

Rome, 26 April 2019

Decision not to reciprocate the macroprudential measures adopted by France and by Sweden, pursuant to Recommendations ESRB/2018/8 and ESRB/2019/1 of the European Systemic Risk Board

Recommendations ESRB/2018/8 and ESRB/2019/1 of the European Systemic Risk Board (ESRB) invite the relevant authorities of the Member States to reciprocate, respectively, the macroprudential measure that entered into force on 1 July 2018 in France and the measure that entered into force on 31 December 2018 in Sweden.

The French measure limits the exposures of systemically important institutions to highly-indebted large non-financial corporations or to groups of connected non-financial corporations resident in France to 5 per cent of eligible capital, calculated at the highest level of prudential consolidation.

The Swedish measure, which applies to credit institution authorized in Sweden using the IRB Approach for calculating regulatory capital requirements, calls for an institution-specific floor of 25 per cent 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 ESRB Recommendations ask the national macroprudential authorities to reciprocate the measures by applying similar requirements to credit institutions established in their respective jurisdictions for exposures in France and Sweden. The Recommendations allow the national authorities to exempt credit institutions with exposures below the material thresholds indicated and to not reciprocate the measures at all if all the banks have exposures below those thresholds.

Exposures of Italian banks to the risks indicated by French and Swedish authorities are below the specified thresholds. The Bank of Italy has therefore decided not to reciprocate the two measures, although it will continue to periodically review the relevant exposures of Italian banks and will change its decision if circumstances so require.