Summary compliance report

February 2017

ESRB Recommendation on intermediate objectives and instruments of macroprudential policy (ESRB/2013/1)

ESRB
European Systemic Risk Board
European System of Financial Supervision

Contents

Introduction

This report provides an assessment of the level of implementation of the European Systemic Risk Board's Recommendation on intermediate objectives and instruments of macroprudential policy[1] (hereafter, the "Recommendation") by its addressees, which comprise the EU Member States, the Member States' macroprudential authorities and the European Commission.

In the report, the results of the assessment of compliance with recommendation A, C and D by macroprudential authorities and recommendation B by Member States are structured by Member State and an overall grade is assigned at a Member-State level.

The assessment was carried out by an Assessment Team composed of nine assessors, chaired by the Head of the ESRB Secretariat and supported by ESRB Secretariat staff (further details are provided in Annex 1). The assessors were not directly involved in grading their country's own performance. It was conducted by duly taking into account the avoidance of regulatory arbitrage and the principle of proportionality.

This report presents:

1. the objective of the ESRB Recommendation;
2. the methodology used by the Assessment Team;
3. a colour-shaded table showing individual country results with respect to recommendations A to D;
4. another colour-shaded table ranking countries according to the degree of compliance with recommendations A to D;
5. a discussion of the level of implementation of recommendations A to D by Member States; and
6. a discussion of the level of implementation of recommendation E by the European Commission.

[1] Recommendation of the European Systemic Risk Board of 4 April 2013, as presented in OJ C 170, 15.6.2013, p. 1–19.

Section 1
Objective of the ESRB Recommendation

Recommendation ESRB/2013/1 on the intermediate objectives and instruments of macroprudential policy aims to increase effectiveness in attaining the ultimate objective of macroprudential policy, which is to safeguard the financial system as a whole by strengthening its resilience and decreasing the build-up of systemic risks.

For this purpose, the Recommendation advises macroprudential authorities, Member States and the EU Commission to take action in five key areas, which are set out as individual recommendations A, B, C, D and E. Each recommendation is itself comprised of between two and five sub-recommendations, with 18 sub-recommendations in total. In summary:

- **Recommendation A** is addressed to macroprudential authorities and recommends them to define and pursue intermediate objectives (IOs) of macroprudential policy in order to operationally facilitate the pursuit of the ultimate objective of macroprudential policy.

  The Recommendation sets out at least five IOs that should be defined and pursued by macroprudential authorities. These IOs relate to the market failures that macroprudential policy can address.

- **Recommendation B** is addressed to Member States and recommends that they assess whether their macroprudential authorities have in place macroprudential instruments that are sufficient to pursue effectively and efficiently the ultimate objective and the IOs of macroprudential policy.

  The effectiveness of macroprudential policy depends on the establishment and application of macroprudential instruments. Therefore, macroprudential authorities should have under direct control or under recommendation powers the necessary macroprudential instruments – namely, one or more instruments for each intermediate objective of macroprudential policy.[2] Recommendation B contains an indicative list of relevant instruments; these contain, but are not limited to, instruments currently included in the CRR/CRDIV legislative package.

- **Recommendation C** is a broad-ranging recommendation to macroprudential authorities to define a comprehensive and transparent policy strategy and conduct further analysis to strengthen their strategy based on the practical application of macroprudential instruments.

  Macroprudential authorities should develop an overall policy strategy for the implementation of macroprudential policy to foster decision making, communication and accountability. This should link the IOs and macroprudential instruments, and include indicators to monitor systemic risk and guide decisions on application, deactivation and calibration of time-varying instruments. It should also incorporate appropriate coordination mechanisms between the relevant national authorities and communication to the ESRB if national instruments are expected to have significant cross-border effects on other Member States.

- **Recommendation D** recommends that macroprudential authorities periodically review their IOs and instruments, and adjust them if they are not sufficient.

  This has to take into account information learned about the effectiveness of instruments and changes in the prominent risks to financial stability at the national level.

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[2] This relates to the 'Tinbergen rule': for each and every target, there must be at least one effective policy tool. In reality, several instruments may be used at once to target an intermediate objective.

- **Recommendation E** is addressed to the *EU Commission* and recommends that, when revising Union legislation, the Commission takes account of the need to establish a coherent set of macroprudential instruments and to ensure an efficient interaction between Union institutions and Member States.

  The Recommendation was prepared and issued in early 2013, when the CRR/CRDIV regulatory framework was being finalised. Recommendation E also applies to future revisions of Union legislation, for example as part of the Commission's current review of the EU macroprudential policy framework.[3] It refers to the establishment of a coherent set of macroprudential instruments affecting the financial system including all types of financial intermediaries, markets, products and market infrastructures.

[3] The Commission started the process of reviewing the **EU macroprudential policy framework** by launching a consultation on 1 August 2016 to gather evidence and analyse possible framework improvements. Among other things, the consultation reflects upon the macroprudential instruments in the CRDIV/CRR and the institutional setting and governance for macroprudential policy. According to Article 513 CRR, the Commission is mandated to review whether the macroprudential rules contained in the CRR/CRD IV are sufficient to mitigate systemic risks in sectors, regions and Member States.

Section 2
Methodology

The assessment follows the methodology provided in the "Handbook on the assessment of compliance with ESRB recommendations" (hereafter, the "Handbook"). According to the Handbook, it is suggested that verification of the Recommendation's implementation is carried out following the so-called 'act or explain' mechanism, where the addressee of a recommendation can either (i) take action in response to a recommendation and inform the ESRB of such action; or (ii) take no action to implement the recommendation but properly justify the reasons for inaction. The ESRB subsequently analyses the information provided and verifies whether the actions taken duly achieve the objective of the recommendation or whether the justification provided for inaction is sufficient. This analysis results in a grade assigned to each Member State.

For quality assurance purposes, a twofold approach was followed for the assessment of Recommendations A to D. The Assessment Team was divided into two groups, with the first conducting its analysis of implementation on a horizontal basis (i.e. by addressee) and the second on a vertical basis (i.e. by recommendation). Afterwards, the results of horizontal and vertical assessors were cross-checked when preparing the final version of this report. The Assessment Team developed a specific assessment methodology and set of assessment criteria for this compliance assessment. They were developed in line with the Handbook as well as the criteria provided in the Recommendation.

The grading structure is provided in the table below:

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
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

The grades assigned for the level of implementation of each sub-recommendation was then translated into a numerical value on the basis of the following tables:

Conversion table for overall grades

Compliance grades	Grades	Numerical grades
	Action	
FC	A	[0.9 – 1.00]
LC	B	[0.65 - 0.90)
PC	C	[0.40 - 0.65)
MN	D	[0.15 - 0.40)
NC	E	[0 - 0.15)
	Inaction	
SE	A	[0.65-1.00]
IE	E	[0 - 0.65)

* In the above table, a square bracket, [or], signifies that the grade interval was inclusive of the boundary grade whereas a curved bracket, (or), signifies that the grade interval was exclusive of the boundary grade.

Weights of each sub-recommendation

	Weight of sub-recommendation in recommendation	Sub-recommendation	Criteria	Weight of criteria
A	40%	A(1)	Content/substance	70%
			Form/status	30%
	40%	A(2)	Content/substance	100%
	20%	A(3)	Content/substance	70%
			Form/status	30%
B	30%	B(1)	Content/substance	100%
	20%	B(2)	Content/substance	100%
	20%	B(3)	Content/substance	100%
	10%	B(4)	Content/substance	80%
			Form/status	20%
	20%	B(5)	Content/substance	50%
			Form/status	50%
C	100%	C(1)	Content/substance	40%
			Effect/appropriateness	40%
			Form/status	20%
	0%	C(2)	Content/substance	80%
			Form/status	20%
	0%	C(3)	Content/substance	100%
D	0%	D(1)	Content/substance	100%
	0%	D(2)	Content/substance	100%
	0%	D(3)	Content/substance	100%
	0%	D(4)	Content/substance	100%
	0%	D(5)	Content/substance	100%

Weights of each Recommendation to derive the overall grade

Recommendation	Weight for addressees' overall compliance grade
A	40%
B	40%
C*	20%
D**	0%

The Assessment Team has evaluated the implementation of the Recommendation taking into consideration the following criteria: content/substance, form/status, and effect/appropriateness only in some particular sub-recommendations. In cases of inaction the criteria of justification are the sufficient/insufficient explanation provided.

It should be noted that a specific approach was taken with regard to the assessment of Italy, Romania and Spain, which do not yet have a formal macroprudential authority. For the purposes of assessing these countries, the Assessment Team considered the authority/authorities that currently perform(s) macroprudential tasks in these countries as the addressees of the recommendations. This approach was taken to permit a richer assessment that is reflective of the de facto situation in these countries. Further, the approach is also warranted given that the focus of Recommendation 2013/1 is on IOs and instruments of macroprudential policy, rather than the governance or institutions in macroprudential policymaking, which was the focus of Recommendation 2011/3.

Therefore, the following authorities were assessed in the case of:

1. **Italy:** Banca d'Italia is the national authority with responsibilities over the financial system as a whole, including important financial markets and financial infrastructures. It is the designated authority to implement the European rules on prudential supervision of credit institutions and investment firms. It also pursues the IOs of macroprudential policy as

recommended by the ESRB, having defined macroprudential instruments and periodically assessed the emergence of new types of systemic risk. At the time of writing, an independent “Macroprudential Policy Committee” is being formally established as the general coordinator of macroprudential policy by identifying, assessing and controlling risks to financial stability. It will be composed of the Bank of Italy, CONSOB (the Companies and Stock Exchange Commission), IVASS (the Insurance Supervisory Authority) and COVIP (the Pension Fund Supervisory Authority). The Bank of Italy will have a leading role in the Committee, while the Ministry of Economy and Finance and the Competition Authority will participate as observers.

2. **Romania:** In Romania, the National Committee for Financial Stability (NCFS) is currently the authority designated to prevent, appraise and manage financial crises at individual financial institutions level, financial group level or financial markets as a whole. The Governor of the National Bank of Romania (NBR), Minister of Public Finance, President of the Financial Supervisory Authority and Chairman of the Bank Deposit Guarantee Fund participate in the NCFS; the NBR has taken a leading role in the macroprudential strategy among these institutions. There are plans, set out in a draft law, to create a formal macroprudential authority, the Romanian National Committee for Macroprudential Oversight (NCMO), which will be an inter-institutional entity. The NCFS has, and the NCMO will have, competencies over the financial market as a whole. Beyond the banking sector, the NBR has attributions over non-bank financial institutions as well as over payment and settlement systems.

3. **Spain:** Banco de España is the designated authority for macroprudential instruments in the CRR/CRDIV, with competencies related to the banking sector. Work to develop an explicit macroprudential authority is currently dormant in Spain.

With respect to recommendation E, which is addressed to the European Commission, in view of the Commission’s current ongoing review of CRR/CRDIV and given that the next report to the ESRB on their implementation from the Commission is expected at the end of 2017, the Assessment Team decided that it was more appropriate to assess in general terms the current level of implementation by the Commission and not to assign a grade for sub-recommendations E(1) and E(2). The current assessment was based on the Commission’s Report submitted to the ESRB and further interactions between the Commission and the Assessment Team. Although grades were not applied, the Assessment Team considered that the two sub-recommendations E(1) and E(2) should be weighted equally. The Assessment Team only considered the assessment criterion of content/substance for recommendation E.

Section 3
Colour-shaded table – individual country results

Table I:
Individual country grades by recommendation

Country	Overall grade	Recommendation A	Recommendation B	Recommendation C
(Weights)		*(40%)*	*(40%)*	*(20%)*
Austria	FC	FC	FC	FC
Belgium	FC	FC	FC	LC
Bulgaria	FC	FC	FC	LC
Croatia	FC	FC	FC	LC
Cyprus	FC	FC	FC	FC
Czech Rep	LC	LC	LC	PC
Denmark	FC	FC	FC	FC
Estonia	FC	FC	FC	FC
Finland	FC	FC	FC	LC
France	FC	FC	FC	FC
Germany	FC	FC	FC	FC
Greece	FC	FC	FC	FC
Hungary	FC	FC	FC	FC
Ireland	FC	FC	FC	FC
Italy	FC	FC	FC	LC
Latvia	FC	FC	FC	FC
Lithuania	FC	FC	FC	FC
Luxembourg	FC	FC	FC	FC
Malta	FC	FC	FC	FC
Netherlands	FC	FC	FC	FC
Poland	FC	FC	FC	FC
Portugal	LC	LC	FC	FC
Romania	FC	FC	FC	FC
Slovakia	FC	FC	FC	FC
Slovenia	FC	FC	FC	FC
Spain	LC	LC	FC	PC
Sweden	FC	FC	FC	LC
United Kingdom	FC	FC	FC	FC

Table I shows the overall level of compliance with the recommendations addressed to Member States or macroprudential authorities that have been graded by the Assessment Team (recommendations A, B and C(1), since C(1) to D(5) have not been graded). It is a simplified version of the more detailed colour-shaded tables presented in Annex 3 which show the results for each of the 16 sub-recommendations addressed to Member States or macroprudential authorities.

The results show that the level of implementation of these recommendations has been high. More precisely, 25 countries were assessed as Fully Compliant and three as Largely Compliant overall. Therefore all countries received positive grades, which show a general high standard. These results reflect efforts made at the national level and also by the European Commission, with regard to fostering implementation of the CRDIV/CRR legislative framework (see also section 6).

Section 4
Colour-shaded table – country ranking

Table II:
Country ranking by recommendation

Country	Recommendations			Overall
Austria	A	B	C (1)	FC
Cyprus	A	B	C (1)	FC
Denmark	A	B	C (1)	FC
Estonia	A	B	C (1)	FC
France	A	B	C (1)	FC
Germany	A	B	C (1)	FC
Greece	A	B	C (1)	FC
Hungary	A	B	C (1)	FC
Ireland	A	B	C (1)	FC
Latvia	A	B	C (1)	FC
Lithuania	A	B	C (1)	FC
Luxemburg	A	B	C (1)	FC
Malta	A	B	C (1)	FC
Netherlands	A	B	C (1)	FC
Poland	A	B	C (1)	FC
Romania	A	B	C (1)	FC
Slovakia	A	B	C (1)	FC
Slovenia	A	B	C (1)	FC
United Kingdom	A	B	C (1)	FC
Belgium	A	B	C (1)	FC
Bulgaria	A	B	C (1)	FC
Croatia	A	B	C (1)	FC
Finland	A	B	C (1)	FC
Italy	A	B	C (1)	FC
Sweden	A	B	C (1)	FC
Portugal	B	C	A	LC
Spain	B	A	C (1)	LC
Czech Republic	A	B	C (1)	LC

Table II depicts the level of implementation achieved by the addressees ranked from the highest to the lowest level of compliance. From a policy perspective, the table shows in which countries and for which recommendations there is still room for improvement. It is worth mentioning that there are only few cases where the addressees are expected to enhance their policies concerning individual sub-recommendations.

Section 5
Level of implementation

5.1 Level of implementation of recommendation A on the definition of intermediate objectives

Fully Compliant	Largely Compliant
BE, BG, DK, DE, EE, IE, GR, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, RO, SI, SK, FI, SE and UK	CZ, ES and PT

Twenty-five macroprudential authorities were graded as Fully Compliant with recommendation A, while three were graded as Largely Compliant. A weight of 40% towards the overall grade was assigned to recommendation A. The degree of compliance is highest with respect to A(1), which covers the general definition and pursuit of IOs, but is more varied with respect to the specific IOs that have been adopted and the depth of analysis to assess the need for further IOs. The following are key findings with respect to recommendation A. First, all macroprudential authorities pursue IOs of macroprudential policy. This should contribute to conducting effective macroprudential policy, especially given the fact that the addressees have also communicated the IOs publicly.

Second, the vast majority of macroprudential authorities have defined IOs that cover all five areas indicated by the ESRB in recommendation A(2). However, in three cases (CZ, PT, ES) macroprudential authorities decided to narrow down the scope of IOs only to the banking sector which has been assessed as only partially compliant. It should be underlined that although the CRDIV/CRR package covers only the banking sector, the macroprudential policy conducted at the national level should have a wider view, including the whole financial system and all its elements, in particular it should aim at strengthening the resilience of financial infrastructure including payment systems, deposit guarantee schemes and CCP clearing, for example. Nevertheless, the intended scope of the intermediate objective has not been reflected by some addressees.

Third, several macroprudential authorities such as AT, DK, EE, PL, RO and UK have modified or widened the scope of macroprudential intermediate objectives in order to take into account specific features of their national financial system. An example is: splitting IO (c) into two i.e. to limit direct exposure concentration and to limit systemic risk related to indirect exposure concentration (interconnectedness). Furthermore, some macroprudential authorities decided to modify the intermediate objective (d) so as to focus on limiting systemic risk generated by systemically important financial institutions and the potential destabilising risks that they may pose. Specific additional IOs defined by single macroprudential authorities include: increasing the sustainable level of growth of financial intermediation, increasing financial inclusion; and closing data gaps in order to enable better systemic risk analysis and, consequently, more effective macroprudential supervision.

Nevertheless, the majority of addressees stated that there is no need to define additional IOs at this time.

5.2 Level of implementation of recommendation B on the selection of macroprudential instruments

Fully Compliant	Largely Compliant
BE, BG, DK, DE, EE, IE, GR, ES, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE and UK	CZ

The degree of compliance with recommendation B was the highest across all countries than for the other graded recommendations: 27 Member States were graded as Fully Compliant and 1 as Largely Compliant. Similar to recommendation A, the grade for recommendation B contributes 40% of the overall grade; this reflects the equal weight placed by the Assessment Team on IOs and macroprudential instruments.

All macroprudential authorities have defined macroprudential instruments, which, in most cases, are banking-sector focused instruments. Such developments appear to be due to three main factors: a) the CRR/CRDIV legislative package provides for specific deadlines for implementing some instruments (for example, the Countercyclical Capital Buffer (CCyB) and O-SIIs buffer); b) in some countries real estate markets developments have induced authorities to consider the introduction of instruments which are not included in European-wide regulation, such as limits on loan-to-value (LTV) or loan-to-income (LTI) ratios, etc.; and c) most EU Member State financial systems are bank-centric. As also noted below with regard to recommendation E, the EU-wide macroprudential framework for non-banks is less developed than for the banking sector. This could have contributed to such a development. Less attention is given to instruments related with the fifth IO (such as margin and haircut requirements on CCP clearing).

Considering individual sub-recommendations, B(1) was in most cases fully or largely implemented. Partial compliance was mainly due to the lack of a comprehensive assessment linking the instruments to each IO and assessing their effectiveness and efficiency (CZ). In the case of HU, inaction was explained by the fact that the assessment of the effectiveness and efficiency of macroprudential instruments was on-going.

As for B(2) and B(3), most countries (BE, BG, DK, HR, FR, DE, GR, HU, IT, LV, LT, LU, MT, PL, PT, SI and ES) reported inaction with regard to the definition and adoption of additional instruments. However, this inaction was sufficiently explained. The addressees did not see the need to define further instruments yet for the following main reasons: either they conducted assessments which have shown their current toolkit to be sufficient and to guarantee effectiveness and efficiency in the current economic and financial conditions (this applied to the majority of addressees which did not take action); or their analyses and experience in using the instruments are only at early stage and more time is needed in order to properly assess the effectiveness of instruments in pursuing the IOs (DE and GR). Countries which have instead considered and selected additional macroprudential instruments (AT, EE, FI, IE, NL, RO, SK, SE and UK) have generally adopted instruments to prevent and mitigate risks arising from the real estate sector and from the high level of indebtedness of households. In most cases they have adopted limits to LTV/LTI/debt-service-to-income (DSTI) ratios.

In assessing sub-recommendation B(4), the Assessment Team has taken account of the existence of recovery and resolution regimes and deposit guarantee schemes (DGS) prior to the establishment of the macroprudential authorities. This occurrence would justify the lack of the macroprudential authority's involvement in the design of such regimes and schemes and is based on the following criteria (also depicted in **Table III** below). Where authorities are involved in the implementation and design of both the resolution regime and DGS, they are graded as being fully compliant (this is the case of most countries). Where authorities are involved in the implementation or design of both the resolution regime and DGS a largely compliant grade has been assigned (DE, DK, LU and PL). If they are involved in the implementation and design of recovery/resolution regimes or DGS, a partially compliant grade has been assigned (FR). This is because being involved in both schemes, even if only in implementation (or design), has been considered as more relevant for the assessment of compliance than being involved in both the implementation and design in only one of the two.[4] In the case of the involvement of authorities in the implementation or design of resolution regime or DGS (in other words only in the implementation (or design) of only one of the two regimes/schemes), a materially non-compliant grade would have been assigned if this was applicable to any Member State. In the case of non-involvement either in resolution regimes or in DGS, the grade would have been considered non-compliant. However, this did not apply to any Member States.

Involvement in:	Design and implementation	Implementation (or design) only
Resolution regime and DGS	**FC**	**LC**
Resolution regime only	**PC**	**MN**
DGS only	**PC**	**MN**
No involvement in resolution regime or DGS	**NC**	**NC**

Table III: Schematic diagram showing how the type of involvement of a macroprudential authority in the recovery/resolution regime and DGS maps to a grade in this assessment.

As for sub-recommendation B(5), all countries are fully compliant: all Member States have a legal framework that permits their macroprudential authority (formal or de facto) to have direct control or recommendation powers over a set of macroprudential instruments. To some extent, this also reflects the impact of the CRR/CRDIV legislative package.

5.3 Level of implementation of recommendation C on policy strategy

Fully Compliant	Largely Compliant	Partially Compliant
DK, DE, EE, IE, GR, FR, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK and UK	BE, BG, HR, FI, IT and SE	CZ and ES

	In line	Not yet fully in line
C(2)	BE, BG, DE, EE, IE, IT, CY, LT, HU, NL, AT, PL, RO, SI, FI, SE and UK	CZ, HR, DK, ES, FR, GR, LU, LV, MT, PT and SK
C(3)	BE, BG, CZ, DK, EE, IE, GR, HR, CY, LT, LU, HU, MT, PL, PT, RO, SI, FI, SE and UK	AT, DE, ES, FR, IT, LV, NL and SK

With regard to sub-recommendation C(1), as we can observe from the tables provided, the vast majority of macroprudential authorities have defined a macroprudential policy strategy that links the ultimate objective to the IOs. However, a number of addressees (HR, FI, DE, GR, IT, ES and SE) have not yet established a direct link between IOs and specific instruments. This is an element that could be further considered in their policy strategies, as it is a key link in the effective

[4] In fact, the recommendation emphases the importance of involvement in both recovery/resolution regimes and DGS, by referring to them under two separate points in sub-recommendation B(4), (a) and (b).

implementation of macroprudential policy. **Annex 4** includes a table which presents the key publications that contain the macroprudential policy strategy for each Member State. Although not an explicit requirement in the Recommendation, most addressees have established a legal framework around the elements of their policy strategy. The Assessment Team considered this as advantageous to foster an operative and accountable strategy.

Although sub-recommendations C(2) and C(3) were not graded, they were assessed to gauge whether addressees are already in line with these recommendations. Across the board, the current level of compliance with these recommendations is good – at least half of countries are in line with them. To date 17 of the addressees are fully in line with sub-recommendation C(2), having already conducted further analysis on the basis of the practical application of macroprudential instruments. The lack of advancement towards sub-recommendation C(2) by other countries is mostly due to the recent establishment of the macroprudential policy framework and a lack of practical experience with macroprudential instruments. However, it should be expected that new instruments, the transmission mechanism of instruments and the quality of indicators is assessed further in the future as experience with conducting macroprudential policy grows and the relevant data are thereby generated.

Virtually all addressees are committed to sharing information on macroprudential instruments prior to their application, in particular if significant cross-border effects are to be expected. While sub-recommendation C(3) was not formally graded, 20 addressees have been assessed as fully in line at this time. In almost all cases where addressees are not yet fully in line with C(3), this was largely because they are lacking a framework to assess cross-border effects. This shortfall is, however, already addressed by a more recent ESRB Recommendation, ESRB/2015/2, which provides guidance for a systematic assessment of the cross-border effects of macroprudential policy.

5.4 Level of implementation of recommendation D on the periodical evaluation of intermediate objectives and instruments

The majority of addressees are already in line with sub-recommendations D(1) to D(5). The Assessment Team has evaluated whether mechanisms have been put in place in each country to periodically review and adjust their macroprudential policy frameworks such that their appropriateness, effectiveness and efficiency are ensured.

The assessment shows that most addressees have started the periodical review of their IOs and macroprudential instruments; in particular, 18 addressees are already in line with recommendation D in full, and there are eight addressees that are in line with three or four of the sub-recommendations. Two addressees (ES and NL) are not yet fully in line with all (or almost all) the recommended actions. This reflects shortcomings in their implementation of parts of the earlier recommendations A, B or C – this is particularly the case for ES. With respect to NL, there is no process in place to review the objectives and instruments, nor is there evidence of actions taken to date in this respect.

Across all Member States, one of the main shortcomings appears to be with respect to sub-recommendation D(5), where eight countries are not yet fully in line. The assessment is mainly based on the lack of a framework or specific commitment by the addressees to report changes regarding their IOs and instruments to the ESRB. The assessment of sub-recommendation D(4) shows that in six countries there is a lack of coordination between national authorities to ensure a proper legal framework for the establishment of necessary new instruments. This may cause undue delay or inaction bias in instances where a particular policy action might be called for but the legal instrument (e.g. the possibility to limit exposures to certain borrowers, such as debt-service-to-income limits) is not already available.

In general, most addressees consider that a revision of the IOs of macroprudential policy and the set of instruments is not necessary at this relatively early stage, during the initial development of their frameworks.

	In line	Not yet fully in line
D(1)	BE, BG, CZ, DK, DE, EE, IE, GR, FR, HR, IT, CY, LV, LT, LU, HU, MT, AT, PL, PT, RO, SI, SK, FI, SE and UK	ES and NL
D(2)	BE, BG, CZ, DK, DE, EE, IE, GR, FR, HR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE and UK	ES
D(3)	BE, BG, CZ, DK, DE, EE, IE, GR, FR, HR, IT, CY, LV, LT, LU, HU, MT, AT, PL, PT, RO, SI, FI, SE and UK	ES, NL and SK
D(4)	BG, CZ, DK, DE, EE, IE, GR, FR, IT, CY, LV, LT, LU, HU, MT, AT, PL, RO, SI, SK, SE and UK	BE, ES, FI, HR, NL and PT
D(5)	BG, DK, DE, EE, IE, GR, HR, CY, LV, LT, LU, HU, MT, AT, PL, RO, SI, FI, SE and UK	BE, CZ, ES, FR, IT, NL, PT and SK

Section 6
Recommendation E

Recommendation E is addressed to the European Commission and recommends that the Commission: takes into consideration the need to establish a coherent set of macroprudential instruments affecting the financial system, including all types of financial intermediaries, markets, products and market infrastructures (sub-recommendation E(1)); ensures that the adopted mechanisms permit efficient interaction between Union institutions and Member States, and establish a sufficient level of flexibility for the macroprudential authorities to activate instruments whenever needed, while preserving the single market (sub-recommendation E(2)).

6.1 Level of Implementation of recommendation E

At the time of performing the assessment, the Commission was undertaking a review of the CRR/CRDIV legislative framework.[5] In view of this, and given that the next report to the ESRB from the Commission is expected at the end of 2017, the Assessment Team decided that it was more appropriate to assess in general terms the current degree of implementation by the Commission and not to assign a grade for sub-recommendations E(1) and E(2). The Assessment Team concluded that the Commission is in line with both parts of recommendation E at this stage.

Sub-Recommendation E1:

The CRR/CRD IV package provides a common legal framework and defines a set of instruments (mostly capital buffers laid down in the CRDIV such as the countercyclical capital buffer, the Systemic Risk Buffer, the buffers for Global Systemically Important Banks and for Other Systemically Important Banks) specifically to prevent and mitigate macroprudential and systemic risks in the banking sector. In addition to the CRR/CRDIV, the Commission has developed a new crisis resolution framework via the Bank Recovery and Resolution Directive (BRRD) and Deposit Guarantee Scheme Directive (DGSD), which should reduce the systemic impact of individual bank failures and mitigate the “too-big-to-fail” problem of large banks.

However, the framework for non-banks, in particular macroprudential instruments affecting the financial system, including all types of financial intermediaries, markets, products and market infrastructures, should be further developed.

Certain elements of the framework are more advanced – for example the Alternative Investment Funds Managers Directive allows for the use of a cap on leverage from a systemic perspective. It is recommended that the Commission develops further the macroprudential regulatory framework beyond the banking sector, in order to avoid potential leakages of macroprudential policy and to ensure that authorities are able to effectively address systemic risks in all segments of the financial system.

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[5] The Commission started the process of reviewing the **EU macroprudential policy framework** by launching a consultation on 1 August 2016 to gather evidence and analyse possible framework improvements. Among other things, the consultation reflects upon the macroprudential instruments in the CRDIV/CRR and the institutional setting and governance for macroprudential policy. According to Article 513 CRR, the Commission is mandated to review whether the macroprudential rules contained in the CRR/CRD IV are sufficient to mitigate systemic risks in sectors, regions and Member States.

Sub-recommendation E2:

Flexibility under the current CRR/CRDIV package is attained as it permits national authorities to impose stricter requirements in order to address certain systemic risks. For example, under Articles 124 and 164 CRR the application of higher risk weights and stricter loss given default parameters for exposures secured by mortgages on immovable property may be permitted. Subsequent to this, under Article 458 CRR, a higher level of own funds, liquidity and public disclosure requirements, higher capital conservation buffer and higher risk weights for residential real estate exposures and intra-financial exposures may be applied.

In addition, via the Single Supervisory Mechanism Regulation[6], a framework for centralised banking supervision has been achieved. In particular, the ECB may apply higher capital requirements for capital buffers, including the CCyB. In this context, these new powers should also promote the harmonised use of policies, taking account of potential spill-over effects.

The Commission has started the process of reviewing the EU macroprudential policy framework by launching a consultation on 1 August 2016 to gather evidence and analyse possible framework improvements. Among other things, the consultation reflects upon the macroprudential instruments in the CRDIV/CRR and the institutional setting and governance for macroprudential policy. According to Article 513 CRR, the Commission is mandated to review whether the macroprudential rules contained in the CRR/CRD IV are sufficient to mitigate systemic risks in sectors, regions and Member States.

This review provides an opportunity for legislators to further improve the macroprudential regulatory framework, in particular as regards: (i) the consistency of the rules (including potential overlaps and gaps), (ii) the available toolkit to address systemic risks in a timely and effective manner, (iii) the coordination mechanism between macroprudential authorities, both at the national and supranational (i.e. Eurozone and EU) levels. In this context, the General Board of the ESRB has prepared a position on the review of macroprudential rules in the CRR/CRD IV, in which the ESRB identified the areas where the revision of certain specific rules of the CRR/CRD IV package appear to be warranted. The position paper[7] was published on 24 October 2016 as a response to the Commission's consultation document.

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[6] The Single Supervisory Mechanism Regulation established the new system of banking supervision comprising the ECB and national competent authorities of the participating Member States.

[7] **https://www.esrb.europa.eu/pub/pdf/other/20161024_ESRB_response_EC.en.pdf**

Conclusions

In general, the ESRB Recommendation has been successful. It has established IOs of macroprudential policy that facilitate the implementation of the ultimate objective, the safety and soundness of the financial system. IOs are linked to specific macroprudential instruments, which have been largely embedded into the frameworks of Member States. The development of national macroprudential strategies has been also promoted.

The level of implementation by the addressees is already very high, especially with reference to macroprudential instruments. This is much assisted by the CRR/CRD legislative framework that has been implemented at national level in the EU. All macroprudential authorities have defined macroprudential instruments, which in most cases are banking-sector focused instruments. Beyond compliance with the CRR/CRD legislative framework, such occurrences appears to be due to real estate markets developments in some countries, which have induced authorities to consider the introduction of non-harmonised instruments. Another reason is the bank-centric nature of most EU Member State financial systems.

However, Member States still need to take some steps to be fully compliant with all elements of the Recommendation, including the ongoing responsibility to monitor and adjust their macroprudential framework. For example:

- for countries that still lack a formal macroprudential authority, it is important that they continue the process to establish one as soon as possible;
- macroprudential authorities should continue to monitor the potential macroprudential risks from the non-banking system and all types of financial infrastructures, including but not limited to payment systems, deposit guarantee schemes and CCP clearing;
- further steps are necessary in order to guarantee the involvement of the macroprudential authority in the development and implementation of Recovery and Resolution Plans as well as Deposit Guarantee Schemes;
- a framework for the effective communication between national macroprudential authorities and the ESRB on changes to IOs or macroprudential instruments should be ensured;
- periodical review and, if necessary, adjustment of the macroprudential framework should take place continuously, especially as more experience is gained with the use of instruments and if the risks facing the financial system change.

The Commission has already completed a relatively high amount of work regarding the establishment of a set of macroprudential instruments that affect the financial system as a whole. This fact has facilitated the implementation of parts of this Recommendation by the addressees and it is an example of efficient cooperation and interaction between the national and the supranational authorities.

Annex 1
Composition of the Assessment Team

Francesco Mazzaferro
Chairman (Head of ESRB Secretariat)

Assessment Team: [8]

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[8] The team was supported in the preparation of the follow-up report by Aleksandra Pilarska from Narodowy Bank Polski during July 2016.

Annex 2
Implementation standards

Recommendation A

		Action		
		Standards		
Grade	Criterion	A(1)	A(2)	A(3)
A (FC)	Content/ substance	Macroprudential authority has defined and pursued intermediate objectives as operational specifications to the ultimate objective of macroprudential policy.	Macroprudential authority has defined intermediate objectives that cover all 5 areas indicated by the ESRB in sub-recommendation A.2. (However, this does not mean that there must be 5 intermediate objectives).	Additional intermediate objectives that are connected with specific characteristics of the country’s financial system, have been defined. OR There is no need for additional intermediate objectives.
	Form/status	The intermediate objectives are stated clearly and explicitly in a document which at best has been publicly disclosed (i.e. e.g. legal act, annual report, macroprudential strategy or web page)		Appropriate assessment has been conducted and approved by the macroprudential authority. Appropriate documentation has been provided to the ESRB or is publicly available.
B (LC)	Content/ substance	Not applicable	Not applicable	Not applicable
	Form/status	Not applicable		Assessment has been conducted but not formally approved by the macroprudential authority (staff analysis). OR Partial documentation has been provided to the ESRB or is publicly available.
C (PC)	Content/ substance	Not applicable	Macroprudential authority has defined intermediate objectives that do not cover all 5 areas indicated by the ESRB in sub-recommendation A.2.	Not applicable
	Form/ status	The intermediate objectives are clearly stated in a document which may or may not have been publicly disclosed.		Not applicable
D (MN)	Content/ substance	Not applicable	Not applicable	Not applicable
	Form/status	Not applicable		Not applicable
E (NC)	Content/ substance	Macroprudential authority has not defined any intermediate objectives as operational specifications to the ultimate objective of macroprudential policy.	Macroprudential authority has not defined any intermediate objective, or has defined intermediate objectives that do not cover any area indicated by the ESRB in sub-recommendation A.2.	Macroprudential authority has not assessed the need for further intermediate objectives, and there is no expectation to perform this assessment.

	Form/status	The intermediate objectives have not been stated in a document (internal or public).		No assessment provided and not publicly available.

Action

		Standards		
Grade	**Criterion**	**A(1)**	**A(2)**	**A(3)**
A (SE)	Content/ substance	Macroprudential authority has been recently created (up to 1 year) and has not had enough time to develop and define intermediate objectives of macroprudential policy. But there is a plan to define and pursue them in due course. OR Intermediate objectives have not been defined due to the fact that macroprudential authority has not been established so far. But there is a plan to define and pursue them in due course.	Macroprudential authority has been recently created (up to 1 year) and has not had enough time to develop and define intermediate objectives of macroprudential policy. But there is a plan to define and pursue them in due course. OR Intermediate objectives have not been defined due to the fact that macroprudential authority has not been established so far. But there is a plan to define and pursue them in due course.	Macroprudential authority has been recently created (up to 1 year) and has not had enough time to develop and define intermediate objectives of macroprudential policy; specifically the assessment of the need for further intermediate objectives has not been possible due to time constraints. But there is a plan to perform this assessment in due course. OR Intermediate objectives have not been defined due to the fact that macroprudential authority has not been established so far; specifically the assessment of the need for further intermediate objectives has not been possible due to time constraints. But there is a plan to perform this assessment in due course.
	Form/status	A filled-in template has been provided to the ESRB.		A filled-in template has been provided to the ESRB.
E (IE)	Content/ substance	No intermediate objective has been defined and no justification presented.	No intermediate objective has been defined and no justification presented.	No assessment has been conducted and no justification presented.
	Form/status	Template has not been provided or an addressee did not provide an answer (blank template).		Template has not been provided or an addressee did not provide an answer (blank template).

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

Recommendation B

		Action				
		Standards				
Grade	Criterion	B(1)	B(2)	B(3)	B(4)	B(5)
A (FC)	Content/ substance	An assessment of effectiveness and efficiency of the macroprudential instruments currently under direct control or recommendation powers of the macroprudential authority has been carried out. This has taken into account all five intermediate objectives and the fact that at least one instrument for each intermediate objective should be under the direct control or recommendation powers of macroprudential authorities.	If the assessment under B(1) indicates that the currently available instruments are not sufficient for some of the intermediate objectives, additional instruments, including those set out in Table 1 (indicative list), have been fully considered for the relevant intermediate objectives.	If the assessment under B(1) indicates that the currently available instruments are not sufficient for some of the intermediate objectives and additional instruments have been considered under B(2), additional instruments have been selected taking fully into account their effectiveness, efficiency and ability to address both the structural and cyclical dimension of systemic risks.	Addressees provide evidence that macroprudential authorities had a high degree of involvement in the design of and contribution to the implementation of recovery and resolution regimes for banking and non-banking financial institutions, and deposit guarantee schemes.	A clear and well defined legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments exists.
	Form/status				A legal act or other arrangement providing for a high degree of involvement of macroprudential authorities in the design and implementation of recovery and resolution for banking and non-banking financial institutions' regimes and deposit guarantee schemes exists. The disclosure to the public of such involvement should be considered as an additional positive element in assessing compliance.	A legal act providing for a clear and well defined legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments exists and it is fully effective. The disclosure to the public of such legal framework should be considered as an additional positive element in assessing compliance.
B (LC)	Content/ substance	· An assessment of effectiveness and efficiency of the macroprudential instruments currently under direct control or recommendation powers of the macroprudential authority has been carried out. This has taken into account most – but not all - of the intermediate objectives and that at least one instrument for each intermediate objective should be under the direct control or recommendation powers of macroprudential authorities.	If the assessment under B(1) indicates that the currently available instruments are not sufficient for some of the intermediate objectives, there is some evidence that additional instruments, including those set out in Table 1 (indicative list), have been considered.	If the assessment under B(1) indicates that the currently available instruments are not sufficient for some of the intermediate objectives and additional instruments have been considered under B(2), additional instruments have been selected taking largely into account their effectiveness, efficiency and ability to address both the structural and cyclical dimension of systemic risks.	Addressees provide evidence that macroprudential authorities are largely involved in the design of or contribution to the implementation of recovery and resolution regimes for banking and non-banking financial institutions, and deposit guarantee schemes.	A general – but not very comprehensive - legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments exists.
	Form/status				A legal act or other arrangement providing for a large degree of involvement of macroprudential authorities in the design or	A legal act providing for a general legal framework that permits the macroprudential authorities to hold the direct control or

					implementation of recovery and resolution for banking and non-banking financial institutions' regimes and deposit guarantee schemes exists. The disclosure to the public of such involvement should be considered as an additional positive element in assessing compliance.	recommendation powers over the selected macroprudential instruments exists. The disclosure to the public of such legal framework should be considered as an additional positive element in assessing compliance.
C (PC)	Content/ substance	· There have been some efforts to assess the effectiveness and efficiency of the macroprudential instruments currently under direct control or recommendation powers of the macroprudential authority. The assessment has tried to take into account the intermediate objectives and that at least one instrument for each intermediate objective should be under the direct control or recommendation powers of macroprudential authorities. However, the assessment is not very comprehensive.	If the assessment under B(1) indicates that the currently available instruments are not sufficient for some of the intermediate objectives, there is some evidence that additional instruments, including those set out in Table 1 (indicative list), are currently under discussion and will be considered in the future.	If the assessment under B(1) indicates that the currently available instruments are not sufficient for some of the intermediate objectives and additional instruments have been considered under B(2), additional instruments have been selected taking only in part into account their effectiveness, efficiency and ability to address both the structural and cyclical dimension of systemic risks.	Addressees provide evidence that macroprudential authorities had limited involvement in the design of and contribution to the implementation of recovery and resolution regimes for banking and non-banking financial institutions, or deposit guarantee schemes.	A limited legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments exists
	Form/status				A legal act or other arrangement providing for involvement of macroprudential authorities in the design and implementation of recovery and resolution for banking and non-banking financial institutions' regimes or deposit guarantee schemes does not exist. However, the involvement can be inferred from the cooperation practices between relevant authorities. The disclosure to the public of such involvement should be considered as an additional positive element in assessing compliance.	A legal act providing for a legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments is being implemented but it is only partially effective. The disclosure to the public of such legal framework should be considered as an additional positive element in assessing compliance.
D (MN)	Content/ substance	· No assessment has been performed although some considerations have been set out in the response about: 1. the effectiveness and efficiency of the macroprudential instruments currently under direct control or recommendation powers of the macroprudential authority to pursue the ultimate objective; 2. taking into account the	If the assessment under B(1) has not been performed, the addressee provides only general consideration on the adoption of additional instruments, maybe including those set out in Table 1 (indicative list), however, without any precise commitment.	There is some evidence that additional instruments considered under B(2) have been selected, however, without taking into proper account their effectiveness, efficiency and ability to address both the structural and cyclical dimension of systemic risks.	Addressees provide evidence that macroprudential authorities had an insufficient degree of involvement in the design of or contribution to the implementation of recovery and resolution regimes for banking and non-banking financial institutions, or deposit guarantee schemes	A legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments has been implemented but it is materially not effective.

Grade	Criterion	B(1)	B(2)	B(3)	B(4)	B(5)
		intermediate objectives and that at least one instrument for each intermediate objective should be under the direct control or recommendation powers of macroprudential authorities.				
	Form/status				A legal act or other arrangement providing for involvement of macroprudential authorities in the design or implementation of recovery and resolution for banking and non-banking financial institutions' regimes or deposit guarantee schemes do not exists. Nor this can be easily derived from the cooperation practices between relevant authorities.	A legal act providing for a legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments has been only drafted but it is not adopted yet. The disclosure to the public of such legal framework should be considered as an additional positive element in assessing compliance.
E (NC)	Content/ substance	No assessment has been carried out and no considerations were set out in the response.	No evidence has been provided that additional instruments have been considered.	No evidence has been provided that additional instruments have been selected.	Addressees do not provide evidence that macroprudential authorities are involved in the design of or contribute to the implementation of recovery and resolution regimes for banking and non-banking financial institutions, or deposit guarantee schemes.	A legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments does not exist.
	Form/status				A legal act or other arrangement providing for the involvement of macroprudential authorities in the design of or their contribution to the implementation of recovery and resolution for banking and non-banking financial institutions' regimes or deposit guarantee schemes does not exist. In addition, the cooperation practices between relevant authorities did not allow for such involvement.	A legal act providing for a legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments does not exist.

Inaction						
		Standards				
Grade	Criterion	B(1)	B(2)	B(3)	B(4)	B(5)
A (SE)	Content/ substance	· Adequate justification has been provided for not assessing the need for the adoption of macroprudential instruments, also on the basis of the principle of proportionality. · A commitment has been made to make the	· The assessment under B(1) indicates that the currently available instruments are sufficient for all of the intermediate objectives OR · Adequate justification has been provided for not making any assessment of whether	· The assessment under B(1) indicates that the currently available instruments are sufficient for all of the intermediate objectives OR · Adequate justification has been provided for not selecting additional	Adequate justification has been provided for macroprudential authorities not being involved in in the design and implementation of recovery and resolution regimes for banks and non-banks and deposit guarantee schemes.	Adequate justification has been provided for the lack of a legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments.

		assessment in the future	additional macroprudential instruments are necessary. · A commitment has been made to consider additional macroprudential instruments when necessary in the future.	instruments taking into account their effectiveness, efficiency and able to address both the structural and cyclical dimension of systemic risks. · A commitment has been made to take into account instruments' effectiveness, efficiency and ability to address both the structural and cyclical dimension of systemic risks when selecting additional instruments in future		
	Form/status				Adequate explanation has been provided of the reasons behind the lack of a legal act or other arrangement providing for the involvement of macroprudential authorities in the design and implementation of recovery and resolution regimes for banks and non-banks and deposit guarantee schemes.	Adequate explanation has been provided for the reasons behind the lack of a legal act providing for a framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments.
	Content/ substance	No satisfactory explanation has been provided for inaction, also in terms of future commitment to assess the need for the adoption of macroprudential instruments.	No satisfactory explanation has been provided for inaction, also in terms of future commitment to assess the need for additional instruments in future.	No satisfactory explanation has been provided for inaction, also in terms of future commitment to select additional instruments in future.	No satisfactory explanation has been provided for the lack of involvement of macroprudential authorities in in the design and implementation of recovery and resolution regimes for banks and non-banks and deposit guarantee schemes.	Inadequate justification has been provided for the lack of a legal framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments.
E (IE)	Form/status				No satisfactory explanation has been provided of the reasons behind the lack of a legal act or other arrangement providing for involvement of macroprudential authorities in the design and implementation of recovery and resolution regimes for banks and non-banks and deposit guarantee schemes.	No adequate explanation has been provided for the reasons behind the lack of a legal act providing for a framework that permits the macroprudential authorities to hold the direct control or recommendation powers over the selected macroprudential instruments.

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Recommendation C

Action				
		Standards		
Grade	Criterion	C(1)	C(2)	C(3)
A (FC)	Content/ substance	1. Authorities developed a comprehensive macroprudential strategy which links the ultimate objective of macroprudentialpolicy with the intermediate objectives. The intermediate objectives are explicitly linked to instruments under the direct control/within recommendation powers of the macroprudential authority. 2. Policy strategy clearly specifies how instruments are set, reset, and calibrated, taking account of the intermediate objectives. An appropriate set of indicators is analysed regularly. Policy strategy includes coordination mechanisms with other relevant national authorities (e.g. microprudential regulators, monetary policy makers and Government). 3. The policy strategy includes measures and procedures to ensure the transparency and accountability of macroprudential policy making. It could also link to the relevant legislative texts where these are stated.	Authorities tried to strengthen their policy strategy by performing analysis on additional (non-EU legislated) instruments which could be used to meet the intermediate objectives. Authorities developed an evaluation processes to enable an efficient and effective use and calibration of instruments, taking account of learning about their transmission mechanisms (e.g. they could be ex-ante as well as an ex-post evaluation mechanisms to account for the lack of experience in using macroprudential instruments).	Authorities have framework/methods to assess cross-border effects, and they apply these. Authorities have an explicit commitment to share relevant information via the ESRB's structure and have a documented history of this information sharing for measures taken.
	Effect/appropriateness	1. The ultimate goal of macroprudential policy is translated into "less abstract" and hence operationalisable intermediate objectives. The strategy clearly links intermediate objectives and available instruments. 2. Decision making and use of instruments is guided by the analysis of indicators, which cover national as well as international risks. 3. There is a strong commitment to transparency, i.e. to communicate measures and decisions and a documented history of publications (where relevant).		
	Form/status	1. The national strategy is published. 2. The macroprudential strategy provides that the macroprudential authority has to disclose its significant decisions and actions and is publicly accountable for these.	Authorities have documented their conducted analysis on strengthening their policy strategy through use of additional (non-EU legislated) instruments. Authorities provide documentation on their conducted research on the transmission mechanism, impact assessments, or conducted evaluations of instruments (research papers, reports, sections in financial stability reviews, etc.).	
B (LC)	Content/ substance	1. Authorities developed a general – but not comprehensive - macroprudential strategy which links the ultimate objective of macroprudentialpolicy with the intermediate objectives. The intermediate objectives are explicitly linked to instruments under the direct control/within recommendation powers of the macroprudential		

		authority. 2. Coordination processes and powers to set, reset, and calibrate instruments are briefly mentioned, along with a set of indicators to be analysed periodically. 3. Accountability is ensured by a disclosure requirement to document and account for activities.		
	Effect/appropriateness	1. Defined intermediate objectives are – with minor deficiencies – in the spirit of recommendation ESRB2013/1. 2. The risk analysis is based on a convincing set of indicators which, in essence, cover national as well as international risks from the macroeconomic environment, the institutional framework and possible market failures. The set of indicators furthermore include instrument specific indicators as required for the CCyB. Authorities have a legal basis to activate or implement measures (warnings, recommendation, or instruments) not only at the regular meetings but whenever deemed necessary. 3. There is a commitment to transparency, i.e. to communicate measures and decisions or a convincing and documented history of such publications.		
	Form/status	1. The defined intermediate objectives are published. 2. There is a legal basis on which instruments and/or recommendation powers are available for the macroprudential authority. The activation processes and powers are defined for all instruments. 3. Macroprudential authorities have a published requirement to report actions, to account for taken decisions, as well as to inform the wider public on the conducted policy.		
C (PC)	Content/ substance	1. Authorities developed a macroprudential strategy which does not clearly link the ultimate objective of macroprudentialpolicy with the intermediate objectives. The intermediate objectives are not explicitly linked to instruments under the direct control/within recommendation powers of the macroprudential authority. 2. Policy strategy does not clearly specify how instruments are set, reset, and calibrated taking account of the intermediate objectives. Only few indicators are analysed regularly. Coordination mechanisms with other relevant national authorities (e.g. microprudential regulators, monetary policy makers and Government) are not well organised. 3. The policy strategy does not include measures and procedures to ensure the transparency and accountability of macroprudential policy making. This is only a commitment by addressees.		
	Effect/appropriateness	1. Only a subset of the intermediate objectives defined in		

		recommendation ESRB2013/1 are appropriately addressed. 2. The risk analysis is based on a narrow set of indicators which risks missing national or international risks. The set of indicators is limited. For instance, it is limited to instrument specific indicators as required for the CCyB. Authorities have a legal basis to activate or implement measures (warnings, recommendation or instruments). 3. There is only an informal commitment to transparency and no convincing record of publications.	
	Form/status	1. The defined intermediate objectives are published. 2. There is a legal basis on which instruments and/or recommendation powers are available for the macroprudential authority. The activation processes are not clearly defined and/or powers are ill-defined for some instruments. 3. Macroprudential authorities make at least an informal commitment to report actions, to account for decisions taken and to inform the wider public on the policy conducted.	
D (MN)	Content/ substance	1. Authorities developed a rudimentary policy strategy that misses any convincing attempt to define intermediate objectives. Available instruments are detached from the ultimate goal of financial stability. 2. Coordination processes and powers to set, reset, and calibrate instruments are not clearly specified for almost all instruments. The conducted risk analysis is rather infrequent and not well established. 3. No formal or informal requirements to account or document any activities are found.	
	Effect/appropriateness	1. The formulation of intermediate objectives is rudimentary and does not cover those defined in ESRB2013/1. 2. Powers to set, reset, and calibrate instruments are unclear for most instruments. There is only a rudimentary and irregular risk analysis, which does not suffice for the purposes of a general risk assessment or those assessments which are necessary for specific instruments (CCyB). 3. Authorities are neither committed nor legally required to communicate measures and decisions and have no record of publications.	
	Form/status	1. Not applicable. 2. The legal basis on which instruments and/or recommendation powers are available for the macroprudential authority are unclear or severely limited. The activation processes and powers are not clearly defined for most instruments. The analytical frameworks for specific instruments are	

		unpublished and not available (OSII, CCyB). 3. Macroprudential authorities have no legal or informal commitment to report actions, to account for taken decisions, as well as to inform the wider public on the conducted policy.		
E (NC)	Content/ substance	1. Authorities did not develop a macroprudential strategy or similar document. 2. Powers to set, reset, and calibrate instruments are not specified. There is no regular risk analysis. 3. There is no formal or informal requirement to account or document any activities.		
	Effect/appropriateness	Not applicable.		
	Form/status	1. Not applicable. 2. There is no legal basis on which instruments and/or recommendation powers are available for the macroprudential authority. The activation processes and powers are not defined for all instruments and codified in national law. There are no analytical frameworks for specific instruments (OSII, CCyB). 3. Macroprudential authorities have no legal or informal commitment and no expressed commitment to report actions, to account for decisions taken and to inform the wider public on the policy conducted.		

Inaction				
		Standards		
Grade	Criterion	C(1)	C(2)	C(3)
A (SE)	Content/ substance	The authorities provided sufficient explanation for not having developed a policy strategy so far (but they anticipate that they will develop a strategy in future).		
	Effect/appropriateness	Authorities can explain/show that the lack of a policy strategy to date has not hindered their ability to conduct macroprudential policy.		
	Form/status	Sufficient justification included in response.		
E (IE)	Content/ substance	The authorities have not provided a sufficient explanation for not having developed a policy strategy so far (and there is no anticipation that they will develop a strategy in future).		
	Effect/appropriateness	Authorities cannot explain/show that the lack of a policy strategy to date has not hindered their ability to conduct macroprudential policy.		
	Form/status	Insufficient justification included in response.		

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

Recommendation D

Action						
Standards						
Grade	Criterion	D(1)	D(2)	D(3)	D(4)	D(5)
A (FC)	Content/ substance	Macroprudential authorities have put in place a process for the periodical assessment of the intermediate objectives. The process recognises that such a monitoring should be based on the experience gained, on the development of the financial system and on the emergence of new risks.	Macroprudential authorities have put in place a process for the periodical assessment of the macroprudential instruments selected. This assessment recognises that the macroprudential instruments selected should achieve the ultimate and intermediate objectives of macroprudential policy in an effective and efficient way.	The macroprudential process put in place under D(1) provides that macroprudential authorities adjust in a timely manner the set of macroprudential intermediate objectives whenever necessary, or in case of emergence of new risks.	The cooperation arrangements established between macroprudential authorities and Member States ensure that, where new macroprudential instruments are necessary, the appropriate legal framework can be established accordingly in a timely manner.	The process for periodical assessment of intermediate objectives and instruments ensures that the macroprudential authority may inform the ESRB in a timely manner of any change in the set of intermediate objectives and macroprudential instruments that are under their direct control or recommendation powers, and the analysis underlying any changes.

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

Annex 3
Additional Colour-shaded Tables

Individual country results by recommendation and by sub-recommendation

Recommendation A

A (40%)	A1 (40%)		A2 (40%)	A3 (20%)	
Weights	*Content 70%*	*Status 30%*	*Content 100%*	*Content 70%*	*Status 30%*
BE	FC	FC	FC	FC	FC
BG	FC	FC	FC	FC	FC
CZ	FC	FC	PC	FC	NC
DK	FC	FC	FC	FC	FC
DE	FC	FC	FC	FC	IA (SE)
EE	FC	FC	FC	FC	FC
IE	FC	FC	FC	FC	FC
GR	FC	FC	FC	FC	FC
ES	FC	FC	PC	FC	FC
FR	FC	FC	FC	FC	FC
HR	FC	FC	FC	FC	FC
IT	FC	FC	FC	FC	FC
CY	FC	FC	FC	FC	FC
LV	FC	FC	FC	FC	LC
LT	FC	FC	FC	FC	FC
LU	FC	FC	FC	FC	FC
HU	FC	FC	FC	FC	FC
MT	FC	FC	FC	FC	NC
NL	FC	FC	FC	FC	NC
AT	FC	FC	FC	FC	FC
PL	FC	FC	FC	FC	LC
PT	FC	FC	PC	FC	NC
RO	FC	FC	FC	FC	FC
SI	FC	FC	FC	FC	FC
SK	FC	FC	FC	FC	FC
FI	FC	FC	FC	FC	FC
SE	FC	FC	FC	FC	FC
UK	FC	FC	FC	FC	FC

Recommendation B

FC	B1	B2	B3	B4		B5	
Weights	*Content 100%*	*Content 100%*	*Content 100%*	*Content 80%*	*Status 20%*	*Content 50%*	*Status 50%*
BE	LC	IA (SE)	IA (SE)	FC	FC	FC	FC
BG	FC	FC	IA (SE)	FC	FC	FC	FC
CZ	PC	LC	LC	FC	FC	FC	FC
DK	FC	IA (SE)	IA (SE)	LC	LC	FC	FC
DE	FC	IA (SE)	IA (SE)	LC	FC	FC	FC
EE	FC	FC	FC	FC	FC	FC	FC
IE	FC	FC	FC	FC	FC	FC	FC
GR	LC	IA (SE)	IA (SE)	FC	FC	FC	FC
ES	LC	IA (SE)	IA (SE)	FC	FC	FC	FC
FR	FC	IA (SE)	IA (SE)	PC	PC	FC	FC
HR	FC	IA (SE)	IA (SE)	FC	FC	FC	FC
IT	FC	IA (SE)	IA (SE)	FC	FC	FC	FC
CY	FC	IA (SE)	IA (SE)	FC	FC	FC	FC
LV	FC	IA (SE)	IA (SE)	FC	FC	FC	FC
LT	FC	IA (SE)	IA (SE)	FC	FC	FC	FC
LU	FC	IA (SE)	IA (SE)	LC	LC	FC	FC
HU	IA (SE)	IA (SE)	IA (SE)	FC	FC	FC	FC
MT	LC	IA (SE)	IA (SE)	FC	FC	FC	FC
NL	FC	FC	FC	FC	FC	FC	FC
AT	FC	FC	FC	FC	FC	FC	FC
PL	FC	IA (SE)	IA (SE)	LC	LC	FC	FC
PT	FC	IA (SE)	IA (SE)	FC	FC	FC	FC
RO	FC	FC	FC	FC	FC	FC	FC
SI	FC	IA (SE)	IA (SE)	FC	FC	FC	FC
SK	FC	FC	FC	FC	FC	FC	FC
FI	FC	FC	LC	FC	FC	FC	FC
SE	FC	FC	FC	FC	FC	FC	FC
UK	FC	FC	FC	FC	FC	FC	FC

Recommendation C

C (20%)	C1			C2	C3
Weights	*Content 40%*	*Effect 40%*	*Status 20%*	*0%*	*0%*
BE	LC	LC	LC	In line	In line
BG	LC	PC	LC	In line	In line
CZ	PC	PC	LC		In line
DK	FC	FC	FC		In line
DE	FC	LC	FC	In line	
EE	FC	FC	FC	In line	In line
IE	FC	FC	FC	In line	In line
GR	FC	FC	FC		In line
ES	PC	PC	MN		
FR	FC	FC	FC		
HR	LC	LC	FC		In line
IT	LC	LC	LC	In line	
CY	FC	FC	FC	In line	In line
LV	FC	FC	PC		
LT	FC	FC	FC	In line	In line
LU	FC	FC	PC		In line
HU	FC	FC	FC	In line	In line
MT	FC	FC	FC		In line
NL	FC	FC	FC	In line	
AT	FC	FC	FC	In line	
PL	FC	FC	FC	In line	In line
PT	FC	FC	FC		In line
RO	FC	FC	LC	In line	In line
SI	FC	FC	FC	In line	In line
SK	FC	FC	FC		
FI	LC	LC	FC	In line	In line
SE	LC	LC	FC	In line	In line
UK	FC	FC	FC	In line	In line

Recommendation D

D (0%)	D1	D2	D3	D4	D5
Weights	*0%*	*0%*	*0%*	*0%*	*0%*
BE	In line	In line	In line		
BG	In line	In line	In line	In line	In line
CZ	In line	In line	In line	In line	
DE	In line	In line	In line	In line	In line
DK	In line	In line	In line	In line	In line
EE	In line	In line	In line	In line	In line
IE	In line	In line	In line	In line	In line
GR	In line	In line	In line	In line	In line
ES					
FR	In line	In line	In line	In line	
HR	In line	In line	In line		In line
IT	In line	In line	In line	In line	
CY	In line	In line	In line	In line	In line
LV	In line	In line	In line	In line	In line
LT	In line	In line	In line	In line	In line
LU	In line	In line	In line	In line	In line
HU	In line	In line	In line	In line	In line
MT	In line	In line	In line	In line	In line
NL		In line			
AT	In line	In line	In line	In line	In line
PL	In line	In line	In line	In line	In line
PT	In line	In line	In line		
RO	In line	In line	In line	In line	In line
SI	In line	In line	In line	In line	In line
SK	In line	In line		In line	
FI	In line	In line	In line		In line
SE	In line	In line	In line	In line	In line
UK	In line	In line	In line	In line	In line

Annex 4
Catalogue of Member States' policy strategy documents

	Doc. 1		Doc. 2		Doc. 3		Doc. 4	
MS	title	URL	title	URL	title	URL		
BE	Bank of Belgium FSR 2014	**https://www.nbb.be/doc/ts/publications/fsr/fsr2014.pdf**	Setting the countercyclical buffer rate in Belgium: A policy strategy	https://www.nbb.be/doc/ts/publications/buffer_rate_policy_strategy.pdf				
BG	The strategy is not yet public		Relevant information on macroprudential policy is Bulgaria - on the mentioned websites	http://www.bnb.bg/AboutUs/index.htm http://www.fsc.bg/en/				
CZ	Macroprudential Policy and Its Instruments in a Small EU Economy	https://www.cnb.cz/miranda2/export/sites/www.cnb.cz/en/research/research_publications/irpn/download/rpn_3_2012.pdf	Czech Republic FSR 2013-2014	https://www.cnb.cz/miranda2/export/sites/www.cnb.cz/en/financial_stability/fs_reports/fsr_2013-2014/fsr_2013-2014.pdf				
DK	Not one policy document - relevant information provided on website	http://risikoraad.dk/in-english/	Monitoring of systemic risks	http://risikoraad.dk/media/181917/notat_om_overv_gning_offentliggjort_version_eng.pdf	About the Countercyclical Capital Buffer	http://risikoraad.dk/in-english/the-countercyclical-capital-buffer/	http://risikoraad.dk/in-english/the-countercyclical-capital-buffer/	http://risikoraad.dk/in-english/initiatives-targeted-at-the-real-estate-market/
DE	First report on financial stability to the German Bundestag	https://www.bundesbank.de/Redaktion/DE/Pressemitteilungen/BBK/2014/2014_06_18_afs_bericht.pdf?__blob=publicationFile						
EE	Macroprudential Policy Framework of Eesti Pank	**http://www.eestipank.ee/en/financial-stability/macroprudential-policy**						
IE	A Macro - Prudential Policy Framework for Ireland	**http://www.centralbank.ie/stability/Documents/FINAL-for%20publication-macro-prudential%20framework.pdf**	Central Bank of Ireland Strategic Plan 2016-2018	**https://www.centralbank.ie/publications/Documents/Strategic%20Plan%202016%20-%202018.pdf**	Central Bank of Ireland Strategic Plan 2013-2015	**https://www.centralbank.ie/publications/Documents/Central%20Bank%20of%20Ireland%20Strategic%20Plan%202013%20-%202015.pdf**		
GR	Executive Committee's Acts, especially Executive Committee Act 53/14.12.2015	**http://www.bankofgreece.gr/Pages/en/Bank/LegalF/committeeacts.aspx** **http://www.bankofgreece.gr/BogEkdoseis/Inter_NomPol2014_en.pdf**	Monetary Policy Interim Report 2014	**http://www.bankofgreece.gr/Pages/en/Bank/LegalF/committeeacts.aspx**				
ES	Financial Stability Report May 2016	**http://www.bde.es/f/webbde/Secciones/Publicaciones/InformesBoletinesRevistas/InformesEstabilidadFinanc**	Occasional Paper 1601: "Macroprudential policy: objectives, instruments and indicators"	**http://www.bde.es/f/webbde/SES/Secciones/Publicaciones/PublicacionesSeriadas/DocumentosOcasionales/1**				

		era/16/IEFMayo2016_Ingles.pdf		**6/Fich/do1601e.pdf**				
FR	Macroprudential strategy of HCFS	**http://www.economie.gouv.fr/files/strategy_hcsf.pdf**	Assessment of risks to the French Financial system 2015	**https://www.banque-france.fr/fileadmin/user_upload/banque_de_france/publications/Assessment-of-Risks_2015-12_French-Financial-System.pdf**				
HR	Credit Institutions Act	**http://www.hnb.hr/documents/20182/506024/e-zakon-o-kreditnim-institucijama-159-2013.pdf/b988cc23-194d-4a24-9d58-9ea545b6af1f**	Financial Stability Reviews	**http://www.hnb.hr/en/analyses-and-publications/regular-publications/financial-stability**				
IT	Bank of Italy FSR no.2-2016	**http://www.bancaditalia.it/pubblicazioni/rapporto-stabilita/2016-2/en-FSR-2-2016.pdf?language_id=1**						
CY	Macroprudential strategy	**http://www.centralbank.gov.cy/nqcontent.cfm?a_id=8130**	Macroprudential policy decisions	**http://www.centralbank.gov.cy/nqcontent.cfm?a_id=15136**	CBC FSR	**http://www.centralbank.gov.cy/nqcontent.cfm?a_id=11785**	Household and Non-Financial Corporations Indebtedness Report	**http://www.centralbank.gov.cy/nqcontent.cfm?a_id=11785**
LV	Macroprudential Policy Framework of Latvijas Banka	Not Published	Agreement on Cooperation in Promoting Financial Stability	Not Published				
LT	The Macroprudential Policy Strategy	**http://www.lb.lt/strategy**						
LU	Le Cadre de la Politique Macroprudentielle au Luxembourg	**http://www.bcl.lu/fr/stabilite_surveillance/CRS/Le-Cadre-de-la-Politique-Macro-prudentielle-au-Luxembourg.pdf**						
HU	Stability today – Stability tomorrow. Macroprudential strategy of the Magyar Nemzeti Bank	**https://www.mnb.hu/letoltes/mnb-macroprudential-strategy-of-the-magyar-nemzeti-bank-2016.pdf**						
MT	Central Bank of Malta Directives, Directive No 11: Macro-prudential Policy	**https://www.centralbankmalta.org/centralbankofmaltadirectives**	Macroprudential Policy Strategy of the Central Bank of Malta	**https://www.centralbankmalta.org/file.aspx?f=11281**				
NL	The DNB's Financial Stability Task	**https://www.dnb.nl/en/binaries/Stabiliteit_tcm47-337344.pdf**	Overview of Financial Stability	**https://www.dnb.nl/e-*//n/news/dnb-publications/overview-of-financial-**				

				stability/				
AT	The macroprudential policy strategy for Austria	https://www.fmsg.at/en/publications/strategy.html						
PL	Macroprudential supervision in Poland institutional and functional framework	https://www.nbp.pl/macroprudentialsupervision/publikacje/Ramy_inst-funkc_en.pdf	Financial Stability Report	http://www.nbp.pl/homen.aspx?f=/en/systemfinansowy/stabilnosc.html	Report on macroeconomic balance in Polish economy	http://www.nbp.pl/home.aspx?f=/publikacje/rownowaga/rownowaga.html		
PT	Macro-prudential strategy (2015)	https://www.bportugal.pt/sites/default/files/anexos/estrategiamacroprudencial_en_0.pdf	Macro-prudential policy in Portugal: Objectives and instruments (2014)	https://www.bportugal.pt/sites/default/files/anexos/macro-prudential%20policy%20in%20portugal_0.pdf	Strategy and instruments of macro-prudential policy (2014)	https://www.bportugal.pt/sites/default/files/anexos/papers/ar201402_e.pdf	A macroprudential policy for financial stability (2013)	https://www.bportugal.pt/sites/default/files/anexos/papers/ar201305_e.pdf
RO	NBR Financial Stability Report, April 2016 (Chapter 5.1. The macroprudential policy strategy of the National Bank of Romania)	http://www.bnr.ro/DocumentInformation.aspx?idDocument=22037&idInfoClass=19968	NBR Financial Stability Report, 2015	http://www.bnr.ro/DocumentInformation.aspx?idDocument=20873&idInfoClass=6877	NBR Financial Stability Report, 2014	http://www.bnr.ro/DocumentInformation.aspx?idDocument=18432&idInfoClass=6877		
SI	Macroprudential Policy for the Banking Sector - Strategic Framework (2015, updated 2017)	https://www.bsi.si/library/includes/datoteka.asp?DatotekaId=7837	Guidelines for the macroprudential policy of the Bank of Slovenia (2015, updated 2017)	https://www.bsi.si/library/includes/datoteka.asp?DatotekaId=7838	Financial Stability Review	http://www.bsi.si/en/publications.asp?MapaId=784,		
SK	Macroprudential Policy Instruments							
FI	Not one policy document - relevant information provided on website	http://www.fin-fsa.fi/en/Supervision/Macroprudential_supervision/Pages/Default.aspx	Makrovakausraportti (Macroprudential Report in Finnish only)	http://www.suomenpankki.fi/fi/julkaisut/selvitykset_ja_raportit/makrovakausraportti/Pages/default.aspx	Principles for determining systemically important financial institutions,and O-SII scores	http://www.fin-fsa.fi/en/Supervision/Macroprudential_supervision/Documents/O-SII_311214_EN.pdf		
SE	Finansinspektionen and financial stability	http://www.fi.se/contentassets/1f3ac8622bd149c4b53859278a31f5cf/fi_financialstability_eng.pdf	Financial Stability Report December 2016	http://www.fi.se/contentassets/b3c6061a94454aa1a9678f4b295d9101/stab16-2_engny2.pdf	Finansinspektionen's vulnerability indicators	http://www.fi.se/contentassets/222b4c8430a14782bdf572131815488b/fianalys_sarbarhetsindikat_2-2015_eng.pdf	Regulations regarding the countercyclical buffer rate	http://www.fi.se/contentassets/d81b438c6b90436eb1301e167622e659/decision-memorandum-fs1433.pdf
UK	The Financial Policy Committee's approach to setting the countercyclical capital buffer	http://www.bankofengland.co.uk/financialstability/Documents/fpc/policystatement050416.pdf	The FPC's powers over housing policy instruments	http://www.bankofengland.co.uk/financialstability/Documents/fpc/draftpolicystatement181116.pdf	The FPC's powers over leverage ratio tools	http://www.bankofengland.co.uk/financialstability/Documents/fpc/policystatement010715ltr.pdf		

Abbreviations

ATC	Advisory Technical Committee.
BRRD	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 (Bank Recovery and Resolution Directive).
CCP	Central Counter-party
CCyB	Countercyclical Capital Buffer
CRD IV	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 (Capital Requirements Directive).
CRR	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 (Capital Requirements Regulation).
DGS	Deposit guarantee scheme
DSTI	Debt-service-to-income ratio
LTI	Loan-to-income ratio
LTV	Loan-to-value ratio.
MPA	Macroprudential authority. Also referred to as 'addressee' for the purposes of recommendation A, C and D.
MS	Member States. Also referred to as 'addressee' for the purposes of recommendation B.

Abbreviations used in tables

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

Countries

BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
IE	Ireland
GR	Greece
ES	Spain
FR	France
HR	Croatia
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom

Institutions

ECB	European Central Bank
ESRB	European Systemic Risk Board

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