

OFFICIAL INFORMATION OF THE CZECH NATIONAL BANK

of 3 August 2021

regarding overall discretions pursuant to the CRR

1. The Czech National Bank has the legal status of a competent supervisory authority pursuant 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 (hereinafter the “CRR”).
2. Under the CRR, the competent authority has the power to stipulate, in specified areas within its competence, from when and to what extent the entities governed by the CRR should fulfil the duties arising from this regulation or refrain from fulfilling the duties (hereinafter “overall discretion”).
3. The purpose of this Official Information is to provide information on the approach of the Czech National Bank to overall discretions under the CRR where applied to a branch of a bank from a non-EU Member State or a state which is a party to the Agreement on the European Economic Area (hereinafter a “Member State”), supervised by the Czech National Bank, or an entity supervised by the Czech National Bank where this entity is
 - a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point (1)(b) of Article 4(1) of the CRR,
 - c) an investment firm applying the requirements of the CRR in accordance with Article 1(2) or (5) of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014, as amended (hereinafter the “IFR”).
4. The approach to overall discretions pursuant to the CRR is stipulated in the Annex to this Official Information.
5. This Official Information shall take effect on the date of its promulgation in the Bulletin of the Czech National Bank.

Deputy Governor:

Marek Mora

Annex to the Official Information

The approach to overall discretions pursuant to the CRR

1. With regard to **the overall discretion contained in Article 24(2) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding valuation**, which is applicable to a bank and a credit union, to an entity supervised by the Czech National Bank where this entity is
 - a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the requirements of the CRR pursuant to Article 1(2) or (5) of the IFR.

2. With regard to **the overall discretion contained in Article 36(1)(g), Article 56(b) and Article 66(b) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding deductions from own funds**, which is applicable to a bank and a credit union, to a branch of a bank from a non-Member State or to an entity supervised by the Czech National Bank where this entity is
 - a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.

3. With regard to **the overall discretion contained in Article 89(3) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding qualifying holdings outside the financial sector**, which is applicable to a bank and a credit union, to an entity supervised by the Czech National Bank where this entity is
 - a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.

4. With regard to **the overall discretion contained in Article 124(2) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding exposures secured by property**, which is applicable to a bank and a credit union, to a branch of a bank from a non-Member State or to an entity supervised by the Czech National Bank where this entity is
 - a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.

5. With regard to **the overall discretion contained in Article 164(6) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding retail exposures secured by property**, which is applicable to a bank and a credit union, to a branch of a bank from a non-Member State or to an entity supervised by the Czech National Bank where this entity is
 - a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or

- c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.
6. With regard to **the overall discretion contained in Article 178(2)(d) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding the materiality thresholds for exposures past due**, which is applicable to a bank and a credit union, to a branch of a bank from a non-Member State or to an entity supervised by the Czech National Bank where this entity is
- a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.
7. With regard to **the overall discretion contained in Article 327(2) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding the calculation of the net position**, which is applicable to a bank and a credit union, to a branch of a bank from a non-Member State or to an entity supervised by the Czech National Bank where this entity is
- a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.
8. With regard to **the overall discretion contained in Article 395(1) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature on exemption of exposures in the form of required minimum reserves from the exposure size limit**, which is applicable to a bank and a credit union, to an entity supervised by the Czech National Bank where this entity is
- a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) of the IFR.
9. With regard to **the overall discretion contained in Article 400(2) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding exemptions from limits to large exposures**, which is applicable to a bank and a credit union, to an entity supervised by the Czech National Bank where this entity is
- a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.
10. With regard to **the overall discretion contained in Article 430(4) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding the submission of consolidated financial information**, which is applicable to a bank and a credit union, to an entity supervised by the Czech National Bank where this entity is
- a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) of the IFR.

11. With regard to **the overall discretion contained in Article 500a(2) of the CRR, the Czech National Bank applies the approach set out in a provision of a general nature regarding permission to incur selected exposures**, which is applicable to a bank and a credit union, to an entity supervised by the Czech National Bank where this entity is
 - a) an entity pursuant to Article 11(2)(a) to (c) of the CRR,
 - b) a credit institution pursuant to point(1)(b) of Article 4(1) of the CRR, or
 - c) an investment firm applying the CRR requirements pursuant to Article 1(2) or (5) of the IFR.