



FJÁRMÁLAEFTIRLITIÐ
THE FINANCIAL SUPERVISORY AUTHORITY, ICELAND

Decision on raising the countercyclical buffer

The Financial Supervisory Authority of Iceland (FME) received on 30 September 2016 a recommendation from the Financial Stability Council (FSC) on raising the countercyclical buffer.

With reference to the analysis conducted by the Systemic Risk Committee, the Financial Stability Council recommends to the Financial Supervisory Authority that the countercyclical capital buffer be raised by 25 basis points, to 1.25%, for all financial undertakings – each institution individually and at the group level – apart from those institutions that are exempt from capital buffers pursuant to Article 86(d), Paragraph 4 of the Act on Financial Undertakings, no. 161/2002, and that the buffer take effect twelve (12) months after the date of the Financial Supervisory Authority decision. The Financial Stability Council can be expected to recommend that the build-up of the countercyclical capital buffer continue in line with the upward phase of the financial cycle.

Concurring with the recommendation, FME has announced its decision to raise the countercyclical buffer (CCyB). A buffer rate of 1.25 per cent shall apply to all credit institutions, credit undertakings and other financial undertakings, with the exception of smaller investment firms as defined in Article 86(d) of the Act on Financial Undertakings, as of 1 November 2017 on a individual and consolidated basis.

The decision is based on FSC's assessment for the need to raise the CCyB at this time. The FSC's assessment is available on FME's website (fme.is).