

Luxembourg, 21 April 2017

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

<b>CIRCULAR CSSF-CODERES 17/04</b>
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**Re: Single Resolution Fund – Information on/announcement of raising 2017 *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 2017 contribution for all the institutions as defined in Article 2 of the SRMR (see Annex 1).

The amounts are due by **6 June 2017**.

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 Fund<sup>2</sup>, 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.

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<sup>1</sup> 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.

<sup>2</sup> 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 2015.

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 :

- 2017 contribution - risk adjusted (Articles 5 to 9 DR) **or**
- 2017 contribution – lump-sum (Article 8(5) CR) **or**
- 2017 contribution – lump-sum (Article 10 DR)
- **minus** 1/7 of the remaining 2015 contribution (deduction according to Article 8(2) CR)
- (where applicable) **plus/minus** data adjustments concerning previous years (Article 17(3) and (4) DR)
- (where applicable) **plus/minus** IPS-adjustments (letter CSSF 25 May 2016 – only addressed to the banks concerned)
- (where applicable) **plus** partial contribution of newly supervised institutions (Article 12(1) DR)

The 2017 contribution has been determined by taking into account the data provided by the credit institutions according to Circular CSSF-CODERES 16/02.

In Annex 1 the SRB describes the details of the calculation. Compared to the 2016 ex-ante contribution (as described in Circular CSSF-CODERES 16/01) the 2017 ex-ante contribution differs for Luxembourg only in the following point:

	<b>2017 ex-ante contribution</b>	<b>2016 ex-ante contribution</b>
Basis of calculation of contribution	40% according to Article 103 BRRD and 60% according to Articles 69 and 70 SRMR (Article 8 (1) (b) CR)	60% according to Article 103 BRRD and 40% according to Articles 69 and 70 SRMR (Article 8 (1) (b) CR)

This difference has mainly led to a substantial increase of the contribution in most of the cases as already announced in Circular CSSF 15/628 and Circular CSSF-CODERES 16/01. Altogether, the concerned banks will have to pay an aggregate amount of EUR 100.0 million in 2017 compared to EUR 77.0 million paid in 2016. In addition, the number of banks in Luxembourg contributing to the SRF has decreased by 5 (thereof two major contributors) to 97. Because the volume of covered deposits in Luxembourg remained stable, the remaining banks have to compensate this gap. This is in particular the case for banks where the Basic Annual Contribution (BAC) increased compared to the 2016 exercise. Compared to the other

Member States, however, the charge per BAC is in general still the lowest.

The SRB has decided to keep the target amount 2017 at 1.05% of covered deposits/8 (see Annex 1 point 4). Because the increase of the covered deposits in the Member States was between 2-3% p.a. in the last years, the SRB has already announced that in the next years it might be necessary to increase this ratio in order to achieve the final 1% target in 2024 (Article 69(1) SRMR). This, together with the shift in the calculation away from Article 103 BRRD to the method described in Articles 69 and 70 SRMR (see Article 8(1) CR) is expected to lead to further increasing contribution amounts for the concerned banks in Luxembourg in the coming years.

#### Irrevocable payment commitments (hereinafter “IPCs”)

The conditions concerning IPCs compared to the 2016 contribution cycle remain unchanged : 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 details see Annex 3). For the 2017 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 still 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 3: Cover letter of the SRB explaining IPC (pdf)

Annex 4: IPC-package - Application Form (Excel)

Annex 5: IPC-package - IPC Agreement (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/>). Even your institution has already applied in 2016 to use IPC this application has to be renewed for 2017.

Only a fully completed and duly signed application package consisting of Annexes 4 and 5 can be considered as a valid request :

An Excel copy of the completed Application form (Annex 4) labelled "[CSSF No. (NOSIG)]\_2017\_Application Form" has to be sent by COB on **24 May 2017** by e-mail to the CSSF at [res@cssf.lu](mailto:res@cssf.lu).

In addition, the originally executed version of the Application form (Annex 4) and two duly signed IPC Agreements (Annex 5) have to be sent by COB on **24 May 2017** 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 2017 contribution period.

By 27 June 2017 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 3.

For any questions concerning this circular, please contact Mr. Klaus Söllner (e-mail : [klaus.sollner@cssf.lu](mailto:klaus.sollner@cssf.lu)), Mr. François Basso (e-mail: [francois.basso@cssf.lu](mailto:francois.basso@cssf.lu)) or Mr. Bertrand Toulmonde (e-mail: [bertrand.toulmonde@cssf.lu](mailto:bertrand.toulmonde@cssf.lu)).

In case clarifications are deemed necessary from the SRB, the corresponding form in Annex 6 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: Decision of the executive session of the SRB of 11 April 2017  
([https://www.cssf.lu/wp-content/uploads/CSSF-CODERES\\_17\\_04\\_Annex\\_1\\_Decision\\_SRB\\_2017.pdf](https://www.cssf.lu/wp-content/uploads/CSSF-CODERES_17_04_Annex_1_Decision_SRB_2017.pdf))

Annex 2: Example of invoice  
([https://www.cssf.lu/wp-content/uploads/CSSF-CODERES\\_17\\_04\\_Annex\\_2\\_invoice\\_example.pdf](https://www.cssf.lu/wp-content/uploads/CSSF-CODERES_17_04_Annex_2_invoice_example.pdf))

Annex 3: Cover letter of the SRB explaining IPC  
([https://www.cssf.lu/wp-content/uploads/CSSF-CODERES\\_17\\_04\\_Annex\\_3\\_IPC\\_Letter\\_to\\_institutions.pdf](https://www.cssf.lu/wp-content/uploads/CSSF-CODERES_17_04_Annex_3_IPC_Letter_to_institutions.pdf))

Annex 4: IPC-package - Application Form  
([https://www.cssf.lu/wp-content/uploads/CSSF-CODERES\\_17\\_04\\_Annex\\_4\\_IPC\\_Application\\_Form\\_EN.xlsx](https://www.cssf.lu/wp-content/uploads/CSSF-CODERES_17_04_Annex_4_IPC_Application_Form_EN.xlsx))

Annex 5: IPC-package – IPC Agreement  
([https://www.cssf.lu/wp-content/uploads/CSSF-CODERES\\_17\\_04\\_Annex\\_5\\_IPC\\_AGREEMENT\\_EN.pdf](https://www.cssf.lu/wp-content/uploads/CSSF-CODERES_17_04_Annex_5_IPC_AGREEMENT_EN.pdf))

Annex 6: Clarification request for the 2017 contribution period  
([https://www.cssf.lu/wp-content/uploads/CSSF-CODERES\\_17\\_04\\_Annex\\_6\\_Clarification\\_Form\\_EN.xlsx](https://www.cssf.lu/wp-content/uploads/CSSF-CODERES_17_04_Annex_6_Clarification_Form_EN.xlsx))

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