

Luxembourg, 14 December 2015

To all credit institutions subject to the
Commission Delegated Regulation (EU)
2015/63¹

CIRCULAR CSSF 15/628

Re: National resolution fund – Information on/announcement of raising 2015 *ex-ante* contributions according to Articles 4, 13 and 20 of the Commission Delegated Regulation (EU) 2015/63

Ladies and Gentlemen,

Article 100 of 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 (hereinafter the "BRRD"), requires Member States of the European Union to establish one or more national resolution financing arrangements for the purpose of ensuring the effective application by the resolution authority of the resolution tools and powers. In accordance with Article 103(1) of the BRRD *ex-ante* contributions shall be raised at least annually from all institutions authorized in Luxembourg including any branches established in Luxembourg by an institution authorized in a third country².

In line with Recital (6) of the Council implementing regulation (EU) 2015/81³ (hereinafter the "CR"), an aggregate amount of up to 10% of the target level set out in Article 102(1) of the BRRD should be raised in 2015. Based on the sum of covered deposits as reported further to circular CSSF 15/619, the aggregate amount to be raised from the Luxembourg credit institutions in 2015 is EUR 28.550.229.

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 Union. Branches established in Luxembourg by a credit institution having its head office in another Member State, participating or not, are covered by their head office.

² See Article 108(1) of the draft bill transposing the BRRD into Luxembourg law (n° 6866).

Please note however that the branches established in Luxembourg by a credit institution which has its head office outside the Union are not targeted by the present circular.

³ 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.

According to Article 103 (2), 2nd sentence, of the BRRD the annual *ex-ante* contributions shall be adjusted in proportion to the risk profile of credit institutions. The CSSF as the future national resolution authority has applied the risk-based methodology laid down in the Commission Delegated Regulation (EU) 2015/63⁴ (hereinafter the "DR") in order to determine the contribution to be paid by each credit institution to the resolution fund in 2015.

Article 6 DR defines the risk pillars on the basis of which the risk profile should be assessed, and the corresponding risk indicators. The computation of the 2015 contribution is mainly based on data as of 31/12/2013 in line with Article 14 (1) DR. At that point in time, almost none of the required information pursuant to Article 6 DR did exist - at least not in the required definition. In consultation with the European Commission, it has been agreed that each national resolution authority shall determine which risk pillars/indicators and/or corresponding proxies shall be applied for the 2015 contribution. However, a risk indicator may be skipped if no proxy as alternative can be identified according to Article 20 (1) DR. The CSSF has decided to apply for 2015 the same risk pillars/indicators that the Single Resolution Board (hereinafter the "SRB") will use for the calculation of the 2016 contribution. For further information concerning the used risk pillars and indicators, including any proxies where relevant, see Annex 1.

According to Article 103 (3) of the BRRD⁵ a share of up to 30% of the total amount of contributions could be covered by irrevocable payment commitments. For 2015, however, the CSSF has decided to not accept payment commitments, so that the 2015 contribution has to be paid directly in cash.

The 2015 contributions have been determined following the risk-based methodology laid down in Section 2 of the DR and, in particular, taking account the following elements:

- data provided by the credit institutions further to circular CSSF 15/617;
- supervisory reporting (FINREP/COREP)
- data provided by the credit institutions for the purposes of the annual survey by the CSSF of the deposits guaranteed by the AGDL.

The corresponding individual notices (see Annex 2 for an example) will be sent to the credit institutions by 15/12/2015. The 2015 contributions are payable via bank transfer within two weeks and without charges for the CSSF.

The 2015 contributions received from credit institutions falling in the scope of application of Regulation (EU) No 806/2014 (hereinafter the "SRMR") will be transferred to the Luxembourg compartment in the Single Resolution Fund (hereinafter the "SRF") by 31 January 2016 pursuant to Article 3(3) of the Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund. From 2016 onwards, the contributions of these

⁴ 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.

⁵ See as well Article 108(3) of the draft bill n° 6866.

institutions will be calculated by the SRB⁶. In the following years, when calculating the individual contributions of each credit institution, the SRB shall take into account the 2015 contributions by deducting them from the amounts due from each credit institution⁷.

In future, an increase of the annual *ex-ante* contribution amounts to be perceived from Luxembourg credit institutions falling into the scope of the SRMR can be expected as explained hereunder.

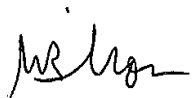
The target level applied for the 2015 contribution is defined as at least 1% of the amount of covered deposits of all the institutions authorised in the territory of each Member State (Article 102 (1) BRRD). The target level of the SRF, however, is defined as at least 1% of the amount of covered deposits of all credit institutions authorised in all of the participating Member States (Article 69 (1) SRMR). For participating Member States where the ratio of the aggregate covered deposits in relation to the aggregate total liabilities (excluding own funds) is lower, like in Luxembourg, the individual contributions calculated according to the SRMR are higher as when calculated according to the BRRD. In order to soften the transfer into the SRMR regime Article 8 CR defines for the initial period a transitional process whereby the portion of the contribution calculated according to the SRMR increases steadily whereas the portion of the contribution calculated according to the BRRD disappears gradually over a period of eight years.

For any questions concerning this circular please contact Mr. Klaus SÖLLNER (e-mail: klaus.sollner@cssf.lu) or Mr. François BASSO (e-mail: francois.basso@cssf.lu).


Yours faithfully,



Claude SIMON
Directeur



Andrée BILLON
Directeur



Simone DELCOURT
Directeur



Jean GUILL
Directeur général

Annexes: Annex 1 (1 page)
Annex 2 (1 page)

⁶ This means that from a Luxembourg perspective currently 11 bank branches of third countries and 8 investment firms will be bound to continue contributing to the Luxembourg Resolution Fund, whereas the other institutions (the sole Luxembourg incorporated banks), to which the present circular is addressed, will have to pay from 2016 onwards into the SRF.

⁷ Article 8 (2) of Council Implementing Regulation (EU) 2015/81 of 19 December 2014.

Annex 1:

Risk Pillars	DR	Contribution 2015	Risk Indicators	Proxies	DR	Contribution 2015		
Risk exposure	50.0%	71.4%	own funds and eligible liabilities held by the institution in excess of MREL	n/a		25.0%	0.0%	
			Leverage Ratio	own funds (FINREP B1.4 postes 0770)/(total assets (B1.1 poste 1.15 ou 3.11)+ contingent liabilities (B1.6H postes 4.1.1./4.2.1./4.3.1.))		25.0%	33.3%	
			Common Tier 1 Capital	own funds (FINREP B1.4 postes 0770)/total risk-weighted assets (B1.4 poste 2000)*12,5		25.0%	33.3%	
			Total risk-weighted assets/Total assets	total risk-weighted assets (B1.4 poste 2000)*12,,5/total assets(B1.1 poste 1.15 ou 3.11)		25.0%	33.3%	
Stability and variety of sources of funding	20.0%	0.0%	NSFR	n/a		50.0%	0.0%	
			LCR	n/a		50.0%	0.0%	
Importance of an institution to the stability of the financial system or economy	10.0%	0.0%	share of interbank loans and deposits in the EU	n/a		100.0%	0.0%	
Additional risk indicators	20.0%	28.6%	Trading activities	(FINREP B 1.1 poste actig 1.2+ FINREP B 1.1 poste passif 2.2)/2/total assets(B1.1 poste 1.15 ou 3.11)	(FINREP B 1.1 poste actig 1.2+ FINREP B 1.1 poste passif 2.2)/2/own funds(FINREP B1.4 postes 0770 + 0780)	(FINREP B 1.1 poste actig 1.2+ FINREP B 1.1 poste passif 2.2)/2/total risk-weighted assets (B1.4 poste 2000*12,5)	45.0%	33.3%
			Off-balance sheet exposure	contingent liabilities (B1.6H postes 4.1.1./4.2.1./4.3.1)/total assets (B1.1 poste 1.15 ou 3.11)	contingent liabilities (B1.6H postes 4.1.1./4.2.1./4.3.1)/own funds(FINREP B1.4 postes 0770 + 0780)	contingent liabilities (B1.6H postes 4.1.1./4.2.1./4.3.1)/total risk-weighted assets (B1.4 poste 2000*12,5)		33.3%
			Volume of derivatives	FINREP B 1.6A B1-B4 sum pos 4.100 montant notionnal/total assets((B1.1 poste 1.15 ou 3.11))	FINREP B 1.6A B1-B4 sum pos 4.100 montant notionnal/own funds(FINREP B1.4 postes 0770 + 0780)	FINREP B 1.6A B1-B4 sum pos 4.100 montant notionnal/total risk-weighted assets (B1.4 poste 2000*12,5)		33.3%
			Complexity	n/a		0.0%		
			Resolvability	n/a		0.0%		
			membership in IPS	n/a		45.0%	0.0%	
			extent of previous extraordinary public financial support	n/a		10.0%	0.0%	

Annex 2:

Luxembourg, 14 December 2015

Banque et Caisse d'Epargne de l'Etat, Luxembourg
L-2954 LUXEMBOURG

INVOICE 2015-B1-6-411
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For any questions concerning this invoice please contact:

Klaus Söllner (email: klaus.sollner@cssf.lu)

François Basso (email: francois.basso@cssf.lu)

As announced in circular 15/628 and based on the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing the BRRD with regard to ex ante contributions to resolution financing arrangements (hereinafter the "DR") the CSSF as the future resolution authority has determined your 2015 contribution.

You are invited to pay within two weeks the amount of EUR 0.00. The amount is compounded as follows:

EUR 0.00	Basic annual contribution (Article 5 DR)
EUR 0.00	Risk adjustment (Articles 6-9 DR)
EUR 0.00	Lump-Sum (Article 10 DR)
EUR 0.00	Lump-Sum (Article 20(5) DR)

Payment instructions:

Bank name:	Banque centrale du Luxembourg
SWIFT (BIC) code:	BCLXLULLXXX
Beneficiary:	Commission de Surveillance du Secteur Financier
IBAN account number:	IBAN LU48 9990 0001 1900 300E
Amount due:	EUR 0.00
Reference:	2015-B1-6-411

Indication of the reference number in the communication of the money transfer is mandatory and the transfer must be without charge for the beneficiary.



Romain STROCK
Premier conseiller de direction



Claude SIMON
Directeur