ESRB
European Systemic Risk Board
European System of Financial Supervision

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RECOMMENDATION OF THE EUROPEAN SYSTEMIC RISK BOARD

of 15 December 2015

on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures

SECTION 1

RECOMMENDATIONS

Recommendation A – Assessment of cross-border effects of relevant authorities' own macroprudential policy measures

1. The relevant activating authorities are recommended to assess, prior to their adoption, the cross-border effects of the implementation of their own macroprudential policy measures. At the very least, the spillover channels operating via risk adjustment and regulatory arbitrage should be assessed, using the methodology set out in Chapter 11 of the ESRB Handbook.
2. The relevant activating authorities are recommended to assess the possible:
   (a) cross-border effects (leakages and regulatory arbitrage) of the implementation of macroprudential policy measures in their jurisdiction; and
   (b) cross-border effects on other Member States and on the Single Market of any proposed macroprudential policy measures.
3. The relevant activating authorities are recommended to monitor at least once a year the materialisation and evolution of the cross-border effects of the macroprudential policy measures they have introduced.

Recommendation B – Notification and reciprocation request with regard to relevant authorities' own macroprudential policy measures

1. The relevant activating authorities are recommended to notify the ESRB of macroprudential policy measures as soon as they are adopted, and no later than two weeks after their adoption. Notifications should include an assessment of cross-border effects and of the necessity for reciprocation by other

relevant authorities. The relevant activating authorities are requested to provide the information in English using the templates published on the ESRB's website.

2. If reciprocation by other Member States is deemed necessary to ensure the effective functioning of the relevant measures, the relevant activating authorities are recommended to submit a request for reciprocation to the ESRB, together with the notification of the measure. The request should include a proposed materiality threshold.

3. If macroprudential policy measures were activated prior to the adoption of this Recommendation, or if reciprocation was not considered necessary when the measures were first introduced, but the relevant activating authority has subsequently decided that such reciprocation has become necessary, the relevant activating authorities are recommended to submit a request for reciprocation to the ESRB.

Recommendation C – Reciprocation of other relevant authorities' macroprudential policy measures

1. The relevant authorities are recommended to reciprocate the macroprudential policy measures adopted by other relevant authorities and recommended for reciprocation by the ESRB. It is recommended that the following measures, as further described in the annex, be reciprocated:

Austria:

- a 1 % sectoral systemic risk buffer for all relevant exposures to non-financial corporations from the construction and real estate sectors located in Austria, identified in accordance with the statistical classification of economic activities in the Union (NACE), set out in Regulation (EC) No 1893/2006 of the European Parliament and of the Council[1], with the exception of exposures to limited-profit housing associations, applicable until 30 June 2026;
- a 2 % sectoral systemic risk buffer for all relevant exposures to non-financial corporations from the construction and real estate sectors located in Austria, identified in accordance with the statistical classification of economic activities in the Union (NACE), set out in Regulation (EC) No 1893/2006, with the exception of exposures to limited-profit housing associations, applicable from 1 July 2026 until 30 June 2027;
- a 3,5 % sectoral systemic risk buffer for all relevant exposures to non-financial corporations from the construction and real estate sectors located in Austria, identified in accordance with the statistical classification of economic activities in the Union (NACE), set out in Regulation (EC) No 1893/2006, with the exception of exposures to limited-profit housing associations, applicable from 1 July 2027.

[Belgium: deleted]

[1] Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1, ELI: http://data.europa.eu/eli/reg/2006/1893/oj).';

Denmark:

- a 7 % sectoral systemic risk buffer rate on all types of exposures located in Denmark to nonfinancial corporations operating in real estate activities identified on the basis of the statistical classification of their economic activities in the European Union as set out in Regulation (EC) No 1893/2006, with the exception of social housing associations and housing cooperative associations, and 'real estate activities on a fee or contract basis', and excluding the part of each exposure that lies in the loan-to-value ratio range of 0 % to 30 % from the scope of the exposures to which the sectoral systemic risk buffer applies.

Germany:

- a 1 % systemic risk buffer rate on all exposures, both retail and non-retail, to natural persons and all exposures to legal persons which are both secured by residential property located in Germany and for which that collateral is considered to reduce supervisory own funds requirements.

[France: deleted]

Italy:

- a 0,5 % systemic risk buffer rate on all credit risk exposures and counterparty credit risk exposures located in Italy, applicable from 31 December 2024 until 29 June 2025; increasing to a 1 % systemic risk buffer rate on all credit risk exposures and counterparty credit risk exposures located in Italy, applicable from 30 June 2025.

Lithuania:

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

Luxembourg:

- legally binding loan-to-value (LTV) limits for new mortgage loans on residential real estate located in Luxembourg, with different LTV limits applicable to different categories of borrowers:

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

Netherlands:

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

value of the property that serves to secure the loan, and a 45 % risk weight is assigned to the remaining portion of the loan. The minimum average risk weight of the portfolio is the exposure-weighted average of the risk weights of the individual loans.

Norway:

- a 4,5 % systemic risk buffer rate applicable to all exposures located in Norway, pursuant to Article 133 of Directive 2013/36/EU, as applicable to Norway as of 31 December 2022 pursuant to the terms of the Agreement on the European Economic Area[2] (EEA Agreement) (hereinafter the 'CRD as applicable to and in Norway as of 31 December 2022'), to all credit institutions authorised in Norway;
- a 20 % floor for (exposure-weighted) average risk weights for exposures to residential real estate located in Norway applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013, as applied in Norway until 30 June 2025, which increases to a 25 % floor from 1 July 2025, to credit institutions authorised in Norway using the internal ratings-based (IRB) approach for calculating regulatory capital requirements;
- a 35 % floor for (exposure-weighted) average risk weights for exposures to commercial real estate located in Norway applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 as applied in Norway, to credit institutions authorised in Norway using the IRB approach for calculating regulatory capital requirements.

Sweden:

- a credit institution-specific floor of 25 % for the exposure-weighted average of the risk weights applied to the portfolio of retail exposures to obligors residing in Sweden secured by immovable property applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 to credit institutions authorised in Sweden using the IRB approach for calculating regulatory capital requirements;
- a credit institution-specific minimum level (floor) of 35 % for the exposure-weighted average of the risk weights applied to the portfolio of corporate exposures secured by mortgages on immovable commercial properties (properties physically located in Sweden owned for commercial purposes to generate rental income) and a credit institution-specific minimum level (floor) of 25 % for the exposure-weighted average of the risk weights applied to the portfolio of corporate exposures secured by mortgages on immovable residential properties (apartment buildings physically located in Sweden owned for commercial purpose to generate rental income, where the number of residences in the property exceeds three) applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 to credit institutions authorised in Sweden using the IRB approach for calculating regulatory capital requirements.

Portugal:

- a 4 % sectoral systemic risk buffer rate on all IRB retail exposures to natural persons secured by residential immovable property for which the collateral is located in Portugal.

[2] Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1).

2. The relevant authorities are recommended to reciprocate the macroprudential policy measures listed in this Recommendation by implementing the same macroprudential policy measure as the one that has been implemented by the activating authority. If the same macroprudential policy measure is not available in national legislation, the relevant authorities are recommended to reciprocate, following consultation with the ESRB, by adopting a macroprudential policy measure available in its jurisdiction that has the most equivalent effect to the activated macroprudential policy measure.

3. Unless a specific deadline is recommended in relation to the reciprocation of a macroprudential policy measure, the relevant authorities are recommended to adopt reciprocating macroprudential policy measures no later than three months, following the publication of the latest amendment of this Recommendation in the *Official Journal of the European Union*. The adopted and reciprocating measures should have the same activation date insofar as possible.

Recommendation D – Notification of the reciprocation of other relevant authorities' macroprudential policy measures

The relevant authorities are recommended to notify the ESRB of their reciprocation of other relevant authorities' macroprudential policy measures. Notifications should be sent no later than one month after the reciprocating measure has been adopted. The notifying authorities are requested to provide the information in English, using the template published on the ESRB's website.

SECTION 2

IMPLEMENTATION

1. Interpretation

For the purposes of this Recommendation, the following definitions apply:

(a) 'activation' means the application of a macroprudential policy measure at national level;
(b) 'adoption' means a decision taken by a relevant authority regarding the introduction, reciprocation or amendment of a macroprudential policy measure;
(c) 'financial service' means any service of a banking, credit, insurance, personal pension, investment or payment nature;
(d) 'macroprudential policy measure' means any measure that addresses the prevention and mitigation of systemic risk as defined in Article 2(c) of Regulation (EU) No 1092/2010 and is adopted or activated by a relevant authority subject to Union or national law;
(e) 'notification' means a written notice in English to the ESRB from the relevant authorities, including the ECB pursuant to Article 9 of Regulation (EU) No 1024/2013, regarding a macroprudential policy measure in accordance with, but not limited to, Article 133 of Directive 2013/36/EU and Article 458 of Regulation (EU) No 575/2013, and which may be a reciprocation request from a Member State in

accordance with, but not limited to, Article 134(4) of Directive 2013/36/EU and Article 458(8) of Regulation (EU) No 575/2013;

(f) 'reciprocity' means an arrangement, whereby the relevant authority in one jurisdiction applies the same, or equivalent, macroprudential policy measure, as is set by the relevant activating authority in another jurisdiction, to any financial institutions under its jurisdiction, when they are exposed to the same risk in the latter jurisdiction;

(g) 'relevant activating authority' means a relevant authority that is in charge of applying a macroprudential policy measure at national level;

(h) 'relevant authority' means an authority entrusted with the adoption and/or activation of macroprudential policy measures, including but not limited to:

  (i) a designated authority in accordance with Chapter 4 of Directive 2013/36/EU and Article 458 of Regulation (EU) No 575/2013, a competent authority as defined in Article 4(1)(40) of Regulation (EU) No 575/2013, the ECB in accordance with Article 9(1) of Regulation (EU) No 1024/2013; or

  (ii) a macroprudential authority with the objectives, arrangements, powers, accountability requirements and other characteristics set out in Recommendation ESRB/2011/3 of the European Systemic Risk Board[3].

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

2. Exemptions

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

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

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

2. If the relevant authorities have already reciprocated and disclosed the measure before the measure is recommended for reciprocation in this Recommendation, the reciprocating measure does not need to be amended even if it differs from the one implemented by the activating authority.

3. Timeline and reporting

1. The relevant authorities are requested to report to the ESRB and the Council on the actions they take in response to this Recommendation, or adequately justify any inaction. Reports shall be sent every two years, with the first report due by 30 June 2017. The reports should contain as a minimum:
   (a) information on the substance and timing of the actions taken;
   (b) an assessment of the functioning of the actions taken, from the perspective of the objectives of this Recommendation;
   (c) detailed justification of any exemptions granted pursuant to the *de minimis* principle, together with any inaction or departure from this Recommendation, including any delays.
2. In the event of shared responsibilities, relevant authorities should coordinate with each other in order to provide the necessary information on time.
3. The relevant authorities are encouraged to inform the ESRB at the earliest opportunity of any proposed macroprudential policy measures.
4. A reciprocating macroprudential policy measure is deemed to be equivalent if it has, insofar as possible:
   (a) the same economic impact;
   (b) the same scope of application; and
   (c) the same consequences (sanctions) for non-compliance.

4. Amendments to the Recommendation

The General Board will decide when this Recommendation needs to be amended. Such amendments include in particular any additional or modified macroprudential policy measures to be reciprocated as set out in Recommendation C and the related annexes containing measure-specific information, including the materiality threshold provided by the ESRB. The General Board may also extend the deadlines set forth in the previous paragraphs where legislative initiatives are necessary to comply with one or more recommendations. In particular, the General Board may decide to amend this Recommendation following the European Commission's review of the mandatory recognition framework under Union law or on the basis of experience gained with the operation of the voluntary reciprocity arrangement established by this Recommendation.

5. Monitoring and assessment

1. The ESRB Secretariat:

(a) assists the relevant authorities by facilitating coordinated reporting, providing relevant templates and detailing where necessary the procedure and the timeline for compliance;

(b) verifies compliance by the relevant authorities, including by assisting them at their request, and submits compliance reports to the General Board.

2. The General Board assesses the actions and the justifications reported by the relevant authorities and, where appropriate, decides whether this Recommendation has not been followed and whether the relevant authorities have failed to adequately justify their inaction.

ANNEX

Austria

- a 1 % sectoral systemic risk buffer for all relevant exposures to non-financial corporations from the construction and real estate sectors located in Austria, identified in accordance with the statistical classification of economic activities in the Union (NACE), set out in Regulation (EC) No 1893/2006, with the exception of exposures to limited-profit housing associations, applicable until 30 June 2026;

-a 2 % sectoral systemic risk buffer for all relevant exposures to non-financial corporations from the construction and real estate sectors located in Austria, identified in accordance with the statistical classification of economic activities in the Union (NACE), set out in Regulation (EC) No 1893/2006, with the exception of exposures to limited-profit housing associations, applicable from 1 July 2026 until 30 June 2027;

-a 3,5 % sectoral systemic risk buffer for all relevant exposures to non-financial corporations from the construction and real estate sectors located in Austria, identified in accordance with the statistical classification of economic activities in the Union (NACE), set out in Regulation (EC) No 1893/2006, with the exception of exposures to limited-profit housing associations, applicable from 1 July 2027.';

I. Description of the measure

1. The Austrian measure, applied in accordance with Article 133 of Directive 2013/36/EU, imposes a 3,5 % sectoral systemic risk buffer rate – subject to a gradual phase-in timeline as set out in Section 1, sub-recommendation C(1) – on all relevant exposures towards non-financial corporations from the construction and real estate sectors located in Austria, identified in accordance with the statistical classification of economic activities in the Union (NACE), set out in Regulation (EC) No 1893/2006, with the exception of limited-profit housing associations.

II. Reciprocation

2. Relevant authorities are recommended to reciprocate the Austrian measure for all relevant exposures located in Austria in accordance with Article 134(1) of Directive 2013/36/EU, on a consolidated, sub-consolidated and individual basis. They should apply the measure to all relevant exposures of non-financial corporations engaged in the following specific economic activities: "Construction of residential and non-

residential buildings" as classified under NACE code F 41, "Specialised construction activities" as classified under NACE code F 43, and "Real estate activities" as classified under NACE code M 68, with the exception of exposures to limited-profit housing associations.

3. If the same macroprudential policy measure is not available in their jurisdiction, in accordance with sub-recommendation C(2), the relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the above measure recommended for reciprocation, including adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU. The standard three-month transition period following the publication of Recommendation ESRB/2026/2 in the Official Journal of the European Union for the implementation of reciprocating measures applies.

III. Materiality threshold

4. The measure is complemented by a materiality threshold to steer the potential application of the *de minimis* principle by the relevant authorities reciprocating the measure, which is set at an institution-specific EUR 100 million. The sSyRB should be reciprocated if this threshold is met and should be applicable on a consolidated, sub-consolidated and individual basis. When assessing it on a sub-consolidated and consolidated basis, the total exposures through branches, direct cross-border lending and subsidiaries should be assessed against the materiality threshold.

5. Relevant authorities should monitor the materiality of exposures. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold referred to in paragraph 4 is a recommended maximum threshold level. Reciprocating relevant authorities may, therefore, instead of applying the recommended threshold, set a lower threshold for their jurisdictions where appropriate or reciprocate the measure without any materiality threshold.

6. While data for determining whether the relevant exposures exceed the materiality threshold is not directly available in harmonised Union-wide reporting templates (which include commercial real estate-related exposures along with other exposures within the same NACE codes), authorities are encouraged, as a first reference value, to consider all exposures to Austrian companies classified in NACE codes F and M available in harmonised financial reporting templates. If this value is above the materiality threshold for any institution, it is suggested to use alternative data sources and/or reach out to the institutions with exposures above the first reference value, to decide whether the measure should be reciprocated.

Denmark

A 7 % sectoral systemic risk buffer rate on all types of exposures located in Denmark to non-financial corporations operating in real estate activities identified on the basis of the statistical classification of their economic activities in the Union, as set out in Regulation (EC) No 1893/2006 , with the exception of social housing associations and housing cooperative associations, and 'real estate activities on a fee or contract basis', and excluding the part of each exposure that lies in the loan-to-value ratio range of 0 % to 30 % from the scope of the exposures to which the sectoral systemic risk buffer applies.

I. Description of the measure

1.The sectoral systemic risk buffer rate of 7 % will apply to all domestic credit institutions.

2. It will apply to all types of exposures located in Denmark to non-financial corporations operating in real estate activities apart from social housing associations and housing cooperative associations, and real estate activities on a fee or contract basis. The relevant economic activities of the debtor are specified by a reference to the statistical classification of economic activities in the Union, as set out in Regulation (EC) No 1893/2006[4].

3. The part of each exposure that lies within the loan-to-value ratio range of 0 % to 30 % is excluded from the scope of the exposures to which the sectoral systemic risk buffer applies.

4. The measure will apply on an individual and consolidated basis.

II. Reciprocation

5. Reciprocating relevant authorities are recommended to reciprocate the Danish measure by applying it to all types of exposures located in Denmark to non-financial corporations engaged in specific economic activities, which are determined as follows: “Real estate activities” according to NACE Rev 2.1. code “M”[5], apart from social housing associations and housing cooperative associations, and real estate activities on a fee or contract basis. From these exposures, the part of each exposure that lies within the loan-to-value ratio range of 0 % to 30 % should be subtracted.

6. Following the request by the Danish Ministry of Taxation and Economic Growth, the reciprocating relevant authorities are recommended to reciprocate the Danish measure by applying it on an individual and on a consolidated basis.

7. If the same macroprudential policy measure is not available in their jurisdiction, the reciprocating relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the measure recommended for reciprocation, including adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU.

8. Member States are recommended to reciprocate this measure within three months from the publication of this Recommendation in the *Official Journal of the European Union*.

III. Materiality threshold

9.The measure is complemented by an institution-specific materiality threshold based on exposures located in Denmark to steer the potential application of the de minimis principle by the relevant authorities reciprocating the measure. Credit institutions may be exempted from the sectoral systemic risk buffer rate requirement as long as their relevant sectoral exposures do not exceed EUR 200 million, which corresponds to approximately 0,3 % of the total exposures to real estate companies in Denmark. In order to assess whether the materiality threshold is met, the exposures entered under ‘real estate activities’ in Denmark in

[4] The determination of the specific subsets of sectoral exposures to which the sSyRB will be applied, is based on the EBA Guidelines on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a systemic risk buffer in accordance with Article 133(5)(f) of Directive 2013/36/EU, (EBA-GL- 2020-13), available on the EBA website at: www.eba.europa.eu.

[5] NACE Rev. 2.1 Statistical classification of economic activities in the European Union, Eurostat, Luxembourg, 2025.

FINREP template F 20.07.1 may be used as a proxy for the exposure to real estate companies. The sSyRB should be reciprocated if the materiality threshold is met and should be applied on a consolidated and on an individual basis. When assessing whether the materiality threshold has been met on a consolidated basis, the total exposures through branches, direct cross-border lending, and subsidiaries should be taken into account.

10. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold of EUR 200 million is a recommended maximum threshold level. Relevant authorities may therefore instead of applying the recommended threshold set a lower threshold for their jurisdictions where appropriate or reciprocate the measure without any materiality threshold. When setting the materiality threshold relevant authorities should consider individual financial service provider's exposure to the identified macroprudential risk in Denmark and assess whether it can be considered non-material.

11. Where there are no credit institutions authorised in the Member States having material exposures in Denmark, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the Danish measures. In this case, the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the Danish measures when a credit institution exceeds the respective materiality thresholds.

Germany

a 1 % systemic risk buffer rate on all exposures, both retail and non-retail, to natural persons and all exposures to legal persons which are both secured by residential property located in Germany and for which that collateral is considered to reduce supervisory own funds requirements.

I. Description of the measure

1. The German measure, applied in accordance with Article 133 of Directive 2013/36/EU, imposes a 1 % systemic risk buffer rate on all exposures, both retail and non-retail, to natural and legal persons that are secured by residential real estate located in Germany.

1a. The measure applies on a consolidated, sub-consolidated and individual basis.

II. Reciprocation

2. Relevant authorities are recommended to reciprocate the German measure by applying it to domestically authorised credit institutions.

3. If the same macroprudential policy measure is not available in their jurisdiction, the relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the above measure recommended for reciprocation, including adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU. Relevant authorities are recommended to adopt the equivalent measure as soon as possible and by no later than three months following the publication of this Recommendation in the *Official Journal of the European Union*.

4. Following the request by BaFin, relevant authorities are recommended to reciprocate the German measure by applying it on an individual, sub-consolidated and consolidated basis, subject to the outcome of the assessment referred to in paragraph 5a.

III. Materiality threshold

5. The measure is complemented by an institution-specific materiality threshold to steer the potential application of the de minimis principle by the relevant authorities reciprocating the measure. Credit institutions may be exempted from the systemic risk buffer requirement if their relevant sectoral exposures do not exceed EUR 10 billion. Therefore, reciprocation is only requested when the institution-specific threshold is exceeded.

5a. The materiality threshold shall be assessed on a consolidated, sub-consolidated and individual basis. When assessing it on a consolidated basis, all exposures held through branches and direct cross-border lending and through subsidiaries shall be included in the calculation of exposures assessed against the materiality threshold.

6. Relevant authorities should monitor the materiality of exposures. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold of EUR 10 billion is a recommended maximum threshold level. Reciprocating relevant authorities may therefore, instead of applying the recommended threshold, set a lower threshold for their jurisdictions where appropriate, or reciprocate the measure without any materiality threshold.

7. Where there are no credit institutions authorised in the Member States having material exposures in Germany, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the German measure. In this case, the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the German measure when a credit institution exceeds the recommended materiality threshold.

Italy

A 0,5 % systemic risk buffer rate on all credit risk exposures and counterparty credit risk exposures located in Italy, applicable from 31 December 2024 until 29 June 2025; increasing to a 1 % systemic risk buffer rate on all credit risk exposures and counterparty credit risk exposures located in Italy, applicable from 30 June 2025.

I. Description of the measure

1. The Italian measure, applied in accordance with Article 133 of Directive 2013/36/EU, consists of the application of a systemic risk buffer to credit risk exposures and counterparty credit risk exposures located in Italy of all credit institutions authorised in Italy, on an individual and on a consolidated basis.

2. A systemic risk buffer rate of 0,5 % will apply from 31 December 2024, increasing to 1 % from 30 June 2025.

II. Reciprocation

3. Reciprocating relevant authorities are recommended to reciprocate the Italian measure by applying it to banks' credit risk exposures and counterparty credit risk exposures located in Italy. The measure can be reciprocated using the following scope in COREP reporting: Geographical breakdown of exposures by residence of the obligor, sum of the exposures to Italian residents in row 170, column 90 of COREP Table C 09.01 and row 150, column 125 of COREP Table C 09.02.

4. Following the request by Banca d'Italia, it is recommended that relevant authorities reciprocate the Italian measure by applying it on an individual and on a consolidated basis.

5. If the same macroprudential policy measure is not available in their jurisdiction, the relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the above measure recommended for reciprocation. This may include adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU.

6. It is recommended that relevant authorities ensure that:

a) a reciprocating measure with a rate of 0,5 % applies and is complied with from 31 December 2024 until 29 June 2025:
b) a reciprocating measure with a rate of 1 % applies and is complied with from 30 June 2025.

III. Materiality threshold

7. The measure is complemented by an institution-specific materiality threshold based on exposures located in Italy. The relevant authorities reciprocating the measure may exempt credit institutions from the systemic risk buffer requirement as long as their relevant exposures do not exceed a materiality threshold of EUR 25 billion, which corresponds to approximately 1 % of all credit risk exposures and counterparty credit risk exposures located in Italy. In order to identify the relevant exposures that should be included in the calculation of exposures assessed against the materiality threshold, relevant authorities should take into account, as a minimum, the exposures in the following scope of COREP reporting: Geographical breakdown of exposures by residence of the obligor, sum of exposures to Italian residents in row 170, column 10 of COREP Table C09.01 and row 150 column 10 of COREP Table C09.02.

8. All exposures held through branches and direct cross-border lending and through subsidiaries should be included in the calculation of exposures assessed against the materiality threshold.

9. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold of EUR 25 billion is a recommended maximum threshold level. Relevant authorities may therefore, instead of applying the recommended threshold, set a lower threshold for their jurisdictions where appropriate, or reciprocate the measure without any materiality threshold. When setting a materiality threshold, relevant authorities should consider each individual financial service provider's exposure to the identified macroprudential risk in Italy and assess whether it can be considered non-material.

10. Where there are no credit institutions authorised in the Member States having material exposures in Italy, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the Italian measure. In this case, the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the Italian measure when a credit institution exceeds the recommended materiality threshold.

Lithuania

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

I. Description of the measure

1. The Lithuanian measure, applied in accordance with Article 133 of Directive 2013/36/EU imposes a 2 % systemic risk buffer rate for all retail exposures to natural persons in Lithuania that are secured by residential property.

II. Reciprocation

2. Relevant authorities are recommended to reciprocate the Lithuanian measure by applying it to branches located in Lithuania of domestically authorised banks and direct cross-border exposures to natural persons in Lithuania that are secured by residential property. A significant share of total mortgage positions is held by foreign bank branches operating in Lithuania, therefore, reciprocity of the measure by other Member States would help foster a level playing field and ensure that all significant market participants take into account the increased residential real estate risk in Lithuania and increase their resilience.
3. If the same macroprudential policy measure is not available in their jurisdiction, the relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the above measure recommended for reciprocation, including adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU. Relevant authorities are recommended to adopt the equivalent measure by no later than four months following the publication of this Recommendation in the *Official Journal of the European Union*.

III. Materiality threshold

4. The measure is complemented by an institution-specific materiality threshold to steer the potential application of the de minimis principle by the relevant authorities reciprocating the measure. Institutions may be exempted from the systemic risk buffer requirement if their relevant sectoral exposures do not exceed EUR 50 million, which is approximately 0,5 % of the relevant exposures of the total credit institution sector in Lithuania. Therefore, reciprocation is only requested when the institution-specific threshold is exceeded.
5. Justification for such a threshold:
   (a) The minimisation of the potential for regulatory fragmentation is necessary, as the same materiality threshold will also apply to credit institutions authorised in Lithuania;
   (b) The application of such a materiality threshold would help to ensure a level playing field in the sense that institutions with exposures of similar size are subject to the systemic risk buffer requirement;
   (c) The threshold is relevant for financial stability, as the further development of the residential real estate risk will mainly depend on housing market activity, which partly depends on the amount

of new loans issued for house purchase. Therefore, the measure should apply to market participants who are active in this market even though their mortgage loan portfolios are not as large as those of the largest loan providers.

6. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold of EUR 50 million is a recommended maximum threshold level. Reciprocating relevant authorities may therefore, instead of applying the recommended threshold, set a lower threshold for their jurisdictions where appropriate, or reciprocate the measure without any materiality threshold.

Luxembourg

Legally binding loan-to-value (LTV) limits for new mortgage loans on residential real estate located in Luxembourg, with different LTV limits applicable to different categories of borrowers:

(a) LTV limit of 100 % for first-time buyers acquiring their primary residence;

(b) LTV limit of 90 % for other buyers i.e. non first-time buyers acquiring their primary residence. This limit is implemented in a proportional way via a portfolio allowance. Specifically, lenders may issue 15 % of the portfolio of new mortgages granted to these borrowers with an LTV above 90 % but below the maximum LTV of 100 %;

(c) LTV limit of 80 % for other mortgage loans (including the buy-to-let segment).

I. Description of the measure

1. The Luxembourg authorities activated legally binding LTV limits for new mortgage loans on residential immovable property located in Luxembourg. Following the Recommendation of the Comité du Risque Systémique (Systemic Risk Committee)[6], the Commission de Surveillance du Secteur Financier (Financial Sector Supervisory Commission)[7] acting in concert with the Banque centrale du Luxembourg has activated LTV limits that differ across three categories of borrowers. The LTV limits for each of the three categories are as follows:
   (a) LTV limit of 100 % for first-time buyers acquiring their primary residence;
   (b) LTV limit of 90 % for other buyers i.e. non first-time buyers acquiring their primary residence. This limit is implemented in a proportional way via a portfolio allowance. Specifically, lenders may issue 15 % of the portfolio of new mortgages granted to these borrowers with an LTV above 90 % but below the maximum LTV of 100 %;
   (c) LTV limit of 80 % for other mortgage loans (including the buy-to-let segment).
2. LTV is the ratio between the sum of all loans or tranches of loans backed by the borrower with residential property at the time when the loan is granted and the value of the property at the same time.

[6] Recommandation du comité du risque systémique du 9 novembre 2020 relative aux crédits portant sur des biens immobiliers à usage résidentiel situés sur le territoire du Luxembourg (CRS/2020/005).
[7] CSSF Régulation N.20-08 du 3 décembre 2020 fixant des conditions pour l'octroi de crédits relatifs à des biens immobiliers à usage résidentiel situés sur le territoire du Luxembourg.

3. The LTV limits apply independently from the type of ownership (e.g. full ownership, usufruct, bare ownership).
4. The measure applies to any private borrower taking out a mortgage loan to purchase residential real estate in Luxembourg for non-commercial purposes. The measure also applies if the borrower uses a legal structure like a real estate investment company to complete this transaction, and in the case of joint applications. 'Residential real estate' includes construction land, whether the construction work takes place immediately after the purchase or years after. The measure also applies if a loan is granted to a borrower for purchasing a property with a long-term lease agreement. The real estate property may be for owner occupation or buy to let.

II. Reciprocation

5. Member States whose credit institutions, insurance corporations and professionals carrying out lending activities (mortgage lenders) have relevant material Luxembourg credit exposures through direct cross-border credit are recommended to reciprocate the Luxembourg measure in their jurisdiction. If the same measure is not available in their jurisdiction for all relevant cross-border exposures, the relevant authorities should apply available measures that have the most equivalent effect to the activated macroprudential policy measure.
6. Member States should notify the ESRB that they reciprocated the Luxembourg measure or used de minimis exemptions in accordance with Recommendation D of Recommendation ESRB/2015/2. The notification should be provided no later than one month after the reciprocating measure has been adopted, using the respective template published on the ESRB's website. The ESRB will publish the notifications on the ESRB's website, thereby communicating the national reciprocation decisions to the public. This publication will include any exemptions made by reciprocating Member States and their commitment to monitor leakages and act if needed.
7. Member States are recommended to reciprocate a measure within three months from the publication of this Recommendation in the *Official Journal of the European Union*.

II. Materiality threshold

8. The measure is complemented by two materiality thresholds to steer the potential application of the de minimis principle by the reciprocating Member States: a country-specific materiality threshold and an institution-specific materiality threshold. The country-specific materiality threshold for the total cross-border mortgage lending to Luxembourg is EUR 350 million which corresponds to approximately 1 % of the total domestic residential real estate mortgage market in December 2020. The institution-specific materiality threshold for the total cross-border mortgage lending to Luxembourg is EUR 35 million which corresponds to approximately 0,1 % of the total domestic residential real estate mortgage market in Luxembourg in December 2020. Reciprocation is only requested when both the country-specific threshold and the institution-specific threshold are exceeded.

Netherlands

A minimum average risk weight applied by credit institutions using the IRB approach in relation to their portfolios of exposures to natural persons secured by residential property located in the Netherlands. For each individual exposure item that falls within the scope of the measure, a 12 %

risk weight is assigned to a portion of the loan not exceeding 55 % of the market value of the property that serves to secure the loan, and a 45 % risk weight is assigned to the remaining portion of the loan. The minimum average risk weight of the portfolio is the exposure-weighted average of the risk weights of the individual loans.

I. Description of the measure

1. The Dutch measure applied in accordance with Article 458(2)(d)(vi) of Regulation (EU) No 575/2013 imposes a minimum average risk weight for IRB credit institutions' portfolio of exposures to natural persons secured by mortgages on residential property located in the Netherlands. Loans covered by the National Mortgage Guarantee scheme are exempted from the measure.

2. The minimum average risk weight is to be calculated as follows:
   (a) For each individual exposure item that falls within the scope of the measure, a 12 % risk weight is assigned to the portion of the loan not exceeding 55 % of the market value of the property that serves to secure the loan, and a 45 % risk weight is assigned to the remaining portion of the loan. The LTV ratio to be used in this calculation should be determined in accordance with the applicable provisions of Regulation (EU) No 575/2013.
   (b) The minimum average risk weight of the portfolio is the exposure-weighted average of the risk weights of the individual loans, calculated as explained above. Individual loans that are exempt from the measure are disregarded when calculating the minimum average risk weight.
3. This measure does not replace the existing capital requirements set out in and arising from Regulation (EU) No 575/2013. Banks to which the measure applies must calculate the average risk weight of the part of the mortgage portfolio that falls within the scope of this measure on the basis of both the regular applicable provisions contained in Regulation (EU) No 575/2013 and the method as set out in the measure. In calculating their capital requirements, they must subsequently apply the higher of the two average risk weights.

II. Reciprocation

4. Relevant authorities are recommended to reciprocate the Dutch measure by applying it to domestically authorised credit institutions using the IRB approach that have exposures to natural persons secured by residential property located in the Netherlands, as their banking sector may, through their branches, be or become exposed to the systemic risk in the Dutch housing market directly or indirectly.
5. In accordance with sub-recommendation C(2), the relevant authorities are recommended to apply the same measure as the one that has been implemented in the Netherlands by the activating authority within the deadline specified in sub-recommendation C(3).
6. If the same macroprudential policy measure is not available in their jurisdiction, the relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the above measure recommended for reciprocation, including adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU. Relevant authorities are recommended to adopt the equivalent

measure by no later than four months following the publication of this Recommendation in the *Official Journal of the European Union*.

III. Materiality threshold

7. The measure is complemented by an institution-specific materiality threshold to steer the potential application of the de minimis principle by the relevant authorities reciprocating the measure. Institutions may be exempted from the minimum average risk weight for the IRB credit institutions' portfolio of exposures to natural persons secured by mortgages on residential property located in the Netherlands if this value does not exceed EUR 5 billion. Loans covered by the National Mortgage Guarantee scheme will not be calculated towards the materiality threshold.
8. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold of EUR 5 billion is a recommended maximum threshold level. Reciprocating relevant authorities may, therefore, instead of applying the recommended threshold set a lower threshold for their jurisdictions where appropriate or reciprocate the measure without any materiality threshold.

Norway

- **a 4,5 % systemic risk buffer rate applicable to all exposures located in Norway, pursuant to Article 133 of the CRD as applicable to Norway as of 31 December 2022, to all credit institutions authorised in Norway;**
- **a 20 % floor for (exposure-weighted) average risk weights for exposures to residential real estate located in Norway applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013, as applied in Norway until 30 June 2025, which increases to a 25 % floor from 1 July 2025 to credit institutions authorised in Norway using the internal ratings-based (IRB) approach for calculating regulatory capital requirements ;**
- **a 35 % floor for (exposure-weighted) average risk weights for exposures to commercial real estate located in Norway, applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 as applied in Norway, to credit institutions authorised in Norway using the IRB approach for calculating regulatory capital requirements.**

I. Description of the measures

1. With effect from 31 December 2020, Finansdepartementet (the Norwegian Ministry of Finance) introduced three macroprudential measures, namely (i) a systemic risk buffer for exposures located in Norway, pursuant to Article 133 of Directive 2013/36/EU; (ii) a risk weight floor for exposures to residential real estate located in Norway, pursuant to Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 as applied in Norway until 30 June 2025, which increases to a 25 % floor from 1 July 2025; and (iii) a risk weight floor for exposures to commercial real estate located in Norway, pursuant to Article 458(2)(d)(iv) of Regulation (EU) No 575/2013, as applicable to and in Norway.
2. The systemic risk buffer rate is set at 4,5 % and applies to the domestic exposures of all credit institutions authorised in Norway, on a consolidated, sub-consolidated and individual basis.
3. The residential real estate risk weight floor measure is an institution-specific average risk weights floor for residential real estate exposures in Norway, applicable to credit institutions using the IRB approach

on a consolidated, sub-consolidated and individual basis. The real estate risk weight floor concerns the exposure-weighted average risk weight in the residential real estate portfolio. Norwegian residential real estate exposures should be understood as retail exposures collateralised by immovable property in Norway.

4. The commercial real estate risk weight floor measure is an institution-specific average risk weights floor for commercial real estate exposures in Norway, applicable to credit institutions using the IRB approach on a consolidated, sub-consolidated and individual basis. The real estate risk weight floor concerns the exposure-weighted average risk weight in the commercial real estate portfolio. Norwegian commercial real estate exposures should be understood as corporate exposures collateralised by immovable property in Norway.

II. Reciprocation

5a. Relevant authorities are recommended to reciprocate the Norwegian measures for exposures located in Norway in accordance with Article 134(1) of Directive 2013/36/EU and with Article 458(5) of Regulation (EU) No 575/2013, respectively. As reciprocating the systemic risk buffer on a consolidated, sub- consolidated and individual basis as referred to in Recommendation ESRB/2024/7 of the European Systemic Risk Board[8] might require a relevant authority to adopt a new national reciprocating measure or amend existing national measures reciprocating the Norwegian systemic risk buffer measure, the standard three-month transition period following the publication of Recommendation ESRB/2024/7 in the *Official Journal of the European Union* for the implementation of reciprocating measures applies.

5b. Following the request by the Finansdepartementet, it is recommended that relevant authorities reciprocate both the Norwegian systemic risk buffer measure and the risk weight floors by applying them on a consolidated, sub-consolidated and individual basis, irrespective of whether the exposures concerned are held through subsidiaries or branches or result from direct cross-border lending.

6. If the same macroprudential policy measures are not available in their jurisdiction, in accordance with sub- recommendation C(2), the relevant authorities are recommended to apply, following consultation with the ESRB, macroprudential policy measures available in their jurisdiction that have the most equivalent effect to the above measures recommended for reciprocation. The relevant authorities are recommended to adopt the equivalent measures for the reciprocation of the systemic risk buffer rate within three months following the publication of Recommendation ESRB/2024/7 in the *Official Journal of the European Union*.

[7. Deleted].

III. Materiality threshold

[8] RECOMMENDATION OF THE EUROPEAN SYSTEMIC RISK BOARD of 3 December 2024 amending Recommendation ESRB/2015/2 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2024/7), OJ C, C/2025/1010, 12.2.2025, ELI: http://data.europa.eu/eli/C/2025/1010/oj

8. The measures are complemented by institution-specific materiality thresholds based on exposures located in Norway to steer the potential application of the de minimis principle by the relevant authorities reciprocating the measure as follows:

(a) for the systemic risk buffer, the materiality threshold is set at a risk-weighted exposure amount of NOK 5 billion, which corresponds to around 0,16 % of total risk-weighted exposures of credit institutions reporting in Norway. All exposures held through subsidiaries or branches, or which result from direct cross-border lending, should be included in the calculation of exposures assessed against the materiality threshold ;

(b) for the residential real estate risk weight floor, the materiality threshold is set at NOK 37,8 billion, which corresponds to 1 % of institutions' gross residential real estate lending to Norwegian customers as at 30 September 2024. The materiality threshold should be assessed on a consolidated, sub-consolidated and individual basis. When assessing it on a sub-consolidated or consolidated basis, all exposures held through branches and direct cross-border lending and through subsidiaries should be included in the calculation of exposures assessed against the materiality threshold ;

(c) for the commercial real estate risk weight floor, the materiality threshold is set at NOK 9.3 billion, which corresponds to 1 % of gross collateralised commercial real estate lending to Norwegian customers as at 30 September 2024. The materiality threshold should be assessed on a consolidated, sub-consolidated and individual basis. When assessing it on a sub-consolidated or consolidated basis, all exposures held through branches and direct cross-border lending and through subsidiaries should be included in the calculation of exposures assessed against the materiality threshold.

9. In line with Section 2.2.1 of Recommendation ESRB/2015/2, relevant authorities of the Member State concerned may exempt individual domestically authorised credit institutions having non-material exposures in Norway. Exposures are deemed non-material if they are below the institution-specific materiality thresholds set under paragraph 8 above. When applying the materiality thresholds, the relevant authorities should monitor the materiality of exposures and are recommended to apply the Norwegian measures to previously exempted individual domestically authorised credit institutions when the materiality thresholds set under paragraph 8 above are exceeded.

10. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality thresholds set under paragraph 8 above are recommended maximum threshold levels. Reciprocating relevant authorities may therefore, instead of applying the recommended thresholds, set lower thresholds for their jurisdictions where appropriate, or reciprocate the measures without any materiality threshold.

11. Where there are no credit institutions authorised in the Member States having material exposures in Norway, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the Norwegian measures. In this case, the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the Norwegian measures when a credit institution exceeds the respective materiality thresholds.

Sweden

- **a credit institution-specific floor of 25 % for the exposure-weighted average of the risk weights applied to the portfolio of retail exposures to obligors residing in Sweden secured by immovable property applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 to credit institutions authorised in Sweden using the IRB approach for calculating regulatory capital requirements;**
- **a credit institution-specific minimum level (floor) of 35 % for the exposure-weighted average of the risk weights applied to the portfolio of corporate exposures secured by mortgages on immovable commercial properties (properties physically located in Sweden owned for commercial purposes to generate rental income) and a credit institution-specific minimum level (floor) of 25 % for the exposure-weighted average of the risk weights applied to the portfolio of corporate exposures secured by mortgages on immovable residential properties (apartment buildings physically located in Sweden owned for commercial purposes to generate rental income, where the number of residences in the property exceeds three) applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 to credit institutions authorised in Sweden using the IRB approach for calculating regulatory capital requirements.**

I. Description of the measures

1. The Swedish measure applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 and imposed on credit institutions authorised in Sweden using the IRB approach, consists of a credit institution-specific floor of 25% for the exposure-weighted average of the risk weights applied to the portfolio of retail exposures to obligors residing in Sweden secured by immovable property. The exposure-weighted average is the average of the risk weights of the individual exposures calculated in accordance with Article 154 of Regulation (EU) No 575/2013, weighted by the relevant exposure value. The measure applies on a consolidated, and individual basis.
2. The Swedish measure applied in accordance with Article 458(2)(d)(iv) of Regulation (EU) No 575/2013 and imposed on credit institutions authorised in Sweden using the IRB approach, consists of an exposure-weighted risk weight credit institution-specific minimum level (floor) of 35% for certain corporate exposures in Sweden secured by mortgages on immovable commercial properties and an exposure-weighted risk weight credit institution-specific minimum level (floor) of 25 % for certain corporate exposures in Sweden secured by mortgages on immovable residential properties. The exposure-weighted average is the average of the risk weights of the individual exposures calculated in accordance with Article 153 of Regulation (EU) No 575/2013, weighted by the relevant exposure value. This measure does not cover corporate exposures secured by: (i) agricultural properties; (ii) properties owned directly by municipalities, states or regions; (iii) properties where more than 50% of the property is used for own business; and (iv) multi-dwelling properties where the purpose of the property is not commercial (for example housing associations that are owned by the residents and that are non-profit making) or where the number of dwellings is less than four. The measure applies on a consolidated and individual basis.

II. Reciprocation

3. In accordance with Article 458(5) of Regulation (EU) No 575/2013, relevant authorities of the Member States concerned are recommended to reciprocate the Swedish measures by applying them to domestically authorised credit institutions using the IRB approach that have relevant exposures to Sweden, including retail exposures secured by residential property and corporate exposures secured by commercial or residential property. Reciprocation should apply on a consolidated, sub-consolidated and individual basis, irrespective of whether the exposures are held through subsidiaries, branches, or result from direct cross-border lending. In accordance with sub-recommendation C(2), the relevant authorities are recommended to implement the same measure as applied in Sweden by the activating authority by no later than three months following the publication of this Recommendation in the *Official Journal of the European Union.*[9]
4. If the same macroprudential policy measures are not available in their jurisdiction, the relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the above measures recommended for reciprocation. Relevant authorities are recommended to adopt the equivalent measures by no later than four months following the publication of the corresponding Recommendation in the *Official Journal of the European Union.*[10]

III. Materiality threshold

5. The measures are complemented by an institution-specific materiality threshold of SEK 5 billion for each of the measures described in paragraphs 1 and 2, respectively, to steer the potential application of the de minimis principle by the relevant authorities reciprocating the measure.
6. In line with Section 2.2.1 of Recommendation ESRB/2015/2, relevant authorities of the Member State concerned may exempt individual domestically authorised credit institutions using the IRB approach that have exposures below the materiality threshold of SEK 5 billion for the measures described in paragraphs 1 and 2, respectively. When applying the materiality threshold, the relevant authorities should monitor the materiality of exposures and are recommended to apply the relevant Swedish measures to previously exempted individual domestically authorised credit institutions when the materiality threshold of SEK 5 billion is exceeded for that measure. The materiality of exposures should be assessed on a consolidated, sub-consolidated and individual basis, and when assessing it on a sub-consolidated and consolidated basis, all exposures held through subsidiaries or branches, or which result from direct cross-border lending, should be included in the calculation of exposures assessed against the materiality threshold.
7. Where no domestically authorised credit institution using the IRB approach has retail exposures, as described in paragraph 1, of more than SEK 5 billion, through subsidiaries or branches located in Sweden and/or direct cross-border lending, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the measure. In this case, the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the measure described in paragraph 1 where a domestically authorised credit institution using the IRB approach exceeds the threshold of SEK 5 billion.

[9] See Recommendation ESRB/2019/1 for the macroprudential policy measure activated on 31 December 2018.
[10] See Recommendation ESRB/2019/1 for the macroprudential policy measure activated on 31 December 2018.

8. Where no domestically authorised credit institutions using the IRB approach has corporate exposures, as described in paragraph 2, of more than SEK 5 billion, through subsidiaries or branches located in Sweden and/or direct cross-border lending, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the measure. In this case the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the measure described in paragraph 2 where a domestically authorised credit institution using the IRB approach exceeds the threshold of SEK 5 billion.
9. Where no domestically authorised credit institutions using the IRB approach has corporate exposures, as described in paragraph 2, of more than SEK 5 billion, through branches located in Sweden and/or direct cross- border activity, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the measure. In this case the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the measure described in paragraph 2 where a domestically authorised credit institution using the IRB approach exceeds the threshold of SEK 5 billion.
10. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold of SEK 5 billion is a recommended maximum threshold level. Reciprocating relevant authorities may therefore, instead of applying the recommended threshold, set a lower threshold for their jurisdictions where appropriate, or reciprocate the measures without any materiality threshold.

Portugal

A 4 % sectoral systemic risk buffer rate on all IRB retail exposures to natural persons secured by residential immovable property for which the collateral is located in Portugal.

I. Description of the measure

1. The Portuguese measure, applied in accordance with Article 133 of Directive 2013/36/EU and on the highest level of consolidation, activates a new sSyRB rate of 4 % on IRB retail exposures to natural persons secured by residential immovable property for which the collateral is located in Portugal (both non-defaulted and defaulted exposures).

2. The measure intends to enhance resilience against accumulated vulnerabilities in the mortgage loans stock in a potential downturn of the economic cycle and/or against an unexpected significant correction of residential real estate prices.

II. Reciprocation

3. Relevant authorities are recommended to reciprocate the Portuguese measure by applying it to IRB retail exposures to natural persons secured by residential immovable property for which the collateral is located in Portugal (as both non-defaulted and defaulted exposures). Alternatively, the measure can be reciprocated using the following scope in COREP reporting: IRB retail exposures secured by residential immovable property vis-à-vis individuals located in Portugal (as both non-defaulted and defaulted exposures).

4. If the same macroprudential policy measure is not available in their jurisdiction, the relevant authorities are recommended to apply, following consultation with the ESRB, a macroprudential policy measure available in their jurisdiction that has the most equivalent effect to the above measure recommended for reciprocation, including adopting supervisory measures and powers laid down in Title VII, Chapter 2, Section IV of Directive 2013/36/EU.

5. Following the request by Banco de Portugal, reciprocating relevant authorities are recommended to reciprocate the Portuguese measure by applying it on the highest level of consolidation.

6. Reciprocating relevant authorities are recommended to ensure that the reciprocating measure applies and is complied with from 1 October 2024.

III. Materiality threshold

7. The measure is complemented by an institution-specific materiality threshold based on exposures located in Portugal to steer the potential application of the de minimis principle by the relevant authorities reciprocating the measure. Credit institutions may be exempted from the sectoral systemic risk buffer rate requirement as long as their relevant sectoral exposures do not exceed EUR 1 billion, which corresponds to approximately 1 % of the stock of credit for house purchase in Portugal.

8. In line with Section 2.2.1 of Recommendation ESRB/2015/2, the materiality threshold of EUR 1 billion is a recommended maximum threshold level. Relevant authorities may therefore instead of applying the recommended threshold set a lower threshold for their jurisdictions where appropriate or reciprocate the measure without any materiality threshold. When setting the materiality threshold relevant authorities should consider individual financial service provider’s exposure to the identified macroprudential risk in Portugal and assess whether it can be considered non-material.

9. Where there are no credit institutions authorised in the Member States having material exposures in Portugal, relevant authorities of the Member States concerned may, pursuant to Section 2.2.1 of Recommendation ESRB/2015/2, decide not to reciprocate the Portuguese measures. In this case, the relevant authorities should monitor the materiality of the exposures and are recommended to reciprocate the Portuguese measures when a credit institution exceeds the respective materiality thresholds.