

## Template for notifying national macroprudential measures not covered by CRR/CRD

Please send this template to

- [notifications@esrb.europa.eu](mailto:notifications@esrb.europa.eu) when notifying the ESRB;
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1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority.	Fjarmalaeftirlitid (Financial Supervisory Authority, Iceland)
1.2	Name of the macroprudential measure that is notified.	Regulation on requirements for new residential mortgage loans
2. Description of the measure		
2.1	Description of the measure.	The regulation contains a loan-to-value cap on new residential mortgage loans to consumers: <ul style="list-style-type: none"> <li>• 85% LTV limit</li> <li>• 90% LTV limit for first time buyers</li> </ul>
2.2	Legal basis and process of implementation of the measure.	National law no. 118/2016 on mortgage loans to consumers.
2.3	Coverage	All institutions extending mortgage loans to consumers, which includes: <ul style="list-style-type: none"> <li>• Banks</li> <li>• The Housing Financing Fund</li> <li>• Pension funds</li> <li>• Registered creditors</li> </ul>

2.4	Any other relevant information.	
<b>3. Timing</b>		
3.1	Timing of the decision	17 July 2017
3.2	Timing of the publication	20 July 2017
3.3	Disclosure	Published by Fjarmalaeftirlitid: <a href="https://en.fme.is/published-material/news--announcements/news/fme-issues-rules-on-maximum-loan-to-value-ratios">https://en.fme.is/published-material/news--announcements/news/fme-issues-rules-on-maximum-loan-to-value-ratios</a>
3.4	Timing of the application	20 July 2017
3.5	End date (if applicable)	
<b>4. Reason for the activation of the measure</b>		
4.1	Description of the macroprudential risk to be addressed.	Housing market imbalances
4.2	Description of the indicators on the basis of which the measure is activated.	Housing market supply and demand indicators Housing price growth Household debt Fjarmalaeftirlitid's residential mortgage lending survey

4.3	Effects of the measure.	The measure is intended to strengthen borrowers and mortgage lenders resilience to a negative shock to the housing market.
<b>5. Cross-border and cross-sector impact of the measure</b>		
5.1	Assessment of cross-border effects and the likely impact on the internal market (Article 133(11)(d) of the CRD IV and Recommendation ESRB/2015/2)	There is very limited cross border mortgage lending to Iceland so the transmission channel is considered very weak. No cross-border effects or impact on the internal market are therefore foreseen.
5.2	Assessment of leakages and regulatory arbitrage within the notifying Member State	The measure is based on national law that covers all mortgage lending, not only banks. Therefore regulatory arbitrage within Iceland is not a potential risk.
5.3	Request for reciprocation	According to national law the regulation applies to all mortgage lenders in Iceland, both domestic as well as Icelandic branches of foreign banks. Thus there is no need for a reciprocation request.
<b>6. Miscellaneous</b>		
6.1	Contact person(s) at notifying authority.	Einar Jón Erlingsson +354 520 3700 einarjon@fme.is
6.2	Any other relevant information.	