
**Repeal
of Recommendation No 1/2012
of the Financial Market Supervision Unit of Národná banka Slovenska
of 16 January 2012**

on supporting the stability of the banking sector

Article I

When Národná banka Slovenska issued Recommendation No 1/2012 on supporting the stability of the banking sector (hereinafter 'the Recommendation'), the economies of both Slovakia and the wider euro area were slowing and financial market tensions were reaching a peak (particularly in the euro area sovereign bond market), creating the risk that contagion would spread in the banking system and impair the stability of the Slovak banking sector. The aim of the Recommendation was to strengthen the stability and self-sufficiency of the Slovak banking sector through, mainly, capital adequacy and liquidity measures.

On 26 June 2013 the European Parliament and the Council approved the Capital Requirements Directive (CRD IV¹) and the Capital Requirements Regulation (CRR²) implementing the Basel III international framework in the European Union. The CRD IV and CRR strengthen core Tier 1 capital requirements in the European Union and allow for the use of new capital instruments to enhance financial stability. The CRD IV and certain provisions of the CRR have been implemented in Slovakia through Act of the National Council of the Slovak Republic of 3 July 2014 amending Act No 483/2001 Coll. on banks and amending certain other laws (hereinafter 'the Banking Amendment Act').

Pursuant to Article 33b of the Banking Amendment Act, banks are required as from 1 August 2014 to maintain a capital conservation buffer of risk-weighted assets in the form of common equity Tier 1 capital, initially at a ratio of 1.5% and as from 1 October 2014 at 2.5%. At the same time, banks are subject to the restrictions laid down in Article 33k of the Banking Amendment Act.

Pursuant to Article 33n(f) of the Banking Amendment Act, Národná banka Slovenska is to decide on whether to determine stricter requirements for core Tier 1 capital, large exposures, disclosures, the capital conservation buffer under Article 33b, liquidity, risk weights for residential or commercial immovable property, and intra-financial sector exposures as defined in a separate regulation in accordance with Article 458 of the CRR.

Since the Banking Amendment Act introduces new capital ratio requirements, replacing those stated in the Recommendation, as well as new macroprudential policy competences through

¹) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

²) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

which liquidity requirements may also be strengthened, Národná banka Slovenska represented by the Financial Market Supervision Unit has decided that the Recommendation is no longer necessary.

Article II

The Financial Market Supervision Unit of Národná banka Slovenska hereby announces that as from 1 August 2014 banks are required to proceed in accordance with Act No 483/2001 Coll. on banks and on amendments to certain laws, as amended, and with implementing regulations, and they may disregard Recommendation No 1/2012 of the Financial Market Supervision Unit of Národná banka Slovenska of 16 January 2012 on supporting the stability of the banking sector.

Bratislava, 17 July 2014

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