



Commission de Surveillance
du Secteur Financier

Circular CSSF 22/791

specifying the criteria to assess the exceptional cases when institutions exceed the large exposure limits of Article 395(1) of Regulation (EU) No 575/2013 and the time and measures to return to compliance pursuant to Article 396(3) of Regulation (EU) No 575/2013 (EBA/GL/2021/09)

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Re: Application of the Guidelines of the European Banking Authority specifying the criteria to assess the exceptional cases when institutions exceed the large exposure limits of Article 395(1) of Regulation (EU) No 575/2013 and the time and measures to return to compliance pursuant to Article 396(3) of Regulation (EU) No 575/2013 (EBA/GL/2021/09)

Luxembourg, 3rd January
2022

To all credit institutions designated as Less Significant Institutions under the Single Supervisory Mechanism, to all CRR investment firms, and to all Luxembourg branches of credit institutions or CRR investment firms incorporated in a third country

Purpose of the Circular

The purpose of this circular is to inform you that the CSSF, in its capacity as competent authority, applies the Guidelines of the European Banking Authority (the “**EBA**”) specifying the criteria to assess the exceptional cases when institutions exceed the large exposure limits of Article 395(1) of Regulation (EU) No 575/2013 (the “**CRR**”) and the time and measures to return to compliance pursuant to Article 396(3) of the CRR (EBA/GL/2021/09) (the “**Guidelines**”), published on 15 September 2021. Consequently, the CSSF has integrated the Guidelines into its administrative practices and regulatory approach with a view to promote supervisory convergence in this field at the European level.

All the concerned institutions shall duly comply with the Guidelines.

The Guidelines

The Guidelines are issued by the EBA in accordance with the mandate set out in Article 396(3) of the CRR and apply as from 1st January 2022.

The Guidelines specify under Section 4.2 the information that the concerned institutions should provide to the competent authority when reporting a breach of the large exposure limit in accordance with Article 396(1) of the CRR, as well as under Section 4.4 certain obligations of the concerned institutions in connection with the measures to be taken to ensure the timely return to compliance with the limits of Article 395(1) of the CRR.

The Guidelines also specify the criteria that competent authorities should use to assess the exceptional cases referred to in Article 396(1) of the CRR and where a competent authority allows an institution to exceed the limits set out in Article 395(1) of the CRR. In addition, the Guidelines set out the criteria that competent authorities should use to determine the appropriate timeframe for an institution to return to compliance with the large exposure limits of Article 395(1) of CRR, and the measures to be taken to ensure the timely return to compliance with those limits.

The Guidelines are attached to this circular as an annex and are available on the EBA's [website](#).

Scope of application

The present circular shall apply on an individual and consolidated basis to Less Significant Institutions¹, to CRR investment firms² and to Luxembourg branches of credit institutions or CRR investment firms incorporated in a third country.

Date of application

This circular shall apply with immediate effect.

Claude WAMPACH
Director

Marco ZWICK
Director

Jean-Pierre FABER
Director

Françoise KAUTHEN
Director

Claude MARX
Director General

¹ "Significant supervised entities" as defined in Article 2, point 16 of Regulation (EU) No 468/2014 of the European Central Bank (ECB) of 16 April 2014 (the SSM Framework Regulation) shall refer to the relevant ECB rules, if any.

² as defined in article 1, point 9a. of the Law of 5 April 1993 on the financial sector.

Annex

EBA Guidelines specifying the criteria to assess the exceptional cases when institutions exceed the large exposure limits of Article 395(1) of Regulation (EU) No 575/2013 and the time and measures to return to compliance pursuant to Article 396(3) of Regulation (EU) No 575/2013 (EBA/GL/2021/09)



Final Report on
Guidelines on large



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