

No specific legislation addressing excessive foreign currency lending has been issued. However, the Minimum requirements for Risk Management (MaRisk) apply. According to the MaRisk, institutions need to identify fx lending risks. Should fx lending risks be relevant for them, they have to measure / quantify them, hold capital to cover them in their ICAAP, include them into their internal reporting, monitor them, integrate them into their limit system, address them in their business and risk strategies, conduct stress testing on them. Especially the provision that institutions have to hold adequate capital to cover fx lending risks is a limiting factor that ensures that an institution may not engage excessively in fx lending.

In addition to these risks management requirements, MaRisk poses specific requirements on the fx lending process. E.g. institutions have to issue specific internal processing principles for fx denominated credits and they have to analyse their creditors' debt servicing capacity also under the assumption of adverse fx rate changes before they may grant fx credits