EUROPEAN CENTRAL BANK

EUROSYSTEM

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ECB-PUBLIC

OPINION OF THE EUROPEAN CENTRAL BANK

of 25 February 2015

on macro-prudential policy strategy

(CON/2015/7)

Introduction and legal basis

On 31 December 2014, the European Central Bank (ECB) received a request from Lietuvos bankas for an opinion on a draft macro-prudential policy strategy which will be adopted by resolution of the Board of Lietuvos bankas (hereinafter the 'draft resolution').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union, and the third and sixth indents of Article 2(1) of Council Decision 98/415/EC[1], as the draft resolution relates to a national central bank and rules applicable to financial institutions insofar as they materially influence the stability of financial institutions and markets. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft resolution

The aim of the draft resolution is to ensure the effective and transparent implementation of macro-prudential policy. To this end, and in accordance with Recommendation ESRB/2013/1 of the European Systemic Risk Board[2] (hereinafter the 'ESRB Recommendation'), the draft resolution sets out an overall framework defining the ultimate and intermediate macro-prudential policy objectives and lists a wide range of macro-prudential instruments that may be adopted. Furthermore, it outlines the general process and principles of decision-making, communications and cooperation with other authorities in the context of macro-prudential policy.

2. Observations

2.1. Follow-up assessment of ESRB recommendations is a task of the ESRB in accordance with Article 17 of Regulation (EU) No 1092/2010[3]. In principle, it is not for the ECB to assess the national measures taken in response to an ESRB recommendation.

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1 Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions (OJ L 189, 3.7.1998, p. 42).

2 Recommendation ESRB/2013/1 of the European Systemic Risk Board of 4 April 2013 on intermediate objectives and instruments of macro-prudential policy (OJ C 170, 15.6.2013, p. 1).

3 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 Board (OJ L 331, 15.12.2010, p. 1).

2.2. Without prejudice to the above and to any actual follow up assessment to be carried out by the ESRB, the ECB welcomes the draft resolution. In particular, the ECB welcomes the provisions which envisage cooperation and/or coordination between Lietuvos bankas and the ECB when adopting decisions on macro-prudential policy, which is in accordance with Article 5 of Regulation (EU) No 1024/2013 of the European Parliament and of the Council[4] [5]. The ECB suggests that the general provisions of the draft resolution refer to the fact that the draft resolution implements the ESRB Recommendation. This will help the public to identify the source for the draft resolution in addition to the legal basis provided by the Law on Lietuvos bankas.

2.3. The ECB welcomes the fact that the draft resolution provides a wide and non-exhaustive list of macro-prudential policy instruments which can be adopted, since additional macro-prudential policy instruments might be necessary in the future to prevent or mitigate new risks to financial stability. Therefore, the ECB also welcomes the fact that the draft resolution provides that it will be the responsibility of Lietuvos bankas to periodically assess the macro-prudential policy strategy at least once every three years, which leaves open the possibility of including other macro-prudential instruments, as provided for in recommendation D of the ESRB Recommendation.

This opinion will be published on the ECB's website.

Done at Frankfurt am Main, 25 February 2015.

[signed]

The President of the ECB

Mario DRAGHI

4 Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63). See also Recital (24) of that Regulation.

5 With regard to cooperation with other institutions, see Articles 21 and 23 of the draft resolution. See also Article 47[4] of the Law on Lietuvos bankas with respect to the Ministry of Finance. Žin., 1994, Nr. 99-1957; 2001, Nr. 28-890. See also point 2 of recommendation B of Recommendation ESRB/2011/3 on the macro-prudential mandate of national authorities (OJ C 41, 14.2.2012, p. 1).