommendation.

This ensured that the weights of the applicable sub-recommendations would continue to add up to “1” (or “0” if none of the sub-recommendations was applicable).

The Assessment Team determined that the only sub-recommendations which could be deemed not to be applicable to a particular addressee in relation to all the measures activated by the relevant activating authority are sub-recommendations B(2) and B(3). Similarly, and pursuant to Section 2.2.2 of the Recommendation, the Assessment Team determined that in relation to the measures recommended for reciprocity by the ESRB, the only sub-recommendations which could be deemed not to be applicable to a particular addressee are sub-recommendations C(2) and C(3).

Accordingly, the applicable adjusted weights in such cases would be as follows:



Recommendations	Sub-recommendations	Weights (original)	Applicability	Adjusted weights
B	B1	0.5	Applicable	0.67
	B2	0.25	Not applicable	0
	B3	0.25	Applicable	0.33
B	B1	0.5	Applicable	0.67
	B2	0.25	Applicable	0.33
	B3	0.25	Not applicable	0
B	B1	0.5	Applicable	1
	B2	0.25	Not applicable	0
	B3	0.25	Not applicable	0
C	C1	0.6	Applicable	0.86
	C2	0.3	Not applicable	0
	C3	0.1	Applicable	0.14

2.2.1 Compliance criteria and implementation standards

The Recommendation does not set out compliance criteria. The Assessment Team drafted and agreed on the compliance criteria to be applied in the assessment of each sub-recommendation and on the weights to be allocated to those criteria. The compliance criteria and more detailed implementation standards can be found in Annex III to this report.

2.2.2 Principle of fairness, consistency and transparency

As the Recommendation targets (i) all macroprudential policy measures activated by relevant activating authorities and (ii) the reciprocation of all macroprudential policy measures recommended for reciprocation by the ESRB, the Assessment Team deemed that, for the purposes of this particular assessment, an assessment of compliance at the level of each activated measure and/or each measure recommended for reciprocation was also required in order to ensure that the single grade arrived at per sub-recommendation for each addressee respects the principle of fairness, consistency and transparency as outlined in the Handbook.

In particular, given that (i) the number of activated macroprudential policy measures differs between one Member State and another and (ii) the level of compliance with each sub-recommendation by each relevant activating authority also differs between one activated measure and another and between one measure recommended for reciprocation and another, such an approach was felt necessary in order not to have an arbitrary attribution of grades owing to the number of variables that could exist in the implementation by one addressee and another.

Accordingly, in order to attribute a grade to an addressee in respect of each sub-recommendation, the following two-step approach was adopted by the Assessment Team:



- **Step A** – When assessing compliance with each sub-recommendation in accordance with Step 1 of the grading methodology, assessors first analysed the addressees’ compliance with the relevant sub-recommendation for each activated measure and/or measure recommended for reciprocity and graded that compliance in accordance with the grading scales for action, inaction and non-applicability outlined in Step 1 of the grading methodology.
- **Step B** – Where the grades in relation to each activated measure and/or measure recommended for reciprocity differed between one measure and another, the grade attributed to each addressee for the implementation of an individual sub-recommendation in relation to all the measures activated by the relevant activating authority and/or in relation to all the measures recommended for reciprocity by the ESRB was arrived at by computing a simple average of the individual numerical grades of the different measures.¹⁸

However, the Assessment Team also agreed that, based on the full list of principles that should be observed when undertaking the assessment, as outlined in the Handbook, and notwithstanding the two-step approach described above, assessors have the discretion to override this rule and adjust the score. In line with the methodology outlined in the Handbook, this allowed the Assessment Team to adjust the mechanical score where this was largely driven by a measure that contributed little to the policy objectives of the Recommendation.

Furthermore, where the grades given to individual measures vary between grades for “action” (FC, LC, PC, MN and NC) and grades for “inaction” (SE and IE), assessors should also, based on the full list of principles to be observed when undertaking the assessment, as outlined in the Handbook, use their discretionary judgement to determine whether the grade for each sub-recommendation should be a grade for “action” or “inaction”. Similarly, the same discretionary judgement should also be used when computing the grade for the entire Recommendation where the grades for each sub-recommendation vary between grades for “action” and grades for “inaction”. In such cases, in order to ensure transparency, the grades should be duly justified, including an explanation clearly specifying the measures and/or sub-recommendations for which grades were given for “action” or “inaction”.

2.2.3 Principle of proportionality

In line with EU legislation, the Handbook recognises the importance of the principle of proportionality. In the light of this principle, the Assessment Team took into account the intensity of the risks related to spillovers when carrying out its assessment.

In particular, where a macroprudential policy measure activated by a relevant activating authority can be considered to have a large potential for producing major spillover effects, the relevant activating authority would be expected to carry out the assessment under recommendation A more

¹⁸ The numerical grades were calculated using the conversion table provided in Step II of the grading methodology.



thoroughly. On the other hand, if the potential for spillover effects can be considered to be limited, unless an assessment of cross-border effects is required by Union legislation, relevant activating authorities would not be expected to carry out the assessment under recommendation A more thoroughly.



3 General remarks

As a general comment, it should be noted that, for the purposes of this assessment, where reports submitted to the ESRB pursuant to Section 2.3.1 of the Recommendation did not include information on action taken in response to the Recommendation or did not adequately justify any inaction in relation to adopted and reciprocating macroprudential policy measures that were notified to the ESRB, such deficiencies in the substance of the report were not taken into consideration when assessing the addressees' level of compliance, as long as action was actually taken and any inaction was adequately justified.

In addition, the assessment was conducted on the basis of the reporting templates submitted by the addressees and the existence of accompanying evidence. The assessors did not further evaluate the content of the supporting evidence.

Pursuant to Article 5(2) of the SSM Regulation¹⁹, the “ECB may, if deemed necessary, instead of the national competent authorities or national designated authorities of the participating Member State, apply higher requirements for capital buffers than applied by the national competent authorities or national designated authorities of participating Member States to be held by credit institutions”. This is broadly referred to as a top-up power of the ECB. Such powers were not exercised during the reference period of this assessment, so the ECB has been excluded from the scope of the assessment.

3.1.1 Scope

When comparing the information provided by the addressees to that published by the ESRB on its website in the “Overview of national macroprudential measures”, as well as when making a comparative assessment of the addressees' compliance with the Recommendation, it became evident to the Assessment Team that the broad scope of the Recommendation may not be sufficiently clear.

Section 2.1 of the Recommendation defines a macroprudential policy measure as “any measure that addresses the prevention and mitigation of systemic risk as defined in Article 2(c) of Regulation (EU) No 1092/2010 and is adopted or activated by a relevant authority subject to Union or national law”. Furthermore, Article 2(c) of the ESRB Regulation defines systemic risk as “a risk of disruption in the financial system with the potential to have serious negative consequences for the internal market and the real economy. All types of financial intermediaries, markets and infrastructure may

¹⁹ 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).



be potentially systemically important to some degree”.²⁰ It is therefore evident that the objective of the Recommendation was neither limited to macroprudential policy measures addressed solely to the banking sector nor limited to the macroprudential policy measures which are explicitly provided for in Union legislation. This is further substantiated by recital 12 of the Recommendation, which states that the Recommendation “is intended to cover all macroprudential policy measures, irrespective of which part of the financial system they address”. Furthermore, the same recital also adds that the Recommendation goes beyond the application of macroprudential policy instruments provided for in the CRD and the CRR and is therefore intended to also cover measures that have not been harmonised under Union law.

It would therefore be beneficial if further discussions were carried out on the matter among the members of the General Board in order for addressees of the Recommendation to have a clearer understanding of the broad extent of the scope of the Recommendation.

When carrying out the assessment, it was acknowledged by the Assessment Team that, in view of the inconsistent interpretation of the scope of the Recommendation among addressees, it is possible that the ESRB might not have been notified of all the adopted macroprudential policy measures. Therefore, in order to carry out a thorough and complete assessment of the addressees’ compliance with the Recommendation, the Assessment Team would have to (i) agree on an exhaustive list of macroprudential policy measures deemed to be within the scope of the Recommendation, including measures whose macroprudential nature is still under debate, (ii) identify all the authorities entrusted with the adoption and/or activation of the list of macroprudential policy measures, and (iii) check all the publications of such authorities in order to ensure that the ESRB was notified of every such measure. However, the Assessment Team was of the opinion that a discussion on the definition of a “macroprudential policy measure” falls outside its mandate and should instead be debated and clarified at a higher level. In addition, for the purpose of this assessment, even if such an analysis were to be undertaken by the current Assessment Team, the benefits would be outweighed by the amount of time needed to carry out such an analysis, thereby rendering the current assessment outdated.

Accordingly, when carrying out the assessment, the Assessment Team only took into consideration macroprudential policy measures notified to the ESRB in accordance with sub-recommendation B(1), macroprudential policy measures mentioned in the reports submitted to the ESRB pursuant to Section 2.3.1 of the Recommendation, and macroprudential policy measures notified to the ESRB by any other means.

In addition, in the course of carrying out the assessment, it was found that some addressees also adopted recommendations and/or guidelines of a non-binding nature in order to implement a macroprudential policy measure. While the Assessment Team acknowledged that the national mandate of relevant authorities may differ between one Member State and another, it also

²⁰ Article 2(c) of the ESRB Regulation has since been amended by Regulation (EU) 2019/2176 of the European Parliament and of the Council of 18 December 2019 amending Regulation (EU) No 1092/2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board (OJ L 334, 27.12.2019, p. 146).



determined that, for the purpose of this assessment, non-binding measures should not be deemed to be within the scope of the assessment, even though such measures might have been included in the “Overview of national macroprudential measures” published on the ESRB’s website. However, in order to uphold the principle of fairness, consistency and transparency, in cases where the non-binding nature of any such recommendation or guideline was doubtful, further clarifications were sought from the addressees concerned in order to determine whether these fell within the scope of the assessment. Guidance could also be provided to addressees as to whether, in such cases, recommendations A and B were also applicable to such non-binding measures.

3.1.2 Measures harmonised under Union law

Addressees were also found to have different interpretations of the extent to which the Recommendation should be applicable to macroprudential policy measures harmonised under Union law.

In relation to the identification of global systemically important institutions (G-SIIs), Article 131(2) of the CRD requires the identification methodology to be based, inter alia, on the cross-border activity of the group, including cross-border activity between Member States and between a Member State and a third country. Furthermore, Article 131(12) of the CRD also requires competent or designated authorities to review annually the identification of G-SIIs and the sub-categories to which they are allocated and to report the results to, inter alia, the ESRB. Consequently, and given that the allocation of a G-SII to a sub-category will determine the relevant G-SII buffer for the institution, whenever such reviews are undertaken the ESRB should be notified accordingly, even if the same G-SIIs are identified and irrespective of whether they are allocated to the same or to different sub-categories. Furthermore, addressees should also carry out the assessment of cross-border effects under recommendation A and follow the notification formalities required under recommendation B.

On the other hand, as regards the identification of other systemically important institutions (O-SIIs), even though Article 131(12) of the CRD also requires competent or designated authorities to review the identification of O-SIIs annually and to report the results to, inter alia, the ESRB, the Assessment Team did not deem such identification to constitute a macroprudential policy measure as defined in the Recommendation as this is a separate process from setting the O-SII buffer. Going forward, however, further clarification could be provided to addressees of the Recommendation as to whether a full assessment of cross-border effects should also be carried out in such cases and, consequently, whether recommendations A and B should also be applicable.

In addition, as regards the setting of the O-SII buffer, Article 131(6)(a) of the CRD states that the O-SII buffer must not entail disproportionate adverse effects on the whole or parts of the financial system of other Member States or of the Union as a whole forming or creating an obstacle to the functioning of the internal market, whereas the notification to be sent before setting or resetting an O-SII buffer should, in accordance with Article 131(7) of the CRD, describe in detail, among other things, “the justification for why the O-SII buffer is considered likely to be effective and proportionate to mitigate the risk” and “an assessment of the likely positive or negative impact of the O-SII buffer on the internal market, based on information which is available to the Member



State”. Consequently, it should be clarified that the ESRB should be notified accordingly, even if the O-SII buffer is reset at the same level. Furthermore, in accordance with the Recommendation, in such cases, addressees should also carry out the assessment of cross-border effects under recommendation A and follow the notification formalities required under recommendation B. In addition, in line with Article 131(6)(b) of the CRD, which requires the annual review of the O-SII buffer, the addressees should also be expected to submit the required notifications to the ESRB, including the relevant assessment of cross-border effects, annually.

Similarly, in relation to the setting of the systemic risk buffer, Article 133(10)(a) of the CRD states that the “systemic risk buffer must not entail disproportionate adverse effects on the whole or parts of the financial system of other Member States or of the Union as a whole forming or creating an obstacle to the functioning of the internal market”, whereas the notification to be sent before setting or resetting a systemic risk buffer rate of “up to 3%” or “above 3%” should, in accordance with Article 133(11) and (12) of the CRD, describe in detail, among other things, “the justification for why the systemic risk buffer is considered likely to be effective and proportionate to mitigate the risk” and “an assessment of the likely positive or negative impact of the systemic risk buffer on the internal market, based on information which is available to the Member State”. Consequently, even in this case, it should also be clarified that the ESRB should be notified accordingly, even if the systemic risk buffer is reset at the same level. Furthermore, in accordance with the Recommendation, in such cases, addressees should also carry out the assessment of cross-border effects under recommendation A and follow the notification formalities required under recommendation B. In addition, the addressees should also be expected to submit the required notifications to the ESRB, including the relevant assessment of cross-border effects, every second year.

In addition, as regards the setting of the countercyclical buffer rate, Article 136(7) of the CRD requires the quarterly announcement of the setting of the countercyclical buffer rate to include, among other things, a justification for that buffer rate, irrespective of the rate set. Consequently, even if the countercyclical buffer rate is set at zero, addressees should also carry out the assessment of cross-border effects under recommendation A and follow the notification formalities required under recommendation B. In addition, the addressees should also be expected to submit the required notifications to the ESRB, including the relevant assessment of cross-border effects, every quarter.

On the other hand, where an assessment of cross-border effects, or a justification, is not mandated by Union law, the approach taken by the Assessment Team is that a full assessment of cross-border effects would only be warranted where such cross-border effects could reasonably be expected. In this regard, as described in section 2.4 of this report, the Assessment Team was guided by Chapter 11 of The ESRB handbook on operationalising macroprudential policy in the banking sector (the “ESRB Handbook”)²¹, in particular Table 11.2 (. Going forward, however, the

²¹ *The ESRB handbook on operationalising macroprudential policy in the banking sector*, ESRB, 2018, available [here](#).



ESRB could consider clarifying the measures for which a full assessment of cross-border effects in accordance with recommendation A is to be expected from addressees.

Table 11.2

Relative importance of main transmission channels of macroprudential instruments

Degree of importance of the channels for spillovers		Legal basis / consolidation	Cross-border risk adjustment				Network and contagion		Regulatory arbitrage		Lending	
			Adjustments of cross-border credit exposures	Cross-border loan origination	Inward spillover	Adjustments of cross-border securitisation activity	Access to cross-border capital markets	Adjustments of cross-border liquidity/funding lines	Adjustment of asset prices	Capital regulatory arbitrage	Liquidity regulatory arbitrage	Shadow banking activity
Capital instruments	Global systemically important institution buffer (G-SII)/ Other systemically important institution buffer (O-SII)	consolidated level	Red	Yellow	Orange	Red	Yellow	Orange	Yellow	Green	Yellow	Orange
	Systemic risk buffer/ Other systemically important institution buffer (O-SII)	consolidated level	Red	Yellow	Orange	Red	Yellow	Orange	Yellow	Green	Yellow	Orange
		sub-consolidated/ solo level (exposure-based)	Yellow	Yellow	Orange	Red	Yellow	Orange	Yellow	Green	Yellow	Orange
	Counter-cyclical buffers	consolidated level	Red	Yellow	Orange	Red	Yellow	Orange	Yellow	Green	Yellow	Orange
Leverage ratio	consolidated level	Red	Yellow	Orange	Red	Yellow	Orange	Yellow	Green	Yellow	Orange	
Sectoral choice	Sector-specific capital buffers, large exposure restrictions	exposure-based	Green	Orange	Orange	Green	Orange	Orange	Green	Green	Yellow	Orange
	Risk weights	exposure-based	Green	Green	Green	Green	Orange	Orange	Green	Green	Yellow	Orange
	Loss given defaults	exposure-based	Green	Green	Green	Green	Orange	Orange	Green	Green	Yellow	Orange
Liquidity positions	Loan-to-value, loan-to-income, debt-to-income, debt-servicing-to-income (on new loans)	exposure-based	Green	Green	Green	Green	Orange	Orange	Green	Green	Yellow	Orange
	Liquidity coverage ratio, liquidity charges	consolidated level	Green	Green	Green	Green	Orange	Orange	Yellow	Yellow	Red	Orange
	Net stable funding ratio	consolidated level	Green	Green	Green	Green	Orange	Orange	Yellow	Yellow	Red	Orange
Liquidity positions	Loan-to-deposit	consolidated level	Green	Orange	Orange	Green	Orange	Orange	Yellow	Yellow	Red	Orange
		solo level	Green	Orange	Orange	Green	Orange	Orange	Yellow	Yellow	Red	Orange

It should also be clarified that, even though the Recommendation is not intended to apply to macroprudential policy measures in respect of which Union law already provides for mandatory recognition, in accordance with recital 8 of the Recommendation, recommendations A and B are still applicable in such cases. Consequently, in relation to macroprudential policy measures adopted in accordance with Articles 124(5) and 164(7) of the CRR, an assessment of cross-border effects in accordance with recommendation A should still be undertaken by addressees, and the ESRB should also be notified accordingly in accordance with recommendation B. Furthermore, as regards the setting of the countercyclical buffer rate, while mandatory recognition is provided for in the CRR with respect to rates set below 2.5%, the full reciprocation of such rates between Member States is already advocated by Recommendation ESRB/2014/1²². Consequently, irrespective of the

²² Recommendation of the European Systemic Risk Board of 18 June 2014 on guidance for setting countercyclical buffer rates (ESRB/2014/1) (OJ C 293, 2.9.2014, p. 1).



rate set, even though the framework for voluntary reciprocity provided for in the Recommendation is not applicable to the setting of countercyclical capital buffer rates, recommendations A and B are still applicable to the setting of such rates.

Furthermore, it should also be noted that the Assessment Team deemed the use of the derogations provided for in Articles 130(2) and 160(6) of the CRD in relation to the institution-specific countercyclical capital buffer, which allow Member States to exempt small and medium-sized investment firms from the requirement to maintain the buffer and allow them to impose a shorter transitional period for its implementation than that specified in paragraphs 1 to 4 of Article 160 of the CRD, to constitute a deviation from a macroprudential policy measure. Consequently, the Assessment Team determined that, in such cases, recommendations A and B should also be applicable and therefore that an assessment of the cross-border effects arising from the use of such derogations should also be carried out and that the ESRB should also be notified accordingly. In this respect, further discussions could therefore also be warranted in order to clarify, going forward, whether such assessments and the respective notifications are to be expected from addressees in relation to the use of the derogations from the institution-specific countercyclical capital buffer.

Similarly, the Assessment Team also deemed the use of the derogations provided for in Articles 129(2) and 160(6) of the CRD in relation to the capital conservation buffer, which allow Member States to exempt small and medium-sized investment firms from the requirement to maintain the buffer and allow them to impose a shorter transitional period for its implementation than specified in paragraphs 1 to 4 of Article 160 of the CRD, to constitute a deviation from a macroprudential policy measure. Consequently, the Assessment Team determined that, in such cases, recommendations A and B should also be applicable and therefore that an assessment of the cross-border effects arising from the use of such derogations should also be carried out and that the ESRB should also be notified accordingly. Further discussions could therefore also be warranted in this respect in order to clarify, going forward, whether such assessments and the respective notifications are to be expected from addressees in relation to the use of the derogations from the institution-specific countercyclical capital buffer.

On the other hand, where Member States do not use the derogations provided for in Articles 129(2) and 160(6) of the CRD in relation to the capital conservation buffer, the Assessment Team determined that since the use of such a buffer is mandatory, addressees of the Recommendation should not have been expected to submit notifications to the ESRB in this regard when the Recommendation entered into force.

3.1.3 Non-reciprocation

The date of entry into force of the decision not to reciprocate a measure is, for practical reasons, deemed to be the date when the decision not to reciprocate was taken. Notifications of non-reciprocation should also be sent no later than one month after the decision not to reciprocate the measure is taken. The Assessment Team also noted that relevant authorities which choose not to reciprocate a macroprudential policy measure recommended for reciprocation by the ESRB do not always notify the ESRB of their non-reciprocation. However, the Assessment Team acknowledges



that, in this regard, the wording of recommendation D does not request notifications of decisions not to reciprocate. While the Assessment Team is of the opinion that relevant authorities should be expected to also notify the ESRB of the non-reciprocation of macroprudential policy measures recommended for reciprocation in accordance with the formalities set out in recommendation D, relevant authorities that did not notify their non-reciprocation have not been penalised as long as relevant justifications were provided to this effect in the reports submitted to the ESRB pursuant to Section 2.3.1 of the Recommendation. In this regard, however, it could also be further clarified that, in the event of non-reciprocation, relevant authorities are still expected to notify the ESRB accordingly.

3.1.4 Adoption, activation and notification dates

In view of the fact that sub-recommendation B(1) recommends that relevant authorities notify the ESRB of any adopted macroprudential policy measures no later than two weeks after their adoption, that sub-recommendation C(3) recommends that relevant authorities adopt reciprocating macroprudential policy measures no later than three months following the publication of the relevant amendment of the Recommendation in the Official Journal of the European Union, and recommendation D recommends that relevant authorities notify the ESRB of their reciprocation of other relevant authorities' macroprudential policy measures no later than one month after the reciprocating measure has been adopted, the adoption date of all activated and reciprocating measures was important in order to determine the addressees' level of compliance with the Recommendation in accordance with the implementation standards. In this regard, the date of adoption of activated and reciprocating measures is deemed to be the date upon which the final and binding decision to adopt the relevant macroprudential policy measure was taken, which is to be distinguished from the date upon which the intention to adopt the macroprudential policy measure in question is published. Moreover, while the ex ante notification of macroprudential policy measures which relevant authorities intend to adopt is not only appreciated, but also encouraged, relevant authorities should also be expected to confirm to the ESRB the actual adoption date once the relevant final binding decision is taken.

Similarly, given that sub-recommendation C(3) states that adopted and reciprocating measures should, insofar as possible, have the same activation date, the activation dates of both activated and reciprocating measures also had an impact on the addressees' level of compliance with the Recommendation. For the avoidance of doubt, it should therefore be clarified that the activation date refers to the date upon which the relevant macroprudential policy measure entered into force.

The notification date on the other hand is the date upon which the relevant macroprudential policy measure is notified to the ESRB in accordance the formalities outlined in sub-recommendation B(1) and recommendation D. In this regard, in view of the fact that sub-recommendation B(1) recommends that relevant authorities notify the ESRB of any adopted macroprudential policy measures no later than two weeks after their adoption, and recommendation D recommends that relevant authorities notify the ESRB of their reciprocation of other relevant authorities' macroprudential policy measures no later than one month after the reciprocating measure has been adopted, the notification date of both activated and reciprocating measures also had an impact on the addressees' level of compliance in accordance with the implementation standards. In this



regard, even though sub-recommendation B(1) recommends that addressees notify the ESRB of macroprudential policy measures as soon as they are adopted, since, as explained above, the ex ante notification of macroprudential policy measures which relevant authorities intend to adopt is not only appreciated, but also encouraged, relevant authorities that only submitted an ex ante notification without submitting a follow-up ex post notification were not penalised. It should, however, be clarified that, in such cases, relevant authorities should be expected to follow-up the ex ante notification with an ex post notification in order to confirm to the ESRB the adoption of the relevant macroprudential policy measure, to confirm that the measure was adopted as originally intended, and to confirm or update as required the relevant adoption and activation dates. In addition, for the purpose of this assessment, where a notification submitted to the ESRB was subsequently amended, unless the reviewed notification contained any material changes, the notification date was deemed to be the notification date of the first notification.

3.1.5 Notifications

The Assessment Team has also noted that in some cases the notifications submitted to the ESRB under sub-recommendation B(1) and recommendation D were not submitted in accordance with the required formalities. When weighting the recommendations the Assessment Team decided to give more importance to the substance of the notifications than to their form, but addressees of the Recommendation should, in accordance with sub-recommendation B(1) and recommendation D, be expected to notify the ESRB using the designated templates available on the ESRB website. The notifications should also be addressed directly to the ESRB and submitted to the dedicated e-mail address mentioned on the templates. For the purpose of this assessment, however, addressees' whose notifications were not addressed directly to the ESRB or were not submitted to the dedicated e-mail address were not penalised in this respect.



4 Conclusions

This first assessment of the Recommendation highlights the diversity of macroprudential instruments used – and policies pursued – by addressees to mitigate systemic risk and increase the resilience of the financial sector, thereby promoting financial stability.

The Recommendation has been, in general terms, fully implemented by a majority of addressees, i.e. the authorities entrusted with the adoption and/or activation of macroprudential policy measures, including, but not limited to, NDAs, NCAs, macroprudential authorities with the objectives, arrangements, powers, accountability requirements and other characteristics set out in Recommendation ESRB/2011/3, and the ECB (where top-up powers are exercised, which did not happen in the reference period). The results of the assessment point to a high degree of compliance with the Recommendation, particularly as regards the assessment by relevant authorities of the cross-border effects of the implementation of their own macroprudential policy measures, not only prior to their adoption, but also on a periodical basis (recommendation A). However, several relevant authorities are encouraged to take further steps to enhance the notification of activated measures to the ESRB and also to use the correct templates for doing so (recommendation B).

During the reference period, the ESRB recommended the reciprocation of only two macroprudential policy measures. These were a 5 percentage point risk weight add-on applied to Belgian mortgage loan exposures under Article 458(2)(d)(vi) of the CRR (Recommendation ESRB/2016/3)²³ and a 1% systemic risk buffer rate applied to domestic exposures in Estonia (Recommendation ESRB/2016/4)²⁴. The results of the compliance assessment show that almost half of the relevant authorities (13 out of 28 Member States) notified the ESRB about their decisions to reciprocate one or both of the measures. Regarding non-reciprocation of the measures, all but one of the non-reciprocating authorities adequately justified their decisions, based on the absence or immateriality of exposures.²⁵ In only one case did the Assessment Team consider the lack of reciprocation to be insufficiently explained.

Notwithstanding the generally positive outcome of the assessment, it is important to keep in mind that some of the sub-recommendations of the Recommendation lack precision as

²³ 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) (OJ C 153, 29.4.2016, p. 1).

²⁴ Recommendation of the European Systemic Risk Board of 24 June 2016 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2016/4) (OJ C 290, 10.8.2016, p. 1).

²⁵ In the case of the Belgian measure, relevant authorities justified their decision not to reciprocate the measure on the grounds of (1) the absence of branches in Belgium of domestic credit institutions using the internal ratings-based (IRB) approach and (2) the absence of material direct cross-border exposures to the Belgian mortgage market of domestic authorised institutions using the IRB approach. In the case of the Estonian measure, a few relevant authorities justified their decision not to reciprocate on the grounds that they had already applied the systemic risk buffer to domestically authorised institutions.



regards the full scope of macroprudential policy measures to be assessed and notified by activating (or reciprocating) authorities and the granularity of the cross-border spillover assessment.

Although the Recommendation provides a definition of “macroprudential policy measure”, it was not always clear to the authorities or the Assessment Team.

First, where a measure was recommended, some macroprudential authorities implemented macroprudential policy measures by means of recommendations which de facto are measures subject to compliance (even if only through strong moral suasion).

Recommendations of a macroprudential policy nature should fall within the full scope of the Recommendation, including the requirement to carry out analysis of cross-border spillovers and notification of the measure. Ideally, all recommendations should be known to the ESRB, as they provide indications of the intended policy directions of the activating authorities.

Second, the degree of analysis of cross-border spillovers expected from national authorities should be specified in the Recommendation. In the absence of clear guidance, the Assessment Team accepted any statement on expected cross-border spillovers from the national authority as sufficient and, where not provided, did not downgrade authorities where, in the view of the Assessment Team, no meaningful cross-border spillovers could reasonably have been expected. Going forward, however, there would be merit in clarifying minimum requirements for cross-border spillover analyses, and the results of such analyses could be expected to appear in the respective sections of the notification templates.

Moreover, the Recommendation lacks compliance criteria that could guide addressees towards better implementing the policy objectives contained therein.

Another important aspect which the Assessment Team believes should be highlighted concerns the non-reciprocation of macroprudential policy measures where reciprocation is voluntary and has been requested by the activating authority. Under the current wording of recommendation D, a decision to not reciprocate does not have to be notified, and a notification template for non-reciprocation was not available on the ESRB’s website. The Recommendation ought to establish that non-reciprocation of measures recommended for reciprocation by the ESRB should also be notified or explained. In addition, the current relevant notification template should also be amended in order to make this clear.

On the more procedural aspects regarding the notification of the activation (and reciprocation/non-reciprocation) of macroprudential instruments, the Assessment Team considers that it would be beneficial to specify in the Recommendation that notifications must be made directly to the ESRB using existing templates. Where notification has taken place ahead of the activation of a macroprudential policy measure (which is advisable, as activating authorities would definitely benefit from input from the ESRB if required), it must be confirmed (and complemented where applicable) once activation has taken place. Experience shows that, for various reasons, macroprudential authorities did not always activate intended measures. Moreover, the calibration or configuration of a pre-notified macroprudential policy measure may change by the time it is activated by the competent body.



With the incorporation of the ESRB Regulation into the EEA Agreement²⁶, the next assessment will have additional addressees, namely Iceland, Liechtenstein and Norway.

Finally, some reflection on the importance of the assessment of compliance with the Recommendation should be made. Owing the level of granularity of its assessment, this report offers a snapshot of macroprudential policy during the reference period, i.e. from the entry into force of the Recommendation to 30 June 2017. It reflects macroprudential authorities in a post-financial crisis world, which definitely posed very large challenges but was quite different from the world following the withdrawal of the United Kingdom from the Union and following the coronavirus (COVID-19) pandemic. The upcoming assessment, to take place this year, will allow the ESRB to better understand how macroprudential policy has reacted to the latest challenges and may provide the addressees of the Recommendation with more information on the different avenues explored by macroprudential authorities while pursuing their mission of increasing the resilience of the financial sector and ensuring financial stability.

²⁶ Agreement on the European Economic Area (OJ L 1, 3.1.1994, p. 3).



Annex I: Members of the Assessment Team

(approved by the ATC via Written Procedure ATC/WP/2018/011, 26 February 2018)

Chair	Institutions
Tiago Páscoa	Banco de Portugal, formerly ESRB Secretariat (as of 2019)
Peter Wierds	De Nederlandsche Bank (until 2019)
Assessment Team	
Borko Tamas	Magyar Nemzeti Bank
Agnė Bukavickaitė	Lietuvos bankas
Ervin Duraković	Hrvatska narodna banka
Michal Dvorak	Česká národní banka
Dániel Papp	Magyar Nemzeti Bank
Eugen Tereanu	European Central Bank
Sofia Melo	European Central Bank
Maria Vergeti	Bank of Greece
Secretariat	
Tiago Páscoa	ESRB Secretariat
Glenna Montefort (acting as Secretary)	ESRB Secretariat
Margaux Morganti	ESRB Secretariat
Marina Orilia	ESRB Secretariat
Gilda Sophie Prestipino	ESRB Secretariat
Eleni Katsigianni (acting as Secretary)	ESRB Secretariat
Aleksandra Granat (acting as a Secretary)	ESRB Secretariat
Emmanuel Karfis	ESRB Secretariat



Annex II: Recommendation ESRB/2015/2 as at 30 June 2017

SECTION 1

RECOMMENDATIONS

Recommendation A – Assessment of cross-border effects of relevant authorities' own macroprudential policy measures

1. The relevant activating authorities are recommended to assess, prior to their adoption, the cross-border effects of the implementation of their own macroprudential policy measures. At the very least, the spillover channels operating via risk adjustment and regulatory arbitrage should be assessed, using the methodology set out in Chapter 11 of the ESRB Handbook.
2. The relevant activating authorities are recommended to assess the possible:
 - (a) cross-border effects (leakages and regulatory arbitrage) of the implementation of macroprudential policy measures in their jurisdiction; and
 - (b) cross-border effects on other Member States and on the Single Market of any proposed macroprudential policy measures.
3. The relevant activating authorities are recommended to monitor at least once a year the materialisation and evolution of the cross-border effects of the macroprudential policy measures they have introduced.

Recommendation B – Notification and reciprocation request with regard to relevant authorities' own macroprudential policy measures

1. The relevant activating authorities are recommended to notify the ESRB of macroprudential policy measures as soon as they are adopted, and no later than two weeks after their adoption. Notifications should include an assessment of cross-border effects and of the necessity for reciprocation by other relevant authorities. The relevant activating authorities are requested to provide the information in English using the templates published on the ESRB's website.
2. If reciprocation by other Member States is deemed necessary to ensure the effective functioning of the relevant measures, the relevant activating authorities are recommended to submit a request for reciprocation to the ESRB, together with the notification of the measure.
3. If macroprudential policy measures were activated prior to the adoption of this Recommendation, or if reciprocation was not considered necessary when the measures were first introduced, but the relevant activating authority has subsequently decided that such reciprocation has become necessary, the relevant activating authorities are recommended to submit a request for reciprocation to the ESRB.



Recommendation C – Reciprocation of other relevant authorities’ macroprudential policy measures

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, as further described in the Annex, 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;

Estonia:

- a 1-percent systemic risk buffer rate applied in accordance with Article 133 of Directive 2013/36/EU to the domestic exposures of all credit institutions authorised in Estonia.

2. The relevant authorities are recommended to reciprocate the macroprudential policy measures listed in this Recommendation by implementing the same macroprudential policy measure as the one that has been implemented by the activating authority. If the same macroprudential policy measure is not available in national legislation, the relevant authorities are recommended to reciprocate, following consultation with the ESRB, by adopting a macroprudential policy measure available in its jurisdiction that has the most equivalent effect to the activated macroprudential policy measure.
3. Unless a specific deadline is recommended in relation to the reciprocation of a macroprudential policy measure, the relevant authorities are recommended to adopt reciprocating macroprudential policy measures no later than three months, following the publication of the latest amendment of this Recommendation in the *Official Journal of the European Union*. The adopted and reciprocating measures should have the same activation date insofar as possible.

Recommendation D – Notification of the reciprocation of other relevant authorities’ macroprudential policy measures

The relevant authorities are recommended to notify the ESRB of their reciprocation of other relevant authorities’ macroprudential policy measures. Notifications should be sent no later than one month after the reciprocating measure has been adopted. The notifying authorities are requested to provide the information in English, using the template published on the ESRB’s website.



SECTION 2

IMPLEMENTATION

1. Interpretation

For the purposes of this Recommendation, the following definitions apply:

- (a) 'activation' means the application of a macroprudential policy measure at national level;
- (b) 'adoption' means a decision taken by a relevant authority regarding the introduction, reciprocation or amendment of a macroprudential policy measure;
- (c) 'financial service' means any service of a banking, credit, insurance, personal pension, investment or payment nature;
- (d) 'macroprudential policy measure' means any measure that addresses the prevention and mitigation of systemic risk as defined in Article 2(c) of Regulation (EU) No 1092/2010 and is adopted or activated by a relevant authority subject to Union or national law;
- (e) 'notification' means a written notice in English to the ESRB from the relevant authorities, including the ECB pursuant to Article 9 of Regulation (EU) No 1024/2013, regarding a macroprudential policy measure in accordance with, but not limited to, Article 133 of Directive 2013/36/EU and Article 458 of Regulation (EU) No 575/2013, and which may be a reciprocation request from a Member State in accordance with, but not limited to, Article 134(4) of Directive 2013/36/EU and Article 458(8) of Regulation (EU) No 575/2013;
- (f) 'reciprocity' means an arrangement, whereby the relevant authority in one jurisdiction applies the same, or equivalent, macroprudential policy measure, as is set by the relevant activating authority in another jurisdiction, to any financial institutions under its jurisdiction, when they are exposed to the same risk in the latter jurisdiction;
- (g) 'relevant activating authority' means a relevant authority that is in charge of applying a macroprudential policy measure at national level;
- (h) 'relevant authority' means an authority entrusted with the adoption and/or activation of macroprudential policy measures, including but not limited to:
 - (i) a designated authority in accordance with Chapter 4 of Directive 2013/36/EU and Article 458 of Regulation (EU) No 575/2013, a competent authority as defined in Article 4(1)(40) of Regulation (EU) No 575/2013, the ECB in accordance with Article 9(1) of Regulation (EU) No 1024/2013; or



- (ii) a macroprudential authority with the objectives, arrangements, powers, accountability requirements and other characteristics set out in Recommendation ESRB/2011/3 of the European Systemic Risk Board²⁷.

2. Exemptions

- (a) The relevant authorities may exempt financial service providers under their jurisdiction from applying a particular reciprocating macroprudential policy measure, if these financial service providers have non-material exposures to the identified macroprudential risk in the jurisdiction where the relevant activating authority is applying the macroprudential policy measure in question (*de minimis* principle). Similar to the practice adopted for the countercyclical capital buffer (CCB) in Article 130 of Directive 2013/36/EU, authorities may choose to exempt financial service providers with exposures below a set threshold from reciprocating this macroprudential policy measure. The relevant authorities are requested to report to the ESRB on such exemptions, using the template for notifying reciprocating measures published on the ESRB's website. When applying a *de minimis* principle, authorities need to monitor closely whether leakages and regulatory arbitrage materialise and close the regulatory loophole if needed.
- (b) If the relevant authorities have already reciprocated and disclosed the measure before the measure is recommended for reciprocation in this Recommendation, the reciprocating measure does not need to be amended even if it differs from the one implemented by the activating authority.

3. Timeline and reporting

- (a) The relevant authorities are requested to report to the ESRB and the Council on the actions they take in response to this Recommendation, or adequately justify any inaction. Reports shall be sent every two years, with the first report due by 30 June 2017. The reports should contain as a minimum:
 - (i) information on the substance and timing of the actions taken;
 - (ii) an assessment of the functioning of the actions taken, from the perspective of the objectives of this Recommendation;
 - (iii) detailed justification of any exemptions granted pursuant to the *de minimis* principle, together with any inaction or departure from this Recommendation, including any delays.

²⁷ Recommendation of the European Systemic Risk Board of 22 December 2011 on the macro-prudential mandate of national authorities (ESRB/2011/3) (OJ C 41, 14.2.2012, p. 1).



- (b) In the event of shared responsibilities, relevant authorities should coordinate with each other in order to provide the necessary information on time.
- (c) The relevant authorities are encouraged to inform the ESRB at the earliest opportunity of any proposed macroprudential policy measures.
- (d) A reciprocating macroprudential policy measure is deemed to be equivalent if it has, insofar as possible:
 - (i) the same economic impact;
 - (ii) the same scope of application; and
 - (iii) the same consequences (sanctions) for non-compliance.

4. Amendments to the Recommendation

The General Board will decide when this Recommendation needs to be amended. Such amendments include in particular any additional or modified macroprudential policy measures to be reciprocated as set out in Recommendation C and the related annexes containing measure-specific information. The General Board may also extend the deadlines set forth in the previous paragraphs where legislative initiatives are necessary to comply with one or more recommendations. In particular, the General Board may decide to amend this Recommendation following the European Commission's review of the mandatory recognition framework under Union law or on the basis of experience gained with the operation of the voluntary reciprocity arrangement established by this Recommendation.

5. Monitoring and assessment

- (a) The ESRB Secretariat:
 - (i) assists the relevant authorities by facilitating coordinated reporting, providing relevant templates and detailing where necessary the procedure and the timeline for compliance;
 - (ii) verifies compliance by the relevant authorities, including by assisting them at their request, and submits compliance reports to the General Board.
- (b) The General Board assesses the actions and the justifications reported by the relevant authorities and, where appropriate, decides whether this Recommendation has not been followed and whether the relevant authorities have failed to adequately justify their inaction.



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)

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.

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.



Estonia

1-percent systemic risk buffer rate applied in accordance with Article 133 of Directive 2013/36/EU to the domestic exposures of all credit institutions authorised in Estonia

Description of the measure

1. The Estonian measure constitutes a 1-percent systemic risk buffer rate applied in accordance with Article 133 of Directive 2013/36/EU to the domestic exposures of all credit institutions authorised in Estonia.

Reciprocation

2. Where Member States have implemented Article 134 of Directive 2013/36/EU in national law, relevant authorities are recommended to reciprocate the Estonian measure for exposures located in Estonia of domestically authorised institutions in accordance with Article 134(1) of Directive 2013/36/EU. For the purposes of this paragraph, the deadline specified in sub-recommendation C(3) applies.
3. Where Member States have not implemented Article 134 of Directive 2013/36/EU in national law, relevant authorities are recommended to reciprocate the Estonian measure for exposures located in Estonia of domestically authorised institutions in accordance with sub-recommendation C(2). Relevant authorities are recommended to adopt the equivalent measure within six months.



Annex III: Compliance criteria and implementation standards

The following standards have been used to ensure consistent and equal treatment of addressees. Please note that they merely provide guidance for the assessment.

Implementation standards for ESRB/2015/2

1. Introduction

According to the Handbook on the assessment of compliance with ESRB recommendations (the “Handbook”), implementation standards are “specifications for each recommendation, detailing how different actions/inactions relating to each sub-recommendation are to be graded, based on the importance of the role those actions/inactions play in the fulfilment of the requirements of the specific sub-recommendation”. Moreover, the following principles should be observed while making the assessment:

- fairness, consistency and transparency – equal treatment of all addressees throughout the assessment process;
- efficiency and appropriateness of procedures with regard to available resources while ensuring high quality of the deliverables;
- four-eyes review – compliance of each addressee is assessed by at least two assessors;
- effective dialogue – communication with addressees is essential; the aim should be to fill in the information gaps on compliance;
- principle of proportionality – actions to be taken by the addressees are country-specific, and relate to the intensity of risks targeted by the recommendation in the specific Member State; and
- ultimate objective – prevention and mitigation of systemic risks to financial stability in the EU.

Key elements of the assessment are (see page 12 of the Handbook):

1. implementation standards: specifications for each recommendation, detailing how different actions/inactions relating to each sub-recommendation are to be graded, based on the importance of the role those actions/inactions play in the fulfilment of the requirements of the specific sub-recommendation;
2. the weights allocated to the different elements of the recommendation, which are, as a rule, set out in the recommendation (if not, they should be set out at this stage); and
3. the principle of proportionality, if applicable.

From the outset, it seems that the principle of proportionality is relevant in this case. The intensity of risks related to spillovers, and the possible need for reciprocity, should ultimately be reflected in the



assessment. Consequently, in accordance with the compliance criteria, with the exception of macroprudential policy measures for which a justification or an assessment of cross-border effects is specifically required by the provisions of the CRD, authorities only need to assess spillovers if these could reasonably have been expected.

Furthermore, relevant authorities should also be able to carry out the assessment of cross-border effects in accordance with Chapter 11 of the ESRB handbook on operationalising macroprudential policy in the banking sector (the “ESRB Handbook”), which provides guidance with regard to the ex ante expectations, in particular based on the design of the measure (see next section).

2. Further considerations

2.1. From the ESRB Handbook

The starting point of the compliance criteria is that all national macroprudential policy measures fall under the scope of Recommendation ESRB/2015/2, i.e. spillover effects and the need for reciprocity should always be assessed for all measures. As a next step, Chapter 11 of the ESRB Handbook sets out guidance on cross-border effects of macroprudential policy and reciprocity. In sum, it points to at least three elements to be taken into account when judging the relevance of spillovers, and hence the need for reciprocity:

- Spillovers can be inward or outward, and negative or positive. Generally, both inward and outward spillovers are positive for financial stability. Negative outward spillovers²⁸ are relatively rare, and reciprocity of measures appears particularly warranted in the case of negative inward spillovers.
- Such negative spillovers (i.e. circumvention by foreign branches or direct cross-border lending) can in principle be expected when a measure targets national exposures, and excludes from its scope:
 - bank lending from foreign branches,
 - non-bank lending from non-bank lenders,
 - cross-border lending.
- Therefore, assessing the design of the measure is crucial for assessing the potential for negative inward spillovers.
- Spillovers can subsequently be assessed by analysing them according to the pre-determined list of transmission criteria in Chapter 11 of the ESRB Handbook.

²⁸ Negative outward spillovers can occur, for example, in the case of increased cross-border lending from a “foreign” country in response to macroprudential tightening in a “home” country when the “foreign” country is in a more advanced stage of the financial cycle.



- Spillovers can also be assessed by analysing them according to the pre-determined list of indicators in Chapter 11 of the ESRB Handbook.
- Other ways of assessing spillovers include, for example, taking a model-based approach.

2.2 From the replies from countries

- Most attention in practice indeed focuses on negative inward spillovers. Both measures recommended for reciprocation (Belgium and Estonia) focus on negative inward spillovers.
- In assessing the relevance of spillovers, replies from countries point to the need to take the design of the financial system into account. At the extreme, a country with a full bank-based financial system (i.e. no lending by non-bank lenders), with no foreign branches, and no cross-border lending, would not experience negative inward spillovers. However, such a financial system would be at odds with the principles of the common market, especially the single banking licence and the free flow of capital.
- For exposure-based measures (e.g. the countercyclical capital buffer, the systemic risk buffer and stricter national measures under Article 458 of the CRR) and measures for which a reciprocation request has been made, the scrutiny should be stricter with regard to the assessment of spillovers.

3. Explaining inaction

In the case of inaction by national authorities, assessors need to establish whether or not this inaction is sufficiently explained.

Sufficiently explained: a complete and well-reasoned explanation for the lack of implementation has been provided, e.g. with reference to:

- (i) the materiality of exposures to the macroprudential risk, if the relevant authority decided not to reciprocate because the exposures of all banks in its jurisdiction were deemed immaterial;
- (ii) the fact that the measure had already been reciprocated before it was recommended for reciprocation by the ESRB;
- (iii) reasons why the reciprocating measure was not notified to ESRB.

Insufficiently explained: the explanation given for the lack of implementation is not sufficient to justify the inaction, or no explanation was provided.

Note: An application of the de minimis principle should be assessed as a policy action. See Section 2.1 of Recommendation ESRB/2015/2, which states that authorities “may choose to exempt financial service providers with exposures below a set threshold from reciprocating this macroprudential policy measure. The relevant authorities are requested to report to the ESRB on such exemptions, using the template for notifying reciprocating measures published on the ESRB’s website. When applying a de minimis principle, authorities need to monitor closely whether leakages and regulatory arbitrage materialise and close the regulatory loophole if needed”.



4. Weights

The weights used for assigning a grade and evaluating the compliance of Member States should reflect the importance of the recommendations and respective sub-recommendations. Different weights are therefore attributed to different sub-recommendations. In some cases, the weight could even be zero, as some sub-recommendations may not be applicable to all the activated macroprudential policy measures. Overall, the grading methodology should take into consideration the number of macroprudential policy measures activated or reciprocated.

After taking into consideration the relative importance of each recommendation, the Assessment Team decided to attribute the following weights:

Recommendations	Weights	Sub-recommendations	Weights
A	0.4	A1	0.5
		A2	0.3
		A3	0.2
B	0.1	B1	0.5
		B2	0.25
		B3	0.25
C	0.4	C1	0.6
		C2	0.3
		C3	0.1
D	0.1	D	1

In cases where sub-recommendations are not applicable to all macroprudential policy measures reviewed, the respective weights should be attributed to the remaining applicable sub-recommendations of the same recommendation. Similarly, if an entire recommendation is not applicable, its weight should be allocated to the remaining applicable recommendations. For example, in the case of recommendation B, if sub-recommendations B1 and B2 are applicable and sub-recommendation B3 is not applicable, the weight of 0.25 attributed to sub-recommendation B3 will be redistributed among the other two sub-recommendations according to their relative weights, i.e. 67% ($0.5/(0.5+0.25)$) of the weight of sub-recommendation B3 would be added to the weight of sub-recommendation B1 and 33% ($0.25/(0.5+0.25)$) would be added to the weight of sub-recommendation B2. Thus the overall weight of recommendation B will continue to add up to 1 (or 0 if no sub-recommendation is applicable).



Example:

Recommendation B	Weights when all sub-recommendations are applicable		Weights when one sub-recommendation is not applicable	
B1	Applicable	0.5	Applicable	$0.5 + (0.5/(0.5+0.25))*0.25 = 0.67$
B2	Applicable	0.25	Applicable	$0.25 + (0.25/(0.5+0.25))*0.25 = 0.33$
B3	Applicable	0.25	NA	0

Aggregation of measures: When the assessment is carried out for more than one measure and the compliance grades differ between one measure and another (e.g. FC for one and PC for another), the compliance grade that corresponds to the average of the individual numerical grades of the different measures should apply for each sub-recommendation. The overall compliance grade for each sub-recommendation would therefore be calculated in the following way:

- (i) The compliance grade given for each measure to which the sub-recommendation applies would need to be converted into a numerical grade in accordance with the following table:

Implementation grades	Numerical grades
FC	1
LC	0.75
PC	0.5
MN	0.25
NC	0
SE	1
IE	0

- (ii) The average of the numerical grades for each measure would then need to be calculated.
- (iii) The average of the numerical grade would then need to be converted back into an overall compliance grade for the sub-recommendation in accordance with the following table:



Compliance grades	Numerical grades
FC	<0.9-1>
LC	<0.65-0.9)
PC	<0.4-0.65)
MN	0.158-0.4)
NC	<0-0.15)
SE	<0.65-1>
IE	<0-0.65)

However, assessors ultimately have the discretion to override this rule and adjust the compliance grade based on the principles mentioned in the introduction (such as fairness and contribution to the ultimate objective related to systemic risk). This reflects the fact that, in line with the Handbook, the assessment is not intended to be fully mechanical. For example, if the mechanical score is largely driven by a measure that contributes little to the ultimate objective, this may be a reason for a discretionary adjustment of the score.

Furthermore, if the compliance grades for different measures vary between grades for “action” (FC, LC, PC, MN and NC) and “inaction” (SE and IE), assessors should also use their discretionary judgement, based on the principles mentioned in the introduction, to determine whether the overall grade for each sub-recommendation should be a grade for “action” or a grade for “inaction”. In such cases, the compliance grade given should be duly justified. Furthermore, the compliance report should clearly mention that, even though the overall grade indicates either “action” or “inaction”, this does not hold for every activated or reciprocated macroprudential policy measure, and the report should clearly specify the macroprudential policy measures for which the individual grade varied.

The overall compliance grade for **each recommendation** and the overall compliance **grade** are based on the weighted average of numerical grades that correspond to the compliance grades of the sub-recommendations in the table above. In cases where one or more sub-recommendations of a given recommendation or the entire recommendation is not applicable, weights are adjusted in the way described above.

The assessors have discretion to override this weighting scheme and adjust the overall compliance grade to ensure that the assessment principles mentioned in the introduction are respected.

In addition, vertical assessors should ensure consistency in the way the discretionary judgement of the horizontal assessors was applied.



5. Tables

Recommendation A	
Assessment of cross-border effects of relevant authorities' own macroprudential policy measures	
Grade	Standards
	A1
FC	<p>An assessment of the cross-border effects of the implementation of the macroprudential policy measure was carried out based on:</p> <ul style="list-style-type: none"> • a description of the transmission mechanisms of risks; • the use of indicators (quantitative and qualitative) in accordance with Chapter 11 of the ESRB Handbook (but not only limited to the indicators set out in the ESRB Handbook); (Note that different degrees of "comprehensiveness" or "granularity" of the set of indicators may be used to allow comparability between the addressees.) • other methodologies, such as a model-based approach. <p>Supporting evidence of the assessment is provided, e.g. in the form of the analysis itself or the main conclusions of the assessment of cross-border effects in summary form (e.g. as reported through the various templates).</p> <p>With the exception of macroprudential policy measures for which a justification or an assessment of cross-border effects is required by the CRD, an activating authority would only have been expected to carry out such a comprehensive assessment for macroprudential policy measures for which non-negligible cross-border effects could reasonably have been expected.</p>
LC	The same as under FC, but negligible requirements remain to be implemented. For example, an assessment of cross-border effects was conducted, but evidence of the cross-border assessment was not provided. Nonetheless, it can reasonably be assumed, based on the Assessment Team's expert judgement, that no material cross-border effects should be expected following the activation of the measure.
PC	The same as under FC, but with deficiencies that affect the adequacy of implementation. This includes the case where the relevant activating authority says it has carried out an assessment of cross-border effects, but is not in a position to provide any supporting evidence, such as the analysis itself or its main conclusions in summary form, and it can reasonably be assumed, based on the Assessment Team's expert judgement, that material cross-border effects could be expected following the activation of the measure
MN	The analysis is clearly insufficiently detailed relative to the magnitude of inward and outward spillovers that could reasonably be expected.
NC	NA
SE	The assessment was not carried out. Sufficient explanation was provided as to why cross-border effects could not reasonably have been expected, either because the activated measure is set at 0% or because no material cross-border effects could reasonably have been expected (e.g. borrower-based measures such as LTV, DSTI, LTI).
IE	The assessment was not carried out. Either no explanation or insufficient explanation was provided as to why the assessment was not carried out.
	A2
FC	<p>An assessment was carried out by the relevant activating authority and assessed both (i) the cross-border effects (leakages and regulatory arbitrage) of the implementation of macroprudential policy measures in its jurisdiction and (ii) the cross-border effects on other Member States and on the Single Market of any proposed macroprudential policy measures.</p> <p>Supporting evidence of the assessment is provided, e.g. in the form of the analysis itself or the main conclusions of the assessment of cross-border effects in summary form (e.g. as reported through the various templates).</p> <p>With the exception of macroprudential policy measures for which a justification or an assessment of cross-border effects is required by the CRD, an activating authority would only have been expected to carry out such an assessment for macroprudential policy measures for which non-negligible cross-border effects could reasonably have been expected.</p>



Grade	Standards
LC	The same as under FC, but negligible requirements remain to be implemented for activated measures with material cross-border effects.
PC	The same as under FC, but with deficiencies that affect the adequacy of implementation. This includes the case where the relevant activating authority says it has carried out the assessment of cross-border effects, but is not in a position to provide any supporting evidence, such as the analysis itself or its main conclusions in summary form, and it can reasonably be assumed, based on the Assessment Team's expert judgement, that material cross-border effects could be expected following the activation of the measure.
MN	The analysis is clearly insufficiently detailed relative to the magnitude of inward and outward spillovers that could reasonably have been expected.
NC	NA
SE	The assessment was not carried out. However, sufficient explanation was provided as to why cross-border effects could not reasonably have been expected. For example, the assessment of cross-border effects was conducted, but evidence of the cross-border assessment was not provided. Nonetheless, it can reasonably be assumed, based on the Assessment Team's expert judgement, that no material cross-border effects should be expected following the activation of the measure.
IE	The assessment was not carried out. No explanation or insufficient explanation was provided as to why the assessment was not carried out.
	A3
FC	Periodical assessment of the cross-border effects was conducted. Supporting evidence of the assessment is provided, e.g. in the form of the analysis itself or the main conclusions of the assessment of cross-border effects in summary form (e.g. as reported through the various templates). With the exception of macroprudential policy measures for which a justification or an assessment of cross-border effects is required by the CRD, an activating authority would have been expected to carry out such an assessment for macroprudential policy measures for which non-negligible cross-border effects could reasonably have been expected.
LC	The same as under FC, but negligible requirements remain to be implemented. For example, although the monitoring was carried out, this was not carried out exactly once a year; or the assessment of cross-border effects was conducted, but evidence of cross-border assessment was not provided. Nonetheless, it can reasonably be assumed, based on the Assessment Team's expert judgement, that no material cross-border effects should be expected following the activation of the measure.
PC	The same as under FC, but with deficiencies that affect the adequacy of implementation (e.g. there might have been no separate monitoring of the materialisation and evolution of the cross-border effects). This includes the case where the relevant activating authority says it has carried out monitoring but is not in a position to provide any supporting evidence.
MN	NA
NC	NA
SE	The periodical assessment was not carried out. Sufficient explanation was provided as to why cross-border effects could not reasonably have been expected (e.g. the measure was set at 0% or only applies within national borders, such as a borrower-based measure).
IE	The periodical assessment was not carried out. No explanation or insufficient explanation was provided as to why the periodical assessment was not carried out.



Recommendation B

Notification and reciprocity request with regard to relevant authorities' own macroprudential policy measures

Grade	Standards
	B1
FC	<p>The relevant activating authority notified the ESRB using the ESRB template no later than two weeks after the adoption of macroprudential policy measures. All the relevant information was provided in English. The notification included an assessment of cross-border effects and of the necessity for reciprocity by other relevant authorities.</p> <p>With the exception of macroprudential policy measures for which an assessment of cross-border effects is required by the CRD, an activating authority would only have been expected to include such an assessment for macroprudential policy measures for which non-negligible cross-border effects could reasonably have been expected.</p>
LC	<p>The relevant activating authority notified the ESRB using the ESRB template after the two-week period, but not later than 45 calendar days after the adoption of the macroprudential policy measures. The relevant information has been provided in English. The notification also included an assessment of cross-border effects and of the necessity for reciprocity by other relevant authorities.</p> <p>With the exception of macroprudential policy measures for which an assessment of cross-border effects is required by the CRD, an activating authority would only have been expected to include such an assessment for macroprudential policy measures for which non-negligible cross-border effects could reasonably have been expected.</p>
PC	<p>The relevant activating authority notified the ESRB after the two-week period, but not later than 60 calendar days after the adoption of the macroprudential policy measures, or in an irregular manner without using the ESRB template. However, the relevant information has been provided in English and included an assessment of cross-border effects and of the necessity for reciprocity by other relevant authorities.</p> <p>With the exception of macroprudential policy measures for which an assessment of cross-border effects is required by the CRD, an activating authority would only have been expected to include such an assessment for macroprudential policy measures for which non-negligible cross-border effects could reasonably have been expected.</p>
MN	<p>The relevant activating authority notified the ESRB with substantial delay (more than 60 calendar days after the adoption of the macroprudential policy measures).</p> <p>OR</p> <p>The relevant activating authority notified the ESRB, but did not include either the assessment of cross-border effects or of the necessity for reciprocity by other relevant authorities, or both, provided that, with the exception of macroprudential policy measures for which an assessment of cross-border effects is required by the CRD, an activating authority would only have been expected to include such an assessment for macroprudential policy measures for which non-negligible cross-border effects could reasonably have been expected.</p> <p>OR</p> <p>The relevant information was not provided in English.</p>
NC	NA
SE	The relevant activating authority did not notify the ESRB by any means of the adoption of macroprudential policy measures. However, sufficient explanation for not notifying the ESRB was provided.
IE	The relevant activating authority did not notify the ESRB by any means of the adoption of macroprudential policy measures. No explanation or insufficient explanation was provided as to why the ESRB was not notified.



Grade	Standards
	B2
FC	Reciprocation was necessary according to the relevant activating authority and the latter submitted a request for reciprocation (or a pre-announcement of a request for reciprocation) together with the notification required under sub-recommendation B(1).
LC	<p>Reciprocation was necessary according to the relevant activating authority and the latter submitted a request for reciprocation (or a pre-announcement of a request for reciprocation). The request for reciprocation (or the pre-announcement thereof) was, however, not submitted together with the notification required under sub-recommendation B(1).</p> <p>The delay was not substantial (less than 60 calendar days), and it is reasonable to expect that it did not have material adverse consequences.</p> <p>Furthermore, there were no substantive procedural or other highly relevant reasons why it was advisable to ask for reciprocation at a later stage.</p>
PC	NA
MN	NA
NC	NA
SE	Even though reciprocation was deemed necessary by the relevant activating authority, a request for reciprocation was not submitted. Sufficient explanation was provided as to why the request for reciprocation was not submitted.
IE	Even though reciprocation was deemed necessary by the relevant activating authority, a request for reciprocation was not submitted. No explanation or insufficient explanation was provided as to why the request for reciprocation was not submitted.
	B3
FC	The activating authority submitted a request for reciprocation to the ESRB for macroprudential policy measures that were activated prior to the adoption of the Recommendation (15 December 2015), or for macroprudential policy measures for which, although reciprocation was not deemed necessary when the measures were first introduced, reciprocation was subsequently deemed necessary.
LC	NA
PC	NA
MN	NA
NC	NA
SE	Even though reciprocation was subsequently deemed necessary by the relevant activating authority, a request for reciprocation was not submitted. Sufficient explanation was provided as to why a request for reciprocation was not submitted.
IE	Even though reciprocation was subsequently deemed necessary by the relevant activating authority, a request for reciprocation was not submitted. No explanation or insufficient explanation was provided as to why a request for reciprocation was not submitted.



Recommendation C

Reciprocation of other relevant authorities' macroprudential policy measures

Grade	Standards
	C1
FC	<p>The relevant authority has reciprocated the macroprudential policy measures adopted by other relevant authorities and recommended for reciprocation, whether before or after they were recommended for reciprocation.</p> <p>OR</p> <p>The relevant authority reciprocated the macroprudential policy measures but has also set a threshold below which exposures are to be exempted in line with the ESRB recommendation. Sufficient supporting evidence was also provided to explain the setting of the threshold. In addition, the relevant authority monitored closely the materialisation of leakages and regulatory arbitrage to close the regulatory loophole if needed.</p>
LC	NA
PC	<p>The relevant authority reciprocated the macroprudential policy measures recommended for reciprocation but has also set a threshold below which exposures are to be exempted. The relevant authority, however, did not provide sufficient supporting evidence explaining the setting of the threshold.</p> <p>OR</p> <p>The relevant authority reciprocated the macroprudential policy measures recommended for reciprocation before such measures were recommended for reciprocation. The relevant authority, however, did not disclose the measure and did not provide sufficient supporting evidence thereof.</p> <p>OR</p> <p>The relevant authority did not monitor closely the materialisation of leakages and regulatory arbitrage to close the regulatory loophole if needed.</p>
MN	NA
NC	NA
SE	<p>The relevant authority did not reciprocate the macroprudential policy measures recommended for reciprocation. Sufficient explanation was provided as to why the macroprudential policy measures recommended for reciprocation by the ESRB were not reciprocated.</p> <p>Non-reciprocation on the grounds that all institutions in the jurisdiction have immaterial exposures to the macroprudential risk qualifies as "sufficient explanation".</p>
IE	<p>The relevant authority did not reciprocate the macroprudential policy measures recommended for reciprocation by the ESRB. No explanation or insufficient explanation was provided as to why the macroprudential policy measures recommended for reciprocation were not reciprocated.</p>
	C2
FC	<p>The relevant authority reciprocated the macroprudential policy measures recommended for reciprocation by using the same macroprudential instrument. If the same instrument was not available, the measure with the most equivalent effect was used, following consultation with the ESRB. In accordance with paragraph 4 of Section 2.3 of the Recommendation, a reciprocating macroprudential policy measure is deemed to be equivalent if it has, insofar as possible: (a) the same economic impact; (b) the same scope of application; and (c) the same consequences (sanctions) for non-compliance.</p>
LC	<p>The relevant authority reciprocated the macroprudential policy measures after they were recommended for reciprocation, albeit by adopting a different macroprudential policy measure without consulting the ESRB. The adopted measure is actually deemed to be either equivalent or the most obviously equivalent measure from the range of instruments available.</p>
PC	<p>The relevant authority adopted a different macroprudential policy measure than the one recommended for reciprocation without consulting the ESRB and after it was recommended for reciprocation. It is not obvious whether the measure adopted is the most equivalent from the range of instruments available.</p> <p>OR</p> <p>The relevant authority adopted a different macroprudential policy measure than the one recommended for reciprocation without consulting the ESRB and after it was recommended for reciprocation. The supporting evidence provided is sufficient to assess the equivalence of the measure, but only one or two of the three criteria for equivalence are met.</p>



Grade	Standards
MN	The relevant authority adopted a different macroprudential policy measure than the one recommended for reciprocation without consulting the ESRB and after it was recommended for reciprocation. The supporting evidence provided is not sufficient to assess whether or not the measure could be considered equivalent.
NC	The relevant authority has adopted a different macroprudential policy measure without consulting the ESRB. The measure is not deemed to be equivalent.
SE	In accordance with paragraph 2 of Section 2.2 of the Recommendation, the relevant authority reciprocated the measure with a measure that differs from the one implemented by the activating authority, provided that the reciprocating measure had already been implemented and disclosed before the activating measure was recommended for reciprocation.
IE	NA
	C3
FC	The reciprocating macroprudential policy measure was adopted no later than three months following publication of the latest amendment of the Recommendation in the Official Journal of the European Union (OJ) or within the recommended deadline, if any. In addition, the reciprocating measure had the same activation date as the macroprudential policy measure being reciprocated or, if it did not have the same activation date, this mismatch cannot be attributed to the reciprocating authority.
LC	The reciprocating macroprudential policy measure was not adopted within the recommended deadline, if any, or otherwise within three months following publication of the latest amendment of the Recommendation in the OJ. The adoption delay was, however, minor (45 calendar days or less). In addition, the reciprocating measure had the same activation date as the macroprudential policy measure being reciprocated or, if it did not have the same activation date, this mismatch cannot be attributed to the reciprocating authority.
PC	The reciprocating macroprudential policy measure was not adopted within the recommended deadline, if any, or otherwise within three months following publication of the latest amendment of the Recommendation in the OJ. The adoption delay was substantial (more than 45 calendar days, but not more than 60 calendar days). In addition, the reciprocating measure had the same activation date as the macroprudential policy measure being reciprocated or, if it did not have the same activation date, this mismatch cannot be attributed to the reciprocating authority. OR The reciprocating macroprudential policy measure was adopted within the recommended deadline, if any, or otherwise within three months following publication of the latest amendment of the Recommendation in the OJ, but the reciprocating measure did not have the same activation date as the macroprudential policy measure being reciprocated, even though this would have been possible.
MN	The reciprocating macroprudential policy measure was not adopted within the recommended deadline, if any, or otherwise within three months following publication of the latest amendment of the Recommendation in the OJ. The delay was substantial (more than 60 calendar days). In addition, the reciprocating measure did not have the same activation date as the macroprudential policy measure being reciprocated, even though this would have been possible.
NC	NA
SE	NA
IE	NA



Recommendation D

Notification of the reciprocation of other relevant authorities' macroprudential policy measures

Grade	Standards
FC	The relevant authority reciprocating the macroprudential policy measures notified the ESRB of the reciprocation within one month after the adoption of the reciprocating measure, using the ESRB template and providing the information in English.
LC	The relevant authority reciprocating the macroprudential policy measures notified the ESRB of the reciprocation, but with relatively minor delays (15 calendar days or less). The relevant authority used the ESRB template and provided the information in English.
PC	The relevant authority reciprocating the macroprudential policy measures notified the ESRB, but with substantial delays (more than 15 calendar days, but less than 30 calendar days). The relevant authority used the ESRB template and provided the information in English. OR The relevant authority reciprocating the macroprudential policy measures notified the ESRB in time or with minor delays (15 calendar days or less). The relevant authority provided the information in English but did not use the ESRB template. The key information from the ESRB template was, however, provided.
MN	The relevant authority reciprocating the macroprudential policy measure notified the ESRB, but with very significant delays (substantially more than 30 calendar days, but not more than 90 calendar days). OR The relevant authority reciprocating the macroprudential policy measures notified the ESRB in time or with minor delays (more than 15 calendar days, but less than 30 calendar days). The relevant authority provided the information in English but did not use the ESRB template. Some key information from the ESRB template was not provided.
NC	The relevant authority reciprocating the macroprudential policy measure notified the ESRB but did not provide the information in English.
SE	The relevant authority reciprocating the macroprudential policy measure did not notify the ESRB of the reciprocation. Sufficient explanation was provided as to why the ESRB was not notified.
IE	The relevant authority reciprocating the macroprudential policy measure did not notify the ESRB of the reciprocation. No explanation or insufficient explanation was provided as to why the ESRB was not notified.

Note: FC = fully compliant, LC = largely compliant, PC = partially compliant, MN = materially non-compliant, NC = non-compliant, SE = inaction sufficiently explained, IE = inaction insufficiently explained.



Annex IV: Colour-coded tables summarising the results of the compliance assessment

	A	B	C	D	Overall
BE	FC/SE	FC/SE	FC/SE	FC/SE	FC/SE
BG	FC/SE	FC/SE	FC/SE	NA	FC/SE
CZ	FC/SE	LC/SE	FC/SE	NA	FC/SE
DK	LC/SE	PC/IE	FC/SE	FC/SE	LC/SE
DE	FC/SE	FC/SE	FC/SE	NA	FC/SE
EE	FC/SE	FC/SE	FC/SE	NA	FC/SE
IE	FC/SE	FC/SE	FC/SE	NA	FC/SE
GR	FC/SE	FC/SE	FC/SE	NA	FC/SE
ES	FC/SE	FC/SE	FC/SE	NA	FC/SE
FR	FC/SE	LC/SE	FC/SE	PC	FC/SE
HR	FC/SE	FC/SE	FC/SE	FC/SE	FC/SE
IT	FC/SE	FC/SE	FC/SE	NA	FC/SE
CY	FC/SE	FC/SE	FC/SE	FC/SE	FC/SE
LV	FC/SE	FC/SE	FC/SE	FC/SE	FC/SE
LT	FC/SE	FC/SE	FC/SE	FC/SE	FC/SE
LU	FC/SE	PC/IE	FC/SE	FC/SE	FC/SE
HU	FC/SE	FC/SE	FC/SE	NA	FC/SE
MT	FC/SE	FC/SE	FC/SE	LC	FC/SE
NL	FC/SE	PC/IE	FC/SE	FC/SE	FC/SE
AT	FC/SE	FC/SE	FC/SE	NA	FC/SE
PL	FC/SE	FC/SE	FC/SE	NA	FC/SE
PT	FC/SE	FC/SE	FC/SE	FC/SE	FC/SE
RO	FC/SE	FC/SE	FC/SE	NA	FC/SE
SI	FC/SE	LC/SE	FC/SE	NA	FC/SE
SK	FC/SE	FC/SE	FC/SE	PC	FC/SE
FI	FC/SE	LC/SE	PC/IE	NA	LC/SE
SE	LC/SE	MN/IE	FC/SE	FC/SE	LC/SE

FC	Fully compliant	SE	Inaction sufficiently explained	NA	Not applicable
LC	Largely compliant				
PC	Partially compliant				
MN	Materially non-compliant	IE	Inaction insufficiently explained		
NC	Non-compliant				



Abbreviations

I. Compliance grades	
FC	fully compliant
LC	largely compliant
PC	partially compliant
MN	materially non-compliant
NC	non-compliant
SE	inaction sufficiently explained
IE	inaction insufficiently explained

II. Countries/addressees			
BE	Belgium	LT	Lithuania
BG	Bulgaria	LU	Luxemburg
CZ	Czech Republic	HU	Hungary
DK	Denmark	MT	Malta
DE	Germany	NL	Netherlands
EE	Estonia	AT	Austria
IE	Ireland	PL	Poland
GR	Greence	PT	Portugal
ES	Spain	RO	Romania
FR	France	SO	Slovenia
HR	Croatia	SK	Slovakia
IT	Italy	FI	Finland
CY	Cyprus	SE	sweden
LV	Latvia		



III. Other abbreviations	
ATC	Advisory Technical Committee
CRD	Capital Requirements Directive – 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. 1)
CRR	Capital Requirements Regulation – 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 (OJ L 176, 27.6.2013, p. 1)
DSTI ratio	Debt service-to-income ratio
ECB	European Central Bank
EEA	European Economic Area
ESRB	European Systemic Risk Board
ESRB Handbook	The ESRB handbook on operationalising macroprudential policy in the banking sector
ESRB Regulation	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
ESRB Rules of Procedure	Decision of the European Systemic Risk Board of 20 January 2011 adopting the Rules of Procedure of the European Systemic Risk Board (ESRB/2011/1)
EU	European Union
G-SII	Global systemically important institution
Handbook	Handbook on the assessment of compliance with ESRB recommendations
IRB approach	Internal ratings-based approach
LTI ratio	Loan-to-income ratio
LTV ratio	Loan-to-value ratio
NCA	National competent authority
NDA	National designated authority
OJ	Official Journal of the European Union
O-SII	Other systemically important institution
Recommendation ESRB/2011/3	Recommendation of the European Systemic Risk Board of 22 December 2011 on the macro-prudential mandate of national authorities
Recommendation ESRB/2013/1	Recommendation of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy
Recommendation ESRB/2014/1	Recommendation of the European Systemic Risk Board of 18 June 2014 on guidance for setting countercyclical buffer rates
Recommendation ESRB/2015/2	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
Recommendation ESRB/2016/3	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
Recommendation ESRB/2016/4	Recommendation of the European Systemic Risk Board of 24 June 2016 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures
Recommendation ESRB/2017/4	Recommendation of the European Systemic Risk Board of 20 October 2017 amending





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The compliance report is based on the results of the assessment conducted by the Assessment Team and was prepared by:

Tiago Páscoa

Banco de Portugal, formerly ESRB Secretariat

Peter Wierts

De Nederlandsche Bank

Eugen Tereanu Agnè Bukavickaitė

Lietuvos bankas

Ervin Durakovi

Hrvatska narodna banka

Michael Dvorak

European Central Bank, formerly Česká národní banka

Dániel Papp

Magyar Nemzeti Bank

Eugen Tereanu

European Central Bank

Sofia Melo

European Central Bank

Maria Vergeti

Bank of Greece

Glena Montefort

ESRB Secretariat

Margaux Morganti

ESRB Secretariat

Marina Orilia

ESRB Secretariat

Gilda Sophie Prestipino

ESRB Secretariat

Eleni Katsigianni

ESRB Secretariat

Aleksandra Granat

ESRB Secretariat

Emmanuel Karfis

ESRB Secretariat

© European Systemic Risk Board, 2021

Postal address 60640 Frankfurt am Main, Germany
Telephone +49 69 1344 0
Website www.esrb.europa.eu

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For specific terminology please refer to the [ESRB glossary](#) (available in English only).