

**COMMISSION de SURVEILLANCE  
du SECTEUR FINANCIER**

In case of discrepancies between the French and the English text, the French text shall prevail

Luxembourg, 7 December 2010

To all Luxembourg credit institutions and  
branches of non-EU credit institutions

**CIRCULAR CSSF 10/493**

**Re: Amendments to tables B 2.3 “Information on large exposures” and B 6.3 “Information on large exposures on a consolidated basis” and to the relating instructions**

Ladies and Gentlemen,

This Circular, which follows Circular CSSF 10/450 informing of the new forthcoming large exposure rules and Circular CSSF 10/475 introducing these new rules and amending, amongst others, the limits on large exposures and the rules for calculating the exposure values with effect from 31 December 2010, concisely describes the main amendments to tables B 2.3 “Information on large exposures” and B 6.3 “Information on large exposures on a consolidated basis” and to the relating instructions, in order to take into account the changes introduced by the new large exposure rules.

**I. The new large exposure rules**

Generally speaking, the rules applicable to large exposures have been strengthened (Section 1.2 of Circular CSSF 10/475 introducing a new Part XVI in Circular CSSF 06/273).

The following issues are of particular relevance in this field:

- The scope of the limit of 25% of own funds has been extended to more counterparties and the aggregated limit of 800% of own funds has been repealed.
- Exposures to credit institutions and investment firms shall receive a 100% risk weight; preferential risk weights (0%, 20% or 50%) varying according to their residual maturity or their characteristics have been abolished. These exposures are

limited to 25% of the lending institution's own funds; however, an alternative limit exists for credit institutions with own funds of less than EUR 600,000,000 (Circular CSSF 06/273: new Part XVI, point 7).

- The limit of 25% of own funds also applies to exposures to entities of the group to which the lending institution belongs, unless an exemption is granted by the CSSF (Circular CSSF 06/273: new Part XVI; point 24).
- Moreover, to calculate the exposure value, credit institutions may more extensively make use of risk mitigation techniques as used to determine credit risk, subject to certain differences existing between the two regimes for prudential reasons.

## **II. Amendments to table B 2.3/6.3 and relating instructions**

The CSSF has revised table B 2.3/6.3 and the instructions relating to it in order to adapt them to the new large exposure rules.

The table B 2.3/6.3, as amended, and the relating instructions are **applicable as from 31 December 2010**; they may be downloaded (only in French) from the CSSF website, at the following address:

<http://www.cssf.lu/en/legal-reporting/periodic-reporting/banks/recueil/large-exposures/>.

The CSSF would like to draw attention mainly to the following provisions:

### **1. Amendments to the structure of table B 2.3/6.3**

Table B 2.3, which remains in EDIFACT format, now only includes the following two parts, which shall be filled in as at 31 December 2010:

- Part I - Bank's own funds;
- Part IV - List of risks exceeding 10% of own funds or EUR 12,500,000 (respectively EUR 25,000,000 for exposures to institutions) or their counter-value in the capital currency.

**Parts II, III and V of table B 2.3 are repealed and are no longer to be filled in as at 31 December 2010.**

**It is important to note that any exposure to credit institutions (including those with a residual maturity equal or less than one year) shall henceforth be reported in Part IV of table B 2.3.**

The above amendments apply *mutatis mutandis* to table B 6.3.

## 2. Exposures to report under Part IV of table B 2.3/6.3

(1) All exposures included in the definition of risk (Circular CSSF 06/273: new Part XVI; point 3) incurred towards a single client (banking or non banking) or group of connected clients shall be reported in Part IV of table B 2.3/6.3, i.e.:

- Any exposures to a client other than an institution (credit institution and investment firm) or a group of connected clients, whose amount is greater than or equal to the lower of the following two amounts:
  - 10% of the institution's own funds, or
  - EUR 12,500,000 (consolidated situation: EUR 25,000,000 ) or its counter-value in capital currency converted at market rate (points 41 and 46 of the new Part XVI of Circular CSSF 06/273).
- By way of derogation, any exposures to an institution (credit institution and investment firm) or a group of connected clients consisting **only** of institutions, shall be reported if their amount is greater than or equal to the lower of the following two amounts:
  - 10% of the institution's own funds, or
  - EUR 25,000,000 (consolidated situation: EUR 50,000,000 ) or its counter-value in capital currency converted at market rate (points 42 and 47 of the new Part XVI of Circular CSSF 06/273).

In this context, it is important to note that any exposures to credit institutions (including those with a residual maturity of less than or equal to one year) shall henceforth be reported in Part IV of table B 2.3/6.3.

(2) The following exposures, excluded from the definition of "risk" (Circular CSSF 06/273: new Part XVI; point 3 and Annex 9<sup>1</sup>) on a single client or group of connected clients, whose amount exceeds 10% of the institution's own funds, shall also be reported in Part IV of table B 2.3/6.3:

- in the case of the provision of money transmission including the execution of payment services, clearing and settlement in any currency and correspondent banking or financial instruments clearing, settlement and custody services to clients, delayed receipts in funding and other exposures arising from client activity which do not last longer than the following business day.

These exposures shall be reported separately for each counterparty and shall not be grouped with the other exposures (risks) to this same counterparty.

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<sup>1</sup> Annex 9 includes the CEBS Implementation guidelines dated 28 July 2010 on Article 106(2)(c) and (d) of Directive 2006/48/EC recast, available for download on the CEBS website:

[http://www.c-eps.org/documents/Publications/Standards---Guidelines/2010/Article106\(2\)\(c\)\(d\)/GL\\_Article106\(2\).aspx](http://www.c-eps.org/documents/Publications/Standards---Guidelines/2010/Article106(2)(c)(d)/GL_Article106(2).aspx)

### 3. Deadline for submitting table B 2.3/6.3 drawn up as at 31 December 2010

The deadline for submitting tables B 2.3 and B 6.3 remain unchanged: table B 2.3 shall be submitted on the 20th of the month following the end of the quarter and table B 6.3 shall be submitted 2 months after the end of the quarter at the latest.

**Exceptionally**, credit institutions that cannot, for technical reasons, submit table B 2.3 including the non-consolidated situation as at 31 December 2010 drawn up in accordance with the **new** instructions for 20 January 2011 may benefit from an extended deadline until 28 February 2011. The institutions making use of this provision shall nevertheless transmit table B 2.3 drawn up according to the old instructions (June 2010 version) to the CSSF within the usual deadline, i.e. 20 January 2011 at the latest.

This extended deadline **does not imply that institutions** that make use of it **are exempted from complying with the rules and limits included in the new large exposure rules**, as included in Section 1.2 of Circular CSSF 10/475. The new rules enter into force on 31 December 2010 and shall be complied with as from that date.

Table B 6.3, which reflects the consolidated situation as at 31 December 2010, shall be drawn up according to the **new** instructions; it shall be transmitted to the CSSF within the usual deadline of 2 months after the end of the quarter (at the latest on 28 February 2011).

### 4. Harmonised reporting table for large exposures

The table B 2.3/6.3 as amended by this circular will only be applicable during a transitional period, i.e. until the implementation of the new version of the COREP reporting, which CEBS is currently drawing up. This new version of the COREP, which will include a harmonised reporting table for large exposures, is expected to be applicable as from 31 December 2012 and to be transmitted in XBRL format. Until that date, the transmission format for table B 2.3/6.3 remains unchanged; it shall further be submitted in EDIFACT format.

### 5. Entry into force

This circular enters into force on 31 December 2010.

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Claude SIMON  
Director

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