



13 May 2021

Mr Eoin Ó Broin  
Dáil Éireann  
Leinster House  
Dublin 2

Dear Deputy Ó Broin,

I refer to your email to Governor Makhoul dated 28 April 2021 enquiring about the timeline for the Central Bank's deliberations and decisions around the proposed "Affordable Purchase Shared Equity Scheme".

Before outlining this, I wanted to clarify the role of the Central Bank and the scope of its decisions in respect of the scheme. Specifically:

- The design of the scheme is led by the Department of Housing, Local Government and Heritage. The participation of commercial lenders is, in the first instance, a matter for Government in the context of decisions around the design and funding of the scheme; and, to the extent relevant, a matter for the management and boards of commercial lenders themselves.
- The Central Bank's own deliberations and decisions will focus on the interaction of the scheme, once finalised, with our own mandate: the safety and soundness of individual financial institutions; the stability of the financial system as a whole; and the protection of consumers.
- To the extent that commercial lenders participate in the scheme, the scope of our deliberations will relate to issues such as the capital treatment of lenders' exposures; the interaction of the scheme with the macroprudential mortgage measures; and the application of the consumer protection framework.
- In the context of the interaction with the macroprudential mortgage measures, one very specific dimension relates to the 'anti-avoidance' clause included in the Statutory Instrument. Commercial lenders' participation in the scheme could potentially be interpreted as being in contradiction with that anti-avoidance clause.
- The materiality of any financial stability risks, and the ability to appropriately mitigate them, will inform any decision by the Central Bank around any changes to the mortgage measures regulations, including any decision to alter this anti-avoidance clause to clarify the ability of mortgage lenders to participate in the scheme.<sup>1</sup>

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<sup>1</sup> The Central Bank, in a recent submission to the Oireachtas Committee on Housing, set out the broad framework it would be considering in relation to the interaction between the proposed scheme and the macroprudential mortgage measures. This is available here: <https://www.centralbank.ie/publication/correspondence/oireachtas-correspondence>.



In terms of the timetable for these deliberations, this will depend on progress with finalisation of the design of the scheme. The Central Bank has been kept informed of developments around the design of the scheme by the Department of Finance, but has not seen final parameters of the scheme from the Department of Housing, Local Government and Heritage. The Central Bank Commission will make its decision in the light of the final design of the scheme.

Vasileios Madouros

A handwritten signature in blue ink, appearing to read 'V. Madouros', with a stylized flourish at the end.

Director of Financial Stability