

Resolution 207/2011

of the Polish Financial Supervision Authority

of 22 August 2011

amending the Resolution of the Polish Financial Supervision Authority No. 384/2008 on requirements concerning identification, monitoring and control of concentration of exposures, including large exposures

Pursuant to Article 71(8) of the Act of 29 August 1997 - the Banking Act (Journal of Laws of 2002, No. 72, item 665, as amended) it is resolved as follows:

§1. In the Resolution of the Polish Financial Supervision Authority No. 384/2008 *on requirements concerning identification, monitoring and control of concentration of exposures, including large exposures* dated 17 December 2008 (PFSA Journal of Laws of 2002, No. 8, item 38, as amended):

1) § 1(3) shall read as follows

“3) “large exposure” - exposure as defined in §1(10) of the Resolution **No. 208/2011** of the Polish Financial Supervision Authority of **22 August 2011** on detailed rules and conditions of taking exposures into account when setting binding exposure concentration limit and large exposure limit (Journal of Laws, No. **9**, item **34**, as amended).”

2) § 1(5) shall read as follows:

“5) “Resolution on capital adequacy of banks” - the Resolution No. 76/2010 of the Polish Financial Supervision Authority of 10 March 2010 on the scope and detailed procedures for determining capital requirements for particular types of risk (PFSA Journal of Laws, No. 2, item 11, as amended).”

3) In § 3 after paragraph 2 the following paragraph 2a shall be inserted:

“2a. As regards stress tests referred to in §3(5) of the Resolution referred to in § 1(3) of this Resolution, such tests should cover the risks connected with possible changes in economic circumstances of the bank, including market conditions, which can possibly have negative impact on adequacy of bank’s own funds and collateral performance. A bank shall submit to the Polish Financial Supervision Authority analyses confirming that such tests are adequate for the assessment of such risks.”

4) § 3(3) of the Annex shall read as follows:

“3. Without prejudice to paragraph 2a, a bank should provide evidence, on request of the Polish Financial Supervision Authority, that the assumptions of the stress tests performed are adequate with concentration risk assessment.”

5) In § 3 of the Annex the following paragraph 4 shall be inserted:

“4. The bank referred to in §3(5) of the Resolution referred to in § 1(3) of this Resolution should take into account in its strategies of preventing the effects of concentration risk:

- 1) rules and procedures of preventing the risk connected with settlement date mismatch between exposures and all kinds of credit protection of these exposures;
- 2) rules and procedures in case stress test shows lower possible value of the collateral than the value considered for financial collateral comprehensive method or the method referred to in § 3(2) of the Resolution referred to in § 1(3) of this Resolution;
- 3) rules and procedures referring to concentration risk connected with credit risk mitigation methods, in particular as regards large exposures.”

§2. The Resolution shall come into force within 14 days of the publication in the Journal of Laws of the Polish Financial Supervision Authority.

For and on behalf
of the Polish Financial Supervision Authority