# Corrigendum

It has been brought to Emerald's attention that the article "Macroprudential policy – closing the financial stability gap" by Stephan Fahr and John Fell, published in *Journal of Financial Regulation and Compliance*, Volume 25, Issue 4, 2017, includes two errors:

(1) The denominator in the first line of equation (8) on p. 344 incorrectly omitted "$\sigma_1+$". The expression should thus read: $\frac{di_t}{dc_t}\big|_{d\mathcal{M}=dr=0} = -\frac{\sigma_2\lambda}{\sigma_1+\sigma_2} + \frac{p_c}{(\sigma_1+\sigma_2)p_y} < 0$.

(2) Furthermore, in the last equation on page 353, the boundaries of the sum had been inverted. The sum should be from $t = 0$ to $\infty$:

$$\max_{i_t}\left[ -\frac{1}{2}E_0 \sum_{t=0}^{\infty} \beta^t\left( \pi(i_t, y_t, \rho_t)^2 + \varkappa y(i_t, \rho_t)^2 \right) \right]$$

This has been corrected in the online version. The authors apologise for these errors.

Stylistic errors, including label and axis alignment have also been corrected in Figures 1 and 2.
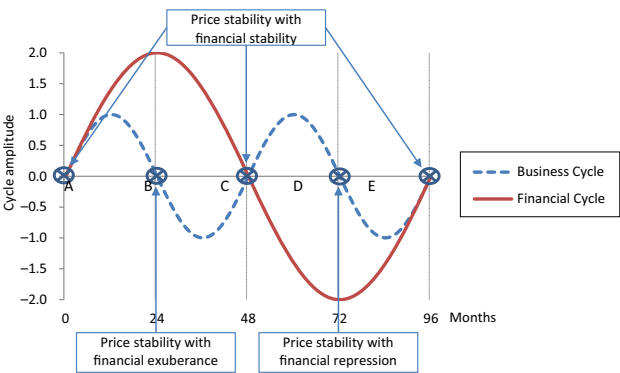
**Notes:** These stylised business and financial cycles are generated with sinusoid functions of the form: $y(t) = A\ sin\ (2\pi ft + \varphi)$ where $A$ is the amplitude, $f$ is the frequency and $\varphi$ is the phase or position of the cycle at $t = 0$. In the example shown here, the business cycle has a length of 4 years (48 months) and an amplitude of 1 while the financial cycle has double the period (96 months, 8 years) and double the amplitude of the business cycle

**Figure 1.**
Stylised business and financial cycles
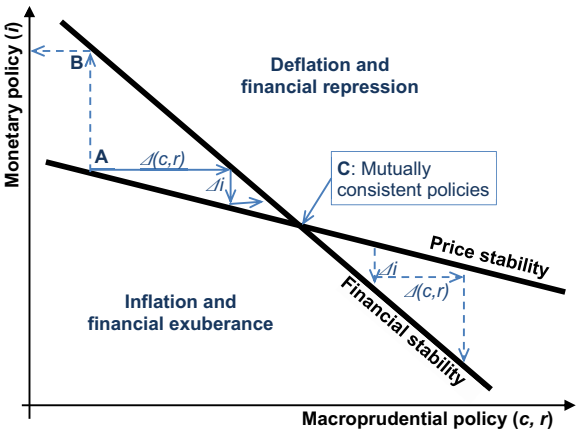


**Notes:** The price stability and financial stability loci represent the combinations of monetary and macroprudential policies where either the price or financial stability objectives are achieved; both are jointly achieved at point C. Changes in macroprudential policy lead to horizontal movements within the policy space, while monetary policy changes lead to vertical movements. Starting at point A, the solid lines indicate a path towards convergence to mutually consistent policies. Dashed lines indicate ineffective assignment which leads to destabilising outcomes

**Figure 2.**
The monetary and macroprudential policy assignment problem