

RECOMMENDATION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 4 December 2020

**regarding Norwegian notification of its intention to set a systemic risk buffer rate in
accordance with Article 133 of Directive (EU) 2013/36/EU
(ESRB/2020/14)**

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 macro-prudential oversight of the financial system and establishing a European Systemic Risk Board¹, and in particular Article 3(2)(j) thereof,

Having regard to 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 firms², and in particular Article 133(11), (13) and (14) thereof,

Having regard to the Agreement on the European Economic Area³, in particular Annex IX thereof,

Having regard to Decision ESRB/2015/4 of the European Systemic Risk Board of 16 December 2015 on a coordination framework for the notification of national macroprudential policy measures by relevant authorities, the issuing of opinions and recommendations by the ESRB, and repealing Decision ESRB/2014/23⁴,

Whereas:

- (1) Decision of the EEA Joint Committee No 81/2019 of 29 March 2019 amending Annex IX (Financial services) to the EEA Agreement [2020/831]⁵ incorporated Directive 2013/36/EU into the Agreement on the European Economic Area,
- (2) Finansdepartementet (the Norwegian Ministry of Finance), acting as designated authority for the purpose of Article 133(1) of Directive 2013/36/EU, notified the European Systemic Risk Board (ESRB) on 5 November 2020 of its intention to set a systemic risk buffer (SyRB) rate of

1 OJ L 331, 15.12.2010, p. 1.

2 OJ L 176, 27.6.2013, p. 338.

3 OJ L 001 3.1.1994, p. 3.

4 OJ C 97, 12.3.2016, p. 28.

5 OJ L 210, 2.7.2020, p. 54.

4.5% applying to the domestic exposures of all credit institutions authorised in Norway, including the five subsidiaries of parents established in other Member States⁶.

- (3) The SyRB rate is expected to apply from 31 December 2020. For institutions not using the advanced internal ratings-based approach, the SyRB rate is expected to be set at 3% until 31 December 2022 and at 4.5% thereafter.
- (4) The third subparagraph of Article 133(14) of Directive 2013/36/EU provides that where one subset of the financial sector is a subsidiary whose parent is established in another European Economic Area (EEA) country, the ESRB shall issue a recommendation on the measures taken in accordance with that paragraph within one month of receiving the notification.
- (5) To assess the measure notified by Finansdepartementet, the ESRB's assessment team referred to in Decision ESRB/2015/4 has issued an assessment note, which is annexed hereto,

HAS ADOPTED THIS RECOMMENDATION:

1. It is recommended that the proposed SyRB rate notified under Article 133(11) of Directive 2013/36/EU is considered justified, suitable, proportionate, effective and efficient for the risk Finansdepartementet is targeting. In particular that:
 - (a) the dimension of the identified systemic or macroprudential risk threatens the stability of the financial system in Norway, justifying the introduction of a SyRB rate of 4.5% for domestic exposures;
 - (b) the proposed measure is likely to be effective and proportionate to mitigate the risk;
 - (c) the proposed measure, including its application to subsidiaries whose parents are established in other EEA countries, does not entail disproportionate adverse effects on the whole or parts of the financial system of other EEA countries or of the EEA as a whole;
 - (d) none of the existing measures in Directive 2013/36/EU or in 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 648/2012⁷, excluding Articles 458 and 459 of that Regulation, alone or in combination, are sufficient to address the identified macroprudential or systemic risk taking into account the relative effectiveness of those measures.
2. The attached assessment note entitled 'Assessment of the Norwegian Ministry of Finance notification in accordance with Article 133 of Directive (EU) 2013/36/EU concerning the

⁶ Point (a) of paragraph 14. of Annex IX to the Agreement on the European Economic Area provides that the terms 'Member State(s)' and 'competent authorities' shall be understood to include, in addition to their meaning in Directive 2013/36/EU, the EFTA States and their competent authorities, respectively.

⁷ OJ L 176, 27.6.2013, p. 1.

application of a systemic risk buffer set between 3% and 5%' is an integral part of this Recommendation.

Done at Frankfurt am Main, 4 December 2020.



Francesco MAZZAFERRO

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