

Luxembourg, 25 April 2016

To all credit institutions subject to Regulation (EU)
No 806/2014 of the European Parliament and of the
Council ¹

CIRCULAR CSSF-CODERES² 16/01

Re: Single Resolution Fund – Information on/announcement of raising 2016 *ex ante* contributions according to Articles 69 and 70 of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014

Ladies and Gentlemen,

Based on Title V, Chapter 2 of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 (hereafter “SRMR”), the Single Resolution Board (hereafter “SRB”) has determined the 2016 contribution for all the institutions as defined in Article 2 of the SRMR (see cover letter of the SRB in Annex 1).

The amounts are due by **6 June 2016**.

Pursuant to Article 2 of the law of 18 December 2015 implementing the agreement on the transfer and mutualisation of contributions to the Single Resolution Fund³, the concerned credit institutions have to transfer upon instruction given by the CSSF, the requested amounts to **an account of the Fonds de résolution Luxembourg**, which in return will transfer the collected amounts to the Single Resolution Fund (hereafter “SRF”).

The individual invoices (see Annex 2) will be distributed by the CSSF in the coming days.

¹ All credit institutions established in Luxembourg with the exception of the branches established in Luxembourg by a credit institution which has its head office outside the EU. Branches established in Luxembourg by a credit institution having its head office in another Member State, participating or not participating, are covered by their head office.

² Abbreviation for “Conseil de résolution” (Resolution Board).

³ [Law of 18 December 2015 implementing the agreement on the transfer and mutualisation of contributions to the Single Resolution Fund signed in Brussels on 21 May 2014](#) (only in French).

The computation is based on:

- Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to *ex ante* contributions to resolution financing arrangements (hereafter “DR”)
- Council Implementing Regulation (EU) 2015/81 of 19 December 2014 specifying uniform conditions of application of Regulation (EU) No 806/2014 of the European Parliament and of the Council with regard to *ex ante* contributions to the Single Resolution Fund (hereafter “CR”)

The amount to be paid has been calculated pursuant to the following provisions:

- 2016 contribution - risk adjusted (Articles 5 to 9 DR) **or**
- 2016 contribution – lump-sum (Article 8(5) CR) **or**
- 2016 contribution – lump-sum (Article 10 DR)
- **minus** 1/8 of the paid 2015 contribution (deduction according to Article 8(2) CR)
- **plus/minus** 2015 data adjustments (Article 17(3) and (4) DR)

The 2016 contribution has been determined by taking into account the following elements:

- data provided by the credit institutions according to Circular CSSF 15/626;
- data provided by the credit institutions according to Circular CSSF 15/630;
- supervisory reporting (FINREP).

Compared to the 2015 contribution (as described in Circular CSSF 15/628) the 2016 contribution differs mainly on the following points:

	2016 contribution	2015 contribution
Responsible for calculation	SRB	NRA (CSSF)
Duration of initial period	8 years	10 years
Basis for target level	Covered deposits of all institutions as defined in Article 2 SRMR	Covered deposits of all institutions as defined in Article 1 (1) BRRD ⁴ in Luxembourg

⁴ Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council.

Definition of annual target level for the year under review	1/8 * 1.05% ⁵ of basis for target level	1/10 * 1% of basis for target level
Basis of calculation of contribution	60% according to Article 103 BRRD and 40% according to Articles 69 and 70 SRMR (Article 8 (1) (a) CR)	Article 103 BRRD
Medium sized institutions (Total liabilities between EUR 1bn and EUR 3bn)	“Lump-sum” approach according to Article 8(5) CR without possibility of applying Article 10 (7) DR	“Lump-sum” approach according to Article 20 (5) DR adjusted in connection with Article 10 (7) DR
Merger	Only the data from the absorbing entity are taken into account for computation	Data from the absorbing and the integrated entity were taken into account for computation
Risk pillars/indicators	see Annex 3	see Annex 3

These differences have led to a substantial increase of the contribution in most of the cases as already announced in Circular CSSF 15/628. All together, the concerned banks will have to pay an aggregate amount of EUR 77.0 million in 2016 compared to EUR 28.6 million paid in 2015.

Irrevocable payment commitments (hereinafter “IPCs”)

Article 8(3) of the CR provides that during the initial period, under normal circumstances, the SRB shall allow the use of IPCs upon request from an institution. For the 2016 contribution period the SRB has decided that institutions are allowed to provide IPCs equal to an amount of **15% of the amount to be paid**. The SRB has, furthermore, decided that these IPCs must be fully backed by collateral exclusively in the form of **cash collateral in euro**. At this stage, the SRB cannot confirm that amounts paid under IPCs will be reimbursed in all cases where institutions lose or hand back their licence.

In case you want to apply for IPCs you should read the following annexes carefully and comply with the instructions thereto:

Annex 4: Cover letter of the SRB explaining IPC (pdf)

Annex 5: IPC-package - Application Form (Excel)

Annex 6: IPC-package - IPC Agreement (pdf)

⁵ In order to ensure that by the end of the initial period of eight years the Fund has reached 1% of the amount of covered deposits of all credit institutions authorised in all of the participating Member States, the SRB has decided according to Article 69(2) SRMR to apply 1,05% for the 2016 target level.

Annex 7: IPC-package - Legal Entity Form (pdf)

Annex 8: IPC-package - Financial Identification Form (pdf)

All annexes are accessible via the links figuring at the end of this circular or on the CSSF's website under EU/International > Banking Union > Single Resolution Mechanism (SRM) > Calculation of contributions (direct link: <http://www.cssf.lu/en/eu-international/banking-union/srm/calculation-of-contributions/>).

Only a fully completed and duly signed application package consisting of Annexes 5 to 8 can be considered as a valid request.

The following two documents have to be sent by COB on **20 May 2016** by **e-mail** to the CSSF at res@cssf.lu in the following form:

- An Excel copy of the completed Application form (Annex 5) labelled "[CSSF No. (NOSIG)]_2016_Application Form";
- A PDF copy of the signed IPC Agreement (Annex 6) labelled "[CSSF No. (NOSIG)]_2016_IPC Agreement".
- In addition the originally executed version of the Application form (Annex 5), two duly signed IPC Agreements (Annex 6), the Legal Entity Form (Annex 7 – including the requested copies of official supporting documents) and the Financial Identification Form⁶ (Annex 8) have to be sent by COB on **20 May 2016** as **physical package by registered mail** to:

SRB [Unit E2 - IPC]
Treurenberg 22
B-1049 Brussels
Belgium

Failure to comply with the requirements as set out above will preclude the institution to use IPCs for the 2016 contribution period.

By 27 June 2016 at the latest, the SRB will return the countersigned IPC Agreement to the institution at the address provided in the Application form. The process above applies only for this year. In case an institution wants to use IPCs next year the institution will have to apply again. For more details concerning the IPC process see Annex 4.

The CSSF will issue a separate circular concerning accounting and regulatory reporting issues for the cash contribution and IPCs.

For any questions concerning this circular, please contact Mr. Klaus Söllner (email: klaus.sollner@cssf.lu) or Mr. François Basso (email: francois.basso@cssf.lu).

⁶ Information pertaining to the account is necessary in order to be able to pay back the collateral after the IPCs have been called by the SRB under the terms of the IPC Agreement and in case of a refund of interest income on the collateral. The account on the Application form (Annex 5) has to be identical to the account stated in the Financial Identification form.

In case clarifications are deemed necessary from the SRB, the corresponding form in Annex 9 has to be used. Legal remedies against decisions by the SRB are described in Annex 1.

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER
For the Resolution Board



Romain STROCK
Chairman of
the Resolution Board

- Annexes:
- Annex 1: Cover letter of SRB
([CSSF-CODERES_16_01_Annex_1_Cover_Letter_SRB.pdf](#))
 - Annex 2: Example of invoice
([CSSF-CODERES_16_01_Annex_2_Invoice.pdf](#))
 - Annex 3: Risk pillars/indicators – percentages applied
([CSSF-CODERES_16_01_Annex_3_risk_pillars-indicators_2015_2016.pdf](#))
 - Annex 4: Cover letter of SRB explaining IPC
([CSSF-CODERES_16_01_Annex_4_SRB_2016_IPC_Letter_to_institutions.pdf](#))
 - Annex 5: IPC-package - Application Form
([CSSF-CODERES_16_01_Annex_5_SRB_2016_IPC_Application_Form\(EN\).xlsx](#))
 - Annex 6: IPC-package – IPC Agreement
([CSSF-CODERES_16_01_Annex_6_SRB_2016_irrevocable_payment_commitment_and_financial_collateral_arrangement_agreement_EN.pdf](#))
 - Annex 7: IPC-package - Legal Entity Form
([CSSF-CODERES_16_01_Annex_7_legEnt_privComp_en.pdf](#))
 - Annex 8: IPC-package - Financial Identification Form
([CSSF-CODERES_16_01_Annex_8_fich_sign_ba_gb_en.pdf](#))
 - Annex 9: Clarification request for the 2016 contribution period
([CSSF-CODERES_16_01_Annex_9_SRB_2016_Clarification_Form_EN.xlsx](#))