

Summary Compliance Report

September 2022

Recommendation of the European Systemic Risk Board of 27 May 2020 on restriction of distributions during the COVID-19 pandemic (ESRB/2020/7), as amended by Recommendation of the European Systemic Risk Board of 15 December 2020 amending Recommendation ESRB/2020/7 on restriction of distributions during the COVID-19 pandemic (ESRB/2020/15)



ESRB

European Systemic Risk Board

European System of Financial Supervision

Contents

Introduction	2
1 Criteria for implementing the Recommendation	5
1.1 First period of application (27 May to 31 December 2020)	5
1.2 Second period of application (1 January to 30 September 2021)	6
2 Assessment methodology	8
2.1 Assessment criteria and the principle of proportionality	9
2.2 Weighting the assessment criteria	11
2.3 Grading methodology	12
2.4 Overall assessment	17
2.5 Issues encountered by the Assessment Team	18
3 Assessments results for compliance with the Recommendation	21
3.1 Assessments results for compliance during the first period of application of the Recommendation	21
3.2 Assessments results for compliance during the second period of application of the Recommendation	32
4 Conclusion	42
Annexes	44
Annex I: Composition of the Assessment Team	44
Annex II: Compliance criteria and implementation standards – First period of application	46
Annex III: Compliance criteria and implementation standards – Second period of application	48
Annex IV: Recommendation ESRB/2020/7	51
Annex V: Recommendation ESRB/2020/15	59
Abbreviations	65
Imprint and acknowledgements	67



Introduction

This Summary Compliance Report (hereinafter “the Report”) provides an assessment of the level of implementation of the Recommendation of the European Systemic Risk Board of 27 May 2020 on restriction of distributions during the COVID-19 pandemic as amended by Recommendation ESRB/2020/15¹ (hereinafter “the Recommendation”) by its addressees – as defined in Section 2(1)(1)(a).

Recommendations issued by the European Systemic Risk Board (ESRB) are not legally binding, but are subject to the “act or explain” mechanism in accordance with Article 17 of Regulation (EU) 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 Board² (hereinafter “the ESRB Regulation”). This means that the addressees of those recommendations have an obligation to communicate to the ESRB, the European Commission³, the European Parliament and the European Council, the actions they have taken to comply with those recommendations, or to provide adequate justification in the case of inaction.

The Recommendation aimed to ensure that financial institutions across the financial sector that might pose a risk to financial stability maintained sufficiently high levels of capital given the economic shock caused by the COVID-19 pandemic. The ESRB is responsible for macroprudential oversight of the financial system within the European Union (EU) and for contributing to the smooth functioning of the internal market, thereby ensuring a sustainable contribution by the financial sector to economic growth. The 2019 coronavirus (COVID-19) crisis developed rapidly from a dramatic health emergency into a severe economic shock that had the potential to evolve into a systemic financial crisis. Further, it was uncertain how long this crisis would last or how severe it would be. While the ESRB welcomed and fully supported the initiatives and actions taken by its member institutions at the onset of the pandemic, it deemed it necessary to issue the Recommendation to ensure that financial institutions across the financial sector maintained a sufficiently high amount of capital to mitigate systemic risk and to be able to contribute to the economic recovery.

The Recommendation applied during two distinct time periods, and the specific actions that addressees were expected to take in response to the Recommendation differed in each of these periods. On 27 May 2020, the ESRB issued its first Recommendation on restriction of distributions during the COVID-19 pandemic (ESRB/2020/7)⁴. It recommended that the relevant authorities request financial institutions under their supervisory remit to refrain, at least until 1

¹ Recommendation of the European Systemic Risk Board of 27 May 2020 on restriction of distributions during the COVID-19 pandemic (ESRB/2020/7) (OJ C 212, 26.6.2020, p. 1).

² 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).

³ And in the case of Iceland, Norway and Liechtenstein, to the EFTA Standing Committee.

⁴ Recommendation of the European Systemic Risk Board of 27 May 2020 on restriction of distributions during the COVID-19 pandemic (ESRB/2020/7) (OJ C 212, 26.6.2020, p. 1).



January 2021, from making dividend distributions, buying back shares, or creating an obligation to pay variable remuneration to a material risk taker. Subsequently, on 15 December 2020, the ESRB issued its second **Recommendation amending Recommendation ESRB/2020/7 on restriction of distributions during the COVID-19 pandemic** (ESRB/2020/15)⁵. The Amended Recommendation called on the relevant authorities to request financial institutions to continue refraining from making distributions until 30 September 2021, unless the financial institutions applied extreme caution and the resulting reduction in own funds did not exceed the conservative threshold set by their respective competent authorities.

This Report contains an assessment of addressees' compliance with the Recommendation, or of their explanation for non-compliance, based on the addressees' submissions to the ESRB Secretariat. Under Section 2(4) of the Recommendation, the addressees⁶ were initially requested to communicate to the ESRB, by 31 July 2020, the actions undertaken in response to the Recommendation or to substantiate any inaction. They were subsequently asked to communicate the same information to the ESRB, by 15 October 2021, for the second period of application of the Recommendation. To this end, the ESRB Secretariat prepared standardised templates, that were included in the annex to the Recommendation, for completion and submission by the addressees. The assessment of addressees' compliance or justification for non-compliance was based on their submissions to the ESRB Secretariat using these templates. Additional information provided by the addressees during the assessment process was also included in the final assessment.

In order to perform the assessment, an Assessment Team was set up under the auspices of the Advisory Technical Committee (ATC) in 2020. The work of the Assessment Team proceeded in two phases: in the first phase, the Assessment Team considered the level of implementation of the Recommendation during its first period of application (27 May to 31 December 2020); in the second phase, the Assessment Team considered the level of implementation of the Recommendation during its second period of application (1 January to 30 September 2021). The Assessment Team consisted initially of nine assessors, including one Chair, while for the second phase of the assessment, seven assessors participated in the Assessment Team (see Annex I of this Report for details of its composition).

The assessment of compliance with the Recommendation was carried out using a simplified assessment process. Given the ongoing COVID-19 crisis, it was considered that a swift overview of the level of compliance with the Recommendation was required. For that reason, Section 2, point 6(2), of the Recommendation stated that the methodology set out in the **Handbook on the assessment of compliance with ESRB recommendations**⁷, which establishes the assessment procedure, did not apply. Instead a simplified process was followed⁸. That process was nevertheless in line with the legislative framework, the principle of good administration, and the

⁵ **Recommendation of the European Systemic Risk Board of 15 December 2020 amending Recommendation ESRB/2020/7 on restriction of distributions during the COVID-19 pandemic** (ESRB/2020/15) (OJ C 27, 25.1.2021, p. 1).

⁶ This includes the macroprudential authorities of the European Economic Area European Free Trade Association (EEA EFTA) countries.

⁷ **Handbook on the assessment of compliance with ESRB recommendations**, ESRB Secretariat, Frankfurt am Main, April 2016.

⁸ On 21 September 2020, the General Board approved the application of a simplified assessment process for interim reports using the written procedure GB/WP/2020/047.



objectives of the Recommendation. The assessment also included an opportunity for a remedial dialogue between the Assessment Team and the addressees in which the addressees were able to provide further information if the Assessment Team initially found shortcomings in their compliance with certain aspects of the Recommendation.

The assessment was conducted by duly taking into account:

- the objectives of the Recommendation;
- the principles underpinning the Handbook on the assessment of compliance with ESRB recommendations;
- the implementation standards prepared by the Assessment Team that specify the grade to be awarded for each key element on the basis of the objectives of the Recommendation (see Annex II for details of the implementation standards); and,
- the principle of proportionality.

In the sections that follow, this Report will set out:

1. the criteria for implementing the Recommendation;
2. the methodology used by the Assessment Team and the weightings assigned to specific assessment criteria;
3. the assessment results, including a brief description of the relevant justifications;
4. the conclusions of the Assessment Team as regards the level of implementation observed.



1 Criteria for implementing the Recommendation

The Recommendation aimed to ensure that financial institutions across the financial sector that might pose a risk to financial stability maintained high levels of capital throughout the COVID-19 crisis. While the objective of the Recommendation did not change between the first period of application (27 May to 31 December 2020) and the second (1 January to 30 September 2022), the scope of the Recommendation, and the specific actions that the addressees were expected to undertake, did change materially between those periods. This section summarises the actions addressees were expected to take during each period of application of the Recommendation.

1.1 First period of application (27 May to 31 December 2020)

During the first period of application, the relevant authorities were recommended to request financial institutions to refrain from making distributions. Specifically, in Section 1, recommendation A, of the Recommendation, the relevant authorities were recommended to:

“request financial institutions under their supervisory remit⁹ to refrain from undertaking any of the following actions:

- (a) make a dividend distribution or give an irrevocable commitment to make a dividend distribution;
- (b) buy-back ordinary shares;
- (c) create an obligation to pay variable remuneration to a material risk taker,

which has the effect of reducing the quantity or quality of own funds at the EU group level (or at the individual level where the financial institution is not part of an EU group), and, where appropriate, at the sub-consolidated or individual level.”

The Recommendation covered credit institutions and investment firms, insurers and reinsurers and central counterparties (CCPs). More specifically, during the first period of application of the Recommendation “financial institutions” were defined as (i) an institution as defined in Article 4(1)(3) of **Regulation (EU) No 575/2013** (hereinafter, “**Capital Requirement Regulation**” or “**CRR**”)¹⁰; (ii) an insurance undertaking as defined in Article 13(1) of **Directive**

⁹ This did not include branches of financial institutions.

¹⁰ **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).



2009/138/EC¹¹; (iii) a reinsurance undertaking as defined in Article 13(4) of **Directive 2009/138/EC**¹²; (iv) a central counterparty as defined in Article 2(1) of **Regulation (EU) No 648/2012**¹³.

The Recommendation laid out specific criteria to be applied by the addressees in implementing its provisions. Relevant authorities were expected to pay due regard to the principle of proportionality, taking into account, in particular, the nature of the financial institutions concerned and their ability to contribute to the mitigation of systemic risk to financial stability that might arise from the COVID-19 crisis and to economic recovery. Under Section 3(1) of the Recommendation, the relevant authorities were also expected to ensure that regulatory arbitrage was avoided, and to regularly assess the impact of the restrictions they had imposed based on the objectives of the Recommendation. Finally, the relevant authorities were permitted to exempt a financial institution from the restrictions laid down in Section 1, recommendation A, (a) to (c), of the Recommendation, if that financial institution was legally obliged to undertake any of the actions to be refrained from.

The Recommendation further set out the principles to be considered in applying the Recommendation to cross-border groups. Under Section 2(3)(2), the relevant authorities were expected to adhere to the following three principles in assessing the appropriateness of applying the restrictions at sub-consolidated or individual level:

- (a) **Principle 1:** *Whilst taking into account the need to prevent or mitigate systemic risk to financial stability in their Member State and in the Union, relevant authorities should support the smooth functioning of the internal market and recognise the need for the financial sector to provide a sustainable contribution to economic growth in Member States and the Union as a whole.*
- (b) **Principle 2:** *Relevant authorities should ensure that any restriction does not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or in the Union as a whole.*
- (c) **Principle 3:** *Relevant authorities should closely cooperate with each other and with the relevant resolution authorities, including in colleges, where applicable.*

1.2 Second period of application (1 January to 30 September 2021)

During the second period of application, the Recommendation made allowance for financial institutions to make limited distributions. Specifically, Section 1, **recommendation A**, was

¹¹ **Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)** (OJ L 335, 17.12.2009, p. 1).

¹² **Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)** (OJ L 335, 17.12.2009, p. 1).

¹³ **Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories** (OJ L 201, 27.7.2012, p. 1).



modified. The relevant authorities were recommended to request financial institutions under their supervisory remit to refrain from undertaking any of the distributions mentioned in Section 1, **recommendation A**, (a) to (c), **unless the financial institutions applied extreme caution in carrying out any of those actions and the resulting reduction did not exceed the conservative threshold set by their competent authority**. Additionally, competent authorities were recommended to engage in discussions with the financial institutions concerned prior to any such actions being taken by those institutions.

The level of application of the amended Recommendation remained unchanged. It applied at EU group level (or at individual level where the financial institution was not part of an EU group), and, where appropriate, at sub-consolidated or individual level. In this regard, the three principles for assessing the appropriateness of applying the restrictions at sub-consolidated or individual level continued to apply.

During the second period of application, the scope of the Recommendation was narrowed.

The Recommendation continued to cover credit institutions and investment firms, insurers and reinsurers. However, CCPs were removed from its scope. This change reflected the stress test exercise for CCPs in the EU that was conducted by the European Securities and Markets Authority (ESMA) following the outbreak of the COVID-19 pandemic; this had confirmed the overall operational resilience of EU CCPs to the common shocks and multiple defaults arising from credit, liquidity and concentration stress risks.¹⁴

The Amended Recommendation also specified factors that competent authorities should take into account in calibrating the conservative threshold. These included: (a) the need for financial institutions to maintain a sufficiently high level of capital given the risks of a possible deterioration in the solvency position of corporations and households; (b) the need to ensure that the overall level of distributions of financial institutions under their supervisory remit was significantly lower than in the years prior to the COVID-19 crisis; (c) the specificities of each sector within their remit.

¹⁴ See ESMA (2020), "ESMA's Third EU-Wide CCP Stress Test Finds System Resilient to Shocks", *Press release*, Paris, 13 July.



2 Assessment methodology

The assessment of the implementation of the Recommendation was carried out on the basis of the “act or explain” mechanism, in accordance with Article 17 of the ESRB Regulation.

This meant that the addressees of the Recommendation could either (i) take action in response to each of the recommendations and inform the ESRB of such action(s), or (ii) take no action, provided that any such inaction was duly justified. In the light of this, the Assessment Team then analysed the information provided and assessed whether the action taken achieves the objectives of each recommendation or whether the justification provided for inaction was sufficient. This analysis results in a final compliance grade being assigned to each addressee.

The assessment was carried out in two phases corresponding to the two periods of application of the Recommendation. The first phase of the assessment covered the period between 27 May 2020 to 31 December and assessed the actions undertaken by the addressees in response to the Recommendation prior to its amendment by Recommendation ESRB/2020/15. The second phase of the assessment covered the period between 1 January 2021 and 30 September 2021 and assessed the actions taken by the addressees in response to the amendments to the Recommendation introduced by the Amending Recommendation ESRB/2020/15. The Assessment Team endeavoured to maintain the same methodology for the second phase of the assessment as was followed in the first. However, as explained below, the Assessment Team adapted the grading of specific assessment criteria as necessary in order to account for the different actions that addressees were expected to undertake during the second period of application of the Recommendation.

The Assessment Team agreed a set of assessment criteria (see Section 2.1) for the actions that were required of the addressees in order to achieve the objectives of the Recommendation. In agreeing on these assessment criteria, the Assessment Team took due account of the criteria for implementation set out in Section 2(3) of the Recommendation. For each of the assessment criteria, the addressees were given a grade applying the methodology set out in Section 2.3 of this Report. These grades were weighted as set out in Section 2.2 of this Report to give each addressee an overall grade.

The assessment was based on the submissions made by the addressees concerned. Section 2(4) of the Recommendation specified the dates by which those addressees were expected to report the actions they had undertaken in response to the Recommendation. For the first period of application, this date was 31 July 2020, while for the second period of application it was 15 October 2021. The assessment also took into account any further dialogue between the Assessment Team and addressees that took place during the assessment process.

The General Board of the ESRB decided that for the recommendations adopted in response to the COVID-19 pandemic, the detailed procedure for the assessment of compliance set out in the Handbook on the assessment of compliance with ESRB recommendations would not apply so that addressees and ESRB member institutions could commit their full resources to responding to the significant challenges posed by COVID-19. Nonetheless, to ensure the equal treatment of the addressees and the highest degree of transparency and consistency, the



Assessment Team conducted its work in accordance with the following six principles of assessment set out in Section 4 of the Handbook:

- **fairness, consistency and transparency**: equal treatment of all addressees throughout the assessment process;
- **efficiency and appropriateness** of procedures with regard to available resources while ensuring high quality of the deliverables;
- **four-eyes review**: compliance of each addressee is assessed by at least two assessors; the assessors were not directly involved in assessing the performance of the authorities to which they belonged;
- **effective dialogue**: communication with addressees is essential; the aim should be to fill in the information gaps on compliance;
- **principle of proportionality**: actions to be taken by the addressees are country-specific and relative to the intensity of risks targeted by the Recommendation in the specific Member State;
- **the ultimate objective** of prevention and mitigation of systemic risks to financial stability in the EU.

All the addressees that did not receive a fully compliant (FC) grade during the first period of application of the Recommendation were given the opportunity to provide further explanations and information. This opportunity was also provided for the second period of application of the Recommendation, to all the addressees that received a partially compliant (PC) or lower grade. The majority of those addressees provided further details during the assessment process, and especially during the remedial dialogue. As a result, the Assessment Team re-evaluated those authorities that provided additional information during the course of the assessment. Afterwards, the results of the assessors were cross-checked before the final assessment was drawn up.

2.1 Assessment criteria and the principle of proportionality

The assessment criteria applied in this evaluation are based on best practices established in previous assessments of compliance with ESRB recommendations. The assessment criteria reflect the actions that were required of addressees in order to achieve the objectives of the Recommendation.

The Assessment Team agreed on six assessment criteria. These criteria corresponded to points (a), (b) and (c) of recommendation A in Section 1 of the Recommendation, as well as to the criteria for implementation laid down in Section 2(3). The six assessment criteria were:

1. **Dividends**: Under this criterion, addressees' actions to comply with Section 1, recommendation A, point (a), were assessed.



2. **Buy-backs:** Under this criterion, addressees' actions to comply with Section 1, recommendation A, point (b), were assessed.
3. **Variable remuneration:** Under this criterion, addressees' actions to comply with Section 1, recommendation A, point (c), were assessed.
4. **Duration:** Under this criterion, addressees were assessed in relation to whether their actions had complied with the timeframe established in the Recommendation. During the first period of application, this meant a request for financial institutions to refrain from taking the actions in Section 1, recommendation A, until at least 1 January 2021; during the second period, this meant a request for financial institutions to restrict distributions as set out in amended Section 1, recommendation A, until 30 September 2021.
5. **Regular assessment:** Under this criterion, addressees' actions to adhere to paragraph 1(c) of the criteria for implementation (Section 2(3) of the Recommendation), were assessed.¹⁵
6. **Principles for applying restrictions at individual or sub-consolidated level.** The principles for implementation, set out in paragraph 2 of the criteria for implementation (Section 2(3) of the Recommendation) refer to situations in which the addressees imposed restrictions on financial institutions for which the highest level of consolidation in the EU was in another Member State. Therefore, addressees were assessed against this assessment criterion only where they had imposed restrictions on such financial institutions. During the first phase of the assessment, this assessment criterion was taken into account only where an addressee's action to restrict distributions by such financial institutions took place after the publication of the Recommendation.¹⁶

Considerations of proportionality and the need to avoid regulatory arbitrage were taken into account in the assessment of points (a), (b) and (c) of Section 1, recommendation A. The Assessment Team agreed that the remaining two implementation criteria mentioned in Section 2(3) of the Recommendation – namely, the principle of proportionality and the avoidance of regulatory arbitrage – would be assessed as part of the assessment of each addressee's actions in respect of the first three assessment criteria (dividends, buy-backs and variable remuneration). This was because these two considerations were integral to the actions addressees took and the explanations they provided for those actions.

The Assessment Team agreed that each addressee's action in relation to points (a), (b) and (c) of recommendation A would be assessed separately across different sectors. For addressees with competence for multiple financial sectors (e.g. banking and investment firms, insurance and reinsurance, and CCPs), the first three assessment criteria were assessed separately across the different sectors. Addressees with competence for only one, or only some, of these sectors were assessed in relation to the sectors for which they had competencies. For the

¹⁵ Which states "relevant authorities should regularly assess the impact of restrictions on distributions they have imposed in light of the objectives of this Recommendation".

¹⁶ By 27 May 2020, several addressees of the Recommendation had already imposed or requested restrictions of distributions by financial institutions under their supervisory remit. The Assessment Team considered that the Recommendation should not be considered to apply retroactively. Moreover, the principles for implementation in the Recommendation are phrased as factors to be taken into account in determining whether to apply restrictions on such institutions; in other words, these principles should be taken into account prior to the imposition of restrictions.



purposes of simplicity, and to avoid the risk of double rewarding (or double penalising) of aspects of compliance (or non-compliance) the 'duration', 'regular assessment' and 'principles for implementation' criteria were assessed 'globally' across different sectors.¹⁷

2.2 Weighting the assessment criteria

The Assessment Team agreed that the assessment criteria should be weighted relative to their importance for the achievement of the policy objectives of the Recommendation, as outlined in section 1 of this Report. To this end, the Assessment Team decided that certain points of recommendation A should carry a higher individual weighting than others. The Assessment Team was of the view that determining the relative weighting of each point of recommendation A quantitatively was not feasible, given the wide variety of financial systems and the different sectors covered by the Recommendation. Accordingly, the Assessment Team focused on agreeing a simple weighting methodology that would be easily communicable in terms of the objectives of the Recommendation.

The Assessment Team considered that point (a) of recommendation A, relating to dividend distributions, should carry a higher individual weighting than the other points of recommendation A. This was due to the relative economic significance of dividends, in comparison with share buy-backs and variable remuneration. The Assessment Team was of the view that compliance with recommendation A, point (a), would thus make the greatest overall contribution to achieving the objectives of the Recommendation. In particular, it was felt that it would result in the greatest amount of capital being conserved within the financial system, and would have the most effect in terms of alleviating potential adverse incentives (stigma effects¹⁸) for financial institutions to imprudently distribute earnings.

The Assessment Team placed a relatively high weighting on the duration for which restrictions were imposed. Recommendation A was agreed on 27 May 2020. It originally recommended relevant authorities to request financial institutions to refrain from making distributions until the end of 2020 and, subsequently, until 30 September 2021. Given this limited period of application, the Assessment Team considered the duration of addressee's requests to financial institutions to be an important overall element of their compliance with the Recommendation.

The final two assessment criteria – regular assessment and adherence to the principles for implementation – were considered important ancillary factors. Whilst important for ensuring the ability to measure the impact of the restrictions and for avoiding adverse consequences at cross-border level, these two elements were seen as being less central to achievement of the main objectives of Recommendation in terms conserving capital and reducing stigma. Therefore, the Assessment Team decided to give these two criteria a lower overall weighting than for the other assessment criteria.

¹⁷ Full details of the assessment criteria used to evaluate the implementation of the Recommendation can be found in Annex II.

¹⁸ E.g. if relevant financial institutions use dividend payments as a signal of strength to the market, such actions could undermine the relative position of more prudent financial institutions which might be stigmatised.



The weightings assigned by the Assessment Team for each aspect of the Recommendation were as follows:

Individual weighting	
Element	Weighting
Dividend distributions	1/3
Buy-backs	1/6
Variable remuneration	1/6
Duration	1/6
Regular assessment	1/12
Adherence to principles	1/12

2.3 Grading methodology

For each assessment criterion, the addressees were given a grade, applying the grading scale for action and inaction set out in the ESRB Handbook of assessment of compliance with ESRB recommendations. Where addressee had taken action, it was assessed as fully compliant (FC), largely compliant (LC), partially compliant (PC), materially non-compliant (MNC) or non-compliant (NC). Where addressees had taken no action, it was assessed as either sufficiently explained (SE) or insufficiently explained (IE). Where addressees could not be assessed because the actions recommended did not fall within their remit due to their respective legal mandates (i.e. the authority concerned had no direct supervisory powers over the financial institutions subject to the Recommendation), a non-applicable (N/A) was awarded.

The **grades for action** were as follows:

Grading scale for action	
Fully compliant (FC)	The addressee complies entirely with the requirements.
Largely compliant (LC)	The requirements have been met almost entirely and only negligible requirements remain for implementation.
Partially compliant (PC)	The most important requirements have been met; the adequacy of implementation shows certain deficiencies, without this resulting in a situation in which the recommendation concerned has not been acted on.
Materially non-compliant (MN)	The requirements have been fulfilled to a degree, resulting in a significant deficiency in implementation.
Non-compliant (NC)	Almost none of the requirements have been met, even if steps have been taken towards implementation.

The **grades for inaction** were as follows:



Grading scale for inaction

Sufficiently explained (SE)	A complete and well-reasoned explanation for the lack of implementation has been provided; if one or more of the sub-recommendations are intended to address a particular systemic risk, that does not affect a particular addressee.
Insufficiently explained (IE)	The explanation given for the lack of implementation is not sufficient to justify the inaction.

2.3.1 Grading during the first period of application of the Recommendation

During the first phase of the assessment, the Assessment Team agreed that the first three assessment criteria (**dividends, buy-backs, variable remuneration**) would be graded as follows:

- **Fully compliant:** addressees would be graded as FC where they had requested financial institutions to refrain from making the relevant distributions. If an addressee had granted any exemptions or carved out certain financial institutions from the request, an FC grade would be awarded only where those exemptions or carve-outs were fully justified, either because the relevant financial institutions had a legal obligation to make the relevant distributions or because the exemptions were fully justified on proportionality grounds. An FC grade would be awarded only in situations where the assessors did not identify any concerns over regulatory arbitrage.
- **Largely compliant:** addressees would be graded as LC where they had requested financial institutions to refrain from making the relevant distributions, but some aspects of the addressee's actions interfered with the objectives of the Recommendation. For example, addressees would be graded as largely compliant if they had requested additional or extreme caution in relation to one of the relevant points of recommendation A, rather than an outright cessation of the relevant distributions, and the addressee had justified that action on the grounds of sound legal or proportionality concerns. The Assessment Team decided that sound proportionality concerns included situations in which an outright cessation of the relevant distributions could have had significant unintended adverse consequences.
- **Partially compliant:** A PC grade would be awarded where the addressee's actions to comply were not fully aligned with the objectives of the Recommendation. Authorities that requested additional caution in making distributions, rather than an outright cessation of distributions, and that did not fully support that less extensive request on legal or proportionality grounds, would be graded as PC. The Assessment Team considered that the absence of binding legal powers with which to 'back up' a request for financial institutions to cease making distributions would not be considered full justification for not making such a request.
- **Materially non-compliant:** Addressees that had taken some actions to restrict the relevant distributions, but whose actions were significantly in conflict with the objectives of the Recommendation (e.g. preserving capital and preventing stigma effects) would be graded MNC. Authorities would be graded MNC where they had expressed an expectation that



financial institutions take the risks associated with the COVID-19 pandemic into account but had made no request for financial institutions to either refrain from making the relevant distributions or to reduce those distributions.

- **Non-compliant:** This grade would be awarded where action on the part of the addressee was not in line with the objectives of the Recommendation.
- **Sufficiently explained:** Addressees would be graded as SE if they explained that action would have been redundant, e.g. where there were no relevant financial institutions in the jurisdiction concerned. Inaction would also be considered SE if the addressee explained that it would have been disproportionate to act, e.g. where the amount of any possible distributions that could have taken place in the absence of the request would have been negligible. Furthermore, the Assessment Team considered it would be disproportionate to act where there was a negligible chance of the relevant distributions being made in the absence of a request. For example, inaction in relation to share buy-backs would be considered SE if share buy-backs were exceptionally uncommon amongst the financial institutions falling within a given addressee's remit and, consequently, making a request for those institutions to refrain from conducting buy-backs would therefore not have had any practical impact.
- **Inaction insufficiently explained:** This grade would be given in circumstances where authorities had taken no action and had not given an adequate explanation for their inaction. The Assessment Team held that inaction in relation to variable remuneration could not be sufficiently explained on the basis that restricting variable remuneration would have a limited impact relative to restricting dividends. The Assessment Team considered that accepting such a justification would have undermined the inclusion of variable remuneration in the Recommendation in the first place. Moreover, the Assessment Team took the lower importance of variable remuneration for achievement of the objectives of the Recommendation into account in the weightings assigned to the different assessment criteria.

Duration: Addressees would be assessed as FC if they had imposed restrictions until at least 1 January 2021. Addressees that had imposed restrictions without a specific end date and that had made the lifting of the restrictions conditional on the end of the COVID-19 economic shock would also be considered FC if there had been no indication that the measure would be lifted before the end of 2022. Addressees would be graded as: LC if restrictions had been in place at least until 1 December 2020; PC for restrictions in place until at least 1 November 2020; MNC for restrictions in place until at least 1 October 2020; and NC for restrictions ending before 1 October 2020.

Regular assessment: Addressees would be assessed as FC if there was evidence that an assessment had been conducted, or was planned, that took into account the objectives of the Recommendation. Addressees would be assessed as LC if there was evidence that some form of impact assessment would be carried out, albeit where the objectives of the Recommendation would not be taken into account. A PC grade would be awarded if there was some evidence of relevant data collection but not a dedicated impact assessment. A grade of IE would be awarded if there was no evidence of an assessment being conducted.



Adherence to the principles: For addressees that were assessed against this criterion,¹⁹ an FC grade would be awarded if there was evidence that the principles for implementation had been taken into account. In particular, an FC grade would be awarded if there was evidence that addressee had taken into consideration not only risks to local financial stability but also the cross-border dimensions of the prohibition or restrictions as set out in Principles 1 and 2, and if the addressee was acting in cooperation with other relevant authorities, as set out in Principle 3. An LC grade would be awarded if most of the principles had been taken into account, whereas a PC grade would be assigned if some of the principles had been taken into account. A grade of SE would be awarded if an institution had imposed restrictions at individual or a sub-consolidated level but had explained that this action had not entailed any cross-border implications. Given the limited circumstances in which this assessment criterion was applicable, no other grades would be awarded.

2.3.2 Grading during the second period of application of the Recommendation

During the second phase of the assessment, the Assessment Team agreed that the first three assessment criteria (**dividends, buy-backs, variable remuneration**) would be graded as follows:

- **Fully compliant:** addressees would be graded as FC where they requested financial institutions either to refrain from making the aforementioned distributions, or to exercise extreme caution in doing so and observe the conservative threshold set by the competent authority. If no predetermined conservative threshold had existed, an FC would also apply, provided the competent authorities had paid due regard to the objectives of the Recommendation resulting, de facto, in conservative policies being applied. If an addressee had granted any exemptions or carved out certain financial institutions from the request, a FC grade would be awarded only where those exemptions or carve-outs were fully justified, either because relevant financial institutions had a legal obligation to make the relevant distributions or because the exemptions were fully justified on proportionality grounds. An FC grade would be awarded only in situations where the assessors did not identify any concerns over regulatory arbitrage.
- **Largely compliant:** addressees would be graded as LC where they had requested financial institutions to refrain from making the relevant distributions, but some aspects of the addressee's actions interfered with the objectives of the Recommendation. For example, addressees would be graded as largely compliant where they had requested additional or extreme caution in relation to one of the relevant points of recommendation A of the Recommendation, and in so doing had expected to achieve a significant reduction in the level of distributions, but had not set any conservative threshold and had not, de facto, applied conservative policies.

¹⁹ Addressees were assessed against this assessment criterion only where (1) they had sought to restrict distributions at individual or sub-consolidated level by financial institutions for which the highest level of consolidation in the EU is in another Member State, and (2) they had sought to implement these restrictions after the ESRB had published its Recommendation. Where this was not the case, this criterion was deemed not to be applicable and the weightings of the other criteria were adjusted accordingly.



- **Partially compliant:** A PC grade would be awarded where the addressees' actions to comply were not fully aligned with the objectives of the Recommendation. Authorities that had requested additional caution but had not required banks to observe a conservative threshold and had not, de facto, applied conservative policies, would be graded as PC.
- **Materially non-compliant:** Addressees that had taken some actions to restrict the relevant distributions, but whose actions were significantly in conflict with the objectives of the Recommendation (e.g. preserving capital and preventing stigma effects) would be graded MNC. Authorities would be graded MNC where they had expressed an expectation that financial institutions take the risks associated with the COVID-19 pandemic into account but had made no request for financial institutions to either refrain from making the relevant distributions or to reduce distributions.
- **Non-compliant:** This grade would be awarded where action on the part of the addressees was not in line with the objectives of the Recommendation.
- **Sufficiently explained:** Addressees would be graded as SE if they have explained that action would have been redundant, e.g. where there were no relevant financial institutions in the jurisdiction. Inaction would also be considered SE if the addressee explained that it would have been disproportionate to act, e.g. where the amount of any possible distributions that could take place in the absence of the request would have been negligible. Furthermore, the Assessment Team would consider it to be disproportionate to act where there was a negligible chance of the relevant distributions being made in the absence of a request. For example, inaction in relation to share buy-backs would be considered SE if share buy-backs were exceptionally uncommon amongst the financial institutions falling within a given addressee's remit, meaning that making a request for those institutions to refrain from conducting buy-backs would not have had any practical impact.
- **Inaction insufficiently explained:** This grade would be given in circumstances where the authorities had taken no action and had not given an adequate explanation for their inaction. The Assessment Team considered that inaction in relation to variable remuneration could not be sufficiently explained on the basis that restricting variable remuneration would have a limited impact relative to restricting dividends. The Assessment Team considered that accepting such a justification would undermine the inclusion of variable remuneration in the Recommendation in the first place. Moreover, the Assessment Team had taken the lesser importance of variable remuneration for achievement of the objectives of the Recommendation into account in determining the weightings to be assigned to the different assessment criteria.

Duration: Addressees would be assessed as FC if they had imposed restrictions until at least 30 September 2021. Addressees that had imposed restrictions without a specific end date and that had made the lifting of the restrictions conditional on the end of the COVID-19 economic shock would also be considered FC, provided that there was no indication that the measure would be lifted before the end of September 2021.

Regular assessment: Addressees would be assessed as FC if there was evidence that an assessment had been conducted, or was planned, that took into account the objectives of the



ESRB Recommendation. Addressees would be assessed as LC if there was evidence that some form of impact assessment would be carried out, albeit that the objectives of the ESRB Recommendation would not be taken into account. A PC grade would be awarded if there was some evidence of relevant data collection but not a dedicated impact assessment. A grade of IE would be awarded if there was no evidence of any assessment being conducted.

Adherence to the principles: For addressees that were assessed against this criterion,²⁰ an FC grade would be awarded if there was evidence that the principles for implementation had been taken into account. In particular, an FC grade would be awarded if there was evidence that the addressee took into consideration not only the risks to local financial stability but also the cross-border dimensions of the prohibition or restrictions set out in Principles 1 and 2, and if the addressee was acting in cooperation with other relevant authorities, as indicated in Principle 3. An LC grade would be awarded if most of the principles were taken into account, and a PC grade if some of the principles were taken into account. A grade of SE would be awarded if an institution had imposed restrictions at individual or a sub-consolidated level but explained that this action did not entail any cross-border implications. Given the limited circumstances in which this assessment criterion was applicable, no other grades would be awarded.

2.4 Overall assessment

In order to assign a single grade to each addressee, a three-step grading methodology was used.

- **Step I** – Compliance grades for every assessment criterion were converted into a numerical grade (see the table below). These numerical grades were then weighted and aggregated into a single numerical grade for each assessment criterion.

Compliance grade	Numerical grade
Fully compliant (FC)	1
Largely compliant (LC)	0.75
Partially compliant (PC)	0.5
Materially non-compliant (MC)	0.25
Non-compliant (NC)	0
Sufficiently explained (SE)	1
Insufficiently explained (IE)	0

²⁰ Addressees were assessed against this assessment criterion only if they had sought to restrict distributions at individual or sub-consolidated level by financial institutions for which the highest level of consolidation in the EU was in another Member State. Where this was not the case, this criterion was deemed not to be applicable, and the weightings of the other criteria were adjusted accordingly.



- **Step II** – The aggregated numerical grade for each assessment criterion for the entire period of the Recommendation that was calculated in Step I was then weighted as set out in Section 2.2 of this Report and the resulting weighted criterion grades were aggregated to give a single numerical grade encompassing all the criteria for all the addressees for the entire period of the Recommendation.
- **Step III** – Finally, the overall compliance grade was determined by converting the single numerical grade calculated in Step II into a final grade for compliance for the addressees as a whole using the conversion table below.

Compliance grades	Numerical grades
Action	
FC	0.9-1
LC	0.67-0.9
PC	0.4-0.67
MN	0.158-0.4
NC	0-0.158

The level of compliance was finally expressed in a colour-coded form*:

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

2.5 Issues encountered by the Assessment Team

While implementing the methodology described in Section 2 of this Report, the Assessment Team encountered a number of issues that increased the difficulty of assessing the addressees.

The first issue identified was the brevity of the responses submitted by some of the addressees for the first reporting deadline. More specifically, in some cases the Assessment Team had to call for additional information because the initial response was either incomplete and/or not relevant for assessing compliance with the principles outlined in the Recommendation. Based on the principle



of fairness, the members of the Assessment Team decided to contact all these addressees and provide them with a questionnaire so that further details could be provided of the actions they had taken to comply with the Recommendation during the first period of application.

Second, a group of addressees²¹ were unable to comply with the reporting deadline for the first period of application (31 July 2020) set in Section 2.4. of the Recommendation. However, given the unprecedented conditions that had interfered with the smooth functioning of the national institutions, the Assessment Team decided not to take this into account in grading their compliance. Most of these addressees replied shortly after the deadline, which, in the light of stressed conditions caused by the COVID-19-related crisis, was deemed acceptable for the purposes of the assessment. Given that no severe disruption was caused, it was agreed that late submissions would not be penalised, irrespective of the date of submission.

A third issue concerned the difficulty of assessing the extent to which the principles set out in paragraph 2 of the criteria for implementation (Section 2(3)(2) of the Recommendation) were adhered to. The principles were relevant solely for a subset of addressees because they only applied if the authorities had imposed restrictions at individual or sub-consolidated level. The Assessment Team considered that the Recommendation did not have retroactive effect. Some of the authorities for which the principles were relevant, given that they had imposed restrictions after the Recommendation had been issued, explained that the cross-border effects of their actions could be expected to have had limited or negligible adverse consequences for the Internal Market, whilst at the same time having had significant positive effects on financial stability at national level. In view of the large number of addressees for the Recommendation, the Assessment Team considered it would not have been feasible to substantively challenge the underlying risk assessment that had informed each addressee's actions. On this basis, the Assessment Team accepted the authorities' assessments of the potential cross-border effects. At the same time, the Assessment Team received no evidence of how authorities had complied with Principle 1 of Section 3(2) of the Recommendation, and in particular how they had supported the smooth functioning of the Internal Market and had recognised the need for the financial sector to provide a sustainable contribution to economic growth in Member States and the EU as a whole. Since the Recommendation did not detail specific actions that would be needed in order to comply with this principle, the absence of evidence in relation to this criterion was not taken into account in the grade assigned to each authority. Regarding Principle 3, concerning the need for close cooperation between relevant authorities, the addressees' responses revealed differing interpretations of what compliance with this principle would entail. Some authorities stated that they had complied with this principle by making their intentions known through the ESRB governance committees, while others had notified other authorities of their intentions to impose restrictions prior to imposing them.

The final issue concerned whether there should be a change in the grade from FC to LC when a conservative threshold was not explicitly predetermined ex ante for the second

²¹ Erhvervs- og Vækstministeriet (Ministry of Business and Growth) (Denmark), Det Systemiske Risikoråd (Systemic Risk Council) (Denmark), Autoridad Macroprudencial Consejo de Estabilidad Financiera (Macroprudential Authority Financial Stability Council) (Spain), Seðlabanki Íslands (Central Bank of Iceland), Autorité de contrôle prudentiel et de résolution (Prudential Control and Resolution Authority) (France), Haut conseil de stabilité financière (High Council for Financial Stability) (France), Central Bank of Cyprus, Finanstilsynet (Financial Supervisory Authority) (Norway), Norges Bank (Central Bank of Norway), Komisja Nadzoru Finansowego (Financial Supervision Authority) (Poland), Komitet Stabilności Finansowej (Financial Stability Committee) (Poland).



period of application of the Recommendation. The Assessment Team considered applying a grading approach in order to ensure homogeneity, consistency and judgement on substance over matter. Therefore, a FC grade was awarded even in cases where no conservative threshold had been predetermined ex ante, provided that the competent authorities had paid due regard to the objectives of the Recommendation. This included the need to ensure that the overall level of distributions by the financial institutions falling within their supervisory remit was significantly lower than in the years prior to the COVID-19 pandemic, allowing for the specificities of each sector as set out in the relevant principles. In practical terms, a FC grade was granted when the approach corresponded, de facto, to conservative policies, meaning that any amounts of dividend payments, share buy-backs and/or variable remuneration paid out by financial institutions to material risk takers were cautiously determined and did not undermine their solvency position.



3 Assessments results for compliance with the Recommendation

The overall assessment revealed a high degree of compliance among the addressees with Recommendation. This section provides an overview of the assessment results for all the addressees (4.1), as well as a more detailed breakdown of the grades attributed for each element of recommendation A of the Recommendation (4.2).

3.1 Assessments results for compliance during the first period of application of the Recommendation

3.1.1 Overall grades

As shown in Table 1, the majority (77%) of addressees were assessed as being fully compliant (FC) during the first period of application of the Recommendation. A sizeable minority (20%) were assessed as being largely compliant (LC), while a few (3%) were assessed as being partially compliant (PC). No addressees were assessed as being materially non-compliant (MNC) or non-compliant (NC).



Table 1

Overall compliance grades for the first period of application of the Recommendation

	Addressees	Overall compliance grade
AT	Finanzmarktaufsichtsbehörde (Financial Market Authority)	FC
	Finanzmarktstabilitätsgremium (Financial Market Stability Board)	FC
BE	Nationale Bank van België/Banque Nationale de Belgique (National Bank of Belgium)	FC
	Autoriteit voor Financiële diensten en Markten/Autorité des services et marchés financiers (Financial Services and Markets Authority)	FC
BG	Българска народна банка (Bulgarian National Bank)	FC
	Комисия за Финансов Надзор (Financial Supervision Commission)	FC
CY	Central Bank of Cyprus	FC
	Insurance Companies Control Service	FC
	Cyprus Securities and Exchange Commission	LC
CZ	Česká národní banka (Czech National Bank)	LC
DE	Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) (Federal Financial Supervisory Authority)	LC
	Ausschuss für Finanzstabilität Bundesministerium der Finanzen (Financial Stability Committee)	FC
DK	Finanstilsynet (Financial Supervisory Authority)	LC
	Erhvervs- og Vækstministeriet (Ministry of Business and Growth)	FC
	Det Systemiske Risikoråd (Systemic Risk Council)	LC
n/a	European Central Bank (ECB)/Single Supervisory Mechanism (SSM)	FC
EE	Finantsinspeksioon (Financial Supervision Authority)	FC
	Eesti Pank (Bank of Estonia)	FC
ES	Banco de España (Central Bank of Spain)	FC
	Autoridad Macropudencial Consejo de Estabilidad Financiera (Macropudencial Authority Financial Stability Council)	FC
	Comisión Nacional del Mercado de Valores (National Securities Market Commission)	FC
	Dirección General de Seguros y Fondos de Pensiones (Directorate-General for Insurance and Pension Funds)	FC
FI	Finanssivalvonta (Financial Supervisory Authority)	FC
FR	Autorité de contrôle prudentiel et de résolution (Prudential Supervisory and Resolution Authority)	FC
	Haut conseil de stabilité financière (High Council for Financial Stability)	FC
GR	Bank of Greece	FC
	Hellenic Capital Market Commission	FC
HR	Hrvatska narodna banka (Croatian National Bank)	LC
	Hrvatska Agencija za Nadzor Financijskih Usluga (Croatian Financial Services Supervisory Agency)	FC
HU	Magyar Nemzeti Bank (Central Bank of Hungary)	FC
IE	Central Bank of Ireland	FC
IS	Seðlabanki Íslands (Central Bank of Iceland)	LC
IT	Banca d'Italia (Bank of Italy)	FC
	Commissione Nazionale per le Società e la Borsa (CONSOB) (Italian Companies and Exchange	FC



	Addressees	Overall compliance grade
	Commission)	
	Istituto per la Vigilanza sulle Assicurazioni (IVASS) (Institute for Insurance Supervision)	FC
LI	Finanzmarktaufsicht Liechtenstein (Liechtenstein Financial Market Authority)	FC
	Ausschuss für Finanzmarktstabilität (Financial Stability Council)	FC
LT	Lietuvos bankas (Central Bank of Lithuania)	FC
LU	Commission de Surveillance du Secteur Financier (Financial Sector Supervisory Commission)	FC
	Comité du risque systémique (Systemic Risk Committee)	FC
	Commissariat aux assurances (Insurance Commission)	FC
LV	Finanšu un kapitāla tirgus komisija (Financial and Capital Market Commission)	LC
	Latvijas Banka (National Bank of Latvia)	FC
MT	Malta Financial Market Authority	FC
	Bank Ċentrali ta' Malta (Central Bank of Malta)	FC
NL	De Nederlandsche Bank (Central Bank of the Netherlands)	LC
NO	Finanstilsynet (Financial Supervisory Authority)	LC
	Finansdepartementet (Ministry of Finance)	LC
	Norges Bank (Central Bank of Norway)	FC
PL	Komisja Nadzoru Finansowego (Financial Supervision Commission)	LC
	Komitet Stabilności Finansowej (Financial Stability Committee)	FC
PT	Autoridade de Supervisão de Seguros e Fundos de Pensões (Insurance and Pension Funds Supervisory Authority)	FC
	Banco de Portugal (Central Bank of Portugal)	FC
	Comissão do Mercado de Valores Mobiliários (Securities Market Commission)	FC
RO	Banca Națională a României (National Bank of Romania)	FC
	Comitetului Național pentru Supravegherea Macroprudențială (National Committee for Macroprudential Oversight)	FC
	Autoritatea de Supraveghere Financiară (Financial Supervisory Authority)	PC
SE	Finansinspektionen (Financial Supervisory Authority)	FC
SI	Agencija za zavarovalni nadzor (Insurance Supervision Agency)	LC
	Banka Slovenije (Bank of Slovenia)	FC
	Agencija za trg vrednostnih papirjev (Securities Market Agency)	PC
SK	Národná banka Slovenska (National Bank of Slovakia)	FC



FC	Fully compliant
LC	Largely compliant
PC	Partially compliant
MN	Materially non-compliant
NC	Non-compliant

3.1.2 Detailed breakdown of compliance with the Recommendation

While the overall grades for compliance with the Recommendation point to a high degree of compliance, as indicated in Section 3.1 of this Report, it is worth noting that there was some variation across points (a), (b) and (c) of recommendation A. For point (a) on dividends: 78% of addressees were assessed as being FC, 11% as being LC, and 11% as being PC. For point (b) on buy-backs, 76% were assessed as being FC, 14% as being LC and 10% as being PC.

The level of compliance with point (c) on variable remuneration was somewhat lower, with 51% of addressees assessed as being FC, 29% as being LC, 18% as being PC and 2% as being MNC. There was a largely comparable level of compliance across the different sectors (institutions subject to CRR/ **Directive 2013/36/EU**²² (hereinafter, “Capital Requirement Directive” or “CRD”), insurers and reinsurers, CCPs). Most authorities were fully compliant in terms of the duration of their actions and in regularly assessing the impact. The principles for application at sub-consolidated or individual levels were relevant solely for addressees that had applied restrictions at those levels. Given that most such authorities had implemented restrictions prior to the adoption of the Recommendation, the principles were deemed not to be applicable to them.

²² **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).



Table 2

Country-by-country breakdown of the overall compliance grades for the first period of application of the Recommendation

	Addressees	Dividend distributions [1(a)]			Overall grade (dividend distributions)	Buy-backs [1(b)]			Overall grade (buy-backs)
		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]	
AT	Finanzmarktaufsichtsbehörde	FC	FC	FC	FC	FC	FC	FC	FC
	Finanzmarktstabilitätsgremium	SE	SE	SE	FC	SE	SE	SE	FC
BE	Nationale Bank van België/Banque Nationale de Belgique	FC	FC	n/a	FC	FC	FC	n/a	FC
	Autoriteit voor Financiële diensten en Markten/Autorité des services et marchés financiers	SE	SE	SE	FC	SE	SE	SE	FC
BG	Българска народна банка	FC	n/a	n/a	FC	LC	n/a	n/a	LC
	Комисия за Финансов Надзор	FC	FC	FC	FC	SE	FC	FC	FC
CY	Central Bank of Cyprus	FC	FC	n/a	FC	FC	FC	n/a	FC
	Insurance Companies Control Service	n/a	FC	n/a	FC	n/a	FC	n/a	FC
	Cyprus Securities and Exchange Commission	LC	n/a	n/a	LC	LC	n/a	n/a	LC
CZ	Česká národní banka	FC	LC	n/a	LC	FC	LC	n/a	LC
DE	BaFin	PC	PC	SE	PC	PC	FC	SE	LC
	Ausschuss für Finanzstabilität Bundesministerium der Finanzen	SE	SE	SE	FC	SE	SE	SE	FC
DK	Finanstilsynet	LC	LC	n/a	LC	LC	LC	n/a	LC
	Erhvervs- og Vækstministeriet	SE	SE	SE	FC	SE	SE	SE	FC
	Det Systemiske Risikoråd	LC	LC	n/a	LC	LC	LC	n/a	LC
n/a	ECB/SSM	FC	n/a	n/a	FC	FC	n/a	n/a	FC



	Addressees	Dividend distributions [1(a)]			Overall grade (dividend distributions)	Buy-backs [1(b)]			Overall grade (buy-backs)
		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]	
EE	Finantsinspeksioon	FC	FC	FC	FC	FC	FC	FC	FC
	Eesti Pank	SE	SE	SE	FC	SE	SE	SE	FC
ES	Banco de España	FC	n/a	n/a	FC	FC	n/a	n/a	FC
	Autoridad Macropudencial Consejo de Estabilidad Financiera	SE	SE	SE	FC	SE	SE	SE	FC
	Comisión Nacional del Mercado de Valores	SE	n/a	FC	FC	SE	n/a	FC	FC
	Dirección General de Seguros y Fondos de Pensiones	n/a	FC	n/a	FC	n/a	FC	n/a	FC
FI	Finanssivalvonta	FC	FC	FC	FC	FC	FC	FC	FC
FR	Autorité de Contrôle Prudentiel et de Resolution	FC	FC	FC	FC	FC	FC	FC	FC
	Haut Conseil de Stabilité Financière	SE	SE	SE	FC	SE	SE	SE	FC
GR	Bank of Greece	FC	LC	SE	FC	FC	LC	SE	FC
	Hellenic Capital Market Commission	FC	n/a	FC	FC	FC	n/a	FC	FC
HR	Hrvatska narodna banka	FC	n/a	n/a	FC	SE	n/a	n/a	FC
	Hrvatska Agencija za Nadzor Financijskih Usluga	SE	FC	n/a	FC	SE	SE	n/a	FC
HU	Magyar Nemzeti Bank	FC	FC	SE	FC	PC	FC	SE	LC
IE	Central Bank of Ireland	FC	FC	SE	FC	FC	FC	SE	FC
IS	Seðlabanki Íslands	LC	LC	n/a	LC	LC	LC	n/a	LC
IT	Banca d'Italia	FC	n/a	SE	FC	FC	n/a	SE	FC
	CONSOB	n/a	n/a	FC	FC	n/a	n/a	SE	FC
	IVASS	n/a	FC	n/a	FC	n/a	FC	n/a	FC
LI	Finanzmarktaufsicht Liechtenstein	SE	SE	n/a	FC	SE	SE	n/a	FC
	Ausschuss für Finanzmarktstabilität	SE	SE	SE	FC	SE	SE	SE	FC



	Addressees	Dividend distributions [1(a)]			Overall grade (dividend distributions)	Buy-backs [1(b)]			Overall grade (buy-backs)
		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties subject to Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties subject to Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]	
LT	Lietuvos bankas	FC	FC	SE	FC	SE	SE	SE	FC
LU	Commission de surveillance du secteur financier	FC	n/a	n/a	FC	FC	n/a	n/a	FC
	Comité du risque systémique	SE	SE	SE	FC	SE	SE	SE	FC
	Commissariat aux assurances	n/a	FC	n/a	FC	n/a	FC	n/a	FC
LV	Finanšu un kapitāla tirgus komisija		FC	SE	FC	PC	IE	SE	PC
	Latvijas Banka	SE	SE	SE	FC	SE	SE	SE	FC
MT	Malta Financial Market Authority	FC	FC	n/a	FC	FC	FC	n/a	FC
	Bank Ċentrali ta' Malta	FC	FC	n/a	FC	FC	FC	n/a	FC
NL	De Nederlandsche Bank	FC	PC	LC	LC	FC	PC	LC	LC
NO	Finanstilsynet	FC	FC	n/a	FC	FC	FC	n/a	FC
	Finansdepartementet	LC	LC	n/a	LC	FC	FC	n/a	FC
	Norges Bank	SE	SE	SE	FC	SE	SE	SE	FC
PL	Komisja Nadzoru Finansowego	FC	FC	FC	FC	FC	FC	FC	FC
	Komitet Stabilności Finansowej	SE	SE	SE	FC	SE	SE	SE	FC
PT	Autoridade de Supervisão de Seguros e Fundos de Pensões	n/a	FC	n/a	FC	n/a	FC	n/a	FC
	Banco de Portugal	FC	n/a	n/a	FC	FC	n/a	n/a	FC
	Comissão do Mercado de Valores Mobiliários	n/a	n/a	FC	FC	n/a	n/a	FC	FC
RO	Banca Națională a României	FC	n/a	n/a	FC	FC	n/a	n/a	FC
	Comitetului Național pentru Supravegherea Macroprudențială	SE	SE	SE	FC	SE	SE	SE	FC
	Autoritatea de Supraveghere	LC	MN	n/a	PC	LC	MN	n/a	PC



	Addressees	Dividend distributions [1(a)]			Overall grade (dividend distributions)	Buy-backs [1(b)]			Overall grade (buy-backs)
		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]	
	Financiara								
SE	Finansinspektionen	FC	FC	FC	FC	FC	FC	FC	
SI	Agencija za zavarovalni nadzor	n/a	PC	n/a	PC	n/a	PC	PC	
	Banka Slovenije	FC	n/a	n/a	FC	FC	n/a	FC	
	Agencija za trg vrednostnih papirjev	PC	n/a	PC	PC	n/a	PC	PC	
SK	Národná banka Slovenska	FC	FC	n/a	FC	FC	FC	FC	



	Addressees	Variable remuneration [1(c)]			Overall grade (variable remuneration)	Duration	Regular assessment ESRB Rec. [3(1)(c)]	Adherence to principles ESRB Rec. [3(2)(a), (b) and (c)]	Overall compliance grade
		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]					
AT	Finanzmarktaufsichtsbehörde	FC	FC	FC	FC	FC	FC	n/a	FC
	Finanzmarktstabilitätsgremium	SE	SE	SE	FC	SE	SE	SE	FC
BE	Nationale Bank van België/Banque Nationale de Belgique	PC	PC	n/a	PC	FC	FC	FC	FC
	Autoriteit voor Financiële diensten en Markten/Autorité des services et marchés financiers	SE	SE	SE	FC	SE	SE	SE	FC
BG	Българска народна банка	LC	n/a	n/a	LC	FC	FC	SE	FC
	Комисия за Финансов Надзор	PC	FC	FC	LC	FC	FC	SE	FC
CY	Central Bank of Cyprus	FC	FC	n/a	FC	FC	LC	SE	FC
	Insurance Companies Control Service	n/a	FC	n/a	FC	FC	LC	n/a	FC
	Cyprus Securities and Exchange Commission	LC	n/a	n/a	LC	FC	LC	SE	LC
CZ	Česká národní banka	PC	PC	n/a	PC	FC	FC	FC	LC
DE	BaFin	PC	PC	IE	MN	FC	LC	SE	LC
	Ausschuss für Finanzstabilität Bundesministerium der Finanzen	SE	SE	SE	FC	SE	SE	SE	FC
DK	Finanstilsynet	LC	LC	n/a	LC	FC	LC	SE	LC
	Erhvervs- og Vækstministeriet	SE	SE	SE	FC	SE	SE	SE	FC
	Det Systemiske Risikoråd	LC	LC	n/a	LC	SE	SE	SE	LC
n/a	ECB/SSM	LC	n/a	n/a	LC	FC	FC	n/a	FC
EE	Finantsinspeksiioon	FC	FC	FC	FC	FC	FC	SE	FC
	Eesti Pank	SE	SE	SE	FC	SE	SE	SE	FC
ES	Banco de España	LC	n/a	n/a	LC	FC	FC	n/a	FC



	Addressees	Variable remuneration [1(c)]			Overall grade (variable remuneration)	Duration	Regular assessment ESRB Rec. [3(1)(c)]	Adherence to principles ESRB Rec. [3(2)(a), (b) and (c)]	Overall compliance grade
		Institutions subject to CRD [2(1)(1)(c)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]					
	Autoridad Macroprudencial Consejo de Estabilidad Financiera	SE	SE	SE	FC	SE	SE	n/a	FC
	Comisión Nacional del Mercado de Valores	SE	n/a	FC	FC	FC	FC	n/a	FC
	Dirección General de Seguros y Fondos de Pensiones	n/a	PC	n/a	PC	FC	FC	n/a	FC
FI	Finanssivalvonta	FC	PC	FC	LC	FC	FC	FC	FC
FR	Autorité de Contrôle Prudentiel et de Resolution	FC	FC	FC	FC	FC	FC	FC	FC
	Haut Conseil de Stabilité Financière	SE	SE	SE	FC	SE	SE	SE	FC
GR	Bank of Greece	LC	LC	SE	LC	FC	SE	n/a	FC
	Hellenic Capital Market Commission	FC	n/a	FC	FC	FC	SE	SE	FC
HR	Hrvatska narodna banka	PC	n/a	n/a	PC	FC	LC	n/a	LC
	Hrvatska Agencija za Nadzor Financijskih Usluga	SE	PC	n/a	LC	FC	FC	n/a	FC
HU	Magyar Nemzeti Bank	PC	FC	SE	LC	FC	FC	n/a	FC
IE	Central Bank of Ireland	LC	FC	SE	FC	FC	FC	FC	FC
IS	Seðlabanki Íslands	PC	PC	n/a	PC	LC	SE	SE	LC
IT	Banca d'Italia	LC	n/a	SE	LC	FC	SE	SE	FC
	CONSOB	n/a	n/a	FC	FC	FC	SE	SE	FC
	IVASS	n/a	FC	n/a	FC	FC	FC	FC	FC
LI	Finanzmarktaufsicht Liechtenstein	SE	SE	n/a	FC	LC	LC	LC	FC
	Ausschuss für Finanzmarktstabilität	SE	SE	SE	FC	SE	SE	SE	FC
LT	Lietuvos bankas	LC	PC	SE	LC	FC	FC	n/a	FC
LU	Commission de surveillance du	LC	n/a	n/a	LC	FC	FC	FC	FC



	Addressees	Variable remuneration [1(c)]			Overall grade (variable remuneration)	Duration	Regular assessment ESRB Rec. [3(1)(c)]	Adherence to principles ESRB Rec. [3(2)(a), (b) and (c)]	Overall compliance grade
		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]					
	secteur financier								
	Comité du risque systémique	LC	SE	SE	FC	SE	SE	FC	
	Commissariat aux assurances	n/a	FC	n/a	FC	FC	PC	FC	
LV	Finanšu un kapitāla tirgus komisija	LC	LC	SE	LC	FC	FC	n/a	LC
	Latvijas Banka	SE	SE	SE	FC	SE	SE	FC	
MT	Malta Financial Market Authority	LC	FC	n/a	LC	FC	LC	SE	FC
	Bank Ċentrali ta' Malta	LC	FC	n/a	LC	FC	LC	SE	FC
NL	De Nederlandsche Bank	LC	PC	PC	PC	FC	FC	n/a	LC
NO	Finanstilsynet	LC	LC	n/a	LC	PC	FC	n/a	LC
	Finansdepartementet	LC	LC	n/a	LC	PC	FC	n/a	LC
	Norges Bank	SE	SE	SE	FC	SE	SE	FC	
PL	Komisja Nadzoru Finansowego	PC	PC	PC	PC	LC	SE	LC	
	Komitet Stabilności Finansowej	SE	SE	SE	FC	SE	SE	FC	
PT	Autoridade de Supervisão de Seguros e Fundos de Pensões	n/a	FC	n/a	FC	FC	FC	n/a	FC
	Banco de Portugal	FC	n/a	n/a	FC	FC	FC	n/a	FC
	Comissão do Mercado de Valores Mobiliários	n/a	n/a	FC	FC	FC	FC	SE	FC
RO	Banca Națională a României	FC	n/a	n/a	FC	FC	FC	n/a	FC
	Comitetului Național pentru Supravegherea Macroprudențială	SE	SE	SE	FC	SE	SE	FC	
	Autoritatea de Supraveghere Financiară	LC	MN	n/a	PC	FC	FC	n/a	PC
SE	Finansinspektionen	FC	FC	FC	FC	FC	FC	n/a	FC
SI	Agencija za	n/a	SE	n/a	FC	FC	PC	n/a	LC



	Addressees	Variable remuneration [1(c)]			Overall grade (variable remuneration)	Duration	Regular assessment ESRB Rec. [3(1)(c)]	Adherence to principles ESRB Rec. [3(2)(a), (b) and (c)]	Overall compliance grade
		Institutions subject to CRD [2(1)(1)(c)(i)]	(Re)insurers subject to Solvency II [2(1)(1)(c)(ii) and (iii)]	Central counterparties Regulation (EU) No 648/2012 [2(1)(1)(c)(iv)]					
	zavarovalni nadzor								
	Banka Slovenije	FC	n/a	n/a	FC	FC	FC	n/a	FC
	Agencija za trg vrednostnih papirjev	PC	n/a	PC	PC	FC	PC	n/a	PC
SK	Národná banka Slovenska	PC	PC	n/a	PC	FC	FC	FC	FC

FC	Fully compliant
LC	Largely compliant
PC	Partially compliant
MN	Materially non-compliant
NC	Non-compliant

3.2 Assessments results for compliance during the second period of application of the Recommendation

3.2.1 Overall grades

As shown in Table 3, the majority (92%) of addressees were assessed as being fully compliant (FC) during the second period of application of the Recommendation. A sizeable minority (8%) were assessed as being largely compliant (LC). No addressees were assessed as being partially compliant (PC), materially non-compliant (MNC) or non-compliant (NC).



Table 3

Overall compliance grades for the second period of application of the Recommendation

	Addressees	Overall compliance grade
AT	Finanzmarktaufsichtsbehörde	FC
	Finanzmarktstabilitätsgremium	n/a
BE	Nationale Bank van België/Banque Nationale de Belgique	FC
	Autoriteit voor Financiële diensten en Markten/Autorité des services et marchés financiers	n/a
BG	Българска народна банка	FC
	Комисия за финансов надзор	FC
CY	Central Bank of Cyprus	FC
	Insurance Companies Control Service	FC
	Cyprus Securities and Exchange Commission	LC
CZ	Česká národní banka	FC
DE	BaFin	LC
	Ausschuss für Finanzstabilität Bundesministerium der Finanzen	n/a
DK	Finanstilsynet	FC
	Erhvervs- og Vækstministeriet	n/a
	Det Systemiske Risikoråd	n/a
n/a	ECB/SSM	FC
EE	Finantsinspeksioon	FC
	Eesti Pank	n/a
ES	Banco de España	FC
	Autoridad Macropudencial Consejo de Estabilidad Financiera	FC
	Comisión Nacional del Mercado de Valores	FC
	Dirección General de Seguros y Fondos de Pensiones	FC
FI	Finanssivalvonta	FC
FR	Autorité de contrôle prudentiel et de résolution	FC
	Haut conseil de stabilité financière	n/a
GR	Bank of Greece	FC
	Hellenic Capital Market Commission	FC
HR	Hrvatska narodna banka	FC
	Hrvatska Agencija za Nadzor Financijskih Usluga	FC
HU	Magyar Nemzeti Bank	FC
IE	Central Bank of Ireland	FC
IS	Seðlabanki Íslands	FC
IT	Banca d'Italia	FC
	CONSOB	n/a
	IVASS	FC
LI	Finanzmarktaufsicht Liechtenstein	FC



	Addressees	Overall compliance grade
	Ausschuss für Finanzmarktstabilität	n/a
LT	Lietuvos bankas	FC
LU	Commission de surveillance du secteur financier	FC
	Comité du risque systémique	FC
	Commissariat aux assurance	LC
LV	Finanšu un kapitāla tirgus komisija	FC
	Latvijas Banka	FC
MT	Malta Financial Services Authority	FC
	Bank Ċentrali ta' Malta	n/a
NL	De Nederlandsche Bank	FC
NO	Finanstilsynet	FC
	Finansdepartementet	FC
	Norges Bank	n/a
PL	Komisja Nadzoru Finansowego	FC
	Komitet Stabilności Finansowej	n/a
PT	Autoridade de Supervisão de Seguros e Fundos de Pensões	FC
	Banco de Portugal	FC
	Comissão do Mercado de Valores Mobiliários	n/a
RO	Banca Națională a României	FC
	Comitetului Național pentru Supravegherea Macroprudențială	FC
	Autoritatea de Supraveghere Financiară	FC
SE	Finansinspektionen	FC
SI	Agencija za zavarovalni nadzor	n/a
	Banka Slovenije	FC
	Agencija za trg vrednostnih papirjev	n/a
SK	Národná banka Slovenska	LC

FC	Fully compliant
LC	Largely compliant
PC	Partially compliant
MN	Materially non-compliant
NC	Non-compliant



3.2.2 Detailed breakdown of compliance for the second period of application of the Recommendation

The overall level of compliance was very high for the second period of application of the Recommendation. Out of the 47 authorities that were assessed, 43 (i.e. 92%) received an overall compliance grade of FC. Only four authorities (i.e. 8%) received an overall compliance grade of LC, which means that no authority assessed received an overall compliance grade lower than LC. Fifteen authorities were not subject to an assessment *in rem* because the Assessment Team deemed the Recommendation to be “non-applicable” due to the respective legal mandates of these authorities in their jurisdictions (i.e. those authorities had no direct supervisory powers over the financial institutions subject to the Recommendation).

Compliance with sub-recommendations was more heterogeneous and varied across sectors.

For institutions subject to the CRR/CRD compliance requirements, compliance for dividend distributions was as follows: 94% of addressees were FC or an equivalent SE, while 6% of addressees were LC. For buy-backs, 95% were FC or an equivalent SE, while 5% were LC. For variable remuneration, compliance was somewhat lower, with 90% of addressees being FC or an equivalent SE, 7% being LC and 3% (one instance) only being PC.

In the insurance sector, compliance with the respective sub-recommendations was the following: for dividend distributions, 88% of addressees were deemed to be FC or an equivalent SE, while 9% were LC, and a residual 3% (one instance) only being PC. For buy-backs, 91% were FC or an equivalent SE, 6% were LC and only 3% (one instance) were PC. For variable remuneration, compliance was a bit lower, with 85% being FC or an equivalent SE, 12% being LC and 3% (one instance) being PC.



Table 4

Country-by-country breakdown of the overall compliance grades for the second period of application of the Recommendation

	Addressees	Dividend distributions [1(a)]		Overall grade (dividend distributions)	Buy-backs [1(b)]		Overall grade (buy-backs)
		Institutions subject to CRD	(Re)insurers subject to Solvency II		Institutions subject to CRD	(Re)insurers subject to Solvency II	
		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]	
AT	Finanzmarktaufsichtsbehörde	FC	FC	FC	FC	FC	FC
	Finanzmarktstabilitätsgremium	n/a	n/a	n/a	n/a	n/a	n/a
BE	Nationale Bank van België/Banque Nationale de Belgique	FC	FC	FC	FC	FC	FC
	Autoriteit voor Financiële diensten en Markten/Autorité des services et marchés financiers	n/a	n/a	n/a	n/a	n/a	n/a
BG	Българска народна банка	FC	n/a	FC	FC	n/a	FC
	Комисия за Финансов Надзор	n/a	FC	FC	n/a	LC	LC
CY	Central Bank of Cyprus	FC	n/a	FC	FC	n/a	FC
	Insurance Companies Control Service	n/a	FC	FC	n/a	FC	FC
	Cyprus Securities and Exchange Commission	LC	n/a	LC	LC	n/a	LC
CZ	Česká národní banka	FC	FC	FC	FC	FC	FC
DE	BaFin	LC	LC	LC	LC	FC	LC
	Ausschuss für Finanzstabilität Bundesministerium der Finanzen	n/a	n/a	n/a	n/a	n/a	n/a
DK	Finanstilsynet	FC	FC	FC	FC	FC	FC
	Erhvervs- og Vækstministeriet	n/a	n/a	n/a	n/a	n/a	n/a
	Det Systemiske Risikoråd	n/a	n/a	n/a	n/a	n/a	n/a
n/a	ECB/SSM	FC	n/a	FC	FC	n/a	FC
EE	Finantsinspeksioon	LC	LC	LC	FC	FC	FC
	Eesti Pank	n/a	n/a	n/a	n/a	n/a	n/a
ES	Banco de España	FC	n/a	FC	FC	n/a	FC
	Autoridad Macprudencial Consejo de Estabilidad	SE	SE	FC	SE	SE	FC



	Addressees	Dividend distributions [1(a)]		Overall grade (dividend distributions)	Buy-backs [1(b)]		Overall grade (buy- backs)
		Institutions subject to CRD	(Re)insurers subject to Solvency II		Institutions subject to CRD	(Re)insurers subject to Solvency II	
		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]	
	Financiera						
	Comisión Nacional del Mercado de Valores	FC	n/a	FC	FC	n/a	FC
	Dirección General de Seguros y Fondos de Pensiones	n/a	FC	FC	n/a	FC	FC
FI	Finanssivalvonta	FC	FC	FC	FC	FC	FC
FR	Autorité de contrôle prudentiel et de résolution	FC	FC	FC	FC	FC	FC
	Haut conseil de stabilité financière	n/a	n/a	n/a	n/a	n/a	n/a
GR	Bank of Greece	FC	FC	FC	FC	FC	FC
	Hellenic Capital Market Commission	FC	n/a	FC	FC	n/a	FC
HR	Hrvatska narodna banka	FC	n/a	FC	FC	n/a	FC
	Hrvatska Agencija za Nadzor Financijskih Usluga	n/a	FC	FC	n/a	FC	FC
HU	Magyar Nemzeti Bank	FC	FC	FC	FC	FC	FC
IE	Central Bank of Ireland	FC	FC	FC	FC	FC	FC
IS	Seðlabanki Íslands	FC	FC	FC	FC	FC	FC
IT	Banca d'Italia	FC	n/a	FC	FC	n/a	FC
	CONSOB	n/a	n/a	n/a	n/a	n/a	n/a
	IVASS	n/a	FC	FC	n/a	FC	FC
LI	Finanzmarktaufsicht Liechtenstein	SE	SE	FC	SE	SE	FC
	Ausschuss für Finanzmarktstabilität	n/a	n/a	n/a	n/a	n/a	n/a
LT	Lietuvos bankas	FC	FC	FC	FC	FC	FC
LU	Commission de surveillance du secteur financier	FC	n/a	FC	FC	n/a	FC
	Comité du risque systémique	FC	n/a	FC	FC	n/a	FC
	Commissariat aux assurances	n/a	LC	LC	n/a	LC	LC
LV	Finanšu un kapitāla tirgus komisija	FC	FC	FC	FC	FC	FC
	Latvijas Banka	FC	FC	FC	FC	FC	FC
MT	Malta Financial Services Authority	FC	FC	FC	FC	FC	FC



	Addressees	Dividend distributions [1(a)]		Overall grade (dividend distributions)	Buy-backs [1(b)]		Overall grade (buy- backs)
		Institutions subject to CRD	(Re)insurers subject to Solvency II		Institutions subject to CRD	(Re)insurers subject to Solvency II	
		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]	
	Bank Ċentrali ta' Malta	n/a	n/a	n/a	n/a	n/a	n/a
NL	De Nederlandsche Bank	FC	FC	FC	FC	FC	FC
NO	Finanstilsynet	FC	FC	FC	FC	FC	FC
	Finansdepartementet	FC	FC	FC	FC	FC	FC
	Norges Bank	n/a	n/a	n/a	n/a	n/a	n/a
PL	Komisja Nadzoru Finansowego	FC	FC	FC	FC	SE	FC
	Komitet Stabilności Fina nsowej	n/a	n/a	n/a	n/a	n/a	n/a
PT	Autoridade de Supervisão de Seguros e Fundos de Pensões	n/a	FC	FC	n/a	FC	FC
	Banco de Portugal	FC	n/a	FC	FC	n/a	FC
	Comissão do Mercado de Valores Mobiliários	n/a	n/a	n/a	n/a	n/a	n/a
RO	Banca Națională a României	FC	n/a	FC	FC	n/a	FC
	Comitetului Național pentru Supravegherea Macroprudențială	FC	n/a	FC	FC	n/a	FC
	Autoritatea de Supraveghere Financiară	n/a	FC	FC	n/a	FC	FC
SE	Finansinspektionen	FC	FC	FC	FC	FC	FC
SI	Agencija za zavarovalni nadzor	n/a	n/a	n/a	n/a	n/a	n/a
	Banka Slovenije	FC	n/a	FC	FC	n/a	FC
	Agencija za trg vrednostnih papirjev	n/a	n/a	n/a	n/a	n/a	n/a
SK	Národná banka Slovenska	FC	PC	LC	FC	PC	LC



	Addressees	Variable remuneration [1(c)]		Overall grade (variable remuneration)	Duration	Regular assessment ESRB Rec. [3(1)(c)]	Adherence to principles	Overall compliance grade
		Institutions subject to CRD	(Re)insurers subject to Solvency II				ESRB Rec. [3(2)(a), (b) and (c)]	
		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]					
AT	Finanzmarktaufsichtsbehörde	FC	FC	FC	FC	FC	FC	FC
	Finanzmarktstabilitätsgrremium	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BE	Nationale Bank van België/Banque Nationale de Belgique	FC	FC	FC	FC	FC	FC	FC
	Autoriteit voor Financiële diensten en Markten/Autorité des services et marchés financiers	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BG	Българска народна банка	FC	n/a	FC	FC	FC	FC	FC
	Комисия за Финансов Надзор	n/a	LC	LC	FC	FC	FC	FC
CY	Central Bank of Cyprus	FC	n/a	FC	FC	FC	FC	FC
	Insurance Companies Control Service	n/a	FC	FC	FC	FC	FC	FC
	Cyprus Securities and Exchange Commission	LC	n/a	LC	FC	FC	FC	LC
CZ	Česká národní banka	FC	FC	FC	FC	FC	FC	FC
DE	BaFin	FC	LC	LC	FC	FC	SE	LC
	Ausschuss für Finanzstabilität Bundesministerium der Finanzen	n/a	n/a	n/a	n/a	n/a	n/a	n/a
DK	Finanstilsynet	SE	SE	FC	FC	FC	n/a	FC
	Erhvervs- og Vækstministeriet	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Det Systemiske Risikoråd	n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	ECB/SSM	FC	n/a	FC	FC	FC	FC	FC
EE	Finantsinspektsioon	FC	FC	FC	FC	FC	SE	FC
	Eesti Pank	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ES	Banco de España	FC	n/a	FC	FC	FC	FC	FC
	Autoridad Macroprudencial Consejo de Estabilidad Financiera	SE	SE	FC	SE	SE	SE	FC
	Comisión Nacional del Mercado de Valores	FC	n/a	FC	FC	FC	FC	FC



	Addressees	Variable remuneration [1(c)]		Overall grade (variable remuneration)	Duration	Regular assessment ESRB Rec. [3(1)(c)]	Adherence to principles	Overall compliance grade
		Institutions subject to CRD	(Re)insurers subject to Solvency II				ESRB Rec. [3(2)(a), (b) and (c)]	
		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]					
	Dirección General de Seguros y Fondos de Pensiones	n/a	FC	FC	FC	FC	FC	FC
FI	Finanssivalvonta	FC	FC	FC	FC	FC	n/a	FC
FR	Autorité de contrôle prudentiel et de résolution	FC	FC	FC	FC	FC	FC	FC
	Haut conseil de stabilité financière	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GR	Bank of Greece	FC	FC	FC	PC	FC	n/a	FC
	Hellenic Capital Market Commission	FC	n/a	FC	PC	FC	n/a	FC
HR	Hrvatska narodna banka	FC	n/a	FC	FC	FC	FC	FC
	Hrvatska Agencija za Nadzor Financijskih Usluga	n/a	FC	FC	FC	FC	FC	FC
HU	Magyar Nemzeti Bank	FC	FC	FC	FC	FC	LC	FC
IE	Central Bank of Ireland	FC	FC	FC	FC	FC	FC	FC
IS	Seðlabanki Íslands	SE	SE	FC	PC	FC	n/a	FC
IT	Banca d'Italia	FC	n/a	FC	FC	FC	n/a	FC
	CONSOB	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	IVASS	n/a	FC	FC	FC	FC	FC	FC
LI	Finanzmarktaufsicht Liechtenstein	SE	SE	FC	FC	FC	SE	FC
	Ausschuss für Finanzmarktstabilität	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LT	Lietuvos bankas	FC	FC	FC	FC	FC	FC	FC
LU	Commission de surveillance du secteur financier	LC	n/a	LC	FC	FC	FC	FC
	Comité du risque systémique	LC	n/a	LC	FC	FC	FC	FC
	Commissariat aux assurances	n/a	LC	LC	FC	FC	FC	LC
LV	Finanšu un kapitāla tirgus komisija	FC	FC	FC	FC	FC	FC	FC
	Latvijas Banka	FC	FC	FC	FC	FC	FC	FC
MT	Malta Financial Services Authority	FC	FC	FC	FC	FC	n/a	FC
	Bank Ċentrali ta' Malta	n/a	n/a	n/a	n/a	n/a	n/a	n/a



	Addressees	Variable remuneration [1(c)]		Overall grade (variable remuneration)	Duration	Regular assessment ESRB Rec. [3(1)(c)]	Adherence to principles	Overall compliance grade
		Institutions subject to CRD	(Re)insurers subject to Solvency II				ESRB Rec. [3(2)(a), (b) and (c)]	
		[2(1)(1)(c)(i)]	[2(1)(1)(c)(ii) and (iii)]					
NL	De Nederlandsche Bank	FC	FC	FC	FC	FC	FC	FC
NO	Finanstilsynet	FC	FC	FC	FC	FC	FC	FC
	Finansdepartementet	FC	FC	FC	FC	FC	FC	FC
	Norges Bank	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PL	Komisja Nadzoru Finansowego	FC	LC	LC	LC	FC	LC	FC
	Komitet Stabilności Finansowej	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PT	Autoridade de Supervisão de Seguros e Fundos de Pensões	n/a	FC	FC	FC	LC	LC	FC
	Banco de Portugal	FC	n/a	FC	FC	FC	SE	FC
	Comissão do Mercado de Valores Mobiliários	n/a	n/a	n/a	n/a	n/a	n/a	n/a
RO	Banca Națională a României	FC	n/a	FC	FC	FC	FC	FC
	Comitetului Național pentru Supravegherea Macroprudențială	FC	n/a	FC	FC	FC	FC	FC
	Autoritatea de Supraveghere Financiară	n/a	FC	FC	FC	FC	LC	FC
SE	Finansinspektionen	FC	FC	FC	FC	FC	FC	FC
SI	Agencija za zavarovalni nadzor	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Banka Slovenije	FC	n/a	FC	FC	FC	LC	FC
	Agencija za trg vrednostnih papirjev	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SK	Národná banka Slovenska	PC	PC	PC	FC	FC	IE	LC

FC	Fully compliant
LC	Largely compliant
PC	Partially compliant
MN	Materially non-compliant
NC	Non-compliant



4 Conclusion

This summary compliance report covers both periods of application of the Recommendation in 2020 and 2021. The report has found that during both periods of application of the Recommendation, there was a very high level of compliance by relevant authorities. It is beyond the scope of this Report to evaluate the extent to which the actions of the addressees contributed to the preservation of financial stability during the COVID-19 pandemic.²³ Nevertheless, these overall findings support the view that, in broad terms, the relevant authorities took the actions necessary to ensure that financial institutions across the financial sector maintained sufficiently high levels of capital to mitigate systemic risk and contribute to economic recovery, in line with the objectives of the Recommendation.

Most authorities were assessed as having been either fully or largely compliant with the Recommendation during its first period of application until 31 December 2020. The level of compliance was similar across sub-sectors of the financial sector (banking and investment firms, insurance and reinsurance, and CCPs). There was a slightly lower level of compliance for restrictions on variable remuneration than there was for restrictions on dividends and share buy-backs.

A number of authorities implemented restrictions on distributions at individual or sub-consolidated level for institutions for which the highest level of consolidation was in another EU Member State. Authorities imposing restrictions at this level were expected to comply with the set of principles set out in Section 3(2) of the Recommendation. The Assessment Team encountered difficulty in assessing the extent to which these principles had been adhered to, in part because some of the principles did not detail specific actions to be followed. Furthermore, most of the authorities that imposed restrictions at individual or sub-consolidated level had already taken steps to limit distributions prior to the publication of the Recommendation. The Assessment Team considered that the Recommendation should not be interpreted as requiring the removal of any restrictions already imposed in advance of the Recommendation.

Moreover, in the second period of application (from 1 January 2021 to 30 September 2021), the overall level of compliance with the Recommendation was very high and similar across sub-sectors of the financial sector. **Out of the 47 authorities that were assessed, 43 (i.e. 92%) received an overall compliance grade of FC, while four authorities (i.e. 8%) received an overall compliance grade of LC.**

The findings of the assessment should be treated with caution, given the adoption of a simplified assessment process in light of the ongoing COVID-19 emergency. The Assessment Team considered it neither feasible nor proportionate to substantively challenge the underlying risk assessments that had informed each addressee's actions. This was also in view of the large number of addressees of the Recommendation as well as the confidence that the Assessment

²³ Such an analysis would require quantitative assessment of the extent to which capital was preserved by financial institutions as a result of the actions undertaken by the addressees of this Recommendation, and of how that capital preservation affected their resilience and their ability to continue providing financial services through the period of stress.



Team placed in the reliability of the information provided to it by the addressees. In several cases, authorities justified inaction in relation to one or other specific element of the Recommendation on the grounds that to act in relation to that element would have been disproportionate or would have had little or no practical impact on distributions or on financial stability in their jurisdiction. The Assessment Team accepted these justifications provided that the addressees' explanations demonstrated that their inaction had not interfered with fulfilment of the objectives of the Recommendation.



Annexes

Annex I: Composition of the Assessment Team

(Approved by the ATC by Written Procedure ATC/WP/2020/040)

(Approved by the ATC by Written Procedure ATC/WP/2021/067)

(Approved by the ATC by Written Procedure ATC/WP/2022/016)

For the first period of application of the Recommendation

Assessment team	Institutions
Mr Samuel McPhilemy, Chairperson	European Central Bank
Mr Armin Hosp	European Commission
Mr Balázs Zsámboki	European Central Bank
Ms Fiona Woods	Central Bank of Ireland
Ms Irina Zloteanu	Banca Națională a României
Mr Ivan Huljak	Hrvatska Narodna Banka
Mr Kamil Klupa (alternate)	European Central Bank
Mr Konstantinos Kanellopoulos	Bank of Greece
Mr Matthias Köhler	Deutsche Bundesbank
Mr Panagiotis Tzortsias	Bank of Greece
Mr Ties Busschers	De Nederlandsche Bank

For the second period of application of the Recommendation

Assessment team	Institutions
Mr Alexander Tratcha, Chairperson	Oesterreichische Nationalbank
Mr Samuel McPhilemy, Chairperson	European Central Bank
Mr Auber Massengo	Banque de France
Mrs Emma McMullan	Central Bank of Ireland
Mrs Feyrouz Djabali (alternate)	Banque de France
Mr Jens Jose Meilinger	European Central Bank
Mr Konstantinos Kanellopoulos	Bank of Greece
Mr Ties Busschers	De Nederlandsche Bank



ESRB Secretariat (for both periods of application of the Recommendation)

	Institutions
Ms Aleksandra Granat	ESRB Secretariat
Ms Carlotta Donetti	ESRB Secretariat
Ms Eleni Katsigianni	ESRB Secretariat
Mr Eugenio Toschetti	ESRB Secretariat
Mr Federico Pistelli	ESRB Secretariat
Mr Stamatis Vasilakos	ESRB Secretariat



Annex II: Compliance criteria and implementation standards – First period of application

Assessment criterion A – Covering points (a), (b) and (c) of recommendation A in Section 1 of the Recommendation.

The addressee requested financial institutions to refrain from paying dividends, conducting buy-backs, paying variable remuneration in line with the particulars of the Recommendation.

Grade	Explanation
FC	The addressee requested financial institutions to refrain from making a dividend distribution, conducting buy-backs, and creating obligations to pay variable remuneration to material risk takers.
LC	The addressee requested financial institutions to refrain from such payments, but, allowing for the principle of proportionality, the manner of implementation had interfered with the objectives of the ESBR Recommendation.
SE	The addressee had not taken action on the ground that it would be nonsensical to do so, e.g. there were no relevant institutions, or the institutions concerned did not pay dividends, or the addressee was not competent for/had no legal powers over the relevant sector.
PC	The addressee had taken some action to limit such payments but the exemptions and carve-outs were not fully justified by the proportionality or exemption criteria.
MN	The addressee had taken some action, but the method of implementation significantly conflicted with the objectives of the Recommendation.
NC	The action taken by the addressee was not in line with the objectives of the Recommendation.
IE	The addressee had not taken any measures to comply with the Recommendation and had provided justification that did not adequately explain the basis for this decision.

Assessment criterion B – Duration of the recommended action(s)

Grade	Explanation
FC	In place until 1 January 2021 or later.
LC	In place until November 2020.
SE	-
PC	In place until October 2020.
MN	In place but ended prior to October 2020.
NC	-
IE	-



Assessment criterion C – Regular assessment

Grade	Explanation
FC	The addressee had provided evidence that it had assessed or would assess the impact of the measures.
LC	Some evidence had been provided.
SE	The addressee had provided an explanation of why an assessment had not been carried out.
PC	-
MN	-
NC	The addressee had not carried out an assessment on a regular basis.
IE	No assessment had been carried out the addressee, nor was there any intention to do so – insufficient or no justification had been provided.

Assessment criterion D – Adherence to the principles

For addressees that were assessed against this criterion, an FC grade would be awarded where there was evidence that the principles for implementation had been taken into account. In particular, an FC grade would be awarded where there was evidence that the addressee had taken into consideration not only the risks to local financial stability but also the cross-border dimensions of the prohibition or restrictions set out in Principles 1 and 2, and where the addressee was acting in cooperation with other relevant authorities, as set out in Principle 3. An LC grade would be awarded where most of the principles had been taken into account; PC would be awarded where some of the principles had been taken into account. Given the limited circumstances in which this assessment criterion was applicable, no other grades would be awarded

It should be noted that in the case of Criteria B, C and D above, addressees with cross-sectoral responsibility were the subject of an assessment of overall compliance.

The above standards were used to ensure consistent and equal treatment of the addressees.



Annex III: Compliance criteria and implementation standards – Second period of application

Assessment Criterion A – Covering points (a), (b) and (c) of recommendation A in Section 1 of the Recommendation.

The addressee requested financial institutions to refrain from, or limit, making dividends, buying back shares or creating obligations to pay variable remuneration, in line with the particulars of the Recommendation.

Grade	Explanation
FC	<p>The addressee had requested financial institutions to refrain from making the relevant distributions or otherwise to apply extreme extreme caution in carrying out those actions, whilst ensuring that the resulting reduction in own funds did not exceed the conservative threshold set by the competent authority.</p> <p>Should this not have been the case, it had been justified by exemption criteria (i.e. size, number, capitalisation, dominate position in the market) for financial institutions based on the principle of proportionality.</p> <p>The relevant authorities had paid due regard to the substance of the goal of the Recommendation, in particular: (a) the need for financial institutions to maintain a sufficiently high level of capital in order to mitigate systemic risk and to contribute to economic recovery; (b) the need to ensure that the overall level of distributions of financial institutions was significantly lower than in recent years prior to the COVID-19 crisis; (c) the specificities of each sector within their remit.</p>
LC	<p>The addressee had requested financial institutions to refrain from making, or to limit, dividend distributions. Should this not have been the case, it had been partly justified by exemption criteria and on the basis of the principle of proportionality; however, such implementation had partly interfered with the objectives of the Recommendation.</p> <p>In implementing Recommendation 2020/15 (which amended the original Recommendation 2020/07), relevant authorities had largely paid due regard to the substance of the goal of the Recommendation, including the criteria for implementation, allowing for the principle of proportionality.</p>
SE	<p>The addressee had not taken any action on the ground that it would be nonsensical to do so, e.g. no relevant institutions, or the institutions did not pay dividends, or the authority was not competent for/had no legal powers over the relevant sector.</p>
PC	<p>The addressee had taken some action to limit these payments but the exemptions and carve-outs were not fully justified by the exemption criteria based on the principle of proportionality.</p> <p>In implementing Recommendation 2020/15 (which amended the original Recommendation 2020/07), the relevant authorities had achieved the substance of the goal of the amended Recommendation only in part, in a manner not fully justified by the exemption criteria based on the principle of proportionality.</p>
MN	<p>The addressee had taken some action but the method of implementation significantly conflicted with the objectives of the Recommendation.</p> <p>In implementing Recommendation 2020/15 (which amended the original Recommendation 2020/07), the relevant authorities had not achieved the substance of the goal of the amended Recommendation.</p>
NC	<p>The action on the part of the addressee was not in line with the objectives of the Recommendation.</p>
IE	<p>The addressee has not taken any measures to comply with the Recommendation and provided justification which does not adequately explain the basis for this decision.</p>



Assessment Criterion D – Duration of the recommended action(s)

Grade	Explanation
FC	The addressee had required financial institutions to refrain from actions on distributions until 30 September 2021
LC	The addressee had required financial institutions to refrain from actions on distributions at least until July 2021
SE	-
PC	The addressee had required financial institutions to refrain from actions on distributions at least until June 2021
MN	The addressee had required financial institutions to refrain from actions on distributions but the requirement had expired prior to June 2021
NC	-
IE	-

Assessment Criterion E – Regular assessment

Grade	Explanation
FC	The addressee has provided sufficient explanation for carrying out a regular assessment of the impact of the measures applying a consistent methodology.
LC	The addressee has provided some explanation for carrying out a regular assessment of the impact of the measures, although this is not methodologically consistent over time.
SE	The addressee has provided sufficient explanation for not carrying out an assessment and has provided details of how and when an assessment will be carried out.
PC	The addressee has provided little explanation for carrying out the assessment, and is not methodologically consistent over time.
MN	The addressee has provided very little explanation for carrying out the assessment, and is not methodologically consistent over time
NC	The addressee's assessment was not carried out regularly, there is no intention to carry out an assessment and there is no justification for inaction.
IE	The addressee had not carried out an assessment nor was there any intention to do so – insufficient or no justification had been provided.



Assessment Criterion F – Adherence to principles

For addressees that were assessed against this criterion, an FC grade would be awarded where there was evidence that the principles for implementation had been taken into account. In particular, a FC grade would be awarded where there was evidence that addressees had taken into consideration not only the mitigation of risks to financial stability but had also provided an assessment of the potential cross-border dimensions of the prohibition or restrictions set out in Principles 1 and 2. In addition, the FC grade would be awarded if the addressees were acting in cooperation with other relevant authorities, as set out in Principle 3, by at least making their intention of imposing restrictions known prior to implementation. An LC grade would be awarded if most of the principles had been taken into account, and a PC grade where some of the principles had been taken into account. Given the limited circumstances in which this assessment criterion was applicable, no other grades would be awarded.

It should be noted that in the case of Criteria B, C, D above, addressees with cross-sectoral responsibility were the subject of an assessment of overall compliance.

The above standards were used to ensure consistent and equal treatment of addressees.



Annex IV: Recommendation ESRB/2020/7

RECOMMENDATION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 27 May 2020

on restriction of distributions during the COVID-19 pandemic

(ESRB/2020/7)

THE GENERAL BOARD OF THE EUROPEAN SYSTEMIC RISK BOARD,

Having regard to the [Treaty on the Functioning of the European Union](#),

Having regard to [Regulation \(EU\) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macroprudential oversight of the financial system and establishing a European Systemic Risk Board](#)²⁴, and in particular Article 3(2)(b), (d) and (f) and Articles 16 to 18 thereof,

Having regard to [Decision ESRB/2011/1 of the European Systemic Risk Board of 20 January 2011 adopting the Rules of Procedure of the European Systemic Risk Board](#)²⁵, and in particular Article 15(3)(e) and Articles 18 to 20 thereof,

Whereas:

1. The coronavirus disease 2019 (COVID-19) crisis has developed rapidly from a dramatic medical emergency into a severe economic shock, which has the potential to evolve into a systemic financial crisis. It is neither certain for how long this crisis will last, nor how severe it may be. It is clear that there is a need for financial institutions to maintain a sufficiently high amount of capital to mitigate systemic risk and contribute to economic recovery.
2. A number of European Systemic Risk Board (ESRB) member institutions, namely the European Banking Authority²⁶ (EBA), the European Insurance and Occupational Pensions Authority²⁷ (EIOPA), the European Central Bank²⁸ (ECB) and many national authorities have encouraged banks, insurers and reinsurers in the Union to refrain from making voluntary payouts (e.g. dividends, bonuses, and share buy-backs aimed at remunerating shareholders). These measures can enhance the resilience of the financial sector, strengthening its capacity

²⁴ OJ L 331, 15.12.2010, p. 1.

²⁵ OJ C 58, 24.2.2011, p. 4.

²⁶ EBA (2020), "[EBA provides additional clarity on measures to mitigate the impact of COVID-19 on the EU banking sector](#)", Frankfurt am Main, 31 March.

²⁷ EIOPA (2020), "[EIOPA statement on dividends distribution and variable remuneration policies in the context of COVID-19](#)", Frankfurt am Main, 2 April.

²⁸ [Recommendation ECB/2020/19 of the European Central Bank of 27 March 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/1](#) (OJ C 102I, 30.3.2020, p. 1).



to lend to the real economy in stressed conditions and reducing the risk of failures of financial institutions due to COVID-19 related risks.

3. The ESRB is responsible for the macroprudential oversight of the financial system within the Union and should contribute to the smooth functioning of the internal market thereby ensuring a sustainable contribution of the financial sector to economic growth. Whilst the ESRB welcomes and fully supports the initiatives of its member institutions, it also considers it necessary to issue a recommendation to ensure that financial institutions across the financial sector that may pose a risk to financial stability maintain high levels of capital.
4. This Recommendation acknowledges the procyclical behaviour of banks, as well as the fact that they play a critical function in the economy. It aims at limiting banks' profit and capital distribution in order to increase their resilience during the crisis and promote necessary lending to the real economy. It also aims at reducing the risk that in instances where governments support banks during the crisis, shareholders and senior management shift capital allocation for their own benefit. In addition, if banks use dividend payments as a signal of strength to the market, such actions could undermine the relative position of more prudent financial institutions that may become stigmatised. The latter argument speaks in favour of broad-based, coordinated and mandatory action. Investment firms are included in the list of financial institutions under this Recommendation, as they play an important role in market functioning and may present similar risks to banks.
5. This Recommendation recognises the risk imposed by this crisis on the solvency of insurers and reinsurers. It is probable that there will be a reduction in cash flows from new business, combined with higher liabilities due to an extended period of very low interest rates and lower asset returns in the future. Given that insurers and reinsurers play a critical role in the financial sector there is also the risk of a common de-risking strategy, such as the sale of higher-yield corporate bonds, which would be amplified by large scale downgrades. In addition, the same argument raised for banks concerning dividend payments being a signal of strength to the market and the associated stigma of restrictions also pertains to insurers and reinsurers.
6. This Recommendation is designed to cover central counterparties (CCPs) given their systemically important role in clearing financial market transactions. By maintaining additional own resources, CCPs would be able to meet non-default losses, which is particularly relevant with regard to operational risk, which CCPs cover with their own resources rather than contributions from clearing members. This Recommendation will ensure consistency across financial institutions at a time where CCPs revenues might benefit from higher market transactions volumes, and where relevant, will allow CCPs to increase their skin-in-the-game in the default waterfall on a voluntary basis, in light of generally increased risks due to higher market volatility. Finally, it is envisaged that the maintenance of own funds in CCPs would reduce the likelihood of recourse to tax-payers money in case of losses (related or not to defaults) in a time where fiscal spending is already particularly under pressure. Overall, it is important for CCPs to maintain adequate prefunded own resources in addition to initial margins and default funds.
7. This Recommendation intends to cover those actions by financial institutions that result in a reduction in the amount and quality of their own funds or in a reduction of their loss absorbing



capacity for the duration of the COVID-19 related crisis. This includes payment of dividends, buy-backs of ordinary shares and paying variable remuneration. If a financial institution wanted to replace ordinary shares, this would be in compliance with this Recommendation.

8. This Recommendation acknowledges the principles governing the Single Market and the growth-enhancing role of free capital movement and risk sharing within the Union. It aims to account for risks of potential negative externalities arising from cross-border financial institution decisions during distressed times. A flight to safety or a home-bias as often realised during times of financial distress can have negative effects on local economies. This Recommendation advocates that the relevant authorities enter a dialogue when considering imposing pay-out restrictions on subsidiaries of Union financial institutions.
9. Regulatory regimes vary across sectors and Member States and relevant authorities should consider using any supervisory tool available to them, both under Union and national law, such as recommendations or guidelines, to achieve the objectives of this Recommendation, to the extent permitted by law.
10. This Recommendation provides for a list of financial institutions which should, as a minimum, be subject to the restrictions. Authorities are free to impose the restrictions on other financial institutions that provide lending to the real economy, such as financial leasing companies.
11. This Recommendation is designed to support the previous initiatives of the ECB, EBA, EIOPA and national authorities and to strengthen the case for a uniform approach across the Union and across different segments of the financial sector, whilst taking into account the critical role of these segments for the real economy during crisis times. The ultimate aim is to have sufficient levels of capital and loss absorbing capacity remaining in the financial institutions to mitigate the impact of the current crisis and thereby contribute to a smoother recovery for the pan-European economy as a whole.
12. This Recommendation is without prejudice to the monetary policy mandates of the central banks in the Union.
13. Recommendations of the ESRB are published after the addressees have been informed, and after the General Board has informed the Council of the European Union of its intention to do so and provided the Council with an opportunity to react,

HAS ADOPTED THIS RECOMMENDATION:



SECTION 1

RECOMMENDATION

Recommendation A – Restriction on distributions

It is recommended that at least until 1 January 2021 relevant authorities request financial institutions under their supervisory remit²⁹ to refrain from undertaking any of the following actions:

- (a) make a dividend distribution or give an irrevocable commitment to make a dividend distribution;
- (b) buy-back ordinary shares;
- (c) create an obligation to pay variable remuneration to a material risk taker,

which has the effect of reducing the quantity or quality of own funds at the EU group level (or at the individual level where the financial institution is not part of an EU group), and, where appropriate, at the sub-consolidated or individual level.

SECTION 2

IMPLEMENTATION

1. Definitions

1. For the purposes of this Recommendation the following definitions apply:

- (a) 'relevant authority' means:
 - (i) a competent authority;
 - (ii) an authority entrusted with the adoption and/or activation of macroprudential policy measures, including but not limited to:
 - a designated authority pursuant to Chapter 4 of Title VII of Directive 2013/36/EU of the European Parliament and of the Council³⁰ or Article 458(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council³¹;

²⁹ This does not include branches of financial institutions.

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).



- a macroprudential authority with the objectives, arrangements, tasks, powers, instruments, accountability requirements and other characteristics set out in Recommendation ESRB/2011/3³².
- (b) 'competent authority' means the competent or supervisory authority as defined in point (40) of Article 4(1) of Regulation (EU) No 575/2013, in Article 13(10) of Directive 2009/138/EC of the European Parliament and of the Council³³, or referred to in Article 22 of Regulation (EU) No 648/2012 of the European Parliament and of the Council³⁴, as applicable;
- (c) 'financial institution' means any of the following undertakings that have their head office or registered office in the Union:
- (i) an institution as defined in point (3) of Article 4(1) of Regulation (EU) No 575/2013;
 - (ii) an insurance undertaking as defined in of Article 13(1) of Directive 2009/138/EC;
 - (iii) a reinsurance undertaking as defined in Article 13(4) of Directive 2009/138/EC;
 - (iv) a central counterparty as defined in Article 2(1) of Regulation (EU) No 648/2012;
- (d) 'material risk taker' means a member of a category of staff whose professional activities have a material impact on the financial institution's risk profile, including a member of a category of staff referred to in Article 92(2) of Directive 2013/36/EU or point (c) of Article 275(1) of Commission Delegated Regulation (EU) 2015/35³⁵ or the senior management of a central counterparty as defined in Article 2(29) of Regulation (EU) No 648/2012, as applicable;
- (e) 'resolution authority' means the authority as defined in point (18) of Article 2(1) of Directive 2014/59/EU³⁶.

2. Exemptions

³¹ [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).

³² [Recommendation ESRB/2011/3 of the European Systemic Risk Board of 22 December 2011 on the macro-prudential mandate of national authorities](#) (OJ C 41, 14.2.2012, p. 1).

³³ [Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance \(Solvency II\)](#) (OJ L 335, 17.12.2009, p. 1).

³⁴ [Regulation \(EU\) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories](#) (OJ L 201, 27.7.2012, p. 1).

³⁵ [Commission Delegated Regulation \(EU\) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance \(Solvency II\)](#) (OJ L 12, 17.1.2015, p. 1).

³⁶ [Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations \(EU\) No 1093/2010 and \(EU\) No 648/2012, of the European Parliament and of the Council](#) (OJ L 173, 12.6.2014, p. 190).



Relevant authorities may exempt a financial institution from the restriction to undertake any of the actions in points (a) to (c) of Recommendation A if that financial institution is legally obliged to undertake that action.

3. Criteria for implementation

1. The following criteria apply to the implementation of this Recommendation by the relevant authorities:

- (a) due regard should be paid to the principle of proportionality, taking into account, in particular, the nature of financial institutions and their ability to contribute to the mitigation of systemic risk to financial stability that arises from the COVID-19 crisis and to the economic recovery;
- (b) regulatory arbitrage should be avoided;
- (c) relevant authorities should regularly assess the impact of restrictions on distributions they have imposed in light of the objectives of this Recommendation.

2. The following specific criteria apply to the implementation of Recommendation A(a) and (b): In assessing whether it is appropriate to apply the restrictions at sub-consolidated or at individual level, relevant authorities are recommended to adhere to the following principles:

- (d) **Principle 1:** Whilst taking into account the need to prevent or mitigate systemic risk to financial stability in their Member State and in the Union, relevant authorities should support the smooth functioning of the internal market and recognise the need for the financial sector to provide a sustainable contribution to economic growth in Member States and the Union as a whole.
- (e) **Principle 2:** Relevant authorities should ensure that any restriction does not entail disproportionate adverse effects on the whole or parts of the financial system in other Member States or in the Union as a whole.
- (f) **Principle 3:** Relevant authorities should closely cooperate with each other and with the relevant resolution authorities, including in colleges, where applicable.

4. Timeline for the follow-up

In accordance with Article 17(1) of Regulation (EU) No 1092/2010 addressees must communicate to the European Parliament, the Council, the Commission and to the ESRB the actions undertaken in response to this Recommendation or substantiate any inaction. Communications must be sent by submitting the form in the Annex by 31 July 2020.

5. Amendments to this Recommendation

The General Board will decide if and when this Recommendation needs to be amended. Such amendments could include, in particular, extending the period during which Recommendation A applies.



6. Monitoring and assessment

1. The General Board will assess the actions and justifications communicated by the addressees and, where appropriate, may decide that this Recommendation has not been followed and that an addressee has failed to provide adequate justification for its inaction.
2. The methodology set out in the Handbook on the assessment of compliance with ESRB recommendations, which describes the procedure for assessing compliance with ESRB recommendations will not apply.

Done at Frankfurt am Main, 27 May 2020.

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



Francesco MAZZAFERRO



ANNEX

Communication of the actions undertaken in response to this Recommendation

Table 1

Details of addressee

Recommendation	
Country of the addressee	
Institution	
Capacity*	
Name and contact details of the respondent	
Date of communication	

**Please indicate in what capacity you respond, i.e. the competent or supervisory authority under point (40) of Article 4(1) of Regulation (EU) No 575/2013, Article 13(10) of Directive 2009/138/EC, the competent authority referred to in Article 22 of Regulation (EU) No 648/2012, or the macroprudential authority.*

Table 2

Communication of actions

Recommendation	Do you comply? (yes/no/not applicable)	Please describe the actions taken to comply	If you do not comply, or comply partially, provide adequate justification	Please provide the details (e.g. link, government gazette, publication number) of the measure adopted in response to this Recommendation
Recommendation A(a)				
Recommendation A(b)				
Recommendation A(c)				

Notes

1. This form is used for the communication required by Article 17(1) of Regulation (EU) No 1092/2010.
2. Each addressee should submit the completed form to the ESRB via the ESRB Secretariat electronically via DARWIN in the dedicated folder or by email to notifications@esrb.europa.eu. (The ESRB Secretariat will arrange for the transmission of the communications to the European Parliament, the Council and the Commission, on an aggregated basis).
3. Addressees are expected to provide all relevant information and documentation related to the implementation of this Recommendation and the criteria for implementation, including information on the substance (such as on the legal form of the measure and on the type of financial institutions covered) and timing of the actions taken.
4. If an addressee only partially complies, it should provide a full explanation of the extent of non-compliance, as well as other details of partial compliance. The explanation should specify clearly the relevant parts of the recommendation which the addressee does not comply with.



Annex V: Recommendation ESRB/2020/15

RECOMMENDATION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 15 December 2020

amending Recommendation ESRB/2020/7 on restriction of distributions during the COVID-19 pandemic

(ESRB/2020/15)

THE GENERAL BOARD OF THE EUROPEAN SYSTEMIC RISK BOARD,

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

Having regard to **Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macroprudential oversight of the financial system and establishing a European Systemic Risk Board** (1), and in particular Article 3(2)(b), (d) and (f) and Articles 16 to 18 thereof,

Having regard to **Decision ESRB/2011/1 of the European Systemic Risk Board of 20 January 2011 adopting the Rules of Procedure of the European Systemic Risk Board** (2), and in particular Article 15(3)(e) and Articles 18 to 20 thereof,

Whereas:

1. At the onset of the COVID-19 pandemic the European Systemic Risk Board (ESRB) acknowledged the need for financial institutions to maintain a robust level of own funds to mitigate systemic risk and contribute to economic recovery. To that end, the ESRB issued Recommendation ESRB/2020/7 on restriction of distributions during the COVID-19 pandemic (3), which aimed to ensure that all financial institutions that may pose a risk to financial stability maintain high levels of capital by asking relevant authorities to request financial institutions to refrain from making distributions for the duration of the COVID-19 pandemic and at least until 1 January 2021.
2. The COVID-19 crisis is still ongoing in Europe and globally, and uncertainty remains about the future impact on the economy and financial institutions, with a risk of further worsening of health and economic conditions. Markets and authorities lack information on the long-term impact of the crisis on the financial sector and credit markets. Financial institutions also remain strongly dependent on public policy support. Ensuring the continuous proper functioning of the financial system is key. An exceptional extension of pay-out restrictions to account for uncertainty about future macroeconomic development serves this objective by allowing financial institutions to maintain a sufficiently high level of capital to mitigate systemic risk and



contribute to economic recovery. At the same time, the ESRB recognises the progress made by authorities and financial institutions in dealing with the effects of the pandemic. The ESRB is also aware of the importance of distributions in enabling financial institutions to raise capital externally, as rewarding investors for their investment is critical for the long-term sustainability of financial institutions and markets. Nevertheless, the ESRB calls for extreme caution as regards distributions so that they do not put the stability of the financial system and the recovery process at risk, and considers that any level of distribution should be significantly lower than in the recent years prior to the COVID-19 crisis.

3. Recommendation ESRB/2020/7 also covers central counterparties (CCPs) given their systemically important role in clearing financial market transactions. The intended outcome was to prevent shareholders and senior staff from drawing on the CCPs' surplus capital through distributions at a time when operational risk – which CCPs cover with their own resources rather than contributions from clearing members – is at its most severe, also taking into account the restrictions on staff presence in the CCPs' offices. However, the stress test exercise regarding CCPs in the Union conducted by the European Securities and Markets Authority following the outbreak of the COVID-19 pandemic confirmed the overall operational resilience of Union CCPs to common shocks and multiple defaults for credit, liquidity and concentration stress risks (4). In addition, to date there has been no evidence of system or process failures. The effectiveness of the measures deployed by CCPs to mitigate operational risk suggests that it is no longer necessary to include CCPs within the scope of Recommendation ESRB/2020/7.
4. The measures covered by Recommendation ESRB/2020/7 are of a temporary nature and the ESRB will continue to monitor their implications for financial institutions and their ability to contribute to economic recovery. When deciding if and when this Recommendation needs to be amended, the ESRB should take into account, inter alia, macroeconomic developments and new data on the stability of the financial system.
5. Section 2, Point 5 of Recommendation ESRB/2020/7 provides that the General Board may decide if and when Recommendation ESRB/2020/7 needs to be amended. Such amendments could consist, in particular, in extending the period during which Recommendation A applies.
6. Therefore, Recommendation ESRB/2020/7 should be amended accordingly,

HAS ADOPTED THIS RECOMMENDATION:

AMENDMENTS

Recommendation ESRB/2020/7 is amended as follows:

1. In Section 1, Recommendation A is replaced by the following:

'Recommendation A – Restriction of distributions

It is recommended that relevant authorities request financial institutions under their supervisory remit (*1) to refrain until 30 September 2021 from undertaking any of the following actions:



- (a) make a dividend distribution or give an irrevocable commitment to make a dividend distribution;
- (b) buy-back ordinary shares;
- (c) create an obligation to pay variable remuneration to a material risk taker,

which has the effect of reducing the quantity or quality of own funds, unless the financial institutions apply extreme caution in carrying out any of those actions and the resulting reduction does not exceed the conservative threshold set by their competent authority. Competent authorities are recommended to engage in discussions with financial institutions prior to financial institutions taking either of the actions referred to in points (a) or (b).

This Recommendation applies at the EU group level (or at the individual level where the financial institution is not part of an EU group), and, where appropriate, at the sub-consolidated or individual level.

(*1) This does not include branches of financial institutions.';"

2. Section 2(1)(1) is amended as follows:

- (a) point (b) is replaced by the following:

'(b) "competent authority" means the competent or supervisory authority as defined in point (40) of Article 4(1) of Regulation (EU) No 575/2013 or in Article 13(10) of Directive 2009/138/EC of the European Parliament and of the Council (*2), as applicable;

(*2) Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1)';"

- (b) point (c) is replaced by the following:

'(c) "financial institution" means any of the following undertakings that have their head office or registered office in the Union:

- (i) an institution as defined in point (3) of Article 4(1) of Regulation (EU) No 575/2013;
- (ii) an insurance undertaking as defined in of Article 13(1) of Directive 2009/138/EC;
- (iii) a reinsurance undertaking as defined in Article 13(4) of Directive 2009/138/EC;';

- (c) point (d) is replaced by the following:

'(d) "material risk taker" means a member of a category of staff whose professional activities have a material impact on the financial institution's risk profile, including a member of a category of staff referred to in Article 92(2) of Directive 2013/36/EU or point (c) of Article 275(1) of Commission Delegated Regulation (EU) 2015/35 (*3), as applicable;



(*3) Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 12, 17.1.2015, p. 1).";

3. In Section 2(3), the following paragraph is inserted:

'1a. In calibrating the conservative threshold, competent authorities should pay due regard to:

- (a) the objectives of this Recommendation, in particular the need for financial institutions to maintain a sufficiently high level of capital - including taking into account their capital trajectory - in order to mitigate systemic risk and to contribute to economic recovery, taking into account the risks of a deterioration of the solvency position of corporations and households in view of the pandemic;
- (b) the need to ensure that the overall level of distributions of financial institutions under their supervisory remit is significantly lower than in the recent years prior to the COVID-19 crisis;
- (c) the specificities of each sector within their remit.'

4. Section 2(4) is replaced by the following:

'4. Timeline for the follow-up

In accordance with Article 17(1) of Regulation (EU) No 1092/2010 addressees must communicate to the European Parliament, the Council, the Commission and to the ESRB the actions undertaken in response to this Recommendation or substantiate any inaction. Each addressee is requested to deliver a report on the implementation of Recommendation A by 15 October 2021.;

5. Section 2(5) is replaced by the following:

'5. Amendments to this Recommendation

Prior to 30 September 2021, the General Board will decide if and when this Recommendation needs to be amended, taking into account, inter alia, macroeconomic developments and new data on the stability of the financial system.;

6. In Section 2(6) on 'Monitoring and assessment', the following paragraph is added:

'3. The ESRB Secretariat will assist the addressees by ensuring the coordination of reporting and the provision of relevant templates, and detailing, where necessary, the procedure and the timeline for the follow-up.;

7. The Annex entitled 'Communication of the actions undertaken in response to this Recommendation' is deleted.

Done at Frankfurt am Main, 15 December 2020.



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

Francesco Mazzaferr

Francesco MAZZAFERRO



ANNEX

Communication of the actions undertaken in response to this Recommendation

Table 1

Details of addressee

Recommendation	
Country of the addressee	
Institution	
Capacity*	
Name and contact details of the respondent	
Date of communication	

**Please indicate in what capacity you respond, i.e. the competent or supervisory authority under point (40) of Article 4(1) of Regulation (EU) No 575/2013, Article 13(10) of Directive 2009/138/EC, the competent authority referred to in Article 22 of Regulation (EU) No 648/2012, or the macroprudential authority.*

Table 2

Communication of actions

Recommendation	Do you comply? (yes/no/not applicable)	Please describe the actions taken to comply	If you do not comply, or comply partially, provide adequate justification	Please provide the details (e.g. link, government gazette, publication number) of the measure adopted in response to this Recommendation
Recommendation A(a)				
Recommendation A(b)				
Recommendation A(c)				

Notes

1. This form is used for the communication required by Article 17(1) of Regulation (EU) No 1092/2010.
2. Each addressee should submit the completed form to the ESRB via the ESRB Secretariat electronically via DARWIN in the dedicated folder or by email to notifications@esrb.europa.eu. (The ESRB Secretariat will arrange for the transmission of the communications to the European Parliament, the Council and the Commission, on an aggregated basis).
3. Addressees are expected to provide all relevant information and documentation related to the implementation of this Recommendation and the criteria for implementation, including information on the substance (such as on the legal form of the measure and on the type of financial institutions covered) and timing of the actions taken.
4. If an addressee only partially complies, it should provide a full explanation of the extent of non-compliance, as well as other details of partial compliance. The explanation should specify clearly the relevant parts of the recommendation which the addressee does not comply with.



Abbreviations

I. Compliance grades

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

II. Countries/addressees

AT	Austria	IS	Iceland
BE	Belgium	IT	Italy
BG	Bulgaria	LI	Lichtenstein
CY	Cyprus	LT	Lithuania
CZ	Czech Republic	LU	Luxembourg
DE	Germany	LV	Latvia
DK	Denmark	MT	Malta
EE	Estonia	NL	Netherlands
ES	Spain	No	Norway
FI	Finland	PL	Poland
FR	France	PT	Portugal
GR	Greece	RO	Romania
HR	Croatia	SE	Sweden
HU	Hungary	SI	Slovenia
IE	Ireland	SK	Slovakia



III. Other abbreviations

ECB	European Central Bank
EEA	European Economic Area
ESRB	European Systemic Risk Board
ESRB Handbook	Handbook on the assessment of compliance with ESRB Recommendations (April 2016)
EU Regulation	Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board
EU	European Union
NCA	National Competent Authority
NDA	National Designated Authority



Imprint and acknowledgements

This Compliance Report is based on the results of the assessment conducted by the Assessment Team and was prepared by:

Chairs

Samuel McPhilemy
European Central Bank
Alexander Tratcha
Oesterreichische Nationalbank

Additional contributing authors

Armin Hosp
European Commission

Matthias Köhler
Deutsche Bundesbank

Balázs Zsámboki
European Central Bank

Kamil Klupa
European Central Bank

Panagiotis Tzortzias
Bank of Greece

Ivan Huljak
Hrvatska narodna banka

Irina Zloteanu
Banca Națională a României

Fiona Woods
Central Bank of Ireland

Emma McMullan
Central Bank of Ireland

Konstantinos Kanellopoulos
Bank of Greece

Ties Busschers
De Nederlandsche Bank

Auber Massengo
Banque de France

Samuel McPhilemy
European Central Bank

Jens Jose Meilinger
European Central Bank

Feyrouz Djabali
Banque de France

Carlotta Donetti
ESRB Secretariat

Eleni Katsigianni
ESRB Secretariat

Aleksandra Granat
ESRB Secretariat

Federico Pistelli
ESRB Secretariat

Eugenio Toschetti
ESRB Secretariat

Stamatis Vasilakos
ESRB Secretariat

© European Systemic Risk Board, 2022

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

All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

The cut-off date for the data included in this report was 31 March 2022

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

PDF ISBN 978-92-9472-297-3, doi:10.2849/470917, DT-09-22-447-EN-N