



# Newsletter

No 213 - October 2018

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## NEWS

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### Frequently Asked Questions on the EU Regulation No 537/2014

The FAQ, published on 9 October 2018, define the guidelines for *cabinets de révision agréés* (approved audit firms) for calculating the fee cap for the provision of non-audit services (70% rule) as referred to in Article 4(2) of the EU Regulation No 537/2014 on specific requirements regarding statutory audit of public-interest entities. This document has been approved by the CEAOB (Committee of European Audit Oversight Bodies) and has been adapted to national specificities. It introduces a certain number of definitions and clarifies the relevant extent and criteria to comply with the provisions of said article.

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## HUMAN RESOURCES

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### CSSF staff evolution

Since the publication of the last Newsletter, the CSSF has recruited 13 new agents who were assigned to the following departments:

#### Executive Board Secretariat

Caroline DRESSE

#### Supervision of banks

Nora JUCHEM

Sophia ROUBROEKS

Bruno TINOCO OLIVEIRA

#### Supervision of specialised PFS

Sylvie DREZE

Priscille HOARAU

#### Supervision of information systems and support PFS

Clément COTEL

#### On-site inspection

Guillaume BÉNARD

Moritz BITTER

Pedro DA SILVA MOREIRA

#### Personnel, administration and finance

Andy LEONARD

#### Innovation, payments, markets infrastructures and governance

Delphine BAYON

#### Information systems of the CSSF

Elisabeth SILVA VIEIRA

Following the departure of two agents, the CSSF counts 833 agents of which 451 are men and 382 are women as at 1 October 2018.

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## WARNINGS

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### Warnings published by IOSCO

Several warnings have been published on IOSCO's website at:

[http://www.iosco.org/investor\\_protection/?subsection=investor\\_alerts\\_portal](http://www.iosco.org/investor_protection/?subsection=investor_alerts_portal).

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## NATIONAL REGULATION

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### CSSF Regulation N° 18-05

The CSSF regulation maintains the countercyclical buffer rate applicable to the relevant exposures located in Luxembourg at 0% for the fourth quarter of 2018.

### Circular CSSF-CPDI 18/13

The object of this circular is to request information on the deposits, in particular covered deposits, of all credit institutions incorporated under Luxembourg law, of POST Luxembourg for its provision of postal financial services and of the branches of credit institutions having their head office in a third country as at 30 September 2018.

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## BANKING REGULATION AND SINGLE SUPERVISORY MECHANISM

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### Single Supervisory Mechanism - European Central Bank (ECB)

#### Publications and Consultations

**7 September 2018** - [ECB launches public consultation on its guide to internal models](#)

The ECB has published the three risk-type-specific chapters (on credit risk, market risk and counterparty credit risk) of its guide to internal models for consultation. These chapters are intended to ensure a consistent approach to the applicable regulations on internal models for banks directly supervised by the ECB. Please see additionally: [FAQ section](#).

The consultation will run until **7 November 2018**.

**14 September 2018** - [ECB launches public consultation on Part 2 of the "Licensing Guide"](#)

The ECB has launched a public consultation on Part 2 of the Guide to assessments of licence applications ("Licensing Guide"). Part 2 complements the "Licensing Guide" published in March 2018 and focuses on assessment criteria for capital requirements and business plans. Both documents should be read together as one guide. The "Licensing Guide" is intended as a practical tool to support those involved in the process of authorisation and to ensure a smooth and effective procedure and assessment.

The consultation will run until **25 October 2018**.

**18 September 2018** - [ECB publishes its review of banks' profitability and business models](#)

The ECB has published the findings of the thematic review of banks' profitability and business models conducted from 2016 to the end of the first quarter of 2018. The [review](#) shows that although the economic situation of banks in the euro area has generally improved, profitability and business models remain under pressure.

**21 September 2018** - [ECB publishes a revised guide to on-site inspections and internal model investigations](#)

The ECB has issued a revised guide that aims to provide a reference document for the supervised entities and other legal entities for which the ECB has decided to launch an on-site inspection, as well as for the work of the on-site inspection teams.

### Interviews and speeches

**5 September 2018** - "[Interview with LETA](#)" - Interview with Danièle Nouy, Chair of the Supervisory Board of the ECB.

**6 September 2018** - "[European banking supervision - towards a common culture](#)" - Statement by Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, at the Eurofi Financial Forum 2018, Vienna.

**11 September 2018** - "[Interview with Les Echos](#)" - Interview with Danièle Nouy, Chair of the Supervisory Board of the ECB.

**18 September 2018** - "[The European banking sector - towards a single jurisdiction](#)" - Speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, at the ACPS Conference, "Financial supervision and the role of national authorities in Europe", Paris.

## European Commission and European Council

### Regulatory developments

**10 September 2018** - Publication of [Commission Delegated Regulation \(EU\) 2018/1221 of 1 June 2018](#) amending Delegated Regulation (EU) 2015/35 as regards the calculation of regulatory capital requirements for securitisations and simple, transparent and standardised securitisations held by insurance and reinsurance undertakings.

**11 September 2018** - Publication of a [provisional resolution by the European Parliament on financial services regulation and supervision relationships between the EU and third countries](#)

**13 September 2018** - Publication of [Commission Delegated Regulation \(EU\) 2018/1229 of 25 May 2018](#) on settlement discipline, supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories.

## European Banking Authority (EBA)

### Publications

**6 September 2018** - [EBA publishes QIS templates to assess the impact of the finalised Basel III standards](#)

The EBA has released two sets of quantitative impact study (QIS) templates, which will be used in the 2018 impact assessment of the finalised Basel III standards. These templates are tailored so that the data collection burden is proportionate to institutions' size and complexity.

**10 September 2018** - [EBA issues revised list of validation rules](#)

The EBA has issued a revised list of validation rules in its Implementing Technical Standards (ITS) on supervisory reporting highlighting those, which have been deactivated either for incorrectness or for triggering IT problems. Competent Authorities throughout the EU are informed that data submitted in accordance with these ITS should not be formally validated against the set of deactivated rules.

**12 September 2018** - [EBA revises standardised NPL data templates](#)

The EBA has published a revised version of the standardised NPL data templates that aim at facilitating the NPL sale transactions across the EU. The revised templates include minor changes following the feedback received from the testing of the original version published in December 2017.

**19 September 2018** - [EBA publishes reports on bank's funding plans and asset encumbrance](#)

The EBA has published two reports on EU banks' [funding plans](#) and [asset encumbrance](#) respectively. The reports aim to provide important information for EU supervisors to assess the sustainability of banks' main sources of funding. The results of the assessment show that banks plan to match the asset side increases in the forecast years by a growth in client deposits as well as market based funding.

**24 September 2018** - [EBA launches its 2018 EU-wide transparency exercise](#)

The EBA has launched its fifth annual EU-wide transparency exercise. In December 2018, together with the Risk Assessment Report, the EBA will release over 900 000 data points on about 130 EU banks. The data will cover capital positions, risk exposure amounts, sovereign exposures and asset quality.

## European Supervisory Authorities (ESAs)

### Publications

**5 September 2018** - [ESAs publish monitoring report on automation in financial advice](#)

The Joint Committee of the ESAs has published the results of their monitoring exercise on automation in financial advice. The [report](#) shows that while the phenomenon of automation in financial advice seems to be growing, the overall number of firms and customers involved is still quite limited. As the identified risks have not materialised and considering the limited growth of the phenomenon, the ESAs believe that no immediate action is necessary.

**11 September 2018** - [ESAs see return of volatility in new risk report](#)

The Joint Committee of the ESAs has published its latest report on risks and vulnerabilities in the EU financial system. The report highlights certain risks such as the abrupt yield increases that could generate substantive asset price volatility and lead to losses across asset classes; as well as the policy actions to be taken by European and national competent authorities as well as financial institutions.

## Basel Committee of Banking Supervision (BCBS)

### Publications

**20 September 2018** - [BCBS publishes final technical standards on Pillar 3 disclosure requirements](#)

The BCBS has published its final technical standards which outline the additional Pillar 3 disclosure requirements for those jurisdictions implementing an expected credit loss (ECL) accounting model as well as those adopting transitional arrangements for the regulatory treatment of accounting provisions.

**20 September 2018** - [BCBS released summary of discussion on a range of policy and supervisory issues, and members' implementation of post-crisis reforms](#)

The BCBS has released its summary of discussion on a range of policy and supervisory issues, and members' implementation of post-crisis reforms. The BCBS has finalised stress-testing principles, reviewed ways to stop regulatory arbitrage behaviour, agreed on annual G-SIB list, discussed leverage ratio, crypto-assets, market risk framework and implementation.

**20 September 2018** - [BCBS issued FAQ on the liquidity risk treatment of settled-to-market derivatives](#)

The BCBS has issued responses to Frequently Asked Questions (FAQs) related to the treatment of settled-to-market (STM) derivatives under the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The FAQ responses seek to clarify that the liquidity risks associated with settled-to-market derivatives are the same as those for more conventional "collateralised-to-market" derivatives, and should therefore be treated in an equivalent manner.

## European Systemic Risk Board (ESRB)

### Countercyclical Capital buffer (CCyB)

- The CCyB rate for the fourth quarter of 2018 has been published and is set at 0% ([CSSF Regulation N°18-05](#)).
- The list of applicable CCyB rates in EU/EEA countries is available on the [website of the ESRB](#). The following countries have announced a CCyB rate different from 0%:

Country	CCyB rate	Application date
Czech Republic	1.0%	01/07/2018
	1.0%	01/10/2018
	1.25%	01/01/2019
	1.25%	01/04/2019
	1.50%	01/07/2019
Denmark	0.50%	31/03/2019
	0.50%	01/06/2019
	1%	30/09/2019
France	0.25%	01/07/2019
Iceland	1.25%	17/10/2018
	1.25%	05/01/2019
	1.75%	15/05/2019
	1.75%	29/06/2019
Ireland	1.0%	05/07/2019
Lithuania	0.50%	31/12/2018
	1.0%	30/06/2019
Norway	2%	31/12/2017
Slovakia	1.25%	01/08/2018
	1.25%	01/11/2018

	1.25%	01/02/2019
	1.25%	01/05/2019
	1.50%	01/08/2019
<b>Sweden</b>	2%	19/03/2017
	2.5%	19/09/2019
<b>United Kingdom</b>	0.5%	27/06/2018
	1.0%	28/11/2018

- The list of applicable CCyB rates in non-EU/EEA countries can be consulted on [the website of the Bank of International Settlements](#).

## Publications

### 10 September 2018 - [ESRB releases updated report on EU shadow banking sector](#)

The ESRB has published the EU Shadow Banking Monitor 2018 which covers data up to end-2017. According to the [report](#), the size of the EU shadow banking system stood at EUR 42.3 trillion in 2017, accounting for around 40% of the EU financial system. In the euro area, the shadow banking system rose by 1.2% to EUR 33.8 trillion.

### 20 September 2018 - [ESRB published report discussing the conceptual foundations for a macroprudential approach to non-performing loans \(NPLs\)](#)

The ESRB has published its report discussing the conceptual foundations for a macroprudential approach to NPLs, which aims at: linking the various forms of market failures and imperfections identified with a wide range of available policies, arguing for the need to establish intermediate objectives in this field, and discussing trade-offs in the design of preventive and corrective policies.

### 4 October 2018 - [The General Board of the ESRB held its 31st regular meeting on 27 September 2018](#)

During its meeting, the General Board (GB) of the ESRB noted that risks to the stability of the EU financial system remain elevated amid significant political uncertainties globally and within the EU. The GB exchanged views on vulnerabilities related to financial and banking markets, focusing on the potential for further market repricing and the implications for the EU financial system, also in relation to the relevant macroprudential policy measures already activated. Furthermore, the GB discussed technical aspects of the ongoing monitoring of developments in the EU derivatives markets, which exploits the wealth of information made available to the ESRB under the European Market Infrastructure Regulation (EMIR). Finally, the GB also considered the need to establish a broader macroprudential toolkit for insurance.

## The Financial Stability Board (FSB)

### Publication

### 25 September 2018 - [FSB and IMF publish the 2018 progress report on G20 Data Gaps Initiative](#)

The FSB and International Monetary Fund (IMF) have published the [third progress report](#) on the implementation of the second phase of the G20 Data Gaps Initiative (DGI-2). The report updates on the work undertaken since September 2017 to advance implementation of the twenty recommendations aimed at addressing the data gaps identified after the global financial crisis and promoting the regular flow of timely and reliable statistics for policy use. The progress report will be submitted to the G20 Finance Ministers and Central Bank Governors in October.

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*COMMUNIQUES*

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**The CSSF publishes in accordance with Article 13(4) of the Law of 30 May 2018 on markets in financial instruments its decision to request the suspension from trading of the shares (ISIN LU0982016452) issued by Touchstone Capital Group S.A.****Press release 18/31 of 3 October 2018**

The CSSF, the competent authority under the Law of 30 May 2018 on markets in financial instruments, has decided to require the suspension of the shares of the company (ISIN: LU0982016452) from trading on the regulated market of the Luxembourg Stock Exchange pursuant to Article 45(2)13 of said Law on 3 October 2018. The decision is based on the fact that the company has failed to meet its disclosure obligations under the Luxembourg securities laws.

**Luxembourg and Australia enter agreement on Fintech and Regtech****Press release 18/32 of 4 October 2018**

The Luxembourg Commission de Surveillance du Secteur Financier ('CSSF') and the Australian Securities & Investments Commission ('ASIC') today signed a Cooperation Agreement which provides a framework for cooperation to understand financial innovation in each jurisdiction.

The Agreement provides a framework for information sharing between the two regulators on financial technology (fintech) and regulatory technology (regtech). It complements the existing close relationship between ASIC and the CSSF. In 2013, the regulators entered into memorandums of understanding on regulating entities that have presence in both Australia and Luxembourg, and specifically for funds management entities regulated under the EU's Alternative Investment Fund Managers Directive (AIFMD).

On entering the Agreement, ASIC Commissioner John Price said, "We see this agreement as very timely. Both our jurisdictions are leaders in funds management and other financial services. ASIC is very interested in learning from the fintech and regtech innovations that are taking place in the Grand Duchy. We look forward to sharing ASIC's experience with our Innovation Hub and regulatory sandbox initiatives."

Claude Marx, Chief Executive Officer of the CSSF said: "Fostering our cooperation with the ASIC makes sense to us. Australia and Luxembourg are both strongly innovation-oriented jurisdictions, and we do think that such agreement will enhance our ability to adapt ourselves to the upcoming FinTech challenges. We look forward to sharing views and experiences with our colleagues from the ASIC."

This agreement is ASIC's fifteenth fintech cooperation agreement overall and the fourth fintech information-sharing agreement, following on from agreements with China, Indonesia and Kenya.

**Background****CSSF**

The CSSF has always considered innovation as being an essential driver to the development of the financial services and the financial sector itself.

In order to be proactive in the FinTech developments, the CSSF created a FinTech working group composed of internal experts, government officials and industry's representatives. The objective of this working group is to analyse the current and future innovation in the financial sector, to assess the related risks and opportunities and, then, the appropriateness of the existing regulatory framework.



## ASIC

ASIC is focused on the vital role that fintechs are playing in re-fashioning financial services and capital markets. In addition to developing guidance about how these new developments fit into our regulatory framework, in 2015, ASIC launched its Innovation Hub to help fintechs navigate the regulatory framework without compromising investor and financial consumer trust and confidence.

The Innovation Hub provides the opportunity for entrepreneurs to understand how regulation might impact on them. It is also helping ASIC to monitor and understand fintech developments. ASIC collaborates closely with other regulators to understand developments, and to help entrepreneurs expand their target markets into other jurisdictions.

To date, fintech referrals and information-sharing agreements have been entered with the Monetary Authority of Singapore, the United Kingdom's Financial Conduct Authority, a number of provincial Canadian regulators including the Ontario Securities Commission, Hong Kong Securities and Futures Commission, the Japan Financial Services Agency, Malaysia Securities Commission, New Zealand Financial Markets Authority, Abu Dhabi Financial Services Regulatory Authority, the Financial Market Supervisory Authority, Switzerland and the Dubai Financial Services Authority.

In addition, information-sharing agreements have been entered with the Capital Markets Authority, Kenya, Otoritas Jasa Keuangan, Indonesia and the China Securities Regulatory Commission.

## Global situation of undertakings for collective investment at the end of August 2018

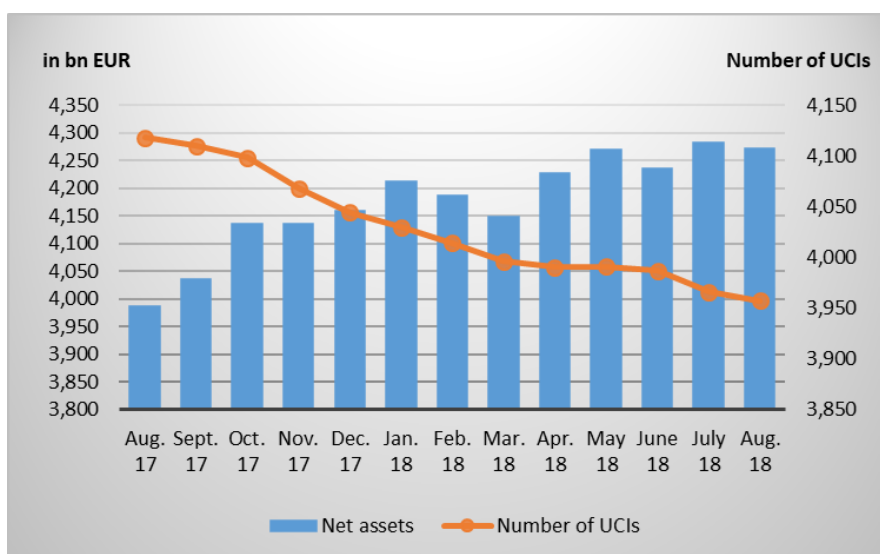
Press release 18/33 of 4 October 2018

### I. Overall situation

As at 31 August 2018, total net assets of undertakings for collective investment, including UCIs subject to the 2010 Law, specialised investment funds and SICARs, amounted to EUR 4,272.388 billion compared to EUR 4,282.464 billion as at 31 July 2018, i.e. a 0.24% decrease over one month. Over the last twelve months, the volume of net assets rose by 7.15%.

The Luxembourg UCI industry thus registered a negative variation of EUR 10.076 billion during the month of August. This decrease results from the balance of positive net issues amounting to EUR 2.619 billion (0.06%) combined with a negative development in financial markets of EUR 12.695 billion (-0.30%).

The development of undertakings for collective investment is as follows:



The number of undertakings for collective investment (UCIs) taken into consideration totalled 3,957 as against 3,966 in the previous month. A total of 2,570 entities adopted an umbrella structure, which represented 13,376 sub-funds. When adding the 1,387 entities with a traditional structure to that figure, a total of 14,763 fund units were active in the financial centre.

As regards, on the one hand, the impact of financial markets on the main categories of undertakings for collective investment and, on the other hand, the net capital investment in these UCIs, the following can be said about August.

As regards developed countries, the category of European equity UCIs recorded a negative performance linked to the continuing commercial tensions between the United States and China, the political uncertainties in Italy and the crisis in Turkey. Commercial tensions also explain the decrease in value of the Japanese equity UCI category. A sustained growth in the US, good operating results and the appreciation of the USD against the EUR sustained the US equity UCI category.

As concerns emerging countries, the negative impact of commercial tensions between the US and China on Chinese equity markets, as well as a diverging development in other Asian regions made the Asian equity UCI category end down. The crisis in Turkey, the geopolitical tensions between the US and Russia as well as the strong depreciation of the currencies of Eastern European countries impacted the Eastern European equity UCI category. In Latin America, the political and economic issues in some countries, as for example Brazil or Argentina, as well as the depreciation of most South American currencies resulted in price losses.

In August, equity UCI categories registered an overall positive net capital investment.

#### Development of equity UCIs during the month of August 2018\*

	Market variation in %	Net issues in %
Global market equities	-0.78%	0.80%
European equities	-1.17%	-0.16%
US equities	3.88%	0.18%
Japanese equities	-0.42%	-2.12%
Eastern European equities	-6.62%	-0.96%
Asian equities	-1.80%	-0.51%
Latin American equities	-8.72%	0.58%
Other equities	-1.94%	-0.29%

\* Variation in % of Net Assets in EUR as compared to the previous month

In Europe, the increasing risk aversion of investors looking for high-rated bonds towards the commercial tensions and political uncertainties in Italy resulted in a widening of the spreads between high-rated and low-rated European government bonds. This trend, together with a relatively stable situation of corporate bonds, led to slight price decreases for EUR-denominated bond UCIs.

In the US, the continuing commercial tensions resulted in an increase of government bond prices as investors sought to invest in safe heavens, which, together with the USD appreciation against the EUR, led to the USD-denominated bond UCI category ending the month in positive territory.

As far as emerging countries are concerned, the economic and political issues faced by certain countries like Turkey and Argentina, as well as the continuing commercial tensions with the US resulted in an increase in risk premiums, implying a decline in emerging market bond UCIs. This trend has been accentuated by the depreciation of a number of emerging currencies.

In August, fixed-income UCI categories registered an overall negative net capital investment.

### Development of fixed-income UCIs during the month of August 2018\*

	Market variation in %	Net issues in %
EUR money market	-0.07%	-3.14%
USD money market	0.74%	1.71%
Global money market	-0.47%	-1.43%
EUR-denominated bonds	-0.19%	-0.20%
USD-denominated bonds	0.47%	0.20%
Global market bonds	-0.13%	-0.22%
Emerging market bonds	-1.53%	-1.32%
High Yield bonds	-0.33%	-0.19%
Others	-0.06%	0.07%

\* Variation in % of Net Assets in EUR as compared to the previous month

The development of net assets of diversified Luxembourg UCIs and of funds of funds is illustrated in the table below:

### Development of diversified UCIs and funds of funds during the month of August 2018\*

	Market variation in %	Net issues in %
Diversified UCIs	-0.03%	0.32%
Funds of funds	-0.25%	0.49%

\* Variation in % of Net Assets in EUR as compared to the previous month

## II. Breakdown of the number and net assets of UCIs

	PART I UCITS		PART II UCIs		SIFs		SUB-TOTAL (without SICARs)		SICARs <sup>1</sup>		TOTAL	
	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)
31/12/2015	1,892	2,946.860 €	384	169.896 €	1,602	389.445 €	3,878	3,506.201 €	282	37.430 €	4,160	3,543.631 €
31/01/2016	1,903	2,819.861 €	378	164.531 €	1,596	386.607 €	3,877	3,370.999 €	282	37.430 €	4,159	3,408.429 €
29/02/2016	1,904	2,813.421 €	373	157.278 €	1,592	387.785 €	3,869	3,358.484 €	282	37.430 €	4,151	3,395.914 €
31/03/2016	1,905	2,847.418 €	371	157.047 €	1,603	390.939 €	3,879	3,395.404 €	282	37.430 €	4,161	3,432.834 €
30/04/2016	1,904	2,888.262 €	370	159.477 €	1,606	394.341 €	3,880	3,442.080 €	282	37.430 €	4,162	3,479.510 €
31/05/2016	1,902	2,928.461 €	371	159.174 €	1,609	400.345 €	3,882	3,487.980 €	282	37.430 €	4,164	3,525.410 €
30/06/2016	1,899	2,906.498 €	367	156.893 €	1,621	398.513 €	3,887	3,461.904 €	282	37.430 €	4,169	3,499.334 €
31/07/2016	1,892	2,997.551 €	365	159.356 €	1,631	408.849 €	3,888	3,565.756 €	282	37.430 €	4,170	3,603.186 €
31/08/2016	1,894	3,033.413 €	363	159.141 €	1,636	409.608 €	3,893	3,602.162 €	282	37.430 €	4,175	3,639.592 €
30/09/2016	1,891	3,051.016 €	362	159.088 €	1,644	411.825 €	3,897	3,621.929 €	282	37.430 €	4,179	3,659.359 €
31/10/2016	1,893	3,053.246 €	356	159.320 €	1,642	413.932 €	3,891	3,626.498 €	282	37.430 €	4,173	3,663.928 €
30/11/2016	1,888	3,065.882 €	355	158.862 €	1,645	415.885 €	3,888	3,640.629 €	282	37.430 €	4,170	3,678.059 €
31/12/2016	1,869	3,116.104 €	353	160.578 €	1,639	424.394 €	3,861	3,701.076 €	283	40.254 €	4,144	3,741.330 €
31/01/2017	1,869	3,138.701 €	351	160.967 €	1,623	427.236 €	3,843	3,726.904 €	283	40.483 €	4,126	3,767.387 €
28/02/2017	1,880	3,217.837 €	351	164.858 €	1,617	436.203 €	3,848	3,818.898 €	282	41.419 €	4,130	3,860.317 €

<sup>1</sup> Before 31 December 2016, the statistical data of SICARs were only published on an annual basis.

	PART I UCITS		PART II UCIs		SIFs		SUB-TOTAL (without SICARs)		SICARs <sup>1</sup>		TOTAL	
	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)	NUMBER	NET ASSETS (in bn €)
31/03/2017	1,895	3,257.773 €	346	165.780 €	1,618	440.288 €	3,859	3,863.841 €	280	42.186 €	4,139	3,906.027 €
30/04/2017	1,892	3,286.525 €	342	164.471 €	1,613	444.874 €	3,847	3,895.870 €	282	42.037 €	4,129	3,937.907 €
31/05/2017	1,895	3,297.803 €	342	162.813 €	1,620	453.326 €	3,857	3,913.943 €	285	42.923 €	4,142	3,956.366 €
30/06/2017	1,887	3,288.338 €	338	160.634 €	1,618	451.703 €	3,843	3,900.675 €	287	42.923 €	4,130	3,943.598 €
31/07/2017	1,885	3,307.103 €	338	159.097 €	1,619	448.554 €	3,842	3,914.754 €	291	42.827 €	4,133	3,957.581 €
31/08/2017	1,876	3,328.865 €	337	156.448 €	1,615	458.911 €	3,828	3,944.224 €	290	43.104 €	4,118	3,987.328 €
30/09/2017	1,880	3,380.943 €	332	154.308 €	1,608	459.079 €	3,820	3,994.330 €	290	42.810 €	4,110	4,037.140 €
31/10/2017	1,871	3,470.456 €	325	155.929 €	1,612	466.213 €	3,808	4,092.598 €	290	43.097 €	4,098	4,135.695 €
30/11/2017	1,864	3,469.422 €	325	155.343 €	1,591	465.954 €	3,780	4,090.719 €	288	45.080 €	4,068	4,135.799 €
31/12/2017	1,859	3,486.445 €	323	154.189 €	1,576	472.415 €	3,758	4,113.049 €	286	46.565 €	4,044	4,159.614 €
31/01/2018	1,852	3,539.403 €	320	155.272 €	1,573	473.290 €	3,745	4,167.965 €	285	46.065 €	4,030	4,214.030 €
28/02/2018	1,854	3,513.980 €	316	152.309 €	1,560	475.916 €	3,730	4,142.205 €	284	45.118 €	4,014	4,187.323 €
31/03/2018	1,846	3,473.243 €	314	150.078 €	1,552	480.516 €	3,712	4,103.837 €	284	45.061 €	3,996	4,148.898 €
30/04/2018	1,843	3,549.467 €	309	146.350 €	1,554	485.963 €	3,706	4,181.780 €	284	45.752 €	3,990	4,227.532 €
31/05/2018	1,842	3,581.805 €	307	149.109 €	1,558	492.594 €	3,707	4,223.508 €	284	47.517 €	3,991	4,271.025 €
30/06/2018	1,843	3,541.974 €	304	147.522 €	1,557	497.610 €	3,704	4,187.106 €	283	49.976 €	3,987	4,237.082 €
31/07/2018	1,841	3,582.463 €	301	147.933 €	1,545	501.062 €	3,687	4,231.458 €	279	51.006 €	3,966	4,282.464 €
31/08/2018	1,835	3,569.217 €	298	147.147 €	1,547	505.174 €	3,680	4,221.538 €	277	50.850 €	3,957	4,272.388 €

During the month under review, the following eight undertakings for collective investment have been registered on the official list:

**1) UCITS Part I 2010 Law:**

- MOBIUS SICAV, 33A, avenue J-F Kennedy, L-1855 Luxembourg

**2) SIFs:**

- CMB EVERGREEN SA, SICAV-SIF, 20, boulevard Royal, L-2449 Luxembourg
- FLEURON FUND, 291, route d'Arlon, L-1150 Luxembourg
- KGAL WALKABILITY FUND 1 SICAV-SIF S.C.S, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- WEALTHCAP SPEZIAL PORTFOLIO IMMOBILIEN 1 SA SICAV-SIF, 8, rue Lou Hemmer, L-1748 Findel
- WEALTHCAP SPEZIAL PORTFOLIO IMMOBILIEN 1 SCS SICAV-SIF, 8, rue Lou Hemmer, L-1748 Findel
- WEALTHCAP SPEZIAL PORTFOLIO PRIVATE EQUITY 1 SA SICAV-SIF, 8, rue Lou Hemmer, L-1748 Findel
- WEALTHCAP SPEZIAL PORTFOLIO PRIVATE EQUITY 1 SCS SICAV-SIF, 8, rue Lou Hemmer, L-1748 Findel

The following 17 undertakings for collective investment have been deregistered from the official list during the month under review:

**1) UCITS Part I 2010 Law:**

- BNP PARIBAS FORTIGO, 10, rue Edward Steichen, L-2540 Luxembourg
- H & A ASSET ALLOCATION FONDS, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- HARNESS INVESTMENT FUND, 49, avenue J-F Kennedy, L-1855 Luxembourg

- JRS SICAV 2, 4, rue Peternelchen, L-2370 Howald
- MANTEX SICAV, 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg
- MARGIN OF SAFETY FUND, 5, allée Scheffer, L-2520 Luxembourg
- TIBERIUS, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- UNIINSTITUTIONAL EURO LIQUIDITY, 308, route d'Esch, L-1471 Luxembourg

## 2) UCIs Part II 2010 Law:

- AMUNDI ABSOLUTE RETURN HARMONY, 5, allée Scheffer, L-2520 Luxembourg
- OLD MUTUAL AFRICAN AGRICULTURAL FUND (LUXEMBOURG), 58, rue Charles Martel, L-2134 Luxembourg

## 3) SIFs:

- ABERDEEN UMBRELLA PROPERTY FUND OF FUNDS, 35A, avenue J-F Kennedy, L-1855 Luxembourg
- CREDIT STRATEGIES ACCESS FUND, 2, boulevard de la Foire, L-1528 Luxembourg
- LASARTE-FIS, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- UFG GLOBAL COMMERCIAL REAL ESTATE FUND I S.A., SICAV-SIF, 1B, rue Jean Piret, L-2350 Luxembourg
- UFG RUSSIAN COMMERCIAL REAL ESTATE FUND I S.A., SICAV-SIF, 1B, rue Jean Piret, L-2350 Luxembourg

## 4) SICARs:

- BPH INVESTMENT S.A., SICAR, 412F, route d'Esch, L-2086 Luxembourg
- FORTUNA SOLIDUM S.C.A., SICAR, 20, boulevard Emmanuel Servais, L-2535 Luxembourg

## Profit and loss account of credit institutions as at 30 June 2018

### Press release 18/34 of 10 October 2018

The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 2,936 million for the first half year of 2018. Compared to the same period in 2017, profit before provisions thus decreased by 3.0%.

Two main causes, which had already been observed in the first quarter of 2018, continued to negatively impact the profit before provision of credit institutions during this year's first six months: (i) the ongoing increase of general expenses (+6.3%) and (ii) the significant reduction (-26.3%) of other net income. These adverse effects were partially mitigated by the positive result recorded on the main banking activities such as banking intermediation and asset management.

The **net interest income** registered an increase of 10.0% year-on-year. This trend was shared by half of the banks of the financial centre. The prolonged application of negative interest rates on deposits collected from institutional customers, the rise of the balance sheets or an improved average return on assets are some factors which, depending on the banks, explain the favourable development of the net interest income compared to the previous year.

The increase in **net fee and commission income (+7.0%)** was observed in half of the banks. The rise in this net fee and commission income, which is largely attributable to the activities related to asset management on behalf of private and institutional customers, is directly linked to the positive trend of the investment fund industry, supported by the upward trend in financial markets.

The **other net income** has substantially declined (-26.3%) as compared to the same period last year. Due to its composition, this item exhibits high volatility and its development is often linked only to non-recurring and specific factors affecting a limited number of banks of the financial sector.

**General expenses** continued to grow (+6.3%) during the first half of the year. This rise is linked to **other general expenses** (+8.9%) as well as to **staff costs** (+3.6%). In aggregate terms, general expenses grew faster than banking income thus further reducing the profitability of banks as expressed by the cost-to-income ratio which has risen from 50% to 53% year-on-year.

As a result of the above-mentioned developments, profit before provisions decreased by 3.0% year-on-year.

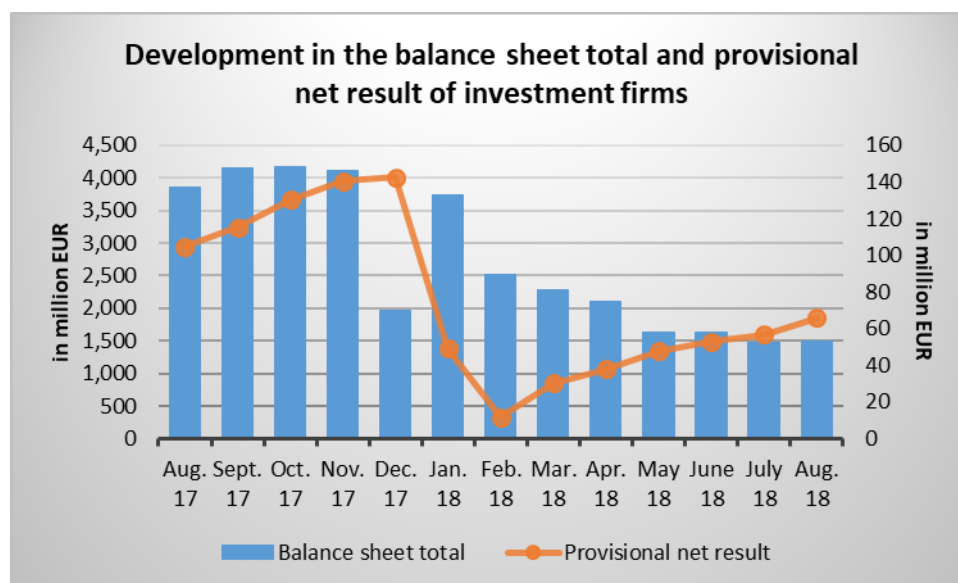
### Profit and loss account as at 30 June 2018

Items in million EUR	June 2017	June 2018	%
Net interest income	2,517	2,768	10.0%
Net fee and commission income	2,365	2,530	7.0%
Other net income <sup>2</sup>	1,206	889	-26.3%
<b>Banking income</b>	<b>6,088</b>	<b>6,187</b>	<b>1.6%</b>
Staff costs	1,537	1,593	3.6%
Other general expenses	1,523	1,658	8.9%
<b>General expenses</b>	<b>3,060</b>	<b>3,251</b>	<b>6.3%</b>
<b>Profit before provisions</b>	<b>3,028</b>	<b>2,936</b>	<b>-3.0%</b>

## STATISTICS

### Investment firms

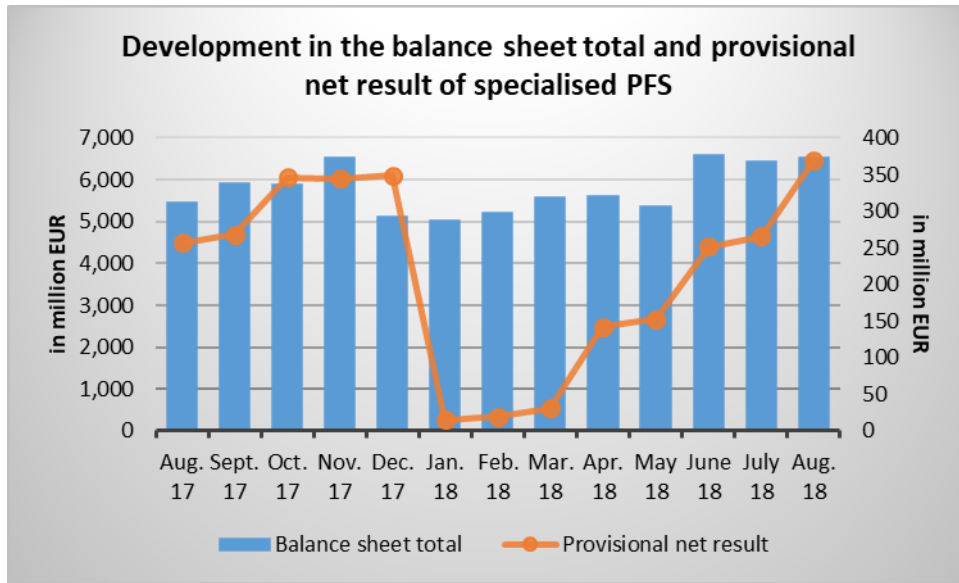
#### Increase in the balance sheet total as at 31 August 2018



<sup>2</sup> Including dividends received.

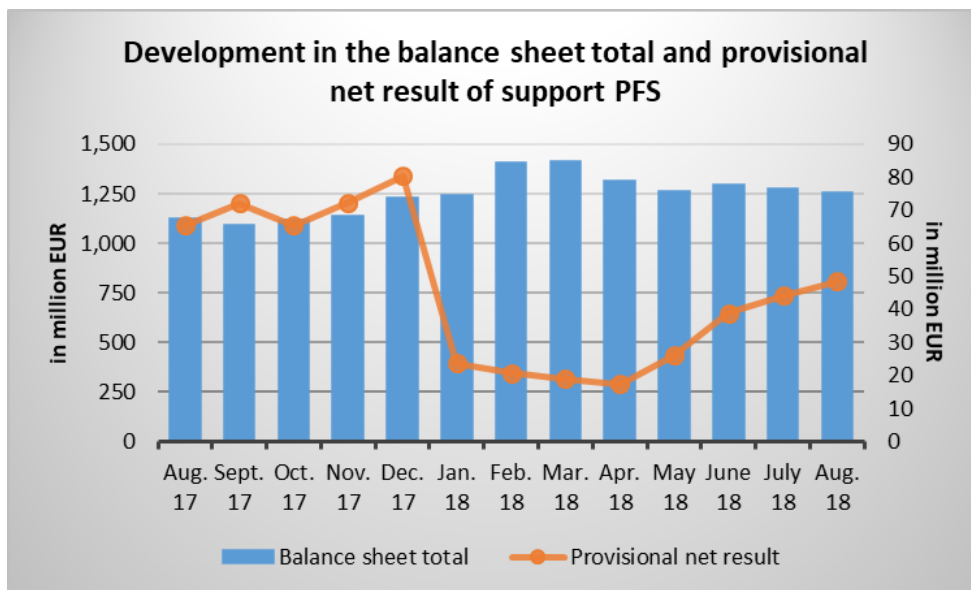
### Specialised PFS

Increase in the balance sheet total as at 31 August 2018



### Support PFS

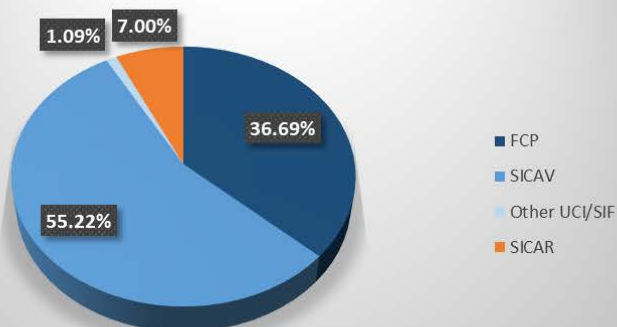
Decrease in the balance sheet total as at 31 August 2018



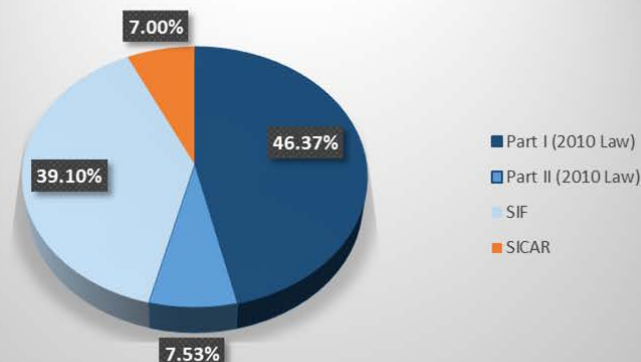
## UCIs (Situation as at 31 August 2018)

### Number of UCIs

Breakdown according to legal form



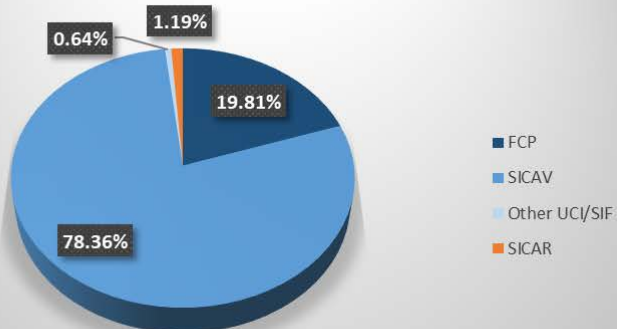
Breakdown according to law and part applicable



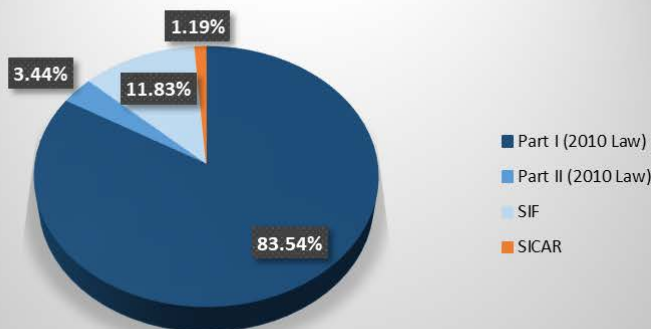
Law, part/legal form	FCPs	SICAVs	Other UCIs/SIFs	SICARs	Total
Part I (2010 Law)	963	872	0	0	1,835
Part II (2010 Law)	151	144	3	0	298
SIFs	338	1,169	40	0	1,547
SICARs	0	0	0	277	277
<b>TOTAL</b>	<b>1,452</b>	<b>2,185</b>	<b>43</b>	<b>277</b>	<b>3,957</b>

### Net assets of UCIs

Breakdown according to legal form



Breakdown according to law and part applicable



Law, part/legal form (in bn EUR)	FCPs	SICAVs	Other UCIs/SIFs	SICARs	Total
Part I (2010 Law)	626.589	2,942.628	0.000	0.000	3,569.217
Part II (2010 Law)	50.707	95.784	0.656	0.000	147.147
SIFs	169.193	309.328	26.653	0.000	505.174
SICARs	0.000	0.000	0.000	50.850	50.850
<b>TOTAL</b>	<b>846.489</b>	<b>3,347.740</b>	<b>27.309</b>	<b>50.850</b>	<b>4,272.388</b>



## Breakdown according to investment policy

Breakdown according to investment policy	Net assets (in bn EUR)	Number of fund units <sup>3</sup>
Fixed-income securities	1,216.894	3,090
Variable-yield transferable securities	1,306.725	3,928
Mixed transferable securities	959.915	3,989
Funds of funds	251.123	2,172
Money market instruments and other short-term securities	306.402	227
Cash	1.382	17
Private equity	34.893	209
Venture capital	1.928	31
Real estate	69.017	330
Futures and/or options	13.143	121
Other assets	60.116	248
Public-to-Private	0.125	3
Mezzanine	1.473	12
Venture Capital (SICARs)	7.809	82
Private Equity (SICARs)	41.443	304
<b>TOTAL</b>	<b>4,272.388</b>	<b>14,763</b>

## Breakdown of net assets according to investment policy

Breakdown according to investment policy	NET ASSETS (in bn EUR)	NUMBER OF FUND UNITS	SUBSCRIPTIONS (in bn EUR)	REDEMPTIONS (in bn EUR)	NET SUBSCRIPTIONS (in bn EUR)
<b>PART I</b>					
Fixed-income transferable securities	1,110.249	2,545	34.044	37.013	-2.969
Variable-yield transferable securities	1,243.939	3,570	39.212	38.049	1.163
Mixed transferable securities	776.967	2,850	19.450	17.561	1.889
Funds of funds	138.625	986	2.573	1.947	0.626
Money market instruments and other short-term securities	287.506	179	154.569	155.435	-0.866
Cash	1.065	9	0.126	0.127	-0.001
Futures and/or options	7.603	53	0.197	0.397	-0.200
Other assets	3.263	10	0.043	0.040	0.003
<b>TOTAL PART I:</b>	<b>3,569.217</b>	<b>10,202</b>	<b>250.214</b>	<b>250.569</b>	<b>-0.355</b>

<sup>3</sup> "Fund units" refers to both traditionally structured UCIs and sub-funds of umbrella funds.

<b>PART II</b>						
Fixed-income transferable securities	22.699	102	0.267	0.365	-0.098	
Variable-yield transferable securities	13.045	60	0.123	0.119	0.004	
Mixed transferable securities	52.977	192	1.087	1.013	0.074	
Funds of funds	30.474	281	0.460	0.396	0.064	
Money market instruments and other short-term securities	14.375	40	0.747	0.780	-0.033	
Cash	0.301	6	0.007	0.007	0.000	
Private equity	5.758	16	0.147	0.025	0.122	
Venture capital	0.000	0	0.000	0.000	0.000	
Real estate	1.505	21	0.003	0.009	-0.006	
Futures and/or options	2.608	24	0.034	0.042	-0.008	
Other assets	3.405	15	0.059	0.133	-0.074	
<b>TOTAL PART II:</b>	<b>147.147</b>	<b>757</b>	<b>2.934</b>	<b>2.889</b>	<b>0.045</b>	
<b>SIFs</b>						
Fixed-income transferable securities	83.946	443	1.568	1.646	-0.078	
Variable-yield transferable securities	49.741	298	0.316	0.508	-0.192	
Mixed transferable securities	129.971	947	2.652	1.710	0.942	
Funds of funds	82.024	905	1.171	1.233	-0.062	
Money market instruments and other short-term securities	4.521	8	0.411	0.307	0.104	
Cash	0.016	2	0.000	0.000	0.000	
Private equity	29.135	193	0.670	0.189	0.481	
Venture capital	1.928	31	0.027	0.004	0.023	
Real estate	67.512	309	1.480	0.545	0.935	
Futures and/or options	2.932	44	0.104	0.175	-0.071	
Other assets	53.448	223	1.640	0.410	1.230	
<b>TOTAL SIFs:</b>	<b>505.174</b>	<b>3,403</b>	<b>10.039</b>	<b>6.727</b>	<b>3.312</b>	
<b>SICARs</b>						
Public-to-Private	0.125	3	0.000	0.000	0.000	
Mezzanine	1.473	12	0.000	0.000	0.000	
Venture capital	7.809	82	0.000	0.017	-0.017	
Private equity	41.443	304	0.012	0.378	-0.366	
<b>TOTAL SICARs</b>	<b>50.850</b>	<b>401</b>	<b>0.012</b>	<b>0.395</b>	<b>-0.383</b>	
<b>TOTAL LUXEMBOURG UCIs</b>	<b>4,272.388</b>	<b>14,763</b>	<b>263.199</b>	<b>260.580</b>	<b>2.619</b>	

## Origin of the initiators of Luxembourg UCIs

Country	Net assets (in bn EUR)	in %	Number of UCIs	in %	Number of fund units	in %
United States	853.091	20.0%	183	4.6%	1,079	7.3%
United Kingdom	750.885	17.6%	280	7.1%	1,620	11.0%
Germany	614.425	14.4%	1,338	33.8%	2,657	18.0%
Switzerland	586.594	13.7%	575	14.5%	2,746	18.6%
France	399.630	9.4%	308	7.8%	1,493	10.1%
Italy	346.386	8.1%	146	3.7%	1,258	8.5%
Belgium	182.080	4.3%	165	4.2%	919	6.2%
Luxembourg	104.802	2.4%	231	5.8%	667	4.5%
Netherlands	95.453	2.2%	44	1.1%	259	1.8%
Denmark	85.666	2.0%	24	0.6%	220	1.5%
Others	253.376	5.9%	663	16.8%	1,845	12.5%
<b>TOTAL</b>	<b>4,272.388</b>	<b>100.0%</b>	<b>3,957</b>	<b>100.0%</b>	<b>14,763</b>	<b>100.0%</b>

## Breakdown of UCI fund units registered in Luxembourg by reference currency

Currency	Net assets (in bn EUR)	in %	Number of fund units	in %
AUD	5.437	0.127%	29	0.197%
CAD	2.161	0.051%	22	0.149%
CHF	48.688	1.140%	278	1.883%
CNH	1.677	0.039%	24	0.163%
CNY	0.183	0.004%	4	0.027%
CZK	1.357	0.032%	65	0.440%
DKK	1.821	0.043%	16	0.108%
EUR	2,332.271	54.589%	9,369	63.463%
GBP	112.162	2.625%	335	2.269%
HKD	4.871	0.114%	10	0.068%
HUF	0.318	0.008%	30	0.203%
JPY	62.803	1.470%	206	1.395%
MXN	0.017	0.000%	1	0.007%
NOK	4.752	0.111%	31	0.210%
NZD	0.742	0.017%	5	0.034%
PLN	0.361	0.008%	14	0.095%
RON	0.480	0.011%	4	0.027%
SEK	53.222	1.246%	184	1.246%

SGD	0.499	0.012%	4	0.027%
TRY	0.011	0.000%	3	0.020%
USD	1,638.534	38.352%	4,128	27.962%
ZAR	0.021	0.001%	1	0.007%
<b>TOTAL</b>	<b>4,272.388</b>	<b>100.000%</b>	<b>14,763</b>	<b>100.000%</b>

### Pension funds

As at 15 October 2018, **13 pension funds** in the form of pension savings companies with variable capital (SEPCAVs) and pension savings associations (ASSEPs) were registered on the official list of pension funds subject to the Law of 13 July 2005.

On the same date, the number of professionals authorised to act as liability managers for pension funds subject to the Law of 13 July 2005 amounted to **18**.

### Securitisation undertakings

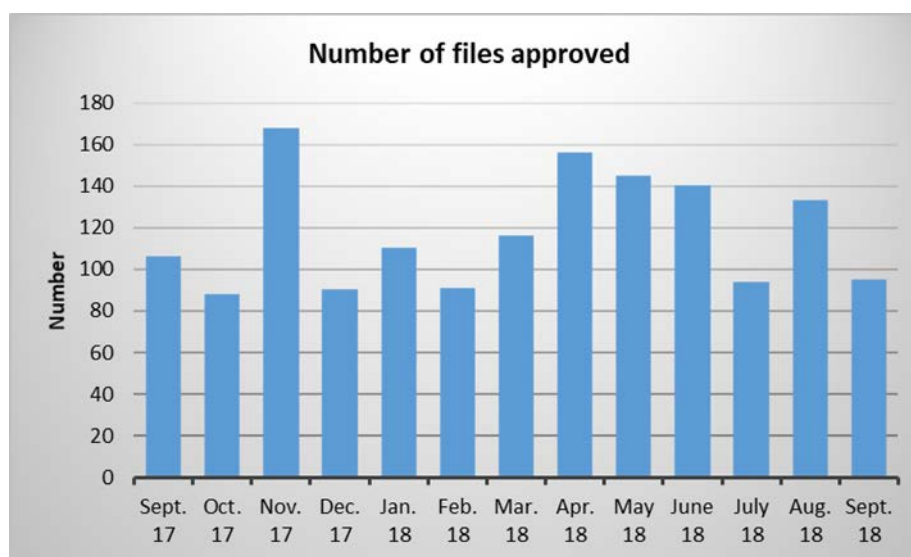
The number of securitisation undertakings authorised by the CSSF in accordance with the Law of 22 March 2004 on securitisation amounted to **32 entities** as at 10 October 2018.

### Public oversight of the audit profession

The public oversight of the audit profession covered **59 cabinets de révision agréés** (approved audit firms) and **308 réviseurs d'entreprises agréés** (approved statutory auditors) as at 30 September 2018. The oversight also included **31 third-country auditors and audit firms** duly registered in accordance with the Law of 23 July 2016 concerning the audit profession.

## Prospectuses for securities in the event of an offer to the public or admission to trading on a regulated market (Part II and Part III, Chapter 1 of the Law on prospectuses for securities)

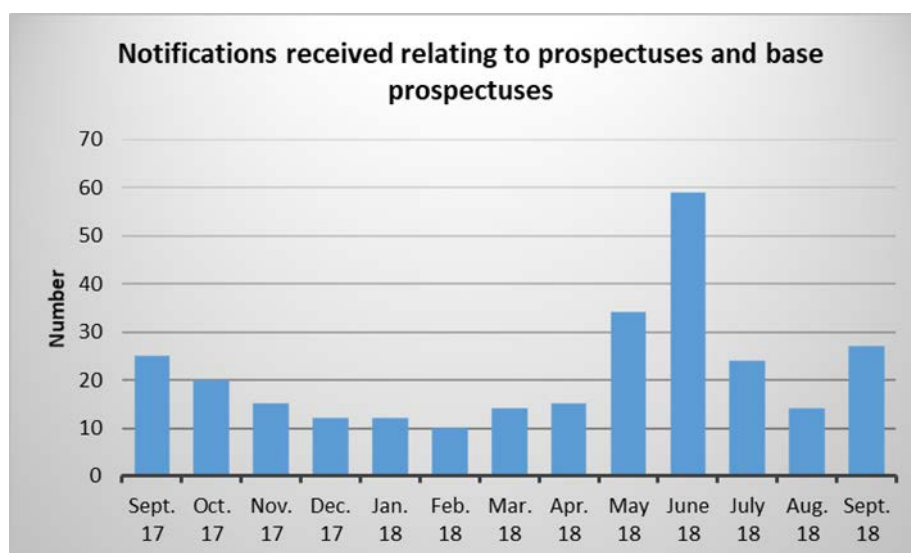
### CSSF approvals



In September 2018, the CSSF approved a total of 95 documents pursuant to the Prospectus Law, which break down as follows:

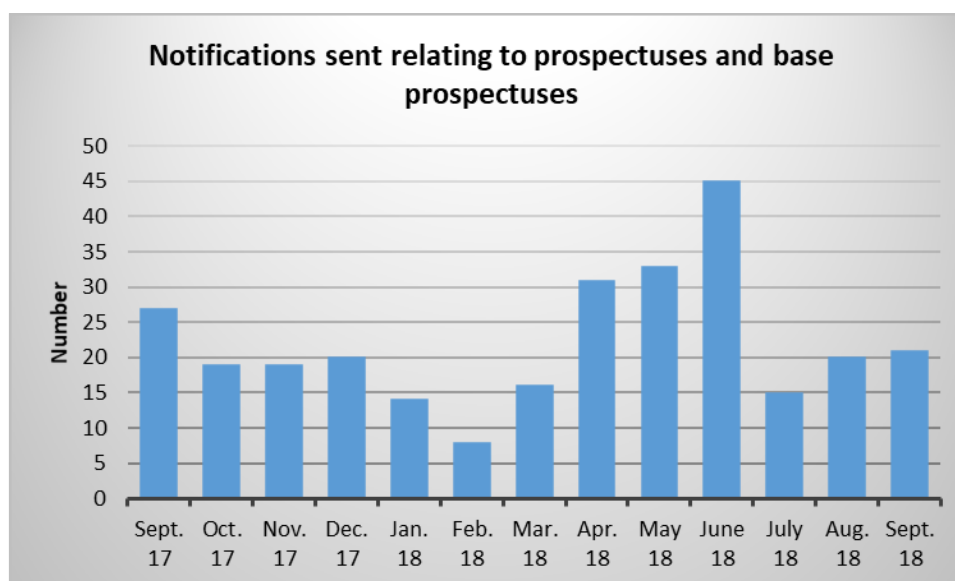
base prospectuses:	18	(18.95 %)
other prospectuses:	22	(23.16 %)
registration documents:	0	( 0.00 %)
supplements:	55	(57.89 %)

### Notifications received by the CSSF from competent authorities of other EEA Member States



In September 2018, the CSSF received 27 notifications relating to prospectuses and base prospectuses and 92 notifications relating to supplements from competent authorities of other EEA Member States.

### Notifications sent by the CSSF to competent authorities of other EEA Member States

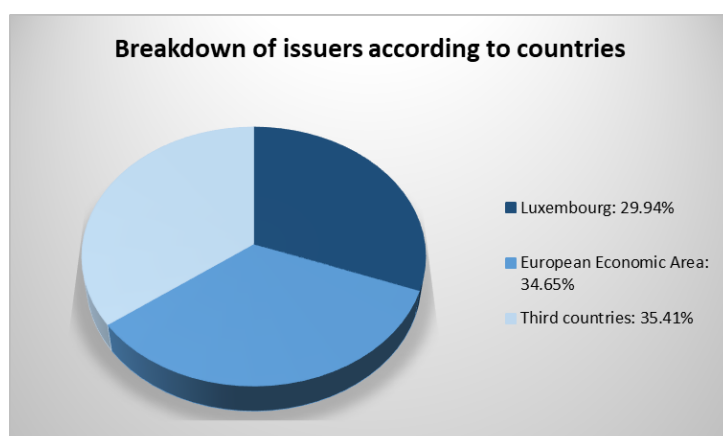


In September 2018, the CSSF sent 21 notifications relating to prospectuses and base prospectuses and 42 notifications relating to supplements to the competent authorities of other EEA Member States<sup>4</sup>.

### Issuers of securities whose home Member State is Luxembourg pursuant to the Law of 11 January 2008 on transparency requirements for issuers (the “Transparency Law”)

Since 10 September 2018, 3 issuers have chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, 8 issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 10 October 2018, 531 issuers were included in the list of issuers whose home Member State is Luxembourg pursuant to the Transparency Law and are thus subject to the supervision of the CSSF.



<sup>4</sup> These figures reflect the number of prospectuses, base prospectuses and supplements for which the CSSF sent one or several notifications. Where notifications were sent at different dates and/or in several Member States, only the first notification is included in the statistical calculation. Each document notified in one or several Member States is thus only counted once.

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*WITHDRAWALS DECIDED BY THE CSSF*

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Following the CSSF's decision to withdraw the undertaking for collective investment WMP I SICAV from the official list of undertakings for collective investment, the VIth Chamber of the Luxembourg District Court, dealing with commercial matters, per judgment on 27 September 2018, pronounced the dissolution and ordered the liquidation of the undertaking for collective investment WMP I SICAV. The same judgment has appointed Ms Jackie Mores as reporting judge and Mr Cédric Schirrer as liquidator.

Following the CSSF's decision to withdraw the specialised investment fund BPA INTERNATIONAL S.C.A., SICAV-FIS from the official list of specialised investment funds, the VIth Chamber of the Luxembourg District Court, dealing with commercial matters, per judgment on 27 September 2018, pronounced the dissolution and ordered the liquidation of the specialised investment fund BPA INTERNATIONAL S.C.A., SICAV-FIS. The same judgment has appointed Ms Jackie Mores as reporting judge and Ms Christelle Befana as liquidator.

## FINANCIAL CENTRE

### Main updated figures regarding the financial centre

			Annual comparison
Banks	Number (16/10/2018)	138	↘ 3 entities
	Balance sheet total (30/06/2018)	EUR 783.036 bn	↗ EUR 19.590 bn
	Profit before provisions (30/06/2018)	EUR 2.936 bn	↘ EUR 92 m
Payment institutions	Number (16/10/2018)	10	no variation
Electronic money institutions	Number (16/10/2018)	5	no variation
UCIs	Number (15/10/2018)	Part I 2010 Law: 1,831	↘ 49 entities
		Part II 2010 Law: 296	↘ 36 entities
		SIFs: 1,549	↘ 59 entities
		TOTAL: 3,676	↘ 144 entities
	Number (15/10/2018)	SICARs: 276	↘ 14 entities
	Total net assets (31/07/2018)	EUR 4,272.388 bn	↗ EUR 285.06 bn
Management companies (Chapter 15)	Number (15/10/2018)	207	↗ 5 entities
	Balance sheet total (30/06/2018) <sup>5</sup>	EUR 14.109 bn	↗ EUR 715 m
Management companies (Chapter 16)	Number (15/10/2018)	164	↘ 9 entities
AIFMs	Number (15/10/2018)	238	↗ 11 entities
Pension funds	Number (15/10/2018)	13	no variation
Authorised securitisation undertakings	Number (10/10/2018)	32	↘ 2 entities
Investment firms	Number (16/10/2018)	98 of which 5 branches	↘ 7 entities
	Balance sheet total (31/07/2018)	EUR 1.491 bn	↘ EUR 2.358 bn
	Provisional net profit (31/07/2018)	EUR 66.08 m	↘ EUR 38.69 m
Specialised PFS	Number (16/10/2018)	110	↘ 3 entities
	Balance sheet total (31/07/2018)	EUR 6.540 bn	↗ EUR 1,063 bn
	Provisional net profit (31/07/2018)	EUR 369.361 m	↗ EUR 112.359 m
Support PFS	Number (16/10/2018)	75	↘ 3 entities
	Balance sheet total (31/07/2018)	EUR 1.261 bn	↗ EUR 131 m
	Provisional net profit (31/07/2018)	EUR 48.47 m	↘ EUR 16.98 m
Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law	Number (10/10/2018)	531	↘ 83 entities
Public oversight of the audit profession	Number (31/09/2018)	59 <i>cabinets de révision agréés</i>	no variation
		308 <i>réviseurs d'entreprises agréés</i>	↗ 4 people
		31 third-country auditors and audit firms	↘ 9 entities
Employment (30/06/2018)	Banks	26,483 people	↗ 350 people
	Management companies (Chapter 15) <sup>5</sup>	4,552 people	↗ 360 people
	Investment firms	2,084 people	↘ 194 people
	Specialised PFS	4,341 people	↗ 238 people
	Support PFS	10,207 people	↗ 1,005 people
	Total	47,667 people	↗ 1,759 people <sup>6</sup>

<sup>5</sup> Preliminary figures

<sup>6</sup> This development does not mean a net creation or loss of jobs, but includes the transfer of existing jobs from the non-financial sector to the financial sector and vice versa.