

ANNEX

Communication of the actions undertaken in response to the recommendation

1. Details of addressee

Recommendation	Recommendation of the European Systemic Risk Board of 27 May 2020 on restriction of distributions during the COVID-19 pandemic (ESRB/2020/7)
Country of the Addressee	Norway
Institution	Ministry of Finance
Capacity*	Macroprudential authority
Name and contact details of the respondent	Ministry of Finance, Financial Markets Department postmottak@fin.dep.no
Date of communication	1 July 2020

*Please indicate in what capacity you respond, i.e. the competent or supervisory authority under point (40) of Article 4(1) of Regulation (EU) No 575/2013, Article 13(10) of Directive 2009/138/EC, or the competent authority referred to in Article 22 of Regulation (EU) No 648/2012, or the macroprudential authority.

2. Communication of actions

Recommendation	Do you comply? (yes/no/not applicable)	Please describe the actions taken to comply	If you do not comply, or comply partially, provide adequate justification	Please provide the details (e.g. link, Government Gazette, publication number) of the measure adopted in response to the recommendation
Recommendation A(a)	Yes	On 25 March 2020, the Ministry made a public statement containing an expectation that credit institutions and insurers refrain from distributing profits in any form until the uncertainty regarding the economic outlook has subsided. The Ministry did consider using other tools to prevent the distribution of profits, in particular on the basis of a proposal from the FSA, but decided that the issuance of a clear expectation would suffice for the time being.	The 25 March statement did not mention investment firms, reinsurers or CCPs. However, no reinsurers or CCPs are currently established in Norway. Approx. 1/5 of Norwegian investment firms are part of banking groups and therefore subject to the statement. Other investment firms are limited in size. Investment firms are in general not considered essential for financial stability.	Press release of 25 March 2020 from the Ministry of Finance: Link Press release of 1 July 2020 from the Ministry of Finance: Link
Recommendation A(b)	Yes	Although it was not said explicitly, the expectation expressed in the abovementioned statement encompassed share buy-backs. The Ministry emphasised this in a press release of 1 July 2020.		See links above

<p>Recommendation A(c)</p>	<p>No</p>	<p>Institutions have been asked by the FSA (Circular 2/2020) to review their remuneration policies, having the COVID-19 situation in mind, in order to ensure that the policies are conservative.</p>	<p>Remuneration policies in Norwegian institutions are fully subject to CRR/CRD IV limitations, which also means that the variable remuneration can not be paid in a situation where the economic condition of an institution is weak.</p> <p>Statements on remuneration by EIOPA and EBA have been followed up by the FSA. Given the framework for remuneration policies and practices and implications for financial stability, this is considered the most appropriate action.</p>	<p>Circular 2/2020 from the FSA on remuneration policies (in Norwegian only): Link</p>
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3. Notes

1. This form is used for the communication required by Article 17(1) of Regulation (EU) No 1092/2010.
2. Each addressee should submit the completed form to the ESRB via the ESRB Secretariat electronically via DARWIN in the dedicated folder or by email to notifications@esrb.europa.eu. (The ESRB Secretariat will arrange for the transmission of the communications to the European Parliament, the Council and the Commission, on an aggregated basis)
3. Addressees are expected to provide all relevant information and documentation related to the implementation of the recommendation and the criteria for implementation, including information on the substance (such as on the legal form of the measure and on the type of financial institutions covered) and timing of the actions taken.
4. If an addressee only partially complies, it should provide a full explanation of the extent of non-compliance, as well as other details of partial compliance. The explanation should specify clearly the relevant parts of the recommendation which the addressees do not comply with.