Single Rulebook Q&A

Question ID	2014_837
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Large exposures
Article	395, 400, 400 and 493
Paragraph	(1), (2)(f), (3) and (3)(f)
Subparagraph	f
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	NO
Date of submission	11/02/2014
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Large exposures - major trading currencies in overnight transactions
Question	How are the major trading currencies to be determined under Article 400(2)(f) of the CRR? Clarification is needed on what is to be considered a major trading currency under Article 400(2)(f).
Background on the question	In Article 400(2)(f) it's written that institutions may exempt all the exposures if these are overnight transactions and are not denominated in a major trading currency.
Final answer	Articles 400(2)(f), 400(3) and 493(3)(f) of Regulation 575/2013 (CRR) provide for a discretion, respectively, for competent authorities or Member States (for a transitional period) to fully or partially exempt exposures to institutions from the application of Article 395(1) of the CRR provided that those exposures do not constitute such institution's own funds, do not last longer than the following business day and are not denominated in a major trading currency. This exemption is not directly applicable, but at the discretion of the national competent authority under Article 400(2), in accordance with the conditions set out under Article 400(3) of the CRR, or the Member State under Article

	493(3)(for a transitional period). Hence, it is left to the competent authority or the Member State to decide whether or not the exemption is made available in their jurisdiction. The assessment as to whether or not a currency is to be considered as a non-major currency needs to be done for each currency separately by taking into account the rationales for allowing this exemption, such as insufficient diversification, non-convertibility, and insufficient use of the currency in principal exchange markets. In small currency areas, institutions may not be able to reduce exposures to other institutions at the end of the business day under the large exposures limit owing to these factors.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_837