

In case of discrepancies between the French and the English text, the French text shall prevail.

**CSSF Regulation N° 16-08 concerning systemically important institutions  
authorised in Luxembourg**

**(Mémorial A – No 239 of 1 December 2016)**

The Executive Board of the Commission de Surveillance du Secteur Financier;

Having regard to Article 108a of the Constitution;

Having regard to the Law of 23 December 1998 establishing a financial sector supervisory commission ("Commission de surveillance du secteur financier"), and in particular Article 9(2) thereof;

Having regard to the Law of 5 April 1993 on the financial sector ("LFS") and in particular Article 59-1 and Article 59-3 pursuant to which the CSSF, as designated authority and after consultation with the Banque centrale du Luxembourg ("BCL"), is in charge of identifying the systemically important institutions which have been authorised in Luxembourg and the yearly review thereof, and its Article 59-9 pursuant to which the CSSF, after consultation with the BCL, may require systemically important institutions, other than global, to maintain an additional capital buffer;

Having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, and in particular Article 131 thereof;

Having regard to Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions ("SSM Regulation"), and in particular Article 5 thereof;

Having regard to Commission Delegated Regulation (EU) No 1222/2014 of 8 October 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards for the specification of the methodology for the identification of global systemically important institutions and for the definition of subcategories of global systemically important institutions;

Having regard to the Guidelines of the European Banking Authority (EBA/GL/2014/10) of 16 December 2014 on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs) ("EBA Guidelines");

Having regard to the Opinion of the Systemic Risk Board of 17 October 2016 on the annual identification and calibration review of the buffer for the other systemically important institutions (CRS/2016/007) ("SRB Opinion");

Having regard to the decision of the ECB, adopted pursuant to Article 5 of the SSM Regulation, not to object to the CSSF's intention to take the macro-prudential measures set out in this regulation;

Having regard to the opinion of the Consultative Committee for Prudential Regulation.

Decides:

**Article 1**  
**Identification of global systemically important institutions**

None of the institutions authorised in Luxembourg referred to in Article 1(11a) of the LFS, hereinafter "CRR institutions", has been identified as a global systemically important institution within the meaning of Article 59-3 of the LFS.

**Article 2**  
**Identification of the other systemically important institutions**

In accordance with Article 59-3(6) of the LFS, the methodology described in the EBA Guidelines and the SRB Opinion as appended, six CRR institutions authorised in Luxembourg have been identified as other systemically important institutions within the meaning of Article 59-3 of the LFS.

Five CRR institutions have been identified as other systemically important institutions based on their score, obtained in accordance with the EBA Guidelines and exceeding the threshold set specifically for Luxembourg at 325 points. A sixth CRR institution has been identified as other systemically important institution as a result of its score, which is below but close to the 325 points threshold, its contribution to the Luxembourg economy, its exposure to the real estate market and its large base of deposits.

Thus, based on the financial situation of the CRR institutions as at 31 December 2015, the other systemically important institutions are:

<b>Denomination</b>	<b>Score</b>
Banque et Caisse d'Épargne de l'État, Luxembourg	597
Banque Internationale à Luxembourg - BIL	296
BGL BNP Paribas	616
CACEIS Bank Luxembourg	449
Deutsche Bank Luxembourg S.A.	797
Société Générale Bank & Trust	1178

**Article 3**  
**Buffers for the other systemically important institutions**

The buffer rates for the other systemically important institutions shall be set and phased in according to the following table:

<b>Denomination</b>	<b>Buffer rate applicable as at 1 January 2016 (As a reminder)</b>	<b>Buffer rate applicable as at 1 January 2017</b>	<b>Buffer rate applicable as at 1 January 2018</b>	<b>Buffer rate applicable as at 1 January 2019<sup>1</sup></b>
Banque et Caisse d'Epargne de l'Etat, Luxembourg	0.125%	0.25%	0.375%	0.50%
Banque Internationale à Luxembourg - BIL	0.125%	0.25%	0.375%	0.50%
BGL BNP Paribas	0.125%	0.25%	0.375%	0.50%
CACEIS Bank Luxembourg	0.125%	0.25%	0.375%	0.50%
Deutsche Bank Luxembourg S.A.	0.25%	0.5%	0.75%	1%
Société Générale Bank & Trust	0.25%	0.5%	0.75%	1% <sup>2</sup>

**Article 4**  
**Entry into force**

This regulation shall enter into force on 1 January 2017.

This regulation shall be published in the Mémorial and on the website of the Commission de Surveillance du Secteur Financier.

This regulation repeals and replaces CSSF Regulation N° 15-06 concerning systemically important institutions authorised in Luxembourg.

Luxembourg, 8 November 2016

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Jean-Pierre FABER  
Director

Françoise KAUTHEN  
Director

Claude SIMON  
Director

Simone DELCOURT  
Director

Claude MARX  
Director General

<sup>1</sup> The buffer rate applicable as at 1 January 2019 may change during the yearly review of the identification of the other systemically important institutions laid down in Article 59-3(7) of the LFS.

<sup>2</sup> In accordance with Article 59-9(4) of the LFS, the buffer rate applicable to Société Générale Bank & Trust went down from 1.5% to 1%.

Annex: Opinion of the Systemic Risk Board of 17 October 2016 on the annual identification and the review of the calibration of the buffer for the other systemically important institutions (CRS/2016/007)

**Annex:**



**OPINION  
OF THE SYSTEMIC RISK BOARD  
of 17/10/2016**

**on the annual identification and the review of the calibration of the buffer for the other  
systemically important institutions  
(CRS/2016/007)**

THE SYSTEMIC RISK BOARD,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, and in particular Article 131 thereof;

Having regard to Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions, and in particular Article 5 thereof ("SSM Regulation");

Having regard to the Guidelines of the European Banking Authority "on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)" ("EBA Guidelines");

Having regard to the Law of 5 April 1993 on the financial sector, and in particular Articles 59-3 and 59-9 thereof ("Law of 5 April 1993");

Having regard to the Law of 1 April 2015 establishing a Systemic Risk Board and amending the Law of 23 December 1998 concerning the monetary status and the Banque centrale du Luxembourg, as amended, and in particular Article 2(c) and (h) and Article 7 thereof ("SRB Law");

Having regard to the internal rules of the Systemic Risk Board of 16 November 2015, and in particular Articles 9 and 11 thereof;

**HAS ADOPTED THIS OPINION:**

## **Part I: Buffers for the other systemically important institutions "O-SIIs"**

This opinion is delivered by the Systemic Risk Board having regard to its legal obligation to state every year its opinion on the identification of the other systemically important institutions (O-SIIs) and the setting of buffers for the other systemically important institutions in accordance with a request from the CSSF.

### **1) Identification of O-SIIs and calibration of applicable buffer rates**

Having regard to the different quantitative analyses and qualitative assessments of the CSSF and the BCL, and in particular the application of the methodology described in Annex I and in accordance with Articles 59-3 and 59-9 of the Law of 5 April 1993, the Systemic Risk Board is of the opinion to identify as O-SIIs the institutions listed in Annex II and to set the applicable buffer rates in accordance with Annex II.

### **2) Implementation of the O-SII buffer**

The Systemic Risk Board endorses the CSSF's updated list of O-SIIs as well as the applicable buffer rates submitted to it by the CSSF and the BCL.

In order to ensure consistency of the implementation framework for Luxembourg O-SII buffers with the one for global systemically important institutions, as recommended by the principles established by the Basel Committee, the Systemic Risk Board is of the opinion that a phasing-in of O-SII buffers is appropriate.

The recommended phasing-in period spans from 1 January 2016 until the final implementation on 1 January 2019, as described in Annex II.

### **3) Notifications of O-SIIs**

In accordance with Article 59-3(7) of the Law of 5 April 1993, the Systemic Risk Board invites the CSSF to notify its decision regarding the updated list of O-SIIs and the applicable buffer rates to the institutions concerned as well as to the relevant authorities.

### **4) Publication**

The Systemic Risk Board invites the secretariat to publish its opinion on the SRB's website<sup>3</sup>.

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<sup>3</sup> As the SRB's website is currently under construction, the opinion will be published on the websites of the BCL and the CSSF.

## **Part II: Implementation of the Opinion of the Systemic Risk Board**

### **1. Interpretation**

- (a) The terms used in this opinion shall have the same meaning as in the Law of 5 April 1993.
- (b) The Annexes are an integral part of this opinion.

### **2. Follow-up**

The Systemic Risk Board invites the CSSF as addressee of this opinion, to communicate, as soon as possible, the measures taken in response to this opinion, to the Systemic Risk Board via the secretariat.

### **3. Monitoring and assessment**

- 1) The secretariat of the Systemic Risk Board:
  - (a) shall assist the CSSF, including by facilitating coordination of the measures taken in response to this opinion; and
  - (b) shall prepare a report on the follow-up on this opinion and inform the Systemic Risk Board thereof.
- (2) The Systemic Risk Board shall assess the responses of the CSSF to this opinion.

Done in Luxembourg, 17/10/2016.

For the Systemic Risk Board

Pierre Gramegna

Chairman

## **Annex I: Identification methodology and buffer calibration**

The CSSF liaised with the BCL for the yearly review of the identification of O-SIIs in accordance with Article 59-3 of the Law of 5 April 1993 and the methodology set out in the EBA Guidelines.

Article 59-3(5) of the Law of 5 April 1993 provides that O-SIIs shall be identified on an individual, sub-consolidated or consolidated basis, as applicable, and shall be an EU parent institution, an EU parent financial holding company, an EU parent mixed financial holding company or a CRR institution.

The methodology for identifying O-SIIs shall be based on the following indicators and weights.

**Table 1: Criterion, indicator and weight of the identification methodology**

<b>Criterion</b>	<b>Indicator</b>	<b>Weight</b>
<b>Size</b>	Total assets	25.00%
<b>Importance (including substitutability/financial system infrastructure)</b>	Value of payment transactions	8.33%
	Private sector deposits from depositors in the EU	8.33%
	Private sector loans to recipients in the EU	8.33%
<b>Complexity/cross-border activity</b>	Value of OTC derivatives (notional)	8.33%
	Cross-jurisdictional liabilities	8.33%
	Cross-jurisdictional claims	8.33%
<b>Interconnectedness</b>	Intra-financial system liabilities	8.33%
	Intra-financial system assets	8.33%
	Debt securities outstanding	8.33%

The relevant authorities shall calculate the score of each institution by:

(a) dividing the indicator value of each individual relevant entity by the aggregate amount of the respective indicator values summed across all institutions in the Member State (the "denominators");

(b) multiplying the resulting percentages by 10,000 to express the indicator scores in terms of basis points;

(c) calculating the category score for each relevant entity by taking a simple average of the indicator scores in that category;

(d) calculating the overall score for each relevant entity by taking a simple average of its four category scores.



The buffer calibration methodology is a statistical approach based on a linear regression and a readjustment framework in order to maintain consistency between O-SII buffers and G-SII buffers. The developed methodology provides for four sub-categories with a cut-off score of 325 basis points, which is lower than the threshold proposed by the EBA Guidelines.

**Table 2: Sub-categories, range and applied buffer for O-SIIs**

<b>Sub-category</b>	<b>Score range</b>	<b>Applied buffer</b>
<b>1</b>	$325 \leq \text{score} < 650$	0.5%
<b>2</b>	$650 \leq \text{score} < 975$	1.0%
<b>3</b>	$975 \leq \text{score} < 1300$	1.5%
<b>4</b>	$1300 \leq \text{score}$	2.0%

Five institutions have been identified as O-SIIs based only on their score (obtained in accordance with the EBA Guidelines) exceeding the threshold set specifically for Luxembourg at 325 points. A sixth institution has been identified as O-SII as a result of its score, which is below but close to the threshold, its contribution to the Luxembourg economy, its exposure to the real estate market and its large base of Luxembourg deposits.

**Annex II - List of other systemically important institutions (O-SIIs)**

in accordance with the provisions of Article 59-3 of the Law of 5 April 1993 and the methodology set out in the EBA Guidelines

<b>Denomination<sup>4</sup></b>	<b>Address</b>	<b>Overall score as at 31 December 2015</b>	<b>Buffer rate as at 1 January 2019</b>	<b>Buffer rate as at 1 January 2017</b>
<b>Banque et Caisse d'Épargne de l'État, Luxembourg</b>	1-2, Place de Metz L-1930 Luxembourg Luxembourg	597	0.5%	0.25%
<b>Banque Internationale à Luxembourg</b>	69, route d'Esch L-1470 Luxembourg Luxembourg	296	0.5%	0.25%
<b>BGL BNP Paribas</b>	50, avenue J.F. Kennedy L-2951 Luxembourg Luxembourg	616	0.5%	0.25%
<b>CACEIS Bank Luxembourg</b>	5, Allée Scheffer L-2520 Luxembourg Luxembourg	449	0.5%	0.25%
<b>Deutsche Bank Luxembourg S.A.</b>	2, Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg	797	1%	0.5%
<b>Société Générale Bank &amp; Trust<sup>5</sup></b>	11 avenue Emile Reuter L-2420 Luxembourg Luxembourg	1178	1%	0.5%

<sup>4</sup> Classification in alphabetical order.

<sup>5</sup> In accordance with Article 59-9(4) of the Law of 5 April 1993, the buffer rate applicable to Société Générale Bank & Trust went down from 1.5% to 1%.