Luxembourg, 6 May 2015

To all credit institutions

CIRCULAR CSSF 15/613

Re: Update of Circular CSSF 14/593 on the supervisory reporting requirements applicable to credit institutions as from 2014

Ladies and Gentlemen,

1. This circular amends Circular CSSF 14/593 by adding the last developments in reporting requirements.

2. Circular CSSF 14/593 is amended in accordance with the annexe to this circular.

The annexe in question includes the changes brought by this circular to Circular CSSF 14/593 in track changes in order to ease the reading and understanding.

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

Claude SIMON Director
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Annexe
To all credit institutions

Ladies and Gentlemen,

1. The purpose of this circular is to remind and inform credit institutions of recent and future developments regarding supervisory reporting.

I) APPLICABLE REPORTING TABLES


Commission Implementing Regulation (EU) No 680/2014 was amended as follows:


Commission Implementing Regulation (EU) No 680/2014, as amended (hereinafter, “ITS Regulation”) lays down uniform requirements in relation to supervisory reporting (hereinafter, the Common European reporting), in accordance with the requirements of the CRR, for the following areas:

- own funds requirements and financial information (Article 99 of the CRR);
- losses stemming from lending collateralised by immovable property (Article 101(4)(a) of the CRR);
- large exposures and other largest exposures (Article 394(1) of the CRR);
- leverage ratio (Article 430 of the CRR);
- liquidity coverage requirements and net stable funding requirements (Article 415 of the CRR);
- asset encumbrance (Article 100 of the CRR).

The common European reporting, except for the requirements on financial information, shall be transmitted on an individual basis and, where appropriate, on a consolidated basis.

Financial information shall be reported only on a consolidated basis:

- by all credit institutions that prepare their consolidated accounts in conformity with the International Accounting Standards (IFRS) (Article 99(2) of the CRR), except for the credit institutions referred to in the Q&A 2013_119 published by the EBA and
- by all the other credit institutions subject to prudential supervision by the CSSF on a consolidated basis in accordance with Article 99(3) of the CRR.

To report the reporting items, as set out above, the assessment is carried out in accordance with the International Accounting Standards (IFRS) pursuant to Article 24(2) of the CRR.

3. The application of the new financial information reporting (FINREP) on an individual basis is a specific case insofar as the latter is not covered by the CRR. In this respect and within the context of the single supervisory mechanism, the European Central Bank (ECB) adopted on 17 March 2015 Regulation (EU) 2015/534 on reporting of supervisory financial information (ECB/2015/13), published in the Official Journal of the European Union on 31 March 2015.

The CSSF will soon take action on the implementation of the FINREP (as defined in Regulation (EU) No 680/2014 and in accordance with Regulation (EU) 2015/534 on

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1 It should be noted that following the publication of Implementing Regulation (EU) 2015/227, the FINREP now includes reporting requirements relating to credit loss provisions and forborne measures (non-performing exposures and forbearance).
an individual basis. The implementation of a banking supervision at the European Central Bank within the context of the Single Supervisory Mechanism (SSM) will have an impact on the layout of the reporting of financial information on an individual basis. The ECB should publish shortly for consultation its expectations as regards financial information on an individual basis. Pending a decision from the ECSSFB, tables B1.1, B1.6, B2.1 and B2.5, which constitute the supervisory reporting scheme on financial information at individual level, remain applicable.

4. The reporting tables introduced by the CSSF, which are not covered by the common European reporting, remain applicable. In brief, the following reporting tables remain applicable:

- Prudential reporting scheme on financial information on individual basis: Tables B 1.1, B 1.6, B 2.1 and B 2.5 introduced by Circulars CSSF 07/316, CSSF 07/319, CSSF 07/324, CSSF 07/331, CSSF 09/410 (pending delivery of opinion on this issue by the ECSSFB);
- Reporting on liquidity ratio: table B 1.5 introduced by Circular IML 93/104 and updated by Circulars CSSF 07/316, CSSF 07/331;
- Reporting on information on securities, participating interests and shares in affiliated undertakings: table B 2.4 introduced by Circulars CSSF 07/316, CSSF 07/331;
- List of head offices, agencies, branches and representative offices: Table B 4.4;
- Analysis of shareholdings: Table B 4.5 as updated by Circular CSSF 12/553;
- Persons responsible for certain functions and activities: Table B 4.6 as updated by Circular CSSF 13/576.

5. As the reporting requirements continue to evolve at European level, the CSSF recommends that banks follow the publications of draft ITS and/or RTS or consultation papers of the EBA on its website. As regards European reporting, changes in the following areas are planned:

- It should be noted that Commission Implementing Regulation (EU) No 680/2014 will be supplemented by additional tables, in accordance with the requirements of the CRR in the following areas:
  - Reporting on forbearance and non-performing exposures, expected to be filed for the first time on 30 September 2014 and whose first date of remittance is at the latest on 31 December 2014;
  - on asset encumbrance, expected to be filed for the first time on 31 December 2014 and whose first date of remittance is at the latest on 11 February 2015;
  - Draft ITS of the EBA dated 18 March 2015 proposing amendments to the ITS Regulation whose implementation is planned for the reporting as at 30 June 2015;
  - Draft ITS on Additional liquidity monitoring metrics under Article 415(3)(b) of Regulation (EU) No 575/2013 Reporting on additional liquidity.
monitoring metrics which is currently scheduled to enter into force on 1 July 2015. However, it should be noted that, to date, the draft ITS on Additional liquidity monitoring metrics has not yet been adopted by the European Commission and that discussions in this regard are still ongoing at the level of the European authorities.

- Draft RTS and ITS on Benchmarking portfolio assessment standards and assessment sharing procedures under Article 78 of Directive 2013/36/EU (Capital Requirements Directive-CRD IV) of 2 March 2015, applicable to banks applying the IRB approach and the internal model approach for market risk. The first benchmarking exercise is planned on the reference date of 31 December 2015. However, it is worth mentioning that the draft ITS/RTS on benchmarking provides for an initial market valuation and exclusion justification on 26 October 2015 (which corresponds to the transmission of table C106.00 by 26 October 2015).

- Guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 of 19 June 2014. An analysis to select the sample of banks that shall report on funding plans is currently under way at the CSSF. The CSSF will deliver its opinion on the sample of banks once it has completed the analysis.

- Consultation Paper on Draft ITS amending ITS Regulation (EU) No 680/2014 with regard to the Liquidity Coverage Ratio (LCR) following the EC’s Delegated Act specifying the LCR of 16 December 2014. The new reporting on liquidity for the LCR calculation has not yet been transmitted to the European Commission. Its entry into force, initially planned in October, may be postponed to December 2015.

- Consultation Paper on Draft ITS amending ITS Regulation (EU) No 680/2014 with regard to the Leverage Ratio (LR) following the EC’s Delegated Act on the LR of 16 December 2014. The new reporting on the leverage ratio, should enter into force by December 2015 or later.

To have an overview at European level on the progress of the technical standards relating to CRR/CRD IV, the CSSF recommends that credit institutions consult the table of the European Commission on a regular basis at the following address:


II) REPORTING MANUAL AND PLAUSIBILITY CHECKS
6. The CSSF drafted a manual entitled "Reporting requirements for credit institutions" providing an overview of the aforementioned periodical reporting requirements applicable to banks. This document is available at the following address:


The manual will be updated on a regular basis in order to take account of the reporting developments at European and/or national level.

The CSSF also established a list of plausibility checks carried out internally, in addition to the validation rules published by the EBA in Commission Implementing Regulation (EU) No 680/2014. The document is available at:


In order to be automatically informed of any change of the aforementioned documents, the CSSF recommends that credit institutions subscribe for updates of the section "Reporting" of the CSSF website.

III) REPORTING QUESTIONS AND ANSWERS

7. The European Banking Authority (EBA) established the tool "Questions and Answers" (Q&A) on its website. This tool enables credit institutions to ask the EBA questions relating to European regulations, including questions relating to the common European reporting covered by the ITS Regulation Commission Implementing Regulation (EU) No 680/2014. The Q&A tool is available at the following address:


The instructions issued by the EBA in its answers within the context of the Q&A are to be complied with during the drawing-up of the common European reporting.

8. The CSSF will also publish on its website answers to questions received by the CSSF on the common European reporting, but of national nature. Answers to questions relating to the reporting introduced by the CSSF will also be published at the same place. These "Questions and Answers" are published by the CSSF at the following address:


IV) EXTENSION OF THE NOTIFICATION THRESHOLD FOR INFORMATION RELATING TO "LARGE EXPOSURES" APPLICABLE AT INDIVIDUAL LEVEL
9. In order to obtain a complete overview of the risk profile inherent in the activities of a credit institution and to assess the systemic risks these institutions pose for the Luxembourg financial sector, the CSSF maintains the minimum notification thresholds as regards large exposures at individual level, as applicable until 31.12.2013 according to which any loan granted/used greater than or equal to the lower of the two following amounts: 10% of own funds or EUR 25 million (for “institutions”) and EUR 12.5 million (for “clients other than institutions”).

Thus, the information referred to in the tables "Large exposures" (tables C28.00 and C29.00, where applicable) are to be provided, on a quarterly basis, according to the following notification threshold: all the exposures whose exposure value is greater than or equal to
a) 10% of own funds or EUR 25 million for exposures incurred by “institutions”;
b) 10% of own funds or EUR 12.5 million for exposures incurred by “clients other than institutions”.
EUR 12.5 million but lower than 10% of the eligible own funds of the credit institution are to be included, on a quarterly basis, in tables C28.00 and C29.00. This information is to be reported for the first time on 31 December 2014.

V) TRANSMISSION OF PRUDENTIAL INFORMATION BY CREDIT INSTITUTIONS TO THE CSSF

10. The Common European reporting tables, as described in item 2 of this circular, are to be transmitted to the CSSF in accordance with:
- the requirements of the ITS RegulationCommission Implementing Regulation (EU) No 680/2014;
- the data point model (DPM) and validation rules published by the EBA on its website;
- the technical specifications and in XBRL format as described in Chapter 5 of the manual "Reporting requirements for credit institutions" and
- the additional plausibility checks carried out internally by the CSSF in addition to the validation rules published by the EBA defined in Commission Implementing Regulation (EU) No 680/2014.

The EBA publishes the updates of the DPM and validation rules, on a regularly basis, on the following link:

The reporting tables introduced by the CSSF as mentioned in item 4 of this circular, will continue to be transmitted in accordance with the transmission instructions and validation rules relating thereto, as published during the introduction of these tables.

2 Reporting SLAREX
3 This is the amount of the loan granted/used prior to the credit risk mitigation.
VI) TRANSMISSION OF PRUDENTIAL INFORMATION BY THE CSSF TO THE EUROPEAN PRUDENTIAL AUTHORITIES

11. The CSSF transmits the prudential information as defined in the ITS Regulation to the European Banking Authority and the European Central Bank in accordance with the following decisions:

- Decision EBA/DC/090/rev1 of 14 May 2014
- Decision ECB/2014/29 of 2 July 2014

The transmission dates provided for in the EBA and ECB decisions must be met without exception. Any delay or absence of transmission by the CSSF to the ECB (and the EBA) within the indicated periods will be reported to the governance committees of the ECB and the EBA.

In this context, the CSSF put in place a table reminder procedure: any table which failed to reach the CSSF (or including errors on the closing date for transmission of information\(^4\)), will systematically be subject to a first reminder letter as from the following day of the transmission deadline. Any table which failed to reach the CSSF (or including errors) on the second day of delay will systematically be subject to a second reminder letter.

VII) QUALITY OF THE PRUDENTIAL INFORMATION

12. a) The information transmitted to the CSSF serves as a basis for the analysis of the developments in the banking risks incurred by credit institutions at national level, but also at European level. Consequently, the information transmitted shall be established most accurately and be of the highest quality within the deadlines set by the regulations.

Credit institutions shall verify arithmetic and qualitative accuracy, the completeness of the data as well as compliance with the European validation rules and compliance with the plausibility rules published by the CSSF prior to the data transmission to the CSSF. The CSSF must receive the reporting tables without validation errors, technical errors or other quality defects at the deadline dates, as provided for in the regulations.

The management of the credit institutions must ensure compliance with the transmission deadlines, the accuracy, quality and completeness of the information provided to the CSSF.

\(^4\) Prudential information is to be transmitted within the periods provided for:
- in the CSSF circulars for the national reporting, as set out in paragraph 4 of this circular;
- in Article 3 of the ITS Regulation for the Common European reporting.
Any offence in this respect falls within the regime of administrative sanctions provided for in Directive 2013/36 (CRD) (cf. Article 67(1)(e)).

12. b) When a credit institution is not able to verify in-house the accuracy of the European and/or national validation rules and compliance with the plausibility rules laid down by the CSSF, the credit institution shall provide the CSSF with the reporting no later than 10 working days before the transmission date provided for in the regulation. Thus, in case of errors, the institution has 10 days to make the required correction.

12. c) In case of challenge to a plausibility rule of the CSSF, the credit institution must inform the CSSF by email at the following address: ReportingBanques@cssf.lu.

In case of challenge of a validation rule of the EBA, the credit institution must submit a Q&A to the EBA. A copy of the Q&A submitted to the EBA and the Q&A number assigned by the EBA shall also be submitted to the CSSF at the address ReportingBanques@cssf.lu. However, it should be noted that the CSSF will not suspend the challenged validation rule of the EBA at this moment, but only when the EBA has amended the validation rule in question.

The management of the credit institutions shall ensure the accuracy and completeness of the information provided to the CSSF.

13. Moreover, the prudential information files provided to the CSSF shall be kept for a period of at least five years in order to meet any request aiming at the subsequent reconstitution of the provided information.

14. The persons responsible for the credit institutions shall put in place internal control procedures in order to ensure the implementation of these provisions.

15. The CSSF wishes to stress that the mandate the credit institutions will entrust to their réviseur d'entreprises (statutory auditor) for the audit of annual accounts shall include the task of verifying the appropriateness and proper implementation of the provisions regarding the data transmission.

These controls by the réviseurs d'entreprises must cover:

- Common European reporting, as defined in the ITS Regulation (paragraph 2 of this circular);
- National reporting as defined in paragraph 4 of this circular.

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5 For the Common European reporting, 10 days before the following dates: 15th calendar day of the month following the reference period for the monthly reporting; 12 May, 11 August, 11 November and 11 February for the quarterly reporting; 11 August and 11 February for the half-yearly reporting; 11 February for the annual reporting.
VI) VIII) REPEAL OF REPORTING TABLES AND CIRCULARS RELATING THERETO

16. Following the introduction of the common European reporting, the following prudential reporting tables are no longer applicable:

As from 1 January 2014
- Foreign currency positions (B 1.2)
- Prudential reporting scheme regarding capital adequacy (B 1.4 and B 6.4)
- Information on large exposures (B 2.3 and B 6.3)

As from 1 July 2014
- Prudential reporting scheme on financial information on a consolidated basis: B 6.1, B 6.6, B 6.2 and B 6.7.

17. The following circulars shall be repealed:

- CSSF 14/586
- CSSF 13/570
- CSSF 11/513
- CSSF 10/461
- CSSF 08/344: only repealed for the parts relating to tables B 6.1, B 6.6, B 6.2, B 6.7, B 1.2, B 1.4, B 6.4, B 2.3 and B 6.3
- CSSF 08/381, CSSF 10/450, CSSF 10/493
- CSSF 07/316, CSSF 07/319, CSSF 07/324, CSSF 07/331: only repealed for the parts relating to tables B 6.1, B 6.6, B 6.2, B 6.7, B 1.2, B 1.4 and B 6.4
- CSSF 07/279
- CSSF 06/251
- CSSF 05/227
- IML 93/92.

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

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