

RECIPROCITY OF THE MACROPRUDENTIAL MEASURE APPLIED IN LUXEMBOURG



27 AGO. 2021

In compliance with Recommendation ESRB/2015/2 of the European Systemic Risk Board (ESRB) of 15 December 2015, as amended by Recommendation ESRB/2021/2 of 24 March 2021, published in the Official Journal of the European Union on 11 June 2021, adoption of reciprocity of the macroprudential measure in force in Luxembourg was approved by decision of the Board of Directors of the Banco de Portugal on 10 August 2021, which is reflected in the imposition of loan-to-value limits for new mortgage loans on residential real estate located in Luxembourg.

This measure is not harmonised under European Union law. Under the reciprocation process, and in line with sub-recommendation C(2) of Recommendation ESRB/2015/2, it is recommended that authorities implement the same macroprudential policy measure that has been implemented and which should be reciprocated or, if the same macroprudential policy measure is not available in national legislation, following consultation with the ESRB, adopt an available macroprudential policy measure that has an equivalent effect to that macroprudential policy measure.

Although the limit applied by the Luxembourg authorities differs from the limit applied in Portugal by means of the macroprudential Recommendation in force, particularly as regards the method of calculation, limits and exceptions, the Banco de Portugal is of the opinion that the institutions operating in Portugal to which the Luxembourg measure may be applied have the necessary data to apply the measure as implemented by that authority.

This decision enters into force as of the date of its publication and will remain in force for as long as the relevant measure is in place.

An analysis was published simultaneously with this decision, describing the Luxembourg macroprudential authority's rationale for requesting reciprocity, as well as the reasons underlying the imposition of such measure.