

Template for notifying voluntary reciprocation of other authorities' macroprudential measures

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1. Notifying national authority and scope of the notification		
1.1	Name of the notifying authority	Swedish Financial Supervisory Authority - SFSA
1.2	Name of the reciprocating measure	Eesti Pank introduced a requirement for all banks and banking groups authorised in Estonia to hold a systemic risk buffer of 1% of risk exposure in Estonia from 1 August 2016. Thus, the reciprocity of the systemic risk buffer of Estonia by Sweden is being notified.
2. Description of the reciprocating measure		
2.1	Description of the reciprocating measure	Eesti Pank introduced a requirement for all banks and banking groups authorised in Estonia to hold a systemic risk buffer of 1% of risk exposure in Estonia from 1 August 2016. The requirement must be met with common equity tier 1 own funds. The reasons lie in the structural vulnerability of the Estonian economy. In order to increase awareness of the structural vulnerabilities in the Estonian economy and to ensure a level playing field, Eesti Pank has requested the authorities of other Member States to apply equivalent additional buffer requirements to the banks that provide banking services in Estonia through branches or directly cross-border for their risk exposure in Estonia. The European Systemic Risk Board (ESRB) has published a Recommendation for the EU wide reciprocation of Estonia's 1% systemic risk buffer rate. The SFSA reciprocates the Estonian Systemic Risk

		Buffer. The “de minimis principle” was invoked, whereby an institution specific threshold was set at EUR 200 million, i.e. 1% of the total banking sector assets in Estonia.
2.2	Coverage	Domestically authorised institutions
2.3	Exemptions (“de minimis” principle) (Section 2.2 (Exemptions) of Recommendation ESRB/2015/2)	<p>Domestically authorised institutions are exempted from applying the reciprocating measure if they do not exceed the institution-specific threshold of EUR 200 million. This threshold was proposed by Estonia in the background note on the draft ESRB recommendation on reciprocating Estonia’s systemic risk buffer rate. This would amount to 1% of the total banking sector assets in Estonia.</p> <p>In Sweden a 3% systemic risk buffer is already applied on a consolidated basis with regard to the four largest Swedish banks, SHB, SEB, Swedbank and Nordea. The systemic risk buffer of 3% already covers all exposures of these financial institutions, including the Estonian exposure. Therefore, further reciprocating actions are not needed with regard to the four largest Swedish banks.</p> <p>With regard to institutions other than the four largest banks, internal calculations indicate that domestic banks’ exposures to Estonia are minimal and well below the set threshold. To illustrate, the largest exposure for a single bank, apart from the four largest banks, is SEK 95 million (around EUR 9.5 million), which is well below the set threshold.</p>
3. Timing		
3.1	Timing of the decision	The decision to reciprocate, subject to the exemptions above, was taken by the SFSA on 23 December 2016.

3.2	Timing of the publication	27 December 2016
3.3	Disclosure	The decision was published on the SFSA Website on 27 December 2016
3.4	Timing of the application	No phase-in period will apply.
4. Miscellaneous		
4.1	Contact person(s) at the notifying authority.	Matilda Gjirja matilda.gjirja@fi.se
4.2	Any other relevant information.	NA