

Capital
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Chapter 4

Commission Implementing Regulation (EU) 2015/2197

Preamble

THE EUROPEAN COMMISSION,
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Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 and in particular Article 354(3) thereof,

01/01/2021

Whereas:

(1) Under the standardised approach for market risk, institutions may hold lower own funds requirements for foreign exchange risk against matched positions in two currencies where these are considered as "closely correlated" in accordance with the methodology laid down in Article 354(1) of Regulation (EU) No 575/2013.

(2) When listing closely correlated currencies, the standard market practice of scaling down the maximum loss over 10 days to a one day maximum loss by dividing the maximum currency movement of 4 % by the square root of 10 should be applied. Therefore, the threshold for the maximum daily change in value within a pair of currencies should be set at 1,265 %.

(3) Daily percent currency movements should be determined as the difference between the napierian logarithms of the value of the currency pairs as observed on two consecutive days.

(4) The absolute value of the resulting percentage should be compared to the threshold of the maximum daily change in value within a pair of currencies of 1,265 %. Any values exceeding this threshold should be considered as breaches of the 4 %, 10-day maximum loss.

(5) It is necessary to determine a maximum number of acceptable losses, so that the pairs of currencies exceeding such a limit would not qualify as correlated in accordance with Article 354 of Regulation (EU) No 575/2013. Furthermore, the calculation of a maximum number of acceptable losses should consider both long and short positions in the foreign currency. The number of breaches allowed should be rounded down and, accordingly, the

maximum number of breaches should be set at 7 breaches of the maximum loss during the preceding 3 years and 65 breaches of the maximum loss during the preceding 5 years.

(6) Article 354(1) of Regulation (EU) No 575/2013 only provides for lower own funds requirements against positions in "relevant closely correlated currencies". As a consequence, only those exchange rate pairs formed by combining each of the different currencies of Member States with a list of currencies from third countries relevant for financial institutions in the Union should be assessed against the criteria for identifying closely correlated currencies.

(7) Certain other exchange rate pairs including only currencies from third countries should also be included in the assessment, given their relevance for institutions' portfolios in the Union. Further, given the requirements of Article 354(1) of Regulation (EC) No 575/2013 regarding the relevant observation periods, only currencies for which a five-year daily data series is available from a trustworthy source should be taken into account when considering the currencies to be included in the assessment.

(8) Article 354(4) of Regulation (EU) No 575/2013 establishes a specific treatment for the currency pairs formed by currencies from Member States participating in the second stage of the economic and monetary union ("ERM II") against the euro and between themselves. Therefore, pairs involving those currencies should not be considered as "relevant". However pairs formed by an ERM II currency on one side and a currency other than the euro or another ERM II currency on the other side should be considered "relevant".

(9) Therefore, the correlation of each one of the currency pairs formed by the combination of the currencies set out in the Annex to this Regulation should be assessed.

(10) In order to provide certainty over the use of the list of closely correlated currencies, that list should be kept under review in accordance with point (d) of Article 29(1) of Regulation (EU) No 1093/2010 of the European Parliament and the Council. For the same reasons, such review should be made at regular intervals and on or about the same date(s) on an annual basis, unless market developments require such a review to be carried out exceptionally at different times.

(11) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority to the Commission.

(12) The European Banking Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010,

HAS ADOPTED THIS REGULATION:



Article 1

The pairs of currencies that meet the requirements of Article 354(1) of Regulation (EU) No 575/2013 are set out in the Annex to this Regulation.



Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.



Signature

01/01/2021

This Regulation shall be binding in its entirety and directly applicable in all Member States.

01/01/2021

Done at Brussels, 27 November 2015.

01/01/2021

For the Commission

01/01/2021

The President

01/01/2021

Jean-Claude JUNCKER

**ANNEX List of closely correlated
currencies**

Part 1 — List of closely correlated currencies against the euro (EUR)

01/01/2021

Albanian lek (ALL), Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Czech koruna (CZK), British pound (GBP), Croatian kuna (HRK), Moroccan dirham (MAD), Romanian leu (RON).

Part 2 — List of closely correlated currencies against the Arab Emirates dirham (AED)

01/01/2021

Angolan kwanza (AOA), Canadian dollar (CAD), Chinese yuan (CNY), British pound (GBP), Hong Kong dollar (HKD), Lebanese pound (LBP), Macau pataca (MOP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).

Part 3 — List of closely correlated currencies against the Albanian lek (ALL)

01/01/2021

Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Czech koruna (CZK), Danish krone (DKK), Croatian kuna (HRK), Moroccan dirham (MAD), Romanian leu (RON), euro (EUR).

Part 4 — List of closely correlated currencies against the Angolan kwanza (AOA)

01/01/2021

Arab Emirates dirham (AED), Chinese yuan (CNY), Hong Kong dollar (HKD), Lebanese pound (LBP), Macau pataca (MOP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).

Part 5 — List of closely correlated currencies against the Bosnia and Herzegovina mark (BAM)

01/01/2021

Albanian lek (ALL), Bulgarian lev (BGN), Czech koruna (CZK), Danish krone (DKK), British pound (GBP), Croatian kuna (HRK), Moroccan dirham (MAD), Romanian leu (RON), euro (EUR).

Part 6 — List of closely correlated currencies against the Bulgarian lev (BGN)

01/01/2021

	<p>Albanian lek (ALL), Bosnia and Herzegovina mark (BAM), Czech koruna (CZK), Danish krone (DKK), British pound (GBP), Croatian kuna (HRK), Moroccan dirham (MAD), Romanian leu (RON), euro (EUR).</p>
	<p>Part 7— List of closely correlated currencies against the Canadian dollar (CAD)</p>
<p>01/01/2021</p>	<p>Arab Emirates dirham (AED), Hong Kong dollar (HKD), Macau pataca (MOP), Singapore dollar (SGD), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 8 — List of closely correlated currencies against the Chinese yuan (CNY)</p>
<p>01/01/2021</p>	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), British pound (GBP), Hong Kong dollar (HKD), Lebanese pound (LBP), Macau pataca (MOP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 9 — List of closely correlated currencies against the Czech koruna (CZK)</p>
<p>01/01/2021</p>	<p>Albanian lek (ALL), Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Danish krone (DKK), Croatian kuna (HRK), Moroccan dirham (MAD), Romanian leu (RON), euro (EUR).</p>
	<p>Part 10 — List of closely correlated currencies against the Danish krone (DKK)</p>
<p>01/01/2021</p>	<p>Albanian lek (ALL), Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Czech koruna (CZK), British pound (GBP), Croatian kuna (HRK), Moroccan dirham (MAD), Romanian leu (RON), Singapore dollar (SGD).</p>
	<p>Part 11 — List of closely correlated currencies against the British pound (GBP)</p>
<p>01/01/2021</p>	<p>Arab Emirates dirham (AED), Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Chinese yuan (CNY), Danish krone (DKK), Hong Kong dollar (HKD), Croatian kuna (HRK), Lebanese pound (LBP), Moroccan dirham (MAD), Macau pataca (MOP), Singapore dollar (SGD), Taiwanese dollar (TWD), US dollar (USD), euro (EUR).</p>
	<p>Part 12 — List of closely correlated currencies against the Hong Kong dollar (HKD)</p>
<p>01/01/2021</p>	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Canadian dollar (CAD), Chinese yuan (CNY), British pound (GBP), Lebanese pound (LBP), Macau pataca (MOP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 13 — List of closely correlated currencies against the Croatian kuna (HRK)</p>
<p>01/01/2021</p>	

	<p>Albanian lek (ALL), Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Czech koruna (CZK), Danish krone (DKK), British pound (GBP), Moroccan dirham (MAD), Romanian leu (RON), Singapore dollar (SGD), euro (EUR).</p>
	<p>Part 14 — List of closely correlated currencies against the South Korean won (KRW)</p>
01/01/2021	<p>Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Taiwanese dollar (TWD).</p>
	<p>Part 15 — List of closely correlated currencies against the Lebanese pound (LBP)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Chinese yuan (CNY), British pound (GBP), Hong Kong dollar (HKD), Macau pataca (MOP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 16 — List of closely correlated currencies against the Moroccan dirham (MAD)</p>
01/01/2021	<p>Albanian lek (ALL), Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Czech koruna (CZK), Danish krone (DKK), British pound (GBP), Croatian kuna (HRK), Romanian leu (RON), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), euro (EUR).</p>
	<p>Part 17 — List of closely correlated currencies against the Macau pataca (MOP)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Canadian dollar (CAD), Chinese yuan (CNY), British pound (GBP), Hong Kong dollar (HKD), Lebanese pound (LBP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 18 — List of closely correlated currencies against the Peruvian nuevo sol (PEN)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Chinese yuan (CNY), Hong Kong dollar (HKD), South Korean won (KRW), Lebanese pound (LBP), Macau pataca (MOP), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 19 — List of closely correlated currencies against the Philippine peso (PHP)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Chinese yuan (CNY), Hong Kong dollar (HKD), South Korean won (KRW), Lebanese pound (LBP), Macau pataca (MOP), Malaysian Ringgit (MYR), Peruvian nuevo sol (PEN), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 20 — List of closely correlated currencies against the Romanian leu (RON)</p>
01/01/2021	

	<p>Albanian lek (ALL), Bosnia and Herzegovina mark (BAM), Bulgarian lev (BGN), Czech koruna (CZK), Danish krone (DKK), Croatian kuna (HRK), Moroccan dirham (MAD), euro (EUR).</p>
	<p>Part 21 — List of closely correlated currencies against the Singapore dollar (SGD)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Canadian dollar (CAD), Chinese yuan (CNY), Danish krone (DKK), British pound (GBP), Hong Kong dollar (HKD), Croatian kuna (HRK), South Korean won (KRW), Lebanese pound (LBP), Moroccan dirham (MAD), Macau pataca (MOP), Malaysian ringgit (MYR), Peruvian nuevo sol (PEN), Philippine peso (PHP), Thai baht (THB), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 22 — List of closely correlated currencies against the Thai baht (THB)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Chinese yuan (CNY), Hong Kong dollar (HKD), Lebanese pound (LBP), Moroccan dirham (MAD), Macau pataca (MOP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Taiwanese dollar (TWD), US dollar (USD).</p>
	<p>Part 23 — List of closely correlated currencies against the Taiwanese dollar (TWD)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Canadian dollar (CAD), Chinese yuan (CNY), British pound (GBP), Hong Kong dollar (HKD), South Korean won (KRW), Lebanese pound (LBP), Moroccan dirham (MAD), Macau pataca (MOP), Malaysian Ringgit (MYR), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), US dollar (USD).</p>
	<p>Part 24 — List of closely correlated currencies against the US dollar (USD)</p>
01/01/2021	<p>Arab Emirates dirham (AED), Angolan kwanza (AOA), Canadian dollar (CAD), Chinese yuan (CNY), British pound (GBP), Hong Kong dollar (HKD), Lebanese pound (LBP), Macau pataca (MOP), Peruvian nuevo sol (PEN), Philippine peso (PHP), Singapore dollar (SGD), Thai baht (THB), Taiwanese dollar (TWD).</p>