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COVER NOTE

From:	Mr Francesco Mazzaferro, Head of the ESRB Secretariat
date of receipt:	6 July 2015
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
Subject:	Follow-up to the ESRB Recommendations on lending in foreign currencies (ESRB/2011/1) and on US dollar denominated funding of credit institutions (ESRB/2011/2 and ESRB/2011/RNP1)

In line with Article 17(2) of the European Systemic Risk Board (ESRB) Regulation (EU) No. 1092/2010, delegations will find attached information regarding the follow-up to the ESRB Recommendations on lending in foreign currencies (ESRB/2011/1) and on US dollar denominated funding of credit institutions (ESRB/2011/2 and ESRB/2011/RNP1).

As indicated in the letter herein attached, two sets of documents were transmitted by the ESRB to the Council:

- 1) the responses provided by the addressees to the aforementioned Recommendations;
- 2) the follow-up assessment reports of the aforementioned Recommendations.

Whereas the documents referred to under point 1 above may be distributed only upon request, the follow-up assessment reports referred to under point 2 are made available as addenda to this note:

- Follow-up Report - Assessment by addressees - Recommendation ESRB/2011/1 (ADD 1 - LIMITE);
 - Follow-up report - Overall assessment - Recommendation ESRB/2011/1 (ADD 2 - also published on the ESRB website, at <http://www.esrb.europa.eu/pub/recommendations/html/index.en.html>);
 - Follow-up Report – Assessment by addressees - Recommendation ESRB/2011/2 (ADD 3 - LIMITE);
 - Follow-up report - Overall assessment - Recommendation ESRB/2011/2 (ADD 4 - also published on the ESRB website, at <http://www.esrb.europa.eu/pub/recommendations/html/index.en.html>);
 - Follow-up Report – Assessment by addressees - Recommendation ESRB/2011/RNP1 - (ADD 5 - LIMITE);
 - Follow-up report - Overall assessment - Recommendation ESRB/2011/RNP1 (ADD 6 - LIMITE).
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CONSEIL DE L'UNION EUROPEENNE

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DEST. PRINC. M. PILLATH
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(+ ANNEXES)

Frankfurt, 6 July 2015
ESRB/2015/0109

Follow-up to the ESRB Recommendations on lending in foreign currencies (ESRB/2011/1) and on US dollar denominated funding of credit institutions (ESRB/2011/2) and (ESRB/2011/RNP1)

Dear Mr Tranholm-Mikkelsen,

This is to inform you on the follow-up to the public Recommendation ESRB/2011/1¹ on lending in foreign currencies as well as the public Recommendation ESRB/2011/2² and the non-public Recommendation ESRB/2011/RNP1³ on US dollar denominated funding of credit institutions.

As regards Recommendation ESRB/2011/1 on lending in foreign currencies, only the information on the assessment of the two remaining addressees – Croatia and the EBA – is provided. The implementation of the rest of this Recommendation by the national supervisory authorities due by 31 December 2012 was assessed in November 2013 and already communicated to the Council. However, a deadline for implementation by Croatia was extended till 31 December 2013 and assessed together with the sub-recommendation E.2 addressed to the EBA. Therefore, the follow-up reports and assessment documentation of these two addressees are being transmitted to the Council now. The two Recommendations on US dollar denominated funding of credit institutions were addressed to the European Commission, national supervisory authorities and the EBA and were due between 30 June 2012 and 31 December 2013.

Following legal requirement set forth in Article 17(1) of Regulation (EU) No 1092/2010⁴, enclosed to this letter you can find a copy of all responses provided by the addressees to the above mentioned Recommendations. Addressees have to communicate the actions taken in response to the ESRB recommendations to both the ESRB and the Council. Following

¹ OJ C 342, 22.11.2011, p. 1.

² OJ C 72, 10.3.2012, p. 1.

³ Non-public recommendation ESRB/2011/RNP1 was not published in the OJ. Moreover, its sub-recommendation C3 addressed the EBA is due only by 31 December 2015 and has not been evaluated yet.

⁴ OJ L 331, 15.12.2010, p. 10.



previously established practice, the ESRB is submitting all the responses itself to the Council. They can be found in the attached zip files named "Responses [...]". In case of requests for access to these files, you may wish to contact the originating Member States whether they would give their permission for the distribution to other Member States.

Moreover, in accordance with Article 17(2) of Regulation (EU) No 1092/2010, the ESRB is providing the follow-up assessment reports of the abovementioned Recommendations. These follow-up reports have been approved by the General Board of the ESRB. They are included in the zip files for each of the three Recommendations: (i) "Follow-up Report – assessment by addressees [...]", showing the implementation of each sub-recommendation by each addressee, and (ii) "Follow-up Report – overall assessment [...]", a synthesized policy note showing the conclusions drawn up from the assessment. We would kindly request you to transmit these ESRB assessment reports to the assessed Member States.

Only the two Follow-up Reports – overall assessments of the public recommendations (ESRB/2011/1⁵ and ESRB/2011/2) have been published on the ESRB website⁶.

All the non-public documentation provided should be treated in a confidential manner. Therefore, "limite" labelling was applied to all the non-public documentation.

I remain at your disposal should you need any clarification on the above.

Yours sincerely


Francesco Mazzaferro

Attachments

For information:

- 1) Responses (EBA, HR)_Recommendation ESRB_2011_1 - limite*
- 2) Responses_Recommendation ESRB_2011_2 - limite*
- 3) Responses_Recommendation ESRB_2011_RNP1 - limite*

⁵ As updated regarding the assessment of Croatia and the EBA

⁶ See "ESRB Recommendation on lending in foreign currencies (ESRB/2011/1): Follow-up Report – Overall assessment" and "ESRB Recommendation on US dollar denominated funding of credit institutions (ESRB/2011/2): Follow-up Report – Overall assessment" at <http://www.esrb.europa.eu/pub/recommendations/html/index.en.html>



For transmission to the assessed Member States:

- 4) Follow-up Report - assessment by addressees_Recommendation ESRB_2011_1 – limite*
- 5) Follow-up Report - overall assessment_Recommendation ESRB_2011_1 – public*
- 6) Follow-up Report - assessment by addressees_Recommendation ESRB_2011_2 - limite*
- 7) Follow-up Report - overall assessment_Recommendation ESRB_2011_2 – public*
- 8) Follow-up Report - assessment by addressees_Recommendation ESRB_2011_RNP1 –
limite*
- 9) Follow-up Report - overall assessment_Recommendation ESRB_2011_RNP1 – limite*