



30 July 2019

Announcement: Decision by the Central Bank of Ireland to reciprocate a French measure under Article 458 of Regulation (EU) No 575/2013 (“CRR”)

French Article 458 CRR measure

On 11 May 2018, the Haut Conseil de Stabilité Financière (HCSF) adopted a [measure](#) under Article 458 CRR, tightening the limits for large exposures of French systemically important credit institutions to highly indebted large non-financial corporations (NFCs) that have their registered office in France to 5 per cent of eligible capital. The measure applies to global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs) at the highest level of consolidation of their banking prudential perimeter.

ESRB Recommendation

The ESRB subsequently issued a Recommendation ([ESRB/2018/8](#)) (“the ESRB Recommendation”) to EEA Member States to reciprocate the French measure (Official Journal of the European Union, 1 February 2019) which amends ESRB/2015/2. Reciprocation occurs when the relevant authority in one Member State applies the same, or equivalent macroprudential measure as that activated in another Member State in order to address a risk related to a specific exposure.

Reciprocation of the French Article 458 CRR measure

As the designated authority in charge of the application of Article 458 CRR, the Central Bank conducted an assessment and decided to comply with this Recommendation and recognise the measure pursuant to Article 458(5) CRR. The Central Bank decision was informed by an assessment for Ireland which showed that the amount of relevant exposures were above a materiality threshold provided as part of the ESRB Recommendation. The formal reciprocation decision was made by the Central Bank pursuant to Article 458(5) CRR on 15 July 2019.

Coverage

The Central Bank of Ireland will reciprocate the French measure for institutions identified as O-SIIs in Ireland. Institutions will be required to apply the French measure with respect to their branches in France and tighten the large exposure limit as appropriate. Institutions will also be expected to apply the measure to direct cross-border exposures.

Exemptions “de minimis” principle

O-SIIs with exposures to the French non-financial corporate sector that are below the materiality threshold as defined in the ESRB Recommendation 2018/8 are exempt from applying the measure as per Section 2.2 of ESRB Recommendation ESRB/2015/2.

Timing of the application

Reciprocation of the measure will apply from 1 August 2019.