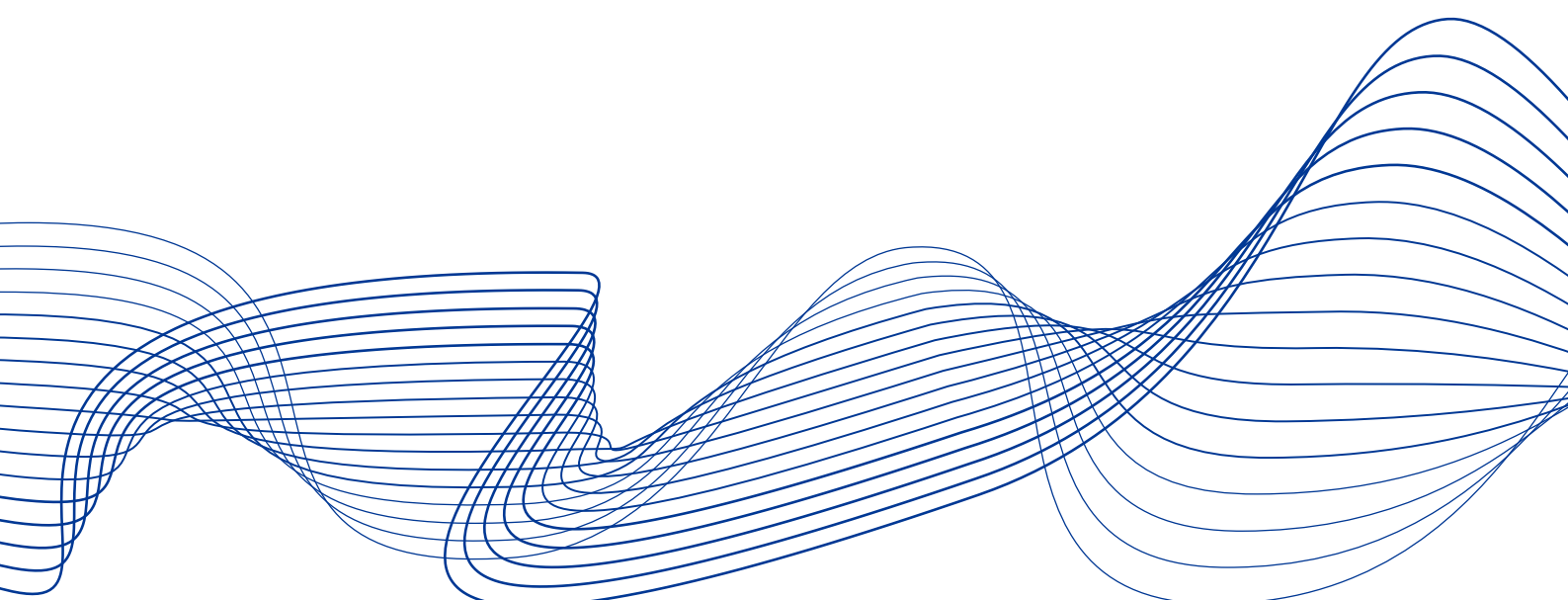


Summary Compliance Report

August 2024

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 third 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”), applicable during the reference period from 1 July 2021 to 30 June 2023. For the purposes of this report, the “Recommendation” refers to Recommendation ESRB/2015/2, as well as to all subsequent amendments thereto made by the ESRB to encompass new or modified national measures recommended for reciprocation.

The Recommendation is addressed to relevant authorities, which are defined as authorities entrusted with the adoption and/or activation of macroprudential policy measures. These include, but are not limited to, designated authorities (the “national designated authorities” or “NDAs”) 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 during the assessment period, competent authorities (the “national competent authorities” or “NCAs”) as defined in Article 4(1)(40) of the CRR as in force during the assessment period, 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 on the mandate of national authorities.⁵

The report contains an assessment of addressees’ compliance, or of their explanation for non-compliance, with the Recommendation, as amended, based on the addressees’ submissions to the European Systemic Risk Board (ESRB) Secretariat. Addressees were requested to report on the 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 questions relating to its implementation raised by the Assessment Team that was set up to assess addressees’ compliance.

The Recommendation targets the systemic assessment of the cross-border effects of macroprudential policy and complements the mandatory recognition under European Union (EU) law of certain macroprudential policy measures adopted by national authorities⁶ based on voluntary reciprocity of measures to address specific national exposures that have potential cross-

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).

⁶ Mandatory recognition is provided for with regard to measures taken pursuant to Articles 124(5) and 164(7) of the CRR, and to countercyclical capital buffer (CCyB) rates set below the ceiling for mandatory recognition.



border implications⁷. This contributes to the effectiveness and consistency of macroprudential policy measures adopted at the national level by bringing within the scope of such national measures branches of foreign financial services providers and foreign financial services providers offering cross-border financial services directly.

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

Relevant authorities are requested to report to the ESRB and the Council every two years, following the first reporting deadline the 30th of June 2017, on the actions taken in response to the Recommendation over the reference period,⁸ or to adequately justify any inaction. The second reporting deadline, initially set for 30 June 2019, was postponed and later cancelled due to the COVID-19 pandemic. This report on the third round of assessment therefore covers the period from 1 July 2021 to 30 June 2023.

This report assesses the addressees' compliance with the Recommendation during the reference period between 1 July 2021 and 30 June 2023. Accordingly, it does not include information on: (i) the addressees' compliance with the Recommendation as regards macroprudential policy measures adopted before the reference period,⁹ nor (ii) the addressees' compliance as regards macroprudential policy measures recommended for reciprocity by the ESRB before or after the reference period.¹⁰ The regulatory framework that was taken into account by the assessors was the framework in force during the reference period, and includes the ESRB Regulation, as amended in December 2019.¹¹

The assessment was carried out in relation to the macroprudential policy measures notified to the ESRB, as well as the macroprudential policy measures mentioned in the reports submitted to the ESRB under Section 2.3.1 of the Recommendation. The assessment was conducted by an Assessment Team consisting of seven assessors, including a Chair, appointed by the Advisory Technical Committee (ATC) (see Annex I of this report). The methodology followed was that set out in the "Handbook on the assessment of compliance with ESRB recommendations" (the "Assessment Handbook") of April 2016.¹²

⁷ For further information see the [ESRB's reciprocity framework section](#).

⁸ Article 17 of the [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) as amended by [Regulation \(EU\) 2019/2176 of the European Parliament and of the Council of 18 December 2019](#) requires addressees to also communicate their actions to the European Commission and the European Parliament.

⁹ 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 is 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.

¹⁰ A macroprudential policy measure adopted by a relevant authority is deemed to be recommended for reciprocity by the ESRB on the date on which the relevant amending Recommendation is published in the Official Journal of the European Union.

¹¹ [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).

¹² [Handbook on the assessment of compliance with ESRB recommendations](#), ESRB, April 2016.



In this report, as in the previous report on the second assessment, the approach taken differed from that of the first compliance report. The report on the first assessment consisted of a country-specific approach, whereby the compliance of every Member State was assessed separately. This made the report voluminous and very detailed, taking the Assessment Team three years to draft. To streamline the drafting of the compliance report and deliver its conclusions in a timely manner, the Assessment Team for the second assessment decided to take a different approach, namely a recommendation, in which the results of the assessment of compliance for each recommendation are set out in tables. Therefore, where a grade of less than fully compliant is awarded, an explanation is provided of why that grade has been given.



1 Policy objectives

In an increasingly integrated EU financial system, national macroprudential policy may have sizeable cross-border effects. In the Single Market, financial services providers¹³ can provide financial services either through subsidiaries or branches located in another Member State, or directly through cross-border operations. In both cases, such financial services providers, while exposed to the same risks as domestic financial services providers in a given Member State, are not usually subject to the same macroprudential policy requirements. This can lead to leakages and regulatory arbitrage, with financial activities or institutions migrating to countries not covered by the national policy measure concerned or to countries that impose lower regulatory burdens. This has the potential to undermine the effectiveness of national macroprudential policy measures.

Differing macroprudential policy requirements between Member States could also create competitive advantages for financial services providers that supply such services directly or through branches located in another Member State. If exploited, this could result in an unlevel playing field. Furthermore, such competitive advantages over domestic financial services 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 deployed to address such effects. To achieve this aim, the Recommendation puts forward an approach that is based on two main pillars, namely: (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 EU.

The procedure for systemic assessment of the cross-border effects of macroprudential policy set out in the Recommendation 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 CRR¹⁴, the CRD¹⁵ and Recommendation ESRB/2013/1.¹⁶

The coordinated policy response takes the form of a voluntary arrangement for the reciprocity of macroprudential policy measures. This arrangement seeks to complement the mandatory recognition required under EU law of certain macroprudential policy measures adopted

¹³ "Financial service" is defined as "any service of a banking, credit, insurance, personal pension, investment or payment nature" under Section 2.1(c) of the Recommendation.

¹⁴ **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), as amended during the reference period.

¹⁵ **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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC** (OJ L 176, 27.6.2013, p. 1), as amended during the reference period.

¹⁶ **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).



by national authorities. Voluntary reciprocation contributes to the effectiveness and consistency of macroprudential policy measures adopted at national level by bringing within the scope of national macroprudential policy measures both the branches of financial services providers established in other Member States and the provision of direct cross-border financial services within the EU.

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 any given Member State is subject to the same macroprudential requirements, irrespective of the legal status and location of the financial service provider.

Furthermore, the Recommendation covers all macroprudential policy measures, including measures that have not been harmonised under EU 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 Regulation (EU) No 1092/2010,¹⁷ goes beyond the application of the macroprudential instruments contained in the CRD and the CRR, and applies to macroprudential policy measures that the relevant authorities are mandated to adopt or activate.

This assessment covers EU Member States and also countries in the European Economic Area (EEA), i.e. Iceland, Liechtenstein and Norway, given that the CRD/CRR framework became part of the EEA Agreement on 1 January 2020.¹⁸

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. Likewise, the relevant reciprocating authorities are expected to adopt reciprocating measures within a reasonable time frame, depending on the macroprudential toolbox available in the relevant reciprocating jurisdiction. The Recommendation also encourages the relevant authorities to establish an effective communication strategy for reciprocation requests and reciprocating measures as part of their general communication strategy for macroprudential policy measures, and it provides guidance to the relevant authorities on adopting reciprocating measures in response to other relevant authorities' macroprudential policy measures.

1.1 Content and structure

The Recommendation contains 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 calling for the relevant activating authorities to assess the cross-border effects of the implementation of their own macroprudential

¹⁷ **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).

¹⁸ **Decision of the EEA Joint Committee No 79/2019 of 29 March 2019 amending Annex IX (Financial services) to the EEA Agreement [2019/2133]** (OJ L 321, 12.12.2019, p.170).



policy measures prior to their adoption and 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 the relevant activating authorities are recommended to assess such possible effects in their jurisdiction, as well as on other Member States and on the Single Market.

Recommendation B – Notification and reciprocity request with regard to relevant authorities’ own macroprudential policy measures

Recommendation B is of a procedural nature and recommends that the relevant activating authorities notify the ESRB of macroprudential policy measures as soon as they are adopted. It also sets out 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 under Recommendation A, reciprocity is deemed to be 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 for measures activated prior to the adoption of an amended Recommendation, or when the need for reciprocity arises only after a measure was first introduced.

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

Recommendation C is divided into three sub-recommendations. It proposes relevant authorities to reciprocate the macroprudential policy measures adopted by other relevant authorities and recommended for reciprocity by the ESRB. It also sets out how a macroprudential policy measure should be reciprocated, together with the deadline by which the relevant authorities should adopt reciprocating macroprudential policy measures.

In particular, the relevant authorities are recommended to reciprocate the macroprudential policy measures recommended for reciprocity by the ESRB by implementing the same macroprudential policy measure as that implemented by the activating authority. If, however, that measure is not available in national legislation, the relevant authorities are recommended to reciprocate, following consultation with the ESRB, with a macroprudential policy measure that has 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, the relevant authorities should adopt the reciprocating macroprudential policy measures within three months of publication of the amended Recommendation in the Official Journal of the EU.

The macroprudential policy measures recommended for reciprocity by the ESRB are also listed under Recommendation C in the corresponding amended Recommendation, while Annex II to the amended Recommendation provides detailed measure-specific information for each such measure. The ESRB recommended seven measures for reciprocity in the reference period. These are shown in the table in Section 4.1 of this assessment report.

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



Recommendation D recommends that the relevant authorities notify the ESRB of their reciprocation within one month after the adoption of the reciprocating measure and outlines the formalities for the submission of the notification. Notification is required, even for those countries where reciprocity is automatically applied under national law. Although there are no requirements for the ESRB to be notified if a measure is not reciprocated, it is useful for the ESRB to be kept informed.

1.2 Implementation

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

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

Furthermore, if a relevant authority has already reciprocated a macroprudential policy measure adopted by a relevant activating authority in another Member State and notified this measure before it was recommended for reciprocation by the ESRB, the reciprocating measure would not need to be amended even if it differed from the measure implemented by the activating authority. Ideally, however, the reciprocating measure should have the same activation date as the macroprudential policy measure being reciprocated. If the activation date is not the same, the mismatch should be justified sufficiently.

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, as amended, or to adequately justify any inaction. In addition, where responsibilities are shared, the relevant authorities should coordinate with each other in reporting the necessary information to the ESRB and European Council in due time.

The first reporting deadline was 30 June 2017 and the second, initially set for 30 June 2019, was postponed and later cancelled due to the COVID-19 pandemic. A new deadline for the second round of reporting was then set for 30 June 2021.

This third Compliance report therefore covers the period from 1 July 2021 to 30 June 2023.



2 Methodology

Article 17 of the ESRB Regulation charges the ESRB with monitoring addressees' compliance with recommendations made by the ESRB for remedial action in response to risks identified. In accordance with Article 20 of the ESRB's Rules of Procedure,¹⁹ the ESRB assesses the actions and justifications communicated to it by the addressees of the Recommendation, as amended, in accordance with the "act-or-explain" mechanism set out in Article 17 of the ESRB Regulation. Under this mechanism, the addressee of an amended Recommendation can either (i) take action in response to that Recommendation, or (ii) adequately justify any inaction. The ESRB analyses the information provided by addressees and assesses whether the action taken duly achieves the objective of that amended Recommendation, or whether the justification provided for any inaction is sufficient. This analysis results in an overall compliance grade being assigned to each addressee that reflects the level of implementation achieved. This grading is consistent with the methodology that was used in the assessments conducted in 2017 and in 2021.²⁰

2.1 Grading methodology

The current assessment is based on the submissions made by the addressees by the reporting deadline of 31 July 2023.

The detailed procedure for the assessment of compliance is set out in the Assessment Handbook. The current assessment was conducted by an Assessment Team comprising seven assessors, including a Chair, endorsed by the ATC²¹ (see Annex I of this report). The Assessment Team conducted a four-eyes review, whereby assessment of the compliance of each addressee was conducted by two assessors. In the first phase, the first assessor assessed the compliance of a given addressee with all the recommendations set out in the Recommendation (the sub-recommendations being assessed individually). In the second phase, a second assessor not involved with that addressee in the first phase undertook an independent assessment and then checked whether the two assessments were consistent. Any discrepancies were followed up until both assessors agreed on the grade to be assigned to the addressee. The assessors did not assess the compliance of their own Member State nor was any institution assessed by its own staff in order to ensure objectivity and impartiality. This procedure simplifies the vertical assessment method advocated in the Assessment Handbook while retaining the principle of a four-eyes review.

To establish a single grade for each sub-recommendation and recommendation, a four-step grading methodology was employed for each addressee, in line with the Assessment Handbook. This methodology guarantees full transparency of the single overall compliance grade and a high level of objectivity in the entire assessment process, while still leaving scope for high-

¹⁹ **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).

²⁰ See **Summary Compliance Report – December 2021**, ESRB, 2021.

²¹ Approved by the ESRB Advisory Technical Committee (ATC) through Written Procedure ATC/WP/2023/059 of 22 November 2023.



quality expert judgement; it also ensures that the rationale behind the allocation of overall grades can easily be identified and reviewed.

Step I – When assessing compliance with the recommendations, the implementation of each sub-recommendation is, in accordance with the established implementation standards, graded (i) if action was taken, either as *fully compliant* (FC)/*largely compliant* (LC), *partially compliant* (PC), *materially non-compliant* (MN) or *non-compliant* (NC); (ii) in the event of inaction, either as *sufficiently explained* (SE) or *insufficiently explained* (IE); or (iii) as N/A if the sub-recommendation is not applicable.

The grading scale is as follows:

For action:

- **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;
- **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.

For inaction:

- **sufficiently explained (SE):** a complete and well-reasoned explanation for the lack of implementation has been provided and 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.

For inapplicability:

- **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 1 below). These numerical grades are then weighted²² and aggregated into a single numerical grade for each recommendation.

Table 1

Conversion table: compliance grades to numerical grades for sub-recommendations

Compliance grade	Numerical grade
Fully compliant (FC)	1
Largely compliant (LC)	0.75
Partially compliant (PC)	0.50
Materially non-compliant (MN)	0.25
Non-compliant (NC)	0
Sufficiently explained (SE)	1
Insufficiently explained (IE)	0
Not applicable (NA)	N/A

Where a grade of "NA" is assigned to a sub-recommendation, to avoid unfairly prejudicing the Member State being assessed (by allocating a numerical grade of "0"), or unfairly prejudicing the other Member States (by allocating a numerical grade of "1"), no numerical grade is allocated. Instead, the weights attributed to the sub-recommendations are adjusted by attributing the weight of the non-applicable sub-recommendation to the weights of the applicable sub-recommendations in accordance with the original weighting of the latter.²³

The level of compliance is expressed in a colour-coded form.

²² For further details on the weights attributed to each sub-recommendation, see Section 2.2 of this report.

²³ For further details on how the weights attributed to each sub-recommendation were adjusted in such cases, see Section 2.2 of this report.



Table 2

Compliance level colour coding

Compliance grade	Colour-coding	
Fully compliant	FC	Positive grade
Largely compliant	LC	
Inaction sufficiently explained	SE	
Partially compliant	PC	Middle grade
Materially non-compliant	MN	Negative grade
Non-compliant	NC	
Inaction insufficiently explained	IE	
Not applicable	NA	

Step III – The numerical grades for each recommendation are then weighted²⁴ and aggregated into a single numerical grade for the Recommendation as a whole.

Step IV – Finally, the overall compliance grade is determined by converting the aggregated numerical grade for the entire Recommendation into a final grade for compliance using the conversion table below. It should be noted that, in principle, the final compliance grading follows the grades for action, even if the addressee has been graded for inaction in some recommendations or sub-recommendations.

²⁴ For further details on the weights attributed to each recommendation, see Section 2.2 of this report.



Table 3

Overall gradings conversion table for the recommendations as a whole

Compliance grade	Numerical grade
Action	
Fully compliant (FC)	0.9 - 1
Largely compliant (LC)	0.65 - <0.9
Partially compliant (PC)	0.4 - <0.65
Materially non-compliant (MN)	0.15 - <0.4
Non-compliant (NC)	0 - <0.15

2.2 Weights

When establishing the weights for each recommendation and sub-recommendation contained in the Recommendation, as amended over the reference period, the Assessment Team took into consideration their relative importance for the achievement of the policy objectives of the Recommendation, as outlined in Section 1 of this report. The Assessment Team followed the approach taken by the assessment teams for the first and second compliance reports, whereby recommendations and sub-recommendations of a substantive nature are given greater importance than those of a more procedural nature and are thus assigned a higher weight.

Accordingly, the weights assigned by the Assessment Team to each recommendation and sub-recommendation are as follows in such cases.



Table 4

Weights assigned to each (sub-)recommendation

Recommendation	Weight	Sub-recommendation	Weight
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 indicated in Section 2.1 of this report, where a grade of *NA* was attributed to an addressee in relation to a particular sub-recommendation, no numerical grade was assigned. Instead, the weights attributed to the other sub-recommendations were adjusted by attributing the weight of the non-applicable sub-recommendation to the weights of the applicable sub-recommendations in accordance with the original weighting of the latter.

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 the applicable sub-recommendations within the same recommendation.
- **Step 2** - The weight of the non-applicable sub-recommendation was then redistributed among the other applicable sub-recommendations according to their relative weights 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 to “0” if none of the sub-recommendations were applicable.

The Assessment Team established that the only sub-recommendations that could be deemed not to be applicable to any given addressee in relation to all own measures activated by the relevant activating authority were sub-recommendations B(2) and B(3). Similarly, in relation to the measures recommended for reciprocation by the ESRB, the Assessment Team determined, on the basis of Section 2.2.2 of the Recommendation, that the only sub-recommendations which could be deemed not to be applicable to any given addressee were sub-recommendations C(2) and C(3). The Assessment Team further established that Recommendation D could be deemed not to be applicable to an addressee if that addressee had decided not to reciprocate the measure recommended for reciprocation (see Section 3.3).

Accordingly, the applicable adjusted weights for Recommendations B and C²⁵ would be as follows:

²⁵ The weight does not change for Recommendation D given that there are no sub-recommendations.



Table 5

Applicable adjusted weights for Recommendations B and C

Recommendation	Sub-recommendation	Weight (original)	Applicability	Adjusted weight
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

2.3 Compliance criteria and implementation standards

The Recommendation does not set out compliance criteria. The Assessment Team retained the compliance criteria used by the previous assessment team (for assessing compliance during the period that ended on 30 June 2021) to keep the grading consistent over time. The compliance criteria and more details of the implementation standards applied can be found in Annex III to this report.

2.4 Principle of fairness, consistency and transparency

The Recommendation targets (i) all the macroprudential policy measures activated by the relevant activating authorities, and (ii) the reciprocation of all macroprudential policy measures



recommended for reciprocation by the ESRB. Consequently, 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 to ensure that the overall grade awarded to each sub-recommendation for each addressee respected the principles of fairness, consistency and transparency, as outlined in the Assessment Handbook.

In particular, (i) the number of activated macroprudential policy measures differed between Member States and (ii) the level of compliance with each sub-recommendation of each relevant activating authority also differed between activated measures, as well as between one measure recommended for reciprocation and another. The approach advocated above was therefore considered to be necessary to prevent the arbitrary attribution of grades owing to the number of different variables that could exist in the implementation by one addressee rather than by another.

Accordingly, to assign a grade to an addressee for 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 each measure recommended for reciprocation. They then graded this 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 for each activated measure and/or each measure recommended for reciprocation differed, the grade assigned to each addressee for the implementation of an individual sub-recommendation for all the measures activated by the relevant activating authority, and/or for all the measures recommended for reciprocation by the ESRB, were established by computing a simple average of the individual numerical grades for the different measures.²⁶

The Assessment Team also agrees, however, that assessors have the discretion to override this rule and adjust the score, based on the full list of principles that should be observed when undertaking an assessment, as outlined in the Assessment Handbook and notwithstanding the two-step approach described above. On this basis, the Assessment Team may adjust the mechanical score where it is mostly driven by a measure that contributes very little to the policy objectives of the Recommendation. However, no such case arose during this assessment.

2.5 Principle of proportionality

In line with EU legislation, the Assessment Handbook recognises the importance of the principle of proportionality. Based on this principle, the Assessment Team took into account the intensity of spillover risks in its assessment.

²⁶ The numerical grades were calculated using the conversion table provided in Step II of the grading methodology.



In particular, where a macroprudential policy measure activated by a relevant activating authority was considered to have significant potential for spillover effects, that authority would be expected to carry out the assessment recommended in Recommendation A more thoroughly. By contrast, if the potential for spillover effects was considered to be limited, the relevant activating authorities would not be expected to carry out as thoroughly the assessment recommended in Recommendation A, unless an assessment of the cross-border effects was required under EU legislation.

Table 6
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	Green	Yellow	Yellow	Yellow
	Systemic risk buffer/ Other systemically important institution buffer (O-SII)	consolidated level	Red	Yellow	Orange	Red	Yellow	Green	Yellow	Yellow	Yellow
		sub-consolidated/ solo level	Yellow	Yellow	Orange	Red	Yellow	Green	Yellow	Yellow	Yellow
	Counter-cyclical buffers	(exposure-based)	Yellow	Yellow	Orange	Red	Yellow	Green	Yellow	Yellow	Yellow
	Leverage ratio	consolidated level	Red	Yellow	Orange	Red	Yellow	Green	Yellow	Yellow	Yellow
Sectoral choice	Sector-specific capital buffers, large exposure restrictions	exposure-based	Green	Orange	Orange	Green	Green	Yellow	Green	Yellow	Yellow
	Risk weights	exposure-based	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Orange
	Loss given defaults	exposure-based	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Orange
	Loan-to-value, loan-to-income, debt-to-income, debt-servicing-to-income (on new loans)	exposure-based	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Orange
Liquidity positions	Liquidity coverage ratio, liquidity charges	consolidated level	Green	Green	Green	Orange	Green	Yellow	Green	Yellow	Orange
	Net stable funding ratio	consolidated level	Green	Green	Green	Orange	Green	Yellow	Green	Yellow	Orange
	Loan-to-deposit	consolidated level	Green	Orange	Orange	Green	Green	Yellow	Green	Yellow	Orange
		solo level	Green	Orange	Orange	Green	Green	Yellow	Green	Yellow	Orange

Source: The ESRB Handbook on operationalising macroprudential policy in the banking sector, p. 239.



3 General remarks

This assessment was primarily based on the follow-up reports submitted by each relevant authority to the ESRB under Section 2.3.1 of the Recommendation. When necessary, such as when the information provided was not completely clear or comprehensive, the Assessment Team also checked a selection of the notification templates submitted by the relevant authorities to the ESRB in the reference period. Where this was still not sufficient, the addressees were contacted to provide information adding to that given in the reporting templates.

Pursuant to Article 5(2) of the SSM Regulation,²⁷ the ECB may, if necessary, apply higher requirements for credit institution capital buffers than those applied by the NCAs or NDAs of the participating Member States. This is broadly referred to as a “top-up power” of the ECB. These powers were not exercised during the reference period of this assessment; the Assessment Team therefore agreed that the grade of *sufficiently explained* would be best suited to this situation.

3.1 Scope

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 the ESRB Regulation, and that is adopted or activated by a relevant authority subject to EU 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 be potentially systemically important to some degree.”²⁸ It is therefore evident that the objective of the Recommendation is neither limited to macroprudential policy measures addressed solely to the banking sector nor to the macroprudential policy measures that are explicitly provided for under EU law. 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. This recital adds that the Recommendation goes beyond the application of the 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 EU law.

It would therefore be beneficial if further discussions were to be carried out on this matter within the ESRB to provide addressees of the Recommendation with a clearer understanding of the broad scope of the Recommendation.

When carrying out the assessment, the Assessment Team acknowledged that an inconsistent interpretation of the scope of the Recommendation by addressees could mean that the ESRB might not have been notified of all the adopted macroprudential policy measures. Therefore, to carry out a

²⁷ **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. 63-89).

²⁸ Article 2(c) of the ESRB Regulation was 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).



complete and thorough assessment of addressees' compliance with the Recommendation, the Assessment Team would have had to (i) agree on an exhaustive list of macroprudential policy measures deemed to fall within the scope of the Recommendation, including measures whose macroprudential nature is still under debate, (ii) identify all the authorities entrusted with adoption and/or activation of that list of macroprudential policy measures, and (iii) check all the publications issued by these authorities to ensure that the ESRB had been notified of every such measure. In line with the view expressed by the assessment team that had checked compliance for the period up to 30 June 2017, the Assessment Team is of the opinion that a discussion of the definition of "macroprudential policy measure" falls outside its remit and should therefore be debated and clarified at a higher level. In addition, for the purpose of this assessment, even if such an analysis had been undertaken, the benefits would have been outweighed by the length of time that would have been required to carry out that task, thereby rendering the current assessment outdated.

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

In addition, it became clear during the assessment that some addressees had adopted recommendations and/or guidelines of a non-binding nature in order to implement macroprudential policy measures. While the Assessment Team acknowledges that the national mandates of relevant authorities may differ between one Member State to another, it also decided that non-binding measures should not be deemed to fall within the scope of the current assessment, even if they were included in the "Overview of national macroprudential measures"²⁹. Again, further clarification could also be provided to addressees as to whether Recommendations A and B should also be applicable in such cases.

3.2 Measures harmonised under EU law

Addressees were found to have different interpretations of the extent to which the Recommendation was applicable to the setting of macroprudential policy measures harmonised under EU law.

Article 131(2) of the CRD lays down the methodology for identifying global systemically important institutions (G-SIIs), which is 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, under Article 131(12) of the CRD, NCAs or NDAs are required to perform an annual review of the identification of G-SIIs and their allocation to the respective sub-categories and to report the results to the ESRB, among other entities. Consequently, given that the allocation of G-SIIs to their respective sub-categories determines their relevant G-SII buffer, it should be clarified that the ESRB should be notified of the results, even if the G-SIIs identified remain the same and irrespective of whether or not they are allocated to the same sub-categories. Furthermore, in accordance with the Recommendation, addressees should also carry out an assessment of cross-

²⁹ See the page entitled "[National Policy](#)" on the ESRB's website.



border effects in such cases, as advocated under Recommendation A, and follow the requisite notification formalities, in accordance with Recommendation B.

With regard to the identification of other systemically important institutions (O-SIIs), Article 131(12)(2) of the CRD also requires NCAs or NDAs to review the identification of O-SIIs annually and to report the results to the ESRB, among others. The Assessment Team did not, however, deem this identification to constitute a macroprudential policy measure as defined in the Recommendation given that this process is separate from that for setting O-SII buffers. However, going forward, further clarification could be provided to addressees about this aspect of the Recommendation to establish 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, with regard to the setting of O-SII buffers, 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 systems of other Member States or of the EU as a whole, forming or creating an obstacle to the proper functioning of the internal market. Furthermore, in accordance with Article 131(7) of the CRD, the notification to be submitted before setting or resetting an O-SII buffer should contain a detailed description that includes “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 even if the O-SII buffer is reset at the same level. Moreover, in accordance with the Recommendation, where such cases arise, addressees should also carry out the assessment of cross-border effects recommended under Recommendation A and follow the required notification formalities in accordance with Recommendation B. Furthermore, in line with Article 131(6)(b) of the CRD, under which the O-SII buffer must be reviewed at least once a year, addressees should also be expected to submit the required notifications, including the relevant assessment of cross-border effects, to the ESRB at the same frequency as the review.

Similarly, as regards the setting of systemic risk buffers (SyRBs), Article 133(8)(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”. In accordance with Article 133(9) of the CRD, the notification to be sent before setting or resetting a systemic risk buffer rate should describe in detail “the justification for why the systemic risk buffer is considered likely to be effective and proportionate to mitigate the risk” and provide “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”, among other actions. Consequently, it should also be clarified that the ESRB should be notified even if the systemic risk buffer is reset at the same level. Furthermore, in accordance with the Recommendation, addressees should, in such cases, also carry out the assessment of cross-border effects recommended under Recommendation A and follow the required notification formalities in accordance with Recommendation B. In addition, addressees should be expected to submit the required notifications, including the relevant assessment of cross-border effects, to the ESRB every two years, as laid down in the Recommendation.



Regarding the setting of countercyclical buffer (CCyB) rates, Article 136(7) of CRD IV³⁰ required the quarterly announcement of the setting of the CCyB rate to include justification of that buffer rate, irrespective of the rate set. Consequently, even if the CCyB rate was set at zero, addressees still had to carry out the assessment of cross-border effects recommended under Recommendation A and follow the requisite notification formalities in accordance with Recommendation B. In addition, the addressees were expected to submit the required notifications, including the relevant assessment of cross-border effects, to the ESRB every quarter. That article was, however, amended under CRD V³¹ and NDAs are now only required to notify the ESRB of changes to the CCyB rate. This new regime applied throughout the entire reference period for the current assessment.

Where an assessment or justification of cross-border effects is not required under EU law, the approach taken by the Assessment Team is that a full assessment of cross-border effects would only be warranted where such effects could reasonably be expected to occur. As indicated in Section 2.4 of this report, the Assessment Team was guided by Chapter 11 of the Operationalising Handbook³², and in particular Table 6. Going forward, however, the ESRB could consider clarifying the measures for which a full assessment of cross-border effects in accordance with Recommendation A would be expected from addressees.

It should also be clarified that even though the Recommendation is not intended to apply to macroprudential policy measures for which EU law already requires mandatory recognition, in accordance with Recital 8 of the Recommendation, Recommendations A and B are still applicable in such cases. Consequently, for macroprudential policy measures adopted under Articles 124(5) and 164(9) 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 in accordance with Recommendation B. Furthermore, with regard to the setting of CCyB rates, while mandatory recognition is established in the CRR for rates set below 2.5%, full reciprocation of these rates between Member States is already advocated under Recommendation ESRB/2014/1. Consequently, Recommendations A and B are still applicable, irrespective of the rate set and even though the framework for voluntary reciprocity set out in the Recommendation is not applicable to the setting of CCyB rates.

The former Articles 129(2) and 130(2) of the CRD, imposing a capital conservation buffer and countercyclical capital buffer, were deleted in CRD V, which entered into force on 27 June 2019 and had to be implemented into national law by 28 December 2020. Consequently, the derogations from national macroprudential requirements granted to SMEs under the CRD ceased to form part of the Assessment Team's assessment.

³⁰ [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).

³¹ [Directive \(EU\) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures](#) (OJ L 150, 7.6.2019, p. 253).

³² [ESRB handbook on operationalising macro-prudential policy in the banking sector, ESRB.](#)



3.3 Non-reciprocation

For practical reasons, the date of the entry into force of a decision not to reciprocate a measure is deemed to be the date on which that decision was taken. The Assessment Team also noted that those relevant authorities that 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 the wording of Recommendation D does not fully clarify whether notification of a decision not to reciprocate is necessary. While the Assessment Team is of the opinion that the relevant authorities should be expected to also notify the ESRB of any non-reciprocation of macroprudential policy measures recommended for reciprocation in accordance with the formalities set out in Recommendation D, those relevant authorities that did not do so were not penalised provided that justifications were provided in the reports submitted to the ESRB under Section 2.3.1 of the Recommendation. However, it could also be clarified that in the event of non-reciprocation, the relevant authorities are still expected to notify the ESRB within one month of a non-reciprocation decision being taken. This would also facilitate the compliance assessment process, given that addressees would not need to be contacted for clarification on this matter.

3.4 Adoption, activation and notification dates

Sub-recommendation B(1) recommends that the relevant authorities notify the ESRB of any adopted macroprudential policy measures within two weeks of their adoption, sub-recommendation C(3) recommends that the relevant authorities adopt reciprocating macroprudential policy measures within three months of publication in the Official Journal of the EU of the relevant amended Recommendation. Recommendation D advocates that the relevant authorities notify the ESRB of their reciprocation of other relevant authorities' macroprudential policy measures within one month of the reciprocating measure being adopted. Accordingly, the adoption date of all activated and reciprocating measures is important for determining the addressees' level of compliance with the Recommendation in accordance with the implementation standards. Therefore, the date of adoption of activated and reciprocating measures is deemed to be the date on which the final and binding decision to adopt the relevant macroprudential policy measure is taken, to be distinguished from the date on which the intention to adopt the macroprudential policy measure in question is published. In certain cases, however, the date on which the intention to implement the macroprudential policy measure in question is published in an ex ante provisional notification may be accepted as the activation date for activated and reciprocating measures, subject to all relevant information having been provided. Nevertheless, while ex ante notification of a macroprudential policy measure that relevant authorities intend to adopt is not only appreciated but also encouraged, the relevant authorities should be expected to inform the ESRB of the actual adoption date once the final binding decision has been 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. It should therefore be clarified that the activation date refers to the date on which the relevant macroprudential policy measure enters into force.



By contrast, the notification date is the date on which the relevant macroprudential policy measure is notified to the ESRB in accordance with the formalities outlined in sub-recommendation B(1) and Recommendation D. Given that sub-recommendation B(1) recommends that the relevant authorities notify the ESRB of any adopted macroprudential policy measures within two weeks of their adoption, and that Recommendation D calls for the relevant authorities to notify the ESRB of their reciprocation of other relevant authorities' macroprudential policy measures within one month of the reciprocating measure being adopted, the notification date of both activated and reciprocating measures also has an impact on the addressees' level of compliance in accordance with the implementation standards. Even though sub-recommendation B(1) recommends that addressees notify the ESRB of macroprudential policy measures as soon as they are adopted, ex ante notification of macroprudential policy measures that the relevant authorities intend to adopt is not only appreciated but encouraged. Relevant authorities that only submitted an ex ante notification without submitting a follow-up ex post notification were not penalised, however, provided that the notification contained the information necessary for the assessors to understand the measure (i.e. the intention to take the decision, the scope and the date of application). It should nevertheless be clarified that in such cases, the relevant authorities should be expected to follow up the ex ante notification with an ex post notification to inform the ESRB of the fact that the relevant macroprudential policy measure has, indeed, been adopted and that the measure has been adopted as originally intended, as well as to confirm or update the relevant adoption and activation dates.



4 Overall level of implementation

4.1 Overview of the results

Of the 31 addressees assessed (30 countries, plus the ECB/SSM), 30 received an overall compliance grade of *fully compliant*, and one received an overall compliance grade of *sufficiently explained* (the ECB/SSM).

All the macroprudential policy measures mentioned in the follow-up reports submitted to the ESRB under Section 2.3.1 of the Recommendation fell within the scope of the assessment of compliance with Recommendations A and B.

Over the reference period, ten macroprudential policy measures were recommended for reciprocation by the ESRB and were therefore potentially within the scope of the assessment of compliance with Recommendations C and D. Of these ten measures, only nine – the Belgian, German, French, Lithuanian, Luxembourgish, Dutch and the three Norwegian measures – fell within the scope of this assessment. The remaining (Swedish) measure was not included in this assessment of compliance given that it had been included in the scope of the previous assessment, and the renewed reciprocation recommendation for this measure was published in the Official Journal of the EU only after the end date of the reference period for this current assessment. See the table below for further information.

Table 7

Macroprudential policy measures recommended for reciprocation by the ESRB in the reference period

Measure recommended for reciprocation	Description	Assessed (Yes/No)
Belgian SyRB measure	A 9% SyRB rate on all internal ratings-based (IRB) retail exposures secured by residential immovable property for which the collateral is located in Belgium	Yes
German SyRB measure	A 2% SyRB rate on (i) all IRB exposures secured by residential immovable property located in Germany, and (ii) all standardised approach (SA)-based exposures fully and completely secured by residential immovable property, as referred to in Article 125(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council, which is located in Germany	Yes
French large exposure measure	A tightening of the large exposure limit provided for in Article 395(1) of Regulation (EU) No 575/2013, applicable to exposures to highly-indebted large non-financial corporations having their registered office in France to 5% of Tier 1 capital, applied in accordance with Article 458(2)(d)(ii) of Regulation (EU) No 575/2013 to global G-SIIs and O-SIIs at the highest level of consolidation of their banking prudential perimeter	Yes



Measure recommended for reciprocation	Description	Assessed (Yes/No)
Lithuanian SyRB measure	A 2% SyRB rate for all retail exposures to natural persons resident in the Republic of Lithuania that are secured by residential property	Yes
Luxembourgish Loan-to-Value (LTV) measure	A legally binding LTV limit for new mortgage loans on residential real estate (RRE) located in Luxembourg	Yes
Dutch RRE exposure measure	A minimum average risk weight applied by credit institutions using the IRB approach for their portfolios of exposures to natural persons secured by residential property located in the Netherlands. For each individual exposure item that falls within the scope of the measure, a 12% risk weight is assigned to a portion of the loan not exceeding 55% of the market value of the property securing the loan, and a 45% risk weight is assigned to the remaining portion of the loan. The minimum average risk weight of the portfolio is the exposure-weighted average of the risk weights of the individual loans	Yes
Norwegian SyRB measure	A 4.5% SyRB rate for exposures in Norway, applied, in accordance with Article 133 CRD as applicable to and in Norway from 1 January 2020 to credit institutions authorised in Norway that use the IRB approach for calculating their regulatory capital requirements	Yes
Norwegian RRE risk weight floor measure	A 20% average risk weight floor for RRE exposures in Norway applied, in accordance with Article 458(2)(d)(vi) of the CRR as applicable to and in Norway from 1 January 2020 to credit institutions authorised in Norway that use the IRB approach for calculating their regulatory capital requirements	Yes
Norwegian commercial real estate (CRE) risk weight floor measure	A 35% average risk weight floor for CRE exposures in Norway, applied, in accordance with Article 458(2)(d)(vi) of the CRR as applicable to and in Norway from 1 January 2020 to credit institutions authorised in Norway that use the IRB approach for calculating their regulatory capital requirements	Yes
Swedish real estate exposure measure	A credit institution-specific floor of 25% for the exposure-weighted average of the risk weights applied, in accordance with Article 458(2)(d)(vi) of Regulation (EU) No 575/2013, to the portfolio of retail exposures to obligors residing in Sweden secured by immovable property of credit institutions authorised in Sweden that use the IRB approach for calculating their regulatory capital requirements	No



4.2 Colour-coded tables summarising the results of the compliance assessment for all countries

	A	B	C	D	Overall
<i>Weight</i>	<i>0.4</i>	<i>0.1</i>	<i>0.4</i>	<i>0.1</i>	<i>1</i>
Belgium	FC	FC	FC	FC	FC
Bulgaria	FC	FC	SE	N/A	FC
Czech Republic	FC	LC	SE	N/A	FC
Denmark	FC	PC	FC	FC	FC
Germany	FC	FC	FC	FC	FC
Estonia	FC	FC	FC	FC	FC
Ireland	FC	FC	FC	FC	FC
Greece	FC	FC	SE	N/A	FC
Spain	FC	FC	SE	N/A	FC
France	FC	FC	FC	FC	FC
Croatia	FC	FC	SE	N/A	FC
Iceland	FC	FC	SE	N/A	FC
Italy	FC	FC	FC	FC	FC
Cyprus	FC	FC	SE	N/A	FC
Latvia	FC	FC	FC	FC	FC
Liechtenstein	FC	FC	SE	N/A	FC
Lithuania	FC	FC	FC	FC	FC
Luxembourg	FC	FC	SE	N/A	FC
Hungary	FC	LC	SE	N/A	FC
Malta	FC	FC	SE	N/A	FC
Netherlands	FC	FC	FC	FC	FC
Norway	FC	FC	FC	FC	FC
Austria	FC	FC	SE	N/A	FC
Poland	FC	PC	SE	N/A	FC
Portugal	FC	FC	FC	FC	FC
Romania	FC	FC	SE	N/A	FC
Slovenia	FC	PC	SE	N/A	FC
Slovakia	FC	FC	SE	N/A	FC
Finland	FC	FC	LC	FC	FC
Sweden	FC	FC	FC	FC	FC
ECB/SSM	N/A	N/A	SE	N/A	SE

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.



5 Recommendation-specific assessment

5.1 Recommendation A

5.1.1 Overview of Recommendation A

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 Operationalising Handbook.
2. The relevant activating authorities are recommended to assess the possible:
 - cross-border effects (leakages and regulatory arbitrage) of the implementation of macroprudential policy measures in their jurisdiction; and
 - 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.



5.1.2 Colour-coded tables summarising the results of the Recommendation A compliance assessment for all countries

	Sub-recommendation A(1)	Sub-recommendation A(2)	Sub-recommendation A(3)
	Assessment of cross-border effects of own macroprudential policy measures	Assessment of cross-border effects (leakages and regulatory arbitrage) and cross-border effects on other Member States and the Single Market	Monitoring of the materialisation and evolution of cross-border effects of the macroprudential policy measures introduced
Belgium	FC	FC	FC
Bulgaria	FC	FC	FC
Czech Republic	FC	FC	FC
Denmark	FC	FC	FC
Germany	FC	FC	FC
Estonia	FC	FC	FC
Ireland	FC	FC	FC
Greece	FC	FC	FC
Spain	FC	FC	FC
France	FC	FC	FC
Croatia	FC	FC	LC
Iceland	FC	FC	FC
Italy	FC	FC	FC
Cyprus	FC	FC	FC
Latvia	FC	FC	FC
Liechtenstein	FC	FC	FC
Lithuania	FC	FC	FC
Luxembourg	FC	FC	FC
Hungary	FC	FC	FC
Malta	FC	FC	FC
Netherlands	FC	FC	FC
Norway	FC	FC	FC
Austria	FC	FC	FC
Poland	FC	FC	FC
Portugal	FC	FC	FC
Romania	FC	FC	FC
Slovenia	FC	FC	FC
Slovakia	FC	FC	FC
Finland	FC	FC	FC
Sweden	FC	FC	FC
ECB/SSM	N/A	N/A	N/A

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.



5.1.3 Main findings for Recommendation A

All countries were found to be *fully compliant* in the assessment of compliance with Recommendation A. The full assessment of all addressees is included in a separate Annex.

5.2 Recommendation B

5.2.1 Overview of Recommendation B

Recommendation B – Notification and reciprocity 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 reciprocity 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 reciprocity 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 reciprocity to the ESRB, together with the notification of the measure. The request should include a proposed materiality threshold.
3. If macroprudential policy measures were activated prior to the adoption of this Recommendation, or if reciprocity was not considered necessary when the measures were first introduced, but the relevant activating authority has subsequently decided that such reciprocity has become necessary, the relevant activating authorities are recommended to submit a request for reciprocity to the ESRB.

5.2.2 Colour-coded tables summarising the results of the Recommendation B compliance assessment for all countries

	Sub-recommendation B(1)	Sub-recommendation B(2)	Sub-recommendation B(3)
Belgium	FC	FC	N/A
Bulgaria	FC	N/A	N/A
Czech Republic	LC	N/A	N/A
Denmark	PC	N/A	N/A
Germany	FC	FC	N/A
Estonia	FC	N/A	N/A



Ireland	FC	N/A	N/A
Greece	FC	N/A	N/A
Spain	FC	N/A	N/A
France	FC	FC	N/A
Croatia	FC	N/A	N/A
Iceland	FC	N/A	N/A
Italy	FC	N/A	N/A
Cyprus	FC	N/A	N/A
Latvia	FC	N/A	N/A
Liechtenstein	FC	N/A	N/A
Lithuania	FC	FC	N/A
Luxembourg	FC	N/A	N/A
Hungary	LC	N/A	N/A
Malta	FC	N/A	N/A
Netherlands	FC	FC	FC
Norway	FC	FC	N/A
Austria	FC	N/A	N/A
Poland	PC	N/A	N/A
Portugal	FC	N/A	N/A
Romania	FC	N/A	N/A
Slovenia	PC	N/A	N/A
Slovakia	FC	N/A	N/A
Finland	FC	N/A	N/A
Sweden	FC	FC	N/A
ECB/SSM	N/A	N/A	N/A

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.

5.2.3 Main findings for Recommendation B

There are five countries that score less than *fully compliant* in the assessment of compliance with Recommendation B. Details on macroprudential policy measures adopted by these five countries and notified to the ESRB in the reference period are provided below, with comments on those measures that have been assigned a score less than *fully compliant* for action and less than *sufficiently explained* for inaction. A full assessment for all addressees is included in a separate Annex, which also includes those that have been graded *fully compliant*.

Hungary

The required notification templates were submitted to the ESRB. However, notifications were not always submitted within the required time frame.



Recommendations B2 and B3 are not applicable given that reciprocation was not requested for any of the activated measures.

Based on the findings below, the addressee was assessed as **largely compliant** with Recommendation B.

Results of the Recommendation B compliance assessment for Hungary

Activated measures	Grade for B(1)	Grade for B(2)	Grade for B(3)	Overall grade
CCyB	FC	N/A	N/A	
O-SII buffer	FC	N/A	N/A	
Borrower-based measures (BBMs)	FC	N/A	N/A	
Foreign exchange funding adequacy ratio (FFAR)	MN	N/A	N/A	
Mortgage funding adequacy ratio (MFAR)	LC	N/A	N/A	
Total grade	LC	N/A	N/A	LC

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.



Comments on the implementation of sub-recommendation B(1) by Hungary

Activated measures	Comments
CCyB	<p>In June 2022, the Magyar Nemzeti Bank (MNB) decided to increase the CCyB rate from 0% to 0.5% (effective 1 July 2023). (See the Press Release of June 2022).</p> <p>In accordance with the Recommendation, the MNB notified in a timely manner the ESRB of its decision to increase the CCyB rate.</p> <p>In June 2023, the MNB decided to postpone the increase in the CCyB of 0.5% until 1 July 2024. (See the Press Release of June 2023). The MNB notified the ESRB of this decision.</p>
O-SII buffer	O-SII decisions made during the period under review were notified to the ESRB in a timely manner and contained an assessment of cross-border spillovers.
BBMs	BBM decisions made during the period under review were notified to the ESRB in a timely manner and contained an assessment of cross-border spillovers.
FFAR	A decision was made with respect to the liquidity ratio in November 2021. The notification template was submitted to the ESRB more than 60 days after the decision date. The notification provided the conclusions of the assessment of cross-border spillovers.
MFAR	<p>Three MFAR decisions came into effect during the period under review.</p> <p>The first MFAR decision was taken on 17 June 2021 and the measure was applicable from 1 July 2021. The notification was submitted within the required time period on 29 June 2021.</p> <p>The second MFAR decision was taken on 19 April 2022 and the notification was submitted to the ESRB on 8 July 2022, more than 60 days after the decision was taken.</p> <p>The third MFAR decision was taken on 15 December 2022, with the notification being sent on 5 January 2023, more than two weeks, but within 45 days, after the decision was taken.</p>

Poland

The Assessment Team found that the required notification templates were submitted to the ESRB with respect to all of the activated measures. However, the notifications were not always submitted within the required time frame.

Recommendation B2 and B3 are not applicable given that reciprocity was not requested for any of the activated measures.

Based on the findings below, the addressee was assessed as **partially compliant** with Recommendation B.



Results of the Recommendation B compliance assessment for Poland

Activated measures	Grade for B(1)	Grade for B(2)	Grade for B(3)	Overall grade
Temporary lowering of risk weights	MN	N/A	N/A	
O-SII buffer	FC	N/A	N/A	
CCyB	N/A	N/A	N/A	
Total grade	PC	N/A	N/A	PC

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.

Comments on the implementation of sub-recommendation B(1) by Poland

Activated measures	Comments
Temporary lowering of risk weights	The notification of the risk weights measure was submitted to the ESRB more than 60 days after activation of the measure.
O-SII buffer	With respect to the first of the two O-SII decisions made during the time period under review, the notification template was uploaded in a timely manner (as indicated in the ESRB document entitled " National measures of macroprudential interest in the EU/EEA " of 5 April 2024), although the date provided in the follow-up report is inconsistent with this record. The second of the two O-SII decisions made during the time period under review was notified to the ESRB in a timely manner.
CCyB	The CCyB has not been implemented during the reference period. Member States are not obliged to provide notification of CCyB decisions if the rate remains unchanged.

Slovenia

The Slovenian FSB has submitted notification templates to the ESRB with respect to all of the activated measures.

The late submission of one O-SII notification and the omission of details of the cross-border assessment with respect to the CCyB notification have negatively affected the overall grade.



Recommendations B2 and B3 are not applicable given that reciprocity was not requested for any of the activated measures.

Based on the findings below, the addressee was assessed as **partially compliant** with Recommendation B.

Results of the Recommendation B compliance assessment for Slovenia

Activated measures	Grade for B(1)	Grade for B(2)	Grade for B(3)	Overall grade
O-SII buffer	MN	N/A	N/A	
CCyB	MN	N/A	N/A	
SyRB	FC	N/A	N/A	
Debt service-to-income (DSTI)/loan-to-value (LTV)/loan-to-collateral (LTC) ratios	FC	N/A	N/A	
Total grade	PC	N/A	N/A	PC

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.

Comments on the implementation of sub-recommendation B(1) by Slovenia

Activated Measures	Comments
O-SII buffer	<p>The first of the two O-SII decisions made during the period under review was notified to the ESRB more than 60 days after activation of the measure.</p> <p>With respect to the second O-SII decision, the notification template was uploaded in a timely manner (as indicated in the ESRB document entitled “National measures of macroprudential interest in the EU/EEA” of 5 April 2024), although the date provided in the follow-up report is inconsistent with this record.</p>
CCyB	<p>The CCyB notification template was submitted to the ESRB in a timely manner. However, the notification did not include an assessment of cross-border effects, although an assessment had been completed as detailed in Recommendation A.</p>
SyRB	<p>The SyRB notification template was submitted to the ESRB in a timely manner. The notification included an assessment of cross-border effects.</p>
DSTI/LTV/LTC	<p>The BBMs were notified to the ESRB in a timely manner. The notification included an assessment of cross-border effects.</p>



Czech Republic

The Assessment Team found that notifications of macroprudential policy measures activated by Česká národní banka (CNB) were submitted to the ESRB in English, using the recommended templates, but with a considerable delay. Reciprocation was considered to be unnecessary for all of the activated macroprudential measures. Overall, the CNB has largely implemented Recommendation B.

Based on the findings below, the addressee was assessed as **largely compliant** with Recommendation B.

Results of the Recommendation B compliance assessment for the Czech Republic

Activated measures	Grade for B(1)	Grade for B(2)	Grade for B(3)	Overall grade
DSTI ratio	LC	N/A	N/A	
LTV ratio	LC	N/A	N/A	
DTI ratio	LC	N/A	N/A	
Total grade	LC			LC

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.

Comments on the implementation of sub-recommendation B(1) by the Czech Republic

Activated measures	Comments
All measures	The CNB notified the ESRB after the two-week period, but within 45 calendar days of 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 reciprocation by other relevant authorities.

Denmark

Notifications of the macroprudential policy measures activated by the Danish Ministry of Industry, Business and Financial Affairs (MIBFA) were submitted to the ESRB in English, using the recommended templates, but not within the recommended timeline. Reciprocation was considered to be unnecessary for all of the activated macroprudential measures, including for measures introduced earlier. The MIBFA has therefore partially implemented Recommendation B.



Based on the findings below, the addressee was assessed as **partially compliant** with Recommendation B.

Results of the Recommendation B compliance assessment for Denmark

Activated measures	Grade for B(1)	Grade for B(2)	Grade for B(3)	Overall grade
O-SII buffer	MN	N/A	N/A	
CCyB	FC	N/A	N/A	
Total grade	PC			PC

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.

Comments on the implementation of sub-recommendation B(1) by Denmark

Activated measures	Comments
O-SII buffer	In accordance with the Recommendation, the MIBFA has notified the ESRB of the O-SII buffer annually. The notifications, in English and conforming to the ESRB's template format, include the assessment of cross-border effects and of the need for reciprocity by other relevant authorities. However, the notification templates have been dispatched with a substantial delay.
CCyB	In accordance with the Recommendation, the MIBFA has duly notified the ESRB of the activation of the CCyB. The notifications, in English and conforming to the ESRB's template format, include the assessment of cross-border effects and of the need for reciprocity by other relevant authorities. The notification templates have been dispatched in a timely manner, adhering to the relevant deadlines.

5.3 Recommendation C

5.3.1 Overview of Recommendation C

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 reciprocity by the ESRB.



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.

5.3.2 Colour-coded tables summarising the results of the Recommendation C compliance assessment for all countries

	Sub-recommendation C(1)	Sub-recommendation C(2)	Sub-recommendation C(3)
Belgium	FC	FC	FC
Bulgaria	SE	N/A	N/A
Czech Republic	SE	N/A	N/A
Denmark	FC	FC	FC
Germany	FC	FC	LC
Estonia	FC	FC	FC
Ireland	FC	FC	SE
Greece	SE	N/A	N/A
Spain	SE	N/A	N/A
France	FC	FC	PC
Croatia	SE	N/A	N/A
Iceland	SE	N/A	N/A
Italy	FC	FC	FC
Cyprus	SE	N/A	N/A
Latvia	FC	FC	FC
Liechtenstein	SE	N/A	N/A
Lithuania	FC	FC	FC
Luxembourg	SE	N/A	N/A
Hungary	SE	N/A	N/A
Malta	SE	N/A	N/A
Netherlands	FC	FC	LC
Norway	FC	FC	MN



	Sub-recommendation C(1)	Sub-recommendation C(2)	Sub-recommendation C(3)
Austria	SE	N/A	N/A
Poland	SE	N/A	N/A
Portugal	FC	FC	FC
Romania	SE	N/A	N/A
Slovenia	SE	N/A	N/A
Slovakia	SE	N/A	N/A
Finland	FC	LC	PC
Sweden	FC	FC	FC
ECB/SSM	SE	N/A	N/A

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.

5.3.3 Main findings for Recommendation C

Only one country scores less than *fully compliant* in the assessment of compliance with Recommendation C. Details on macroprudential policy measures reciprocated by this country and notified to the ESRB in the period within the scope of this assessment are provided below, with comments for measures that have been assigned a score of lower than *fully compliant* for action and lower than *sufficiently explained* for inaction. The full assessment for all addressees is given in a separate Annex, which also includes those countries that were graded *fully compliant*.

Finland

The assessors found that the Finnish financial supervisory authority, Finanssivalvonta, had fully implemented Recommendation C with respect to the Norwegian measures based on Article 458 of the CRR.

The Assessment Team is, however, of the view that the Finnish authorities' decision to apply the Norwegian 4.5% SyRB at a level of 3.5% was only in partial compliance with Recommendation C. As noted in the ESRB's assessment of the request for reciprocity³³, Member States are expected to introduce the same macroprudential measure used in the activating jurisdiction or to implement a measure with the most equivalent effect. The aim of the SyRB is to reduce the risk of a serious deterioration in banks' financial soundness in a severe and protracted economic downturn. If foreign lenders are not subject to the same macroprudential measures or macroprudential measures with an equivalent effect, they will have a competitive advantage that could allow them to increase their market share, thereby hindering any reduction in the identified systemic risk, as in the case of Norway.



Moreover, the Finnish decision for reciprocity was taken with a substantial delay. This delay, coupled with only partial reciprocity, creates an unlevel playing field between different banks operating in the Norwegian market.

The French, Luxembourg, Dutch, Lithuanian, German and Belgian measures recommended for reciprocity were not reciprocated by Finanssivalvonta given the non-materiality of the relevant exposures (application of the de minimis principle).

Based on the findings below, the Finnish addressee was assessed as being **largely compliant** with Recommendation C.

Results of the Recommendation C compliance assessment for Finland

Activated measures	Grade for C(1)	Grade for C(2)	Grade for C(3)	Overall grade
Norwegian risk weight floors	FC	FC	FC	
Norwegian SyRB	PC	PC	MN	
French measure	SE	N/A	N/A	
Luxembourg measure	SE	N/A	N/A	
Dutch measure	SE	N/A	N/A	
Lithuanian measure	SE	N/A	N/A	
German measure	SE	N/A	N/A	
Belgian measure	SE	N/A	N/A	
Total grade	LC	LC	PC	LC

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.



Comments on the implementation of sub-recommendation C(1) by Finland

Measures	Comments
Norwegian risk weight floors	In each case, Finanssivalvonta reciprocated the macroprudential policy measures adopted by the other relevant authorities.
Norwegian SyRB	<p>Finanssivalvonta decided to partially reciprocate the Norwegian SyRB of 4.5% with a level of 3.5%. The justification is based on the reasoning that a partial overlap with the O-SII buffer cannot be ruled out. Moreover, it is argued that there is uncertainty as regards the proportionality of the requirement from the perspective of Finnish credit institutions.</p> <p>The Assessment Team is of the view that the Finnish authorities' decision to apply the Norwegian 4.5% SyRB at the level of 3.5% is in partial compliance with Recommendation C.</p> <p>In conclusion, the Assessment Team is of the view that the partial reciprocation of the Norwegian SyRB is not in line with the Recommendation nor with the amending Recommendation, Recommendation 2023/1. The partial reciprocation results in an unlevel playing field for banks operating in Norway and may not reduce systemic risk as was intended.</p>
FR, LU, NL, LT, DE and BE measures	Finanssivalvonta did not reciprocate any of the other measures recommended for reciprocation due to the non-materiality of relevant exposures (application of the de minimis principle).

Comments on the implementation of sub-recommendation C(2) by Finland

Measures	Comments
Norwegian risk weight floors	These macroprudential policy measures were reciprocated by using the same macroprudential instrument.
Norwegian SyRB	Finanssivalvonta decided to partially reciprocate the Norwegian SyRB of 4.5% with a level of 3.5%. Member States are, however, expected to introduce the same macroprudential measure used in the activating jurisdiction or to implement a measure with the most equivalent effect. The partial reciprocation of the SyRB results in an unlevel playing field for banks operating in Norway and may not reduce systemic risk as was intended.
FR, LU, NL, LT, DE and BE measures	None of these measures recommended for reciprocation were reciprocated due to the non-materiality of relevant exposures (application of the de minimis principle).



Comments on the implementation of sub-recommendation C(3) by Finland

Measures	Comments
Norwegian risk weight floors	These measures were implemented in a timely manner, in line with sub-recommendation C(3).
Norwegian SyRB	<p>On 11 June 2021, ESRB Recommendation 2021/3, which recommended the reciprocation of the Norwegian SyRB measure, was published in the Official Journal of the EU. Relevant authorities were recommended to reciprocate the systemic risk buffer rate within 18 months of publication of the amending Recommendation. In August 2021, the Finanssivalvonta decided that the Norwegian SyRB would not be implemented until after the 18-month transition period stated in the Recommendation, i.e. 11 December 2022. By 11 December 2022 the Finnish authority had not taken a decision to reciprocate the SyRB measure.</p> <p>On 4 May 2023, ESRB Recommendation 2023/1, which renewed the Norwegian SyRB with a lower materiality threshold, was published in the Official Journal of the EU. This subsequent amending Recommendation cannot be deemed to have postponed the deadline for reciprocation of ESRB Recommendation 2021/3, i.e. 11 December 2022. Finanssivalvonta reciprocated the measure only on 28 June 2023, the measure only entering into force after a 12-month transition period, as required under Finnish national legislation.</p> <p>The reciprocation of the Norwegian SyRB measure was not adopted within the recommended deadline and the delay was assessed to be severe (i.e. more than 60 days).</p> <p>The grade of materially non-compliant has therefore been assigned for this measure.</p>
FR, LU, NL, LT, DE and BE measures	Finanssivalvonta did not reciprocate any of the measures recommended for reciprocation due to the non-materiality of relevant exposures (application of the de minimis principle).

5.4 Recommendation D

5.4.1 Overview of Recommendation D

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.



5.4.2 Colour-coded tables summarising the results of the Recommendation D compliance assessment for all countries

	Recommendation D
Belgium	FC
Bulgaria	N/A
Czechia	N/A
Denmark	FC
Germany	FC
Estonia	FC
Ireland	FC
Greece	N/A
Spain	N/A
France	FC
Croatia	N/A
Iceland	N/A
Italy	FC
Cyprus	N/A
Latvia	FC
Liechtenstein	N/A
Lithuania	FC
Luxembourg	N/A
Hungary	N/A
Malta	N/A
Netherlands	FC
Norway	FC
Austria	N/A
Poland	N/A
Portugal	FC
Romania	N/A
Slovenia	N/A
Slovakia	N/A
Finland	FC
Sweden	FC
ECB/SSM	N/A

Note: For an explanation of the colour coding used, see Section 2.1, Grading methodology, Step II.



5.4.3 Main findings for Recommendation D

No country scores less than fully compliant in the assessment of compliance with Recommendation D. As an example, one country has not explained its ongoing reciprocation decision in the reporting template, but did provide sufficient explanation on request for further information. Details on macroprudential policy measures within the scope of this assessment that were reciprocated by this country and notified to the ESRB within the reference period are provided below, with comments for the corresponding measures. The full assessment for all addressees is included in a separate Annex, which also shows those that have been graded *fully compliant*.

Sweden

Finansinspektionen decided to reciprocate three measures between 1 July 2021 and June 2023. For the Lithuanian and Norwegian SyRB measures and the Norwegian Article 458 CRR risk floors measure, it notified the ESRB within the three-month deadline. It did not notify the ESRB of its ongoing reciprocation after the renewed adoption of the French Article 458 CRR measure after its technical adjustment, but did provide sufficient explanation of its decision on ongoing reciprocation. Such explanations would, however, best be provided in the corresponding reporting template.

Based on the findings below, the Swedish addressee was assessed as being *fully compliant* with Recommendation D.

Results of the Recommendation D compliance assessment for Sweden

Activated measures	Grade for D
Lithuanian SyRB	FC
Norwegian risk floors and SyRB	FC
French Art. 458	SE
Belgian SyRB	N/A
Dutch Art. 458 CRR	N/A
German SyRB	N/A
Luxembourg BBM	N/A



Comments on the implementation of Recommendation D by Sweden

Measures	Comments
Lithuanian SyRB	Reciprocated and notified within the three- month period
Norwegian risk floors and SyRB	Reciprocated and notified within the three-month period
French measure	Finansinspektionen did not notify the ESRB of its ongoing reciprocation decision after the adoption of the adjusted French Art. 458 CRR measure, but provided sufficient information on request
All other measures	Not applicable (application of the de minimis principle)



6 Conclusions

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

The Recommendation has been fully implemented by the vast majority of addressees, i.e., the authorities responsible for enacting and implementing macroprudential policy measures (NDAs, NCAs and other relevant macroprudential bodies). Additionally, the ECB is included, albeit with no instances of it having exercised its top-up powers during the reference period.

The results of the assessment point to a high degree of compliance with the Recommendation, with all of the 30 countries receiving an overall compliance grade of *fully compliant*, and the ECB/SSM an overall grade of *sufficiently explained*.

Recommendations A and B pertain to relevant authorities' assessment of the cross-border effects of their own macroprudential measures, and to their notifications and requests for reciprocation of these national measures submitted to the ESRB. With regard to compliance with Recommendation A – the assessment of cross-border effects of relevant authorities' own macroprudential policy measures – all countries are graded as *fully compliant*. The authority awarded a compliance grade of less than fully compliant on one of the sub-recommendations could have done more in their analysis of the cross-border impact of their macroprudential measures and/or in their regular monitoring of this aspect. With regard to compliance with Recommendation B – notification and reciprocation requests with regard to relevant authorities' own macroprudential policy measures – twenty-five countries are graded as *fully compliant*, two countries as *largely compliant* and three countries as *partially compliant*. These gradings are mainly the result of delays in notifying the ESRB of activated macroprudential measures, meaning that the notification was sent more than two weeks after the adoption of the measure.

Recommendations C and D relate to relevant authorities' decisions to reciprocate other Member States' macroprudential measures and notifications of such reciprocation decisions to the ESRB. The nine measures recommended by the ESRB for reciprocation that fell within the scope of this assessment are those set out in amending Recommendations ESRB/2022/3³⁴ (Belgian measure), ESRB/2022/4³⁵ (German measure), ESRB/2018/8³⁶ (French measure), ESRB/2022/1³⁷ (Lithuanian

³⁴ Recommendation of the European Systemic Risk Board of 30 March 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures.

³⁵ Recommendation of the European Systemic Risk Board of 2 June 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures.

³⁶ Recommendation of the European Systemic Risk Board of 5 December 2018 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures.

³⁷ Recommendation of the European Systemic Risk Board of 16 February 2022 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures.



and Dutch measures), ESRB/2021/2³⁸ (Luxembourg measure) and ESRB/2021/3³⁹ and ESRB/2023/1⁴⁰ (Norwegian measures).⁴¹ With regard to compliance with Recommendation C – reciprocation of other relevant authorities' macroprudential policy measures – only one country has been graded as less than *fully compliant*, namely *largely compliant*. However, the breakdown of scores for Sub-recommendations C1, C2 and C3 shows that several authorities adopted reciprocating measures with a substantial delay, i.e. more than three months after publication in the Official Journal of the EU of the latest amended Recommendation. With regard to compliance with Recommendation D – notification of the reciprocation of other relevant authorities' macroprudential policy measures – no country has been graded as less than *fully compliant* or *inaction sufficiently explained*. Nevertheless, it should be emphasised that timely notification of the ESRB of ongoing reciprocation in the event of any new decision amending a reciprocated macroprudential measure is highly relevant. It should also be noted that Recommendation D was not deemed to be applicable to 17 authorities, given the absence in the Recommendation of any reference to a timeline for notification of any non-reciprocation of measures. As a consequence, the Assessment Team did not assess the existence or timeliness of notifications for measures that were recommended for reciprocation but not reciprocated owing to the application of the de minimis threshold.

Notwithstanding the generally positive outcome of the assessment, it is important to bear in mind the fact that some of the sub-recommendations of the Recommendation lack precision as regards the full scope of macroprudential measures to be assessed and notified by activating (or reciprocating) authorities and in terms of the granularity of the cross-border spillover assessment.

Although the Recommendation provides a definition of “macroprudential measure”, this is somewhat extensive and was not always clear to the authorities.

First, some macroprudential authorities implemented macroprudential measures through recommendations which, de facto, took the form of measures subject to compliance with the Recommendation (even if only by means of strong moral suasion). All reciprocation recommendations and any other soft law measure of a macroprudential nature should fall within the full scope of the Recommendation and be subject to the requirements to carry out a cross-border spillovers analysis and notify the measure. Moreover, even national measures that are not legally binding (i.e. “pure” recommendations) should ideally also be known to the ESRB, given that they provide an indication of the intended policy directions of the activating authorities.

Second, the level of scrutiny required from national authorities should be specified in the Recommendation. In the absence of clear guidance, the Assessment Team accepted as being sufficient most of the statements on expected cross-border spillovers submitted by the national authorities concerned and, where these statements were not provided, did not downgrade authorities where, in its view, no meaningful cross-border spillovers could have reasonably been

³⁸ Recommendation of the European Systemic Risk Board of 24 March 2021 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures.

³⁹ Recommendation of the European Systemic Risk Board of 30 April 2021 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures.

⁴⁰ Recommendation of the European Systemic Risk Board of 6 March 2023 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures.

⁴¹ See the table in Section 4.1 for more information on measures falling within the scope of Recommendations C and D.



expected. Going forward, however, there would be merit in clarifying the minimum requirements for cross-border spillover analyses and specifying that the results of these analyses should appear in the respective sections of the notification templates.

Another important aspect which the Assessment Team believes should be highlighted concerns the non-reciprocation of macroprudential measures where reciprocation is voluntary and has been requested by the activating authority. The current wording of Recommendation D does not provide sufficient guidance on the assessment of non-reciprocation notifications. In light of this, the Assessment Team considers that the Recommendation ought to establish that non-reciprocation of measures recommended for reciprocation by the ESRB should also be notified or explained. Providing information about non-reciprocation decisions and the rationale behind them would enable the ESRB and its membership to monitor policy practices and enhance transparency. Authorities should therefore be encouraged to notify decisions not to reciprocate measures.

On the more procedural aspects of notification of the activation (and reciprocation/non-reciprocation) of macroprudential instruments, the Assessment Team considers that it would be beneficial to expressly establish a requirement in the Recommendation for notifications to be made directly to the ESRB using the existing templates. Where notification has taken place ahead of activation of a macroprudential measure (which is advisable, given that the activating authorities would certainly benefit from any input from the ESRB), that activation must be confirmed once it has actually taken place and the information initially provided should be complemented in the event of any adjustments on activation. Experience shows that the macroprudential authorities did not always activate their intended measures. Moreover, the calibration or configuration of a pre-notified macroprudential measure may be different when it is activated by the competent body.

Finally, it should be noted that the assessment in this report offers an insightful overview of macroprudential policy over the reference period. It not only provides a snapshot of past policymaking but also facilitates a comprehensive understanding of the varying approaches to macroprudential policy across different countries, shedding light on the underlying rationale behind disparities or similarities between them. This latest assessment is of particular note given that it delves into the intricacies of macroprudential policymaking against the backdrop of the recent normalization of monetary policy. It showcases how policymakers have sought to maintain financial stability in the face of a very challenging and different context, involving tight credit conditions, weak economic prospects and corrections in real estate markets, coupled with powerful exogenous shocks, such as the COVID-19 pandemic, Russia's unjustified invasion of Ukraine and the ensuing energy crisis. It therefore provides a nuanced understanding of how macroprudential policies have evolved and adapted to navigate through unprecedented circumstances in pursuit of enhancing the resilience of the financial sector and ensuring financial stability in an ever-changing global landscape.



Annexes

I Members of the Assessment Team

(Approved by the ATC via Written Procedure ATC/WP/2023/059, 22 November 2023)

Member	Institution
Nuno Aguiar (Chair)	Banco de Portugal
Lucija Bušurelo	Hrvatska Narodna Banka
Francesca Francetti	Banca d'Italia
Caroline Gavin	Bank of Ireland
Karolina Gawart	Narodowy Bank Polski
Eva Jauernik	Finansinspektionen
Aymeric Schneider	Banque de France
Secretariat	
Jari Friebe	ESRB Secretariat
Jannis Neubert	ESRB Secretariat



II Recommendation ESRB/2015/2, as amended at 30 June 2023

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. The request should include a proposed materiality threshold.
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 9 % systemic risk buffer rate on all IRB retail exposures to natural persons secured by residential immovable property for which the collateral is located in Belgium;

Germany:

- a 2 % systemic risk buffer rate on (i) all IRB exposures secured by residential immovable property located in Germany, and (ii) all SA-based exposures fully and completely secured by residential immovable property, as referred to in Article 125(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council, which is located in Germany;

France:

- a tightening of the large exposure limit provided for in Article 395(1) of Regulation (EU) No 575/2013, applicable to exposures to highly-indebted large non-financial corporations having their registered office in France to 5 per cent of Tier 1 capital, applied in accordance with Article 458(2)(d)(ii) of Regulation (EU) No 575/2013 to global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs) at the highest level of consolidation of their banking prudential perimeter;

Lithuania:

- a 2 % systemic risk buffer rate on all retail exposures to natural persons resident in the Republic of Lithuania that are secured by residential property.

Luxembourg:

- legally binding loan-to-value (LTV) limits for new mortgage loans on residential real estate located in Luxembourg, with different LTV limits applicable to different categories of borrowers:
 - (a) LTV limit of 100 % for first-time buyers acquiring their primary residence;
 - (b) LTV limit of 90 % for other buyers, i.e. non-first-time buyers acquiring their primary residence. This limit is implemented in a proportional way via a portfolio allowance. Specifically, lenders may issue 15 % of the portfolio of new mortgages granted to these borrowers with an LTV above 90 % but below the maximum LTV of 100 %;
 - (c) LTV limit of 80 % for other mortgage loans (including the buy-to-let segment).



The Netherlands:

- a minimum average risk weight applied in accordance with Article 458(2)(d)(vi) of Regulation (EU) No 575/2013 to credit institutions authorised in the Netherlands, using the IRB approach for calculating regulatory capital requirements in relation to their portfolios of exposures to natural persons secured by residential property located in the Netherlands. For each individual exposure item that falls within the scope of the measure, a 12 % risk weight is assigned to the portion of the loan not exceeding 55 % of the market value of the property that serves to secure the loan, and a 45 % risk weight is assigned to the remaining portion of the loan. The minimum average risk weight of the portfolio is the exposure-weighted average of the risk weights of the individual loans.

Norway:

- a 4,5 % systemic risk buffer rate for all exposures located in Norway, under Article 133 of Directive 2013/36/EU, as applicable to and in Norway as of 31 December 2022 pursuant to the terms of the Agreement on the European Economic Area (EEA Agreement) (hereinafter the 'CRD as applicable to and in Norway as of 31 December 2022'), to all credit institutions authorised in Norway;
- a 20 % floor for (exposure-weighted) average risk weights for exposures to residential real estate located in Norway, under Article 458(2)(d)(iv) of Regulation (EU) No 575/2013, as applicable to and in Norway as of 31 December 2022 pursuant to the terms of the EEA Agreement (hereinafter the 'CRR as applicable to and in Norway as of 31 December 2022'), to credit institutions authorised in Norway using the internal ratings-based (IRB) approach for calculating regulatory capital requirements;
- a 35 % floor for (exposure-weighted) average risk weights for exposures to commercial real estate located in Norway, pursuant to Article 458(2)(d)(iv) of the CRR as applicable to and in Norway as of 31 December 2022, to credit institutions authorised in Norway using the IRB approach for calculating regulatory capital requirements.

Sweden:

- a credit institution-specific floor of 25 per cent for the exposure-weighted average of the risk weights applied to the portfolio of retail exposures to obligors residing in Sweden secured by immovable property in accordance with Article 458(2)(d)(vi) of Regulation (EU) No 575/2013 to credit institutions authorised in Sweden using the IRB Approach for calculating regulatory capital requirements.⁴²
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

⁴² The current Swedish measure (as recommended for reciprocation by way of amending Recommendation ESRB/2023/4) was published in the Official Journal of the EU on 31st August 2023 after the end of the reporting period covered by the current Report. The previously recommended Swedish measure (see Amending Recommendation ESRB/2019/1) was included in the previous report.



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 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 Board.



- (i) 'materiality threshold' means a quantitative threshold below which an individual financial service provider's exposure to the identified macroprudential risk in the jurisdiction where the macroprudential policy measure is applied by the activating authority can be considered non-material.

2. Exemptions

1. The relevant authorities may exempt an individual financial service provider under their jurisdiction from applying a particular reciprocating macroprudential policy measure, if this financial service provider has non-material exposure to the identified macroprudential risk in the jurisdiction, where the relevant activating authority is applying the macroprudential policy measure in question (de minimis principle). The relevant authorities are requested to report to the ESRB on such exemptions, using the template for notifying reciprocating measures as published on the ESRB's website.

For the purpose of applying the de minimis principle, the ESRB recommends a materiality threshold based on that proposed by the relevant activating authority pursuant to Section 1, sub-recommendation B(2). The threshold calibration should follow the best practices as established by the ESRB. The materiality threshold is a recommended maximum threshold level. Reciprocating relevant authorities may apply the recommended threshold, set a lower threshold for their jurisdiction where appropriate, or reciprocate the measure without any materiality threshold. When applying the de minimis principle, authorities should monitor whether leakages and regulatory arbitrage materialise and close the regulatory loophole where necessary.

2. 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

1. 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:
 - (a) information on the substance and timing of the actions taken;
 - (b) an assessment of the functioning of the actions taken, from the perspective of the objectives of this Recommendation;
 - (c) detailed justification of any exemptions granted pursuant to the de minimis principle, together with any inaction or departure from this Recommendation, including any delays.
2. In the event of shared responsibilities, relevant authorities should coordinate with each other in order to provide the necessary information on time.



3. The relevant authorities are encouraged to inform the ESRB at the earliest opportunity of any proposed macroprudential policy measures.
4. 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.

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, including the materiality threshold provided by the ESRB. 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

1. The ESRB Secretariat:
 - (a) assists the relevant authorities by facilitating coordinated reporting, providing relevant templates and detailing where necessary the procedure and the timeline for compliance;
 - (b) verifies compliance by the relevant authorities, including by assisting them at their request, and submits compliance reports to the General Board.
2. 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.

Done at Frankfurt am Main, 15 December 2015.

The Chair of the ESRB

Mario Draghi



III Compliance criteria and implementation standards

Implementation standards for ESRB/2015/2

1. Introduction

According to the Handbook on the assessment of compliance with ESRB recommendations (the “Assessment 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 – the 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 compliance information gaps;
- 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 – the prevention and mitigation of systemic risks to financial stability in the EU.

Key elements of the assessment are (see page 12 of the Assessment 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 (they should otherwise 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 be 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 “Operationalising 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 Operationalising 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 Operationalising 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 spillovers⁴³ 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 Operationalising Handbook.
- Spillovers can also be assessed by analysing them according to the pre-determined list of indicators in Chapter 11 of the Operationalising Handbook.
- Other ways of assessing spillovers include, for example, taking a model-based approach.

2.2 From the replies from countries

⁴³ 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.



- Most attention in practice focuses on negative inward spillovers. All recommendations from the ESRB for the reciprocation of measures 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 one 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 CCyB, the SyRB 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: Reciprocation with 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 exempt an individual financial service provider [...] from applying a particular reciprocating macroprudential policy measures, if this financial service provider has non-material exposure to the identified macroprudential risk in the jurisdiction, where the relevant activating authority is applying the macroprudential policy measure in question (de minimis principle). 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 is 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 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 B(3) is not applicable, the weight of 0.25 attributed to sub-recommendation B(3) 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 B(3) 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 B(2). 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. fully compliant for one and partially compliant 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 as follows:

- (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 grades 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 Assessment 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.

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 powers, 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 manner 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 is 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 and was 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 Operationalising Handbook (but not only limited to the indicators set out in that Handbook). (Note that different authorities may use different indicators leading to different degrees of “comprehensiveness” or “granularity” when comparing between the addressees.); • other methodology such as the 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 different templates).</p> <p>With the exception of macroprudential policy measures for which a justification or an assessment of cross-border effects is required under Directive 2013/36/EU, 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	<p>The same as under FC, but negligible requirements remain to be implemented (for example, the assessment of cross-border effects was conducted but evidence of cross-border assessment was not provided. It can be reasonably assumed, based on the Assessment Team's expert judgement that no material cross-border effects should be expected following the activation of the measure).</p>
PC	<p>The same as under FC, but with deficiencies that affect the adequacy of implementation. This includes cases where the relevant activating authority says it has conducted an assessment of cross-border effects but is not in a position to provide any supportive evidence, such as the analysis itself or its main conclusions in summary form, and it can be reasonably assumed, based on the Assessment Team's expert judgement, that material cross-border effects could be expected following the activation of the measure.</p>
MN	<p>The detail of analysis is clearly insufficient relative to the magnitude of inward and outward spillovers that could be reasonably expected.</p>
NC	<p>N/A</p>
SE	<p>The assessment was not carried out. Sufficient explanations were provided explaining why cross-border effects could not reasonably have been expected either because the activated measure is set at 0% or no material cross border effects could reasonably be expected (i.e. BBMs such as LTV, DSTI and LTI).</p>
IE	<p>The assessment was not carried out. No justification or insufficient justification was provided as to why the assessment was not carried out.</p>



A2	
FC	<p>An assessment was carried out by the relevant activating authority and assessed both the (i) cross-border effects (leakages and regulatory arbitrage) of the implementation of macroprudential policy measures in its jurisdiction; and (ii) 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 different templates)</p> <p>With the exception of macroprudential policy measures for which a justification or an assessment of cross-border effects is required under Directive 2013/36/EU, an activating authority would only be expected to carry out such an 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 have yet 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 cases where the relevant activating authority says it has conducted the assessment of cross-border effects but is not in a position to provide any supportive evidence, such as the analysis itself or its main conclusions in summary form, and it can be reasonably 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 detail of analysis is clearly insufficient relative to the magnitude of inward and outward spillovers that could reasonably have been expected.
NC	N/A
SE	The assessment was not carried out. Sufficient explanations were provided explaining why cross-border effects could not reasonably have been expected (for example, the assessment of cross-border effects was conducted but evidence of cross-border assessment was not provided) and it can be reasonably 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 justification or insufficient justification was provided as to why the assessment was not carried out.
A3	
FC	<p>An assessment of the cross-border effects was conducted periodically.</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 different templates).</p> <p>With the exception of macroprudential policy measures for which a justification or an assessment of cross-border effects is required under Directive 2013/36/EU, 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>
LC	The same as under FC, but negligible requirements remain to be implemented (e.g. although the monitoring was carried out, it was not carried out once a year; or the assessment of cross-border effects was conducted but evidence of cross-border assessment was not provided) and it can be reasonably 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 cases where the relevant activating authority says it has conducted the monitoring but is not in a position to provide any supporting evidence.
MN	N/A
NC	N/A
SE	The periodical assessment was not carried out. Sufficient explanations were provided explaining why cross-border effects could not reasonably have been expected (i.e. the measure was set at 0% or only applies within national borders, e.g. a borrower-based measure).
IE	The periodical assessment was not carried out. No justification or insufficient justification 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 under Directive 2013/36/EU, 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 was 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 under Directive 2013/36/EU, 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 unofficial manner, without using the ESRB template. However, the relevant information was provided in English and included an assessment of cross-border effects and of the necessity for reciprocity by other relevant authorities.</p>



With the exception of macroprudential policy measures for which an assessment of cross-border effects is required under Directive 2013/36/EU, 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.

MN	<p>The relevant activating authority notified the ESRB with a 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 the necessity for reciprocity by other relevant authorities, or both, where, with the exception of macroprudential policy measures for which an assessment of cross-border effects is required under Directive 2013/36/EU, 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	N/A
SE	The relevant activating authority did not notify the ESRB of the adoption of macroprudential policy measures using any means. However, sufficient explanations as to why the ESRB was not notified were provided.
IE	The relevant activating authority did not notify the ESRB of the adoption of macroprudential policy measures using any means. No justification or insufficient justification was provided as to why the ESRB was not notified.
B2	
FC	Reciprocity was necessary according to the relevant activating authority and the latter submitted a request for reciprocity (or a pre-announcement of a request for reciprocity) together with the notification required under sub-recommendation B(1).
LC	<p>Reciprocity was necessary according to the relevant activating authority and the latter submitted a request for reciprocity (or a pre-announcement of a request for reciprocity). However, the request for reciprocity (or the pre-announcement thereof) was not submitted together with the notification required under sub-recommendation B(1).</p> <p>The delay was not substantial (less 45 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 as to why it was advisable to ask for reciprocity at a later stage.</p>
PC	N/A
MN	N/A
NC	N/A
SE	Even though reciprocity was deemed necessary by the relevant activating authority, a request for reciprocity was not submitted. Sufficient explanations were provided as to why the request for reciprocity was not submitted.



IE	Even though reciprocation was deemed necessary by the relevant activating authority, a request for reciprocation was not submitted. No justification or insufficient justification 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, it was subsequently deemed necessary.
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	Even though reciprocation was subsequently deemed necessary by the relevant activating authority, a request for reciprocation was not submitted. Sufficient explanations were 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 justification or insufficient justification 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 reciprocated the macroprudential policy measures adopted by other relevant authorities and recommended for reciprocation, either before or after they were recommended for reciprocation.</p> <p>OR</p> <p>The relevant authority reciprocated the macroprudential policy measures but also set a threshold below which exposures are to be exempted in line with the Recommendation. In addition, the relevant authority closely monitored the materialisation of leakages and regulatory arbitrage to close the regulatory loophole if needed.</p>
LC	The relevant authority reciprocated the macroprudential policy measures but also set a higher threshold below which exposures are to be exempted in line with the Recommendation. Sufficient supporting evidence was also provided to explain the setting of the threshold. In addition, the relevant authority closely monitored the materialisation of leakages and regulatory arbitrage to close the regulatory loophole if needed.



PC	<p>The relevant authority reciprocated the macroprudential policy measures recommended for reciprocation but also set a higher threshold below which exposures are to be exempted. The relevant authority 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. However, the relevant authority did not disclose the measure and did not provide sufficient supporting evidence thereof.</p> <p>OR</p> <p>The relevant authority reciprocated the macroprudential policy measures but did not closely monitor the materialisation of leakages and regulatory arbitrage to close the regulatory loophole if needed.</p>
MN	N/A
NC	N/A
SE	<p>The relevant authority did not reciprocate the macroprudential policy measures recommended for reciprocation. Sufficient explanations were provided explaining the reason why the macroprudential policy measures recommended for reciprocation by the ESRB were not reciprocated. Non-reciprocation on the grounds that all institutions in the jurisdiction have immaterial exposures to the macroprudential risk qualifies as sufficiently explained.</p>
IE	<p>The relevant authority did not reciprocate the macroprudential policy measures recommended for reciprocation by the ESRB. No justification or insufficient justification 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 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 Section 2.3(4) 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 taken is the most equivalent measure 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, however, only one or two of the three criteria for equivalence are met.</p>
MN	<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 not sufficient to assess whether or not the measure could be considered equivalent.</p>



NC	The relevant authority 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 which 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	N/A
C3	
FC	The reciprocating macroprudential policy measure was adopted no later than three months after publication of the latest Measures Reciprocity Recommendation in the Official Journal of the EU 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 addressee.
LC	The reciprocating macroprudential policy measure was not adopted within the recommended deadline, if any, or otherwise within three months after publication of the latest Measures Reciprocity Recommendation in the Official Journal of the EU. However, the delay in its adoption was 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 addressee.
PC	The reciprocating macroprudential policy measure was not adopted within the recommended deadline, if any, or otherwise within three months after publication of the latest Measures Reciprocity Recommendation in the Official Journal of the EU. The delay in its adoption was substantial (more than 45 calendar days but no 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, such a mismatch cannot be attributed to the reciprocating addressee.
	OR The reciprocating macroprudential policy measure was adopted within the recommended deadline, if any, or otherwise within three months after publication of the latest Measures Reciprocity Recommendation in the Official Journal of the EU, 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 after publication of the latest Measures Reciprocity Recommendation in the Official Journal of the EU. The delay in its adoption 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	N/A
SE	N/A
IE	N/A



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 a relatively minor delay (15 calendar days or less). The relevant authority used the ESRB template and provided the information in English.
PC	<p>The relevant authority reciprocating the macroprudential policy measures notified the ESRB but with a substantial delay (more than 15 calendar days but less than 30 calendar days). The relevant authority used the ESRB template and provided the information in English.</p> <p>OR</p> <p>The relevant authority reciprocating the macroprudential policy measures notified the ESRB on time or with a minor delay (15 calendar days or less). The relevant authority provided the information in English but did not use the ESRB template. However, the key information from the ESRB template was provided.</p>
MN	<p>The relevant authority reciprocating the macroprudential policy measure notified the ESRB but with a very significant delay (substantially more than 30 days but more than 90 calendar days).</p> <p>OR</p> <p>The relevant authority reciprocating the macroprudential policy measures notified the ESRB on time or with a minor delay (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. However, some key information from the ESRB template was not provided.</p>
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 explanations were 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 justification or insufficient justification was provided as to why the ESRB was not notified.



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

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