

As sovereign exposures play a special role in the economy of every country and they are crucial for monetary policy implementation and liquidity management. We believe that the introduction of more restrictive rules on sovereign exposers would result in a high costs for banks, so we recommend keeping the current regulatory treatment for sovereign exposures with the national discretion of applying a lower risk weight to banks' exposures to their sovereign of incorporation in domestic currency.

However, we support the potential Pillar II guidance and the potential Pillar III disclosure requirements for sovereign exposures introduced by the committee within the discussion paper.