



Newsletter

No 215 - December 2018

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NEWS

First Annual CSSF & ABBL Compliance conference on AML/CFT on 11 December 2018

On 11 December 2018, the First Annual CSSF & ABBL Compliance conference on anti-money laundering and combating the financing of terrorism and proliferation took place in Luxembourg. It featured speakers from the Commission de Surveillance du Secteur Financier, the Cellule de Renseignement Financier as well as from the banking industry. The event with its more than 250 participants was a successful “premiere” as almost all of the Luxembourg credit institutions attended, represented by members from their compliance function.

After a warm welcome made by Guy Hoffmann, Chairman of the ABBL, Claude Simon, Director at the CSSF, introduced the conference. He reiterated that money laundering remains the highest risk for banks operating in Luxembourg, in particular in private banking. As a result, CSSF applies a strict stance of zero tolerance as regards non-compliance with applicable regulation. He also reminded the audience that the CSSF had, in recent years, provided the banking sector with targeted guidance aimed at preventing and mitigating existing or emerging money laundering, terrorist financing risks.

In its presentations, the CSSF highlighted recent trends and challenges based on its supervision. Some practical views on banks acting as custodian banks were also shared with the attendees. Max Braun, Director of the Cellule de Renseignement Financier, showed statistics on the various reports made by obligated entities to the Luxembourg Financial Intelligence Unit for the year 2018.

The event was also the opportunity for the local banking sector to share their thoughts notably on the challenges stemming from the compliance function, thus representing the perspective of the industry in this field.

As the feedback to the conference was very positive a second similar conference is foreseen to take place in 2019.

WARNINGS

Warnings

Since the publication of the last Newsletter, the CSSF has published the following warnings:

- 9 November 2018: [Warning issued by the French authority \(AMF\) regarding the activities of an entity named ECI Luxembourg](#)
- 13 December 2018: [Warning issued by the Belgian authority \(FSMA\) regarding the activities of an entity named Saga Nagoya Securities](#)
- 19 December 2018: [Warning regarding the activities of an entity named Community Trust Bank Group](#)
- 20 December 2018: [Warning issued by the Austrian authority \(FMA\) regarding the activities of an entity named Monterey Finance](#)

* * *

Warnings published by IOSCO

Several warnings have been published on the IOSCO website at:

http://www.iosco.org/investor_protection/?subsection=investor_alerts_portal.

NATIONAL REGULATION

CSSF Regulation N° 18-06 concerning systemically important institutions authorised in Luxembourg

The CSSF Regulation does not identify any global systemically important institution among the institutions authorised in Luxembourg. However, it identifies five CRR institutions as other systemically important institutions based on their score, one CRR institution as other systemically important institution according to prudential ruling, and two CRR institutions as systemically important institutions according to prudential ruling based on an enriched methodology taking into account national specificities. Moreover, the regulation establishes the buffer rate for these other systemically important institutions. The regulation was published in the Official Journal of the Grand Duchy of Luxembourg (Mémorial A – No 1084) of 4 December 2018.

Circular CSSF 18/702

Circular CSSF 18/702 is addressed to banks and other financial sector professionals that carry out private banking activities in its interpretation of wealth management and related activities and aims to prevent risks linked to money laundering and terrorist financing in relation to these activities by way of targeted guidelines.

The circular is part of the previous communications made by the CSSF in the framework of the European regulations on the fight against money laundering and terrorist financing and follows the FATF Recommendations of 2012 which specifically target the private banking activity. It is intended to guide the banks and to increase their awareness so that they continue strengthening their anti-money laundering and terrorist financing framework and ensure that the measures to mitigate the risks of money laundering and terrorist financing they implemented remain effective.

Circular CSSF 18/703

The objective of this circular is to introduce a macroprudential risk monitoring framework for the residential real estate sector in Luxembourg. The circular is based on a recommendation by the European Systemic Risk Board (ESRB/2016/14 Recommendation of the European Systemic Risk Board of 31 October 2016 on closing real estate data gaps). The reporting aims at collecting indicators on lending standards in the residential real estate (RRE) market. The circular introduces definitions of indicators as well as the template used for their collection.

The scope of the data collection refers to loans taken for the purpose of purchasing residential real estate in Luxembourg, and that are secured by real estate collateral located in Luxembourg. Residential real estate includes existing dwellings, dwellings to be built (as per contract) or land that can be used for the construction of residential real estate dwellings. Loans that are granted to a legal entity should not be included in the reporting.

The data will be collected by the CSSF semi-annually in the months of April and October each year. The reference date for the data collection will be the 31st of December and the 30th of June, respectively. A template specifying the data to be reported can be found in the annex of this circular and on the CSSF website under the [ad hoc reports](#) section as well as under the new section dedicated to the [macroprudential supervision](#). Lenders that are active in the residential real estate sector are expected to be able to produce the requested data at a semi-annual frequency. This expectation pre-supposes the ability of lenders to store and process the relevant information in their information systems so that adequate reports can be extracted regularly.

Circular CSSF 18/704

The purpose of the circular is to draw the attention of payment service providers to the EBA Guidelines on the notification of major operational or security incidents (EBA/GL/2017/10) with which the CSSF commits to comply. The circular provides details with regard to the reporting obligations of major

operational or security incidents as provided by Article 105-2(1) of the Law of 10 November 2009 on payment services which provides that “payment service providers shall report major operational or security incidents to the CSSF without undue delay” and particularly concerning the process of notification to the CSSF.

Circular CSSF-CPDI 18/14

The circular aims at clarifying the exclusion of public authorities from the deposit guarantee pursuant to Article 172(1), point (10), of the Law of 18 December 2015 on the failure of credit institutions and certain investment firms, as amended. It is addressed to institutions that are members of the Fonds de garantie des dépôts Luxembourg (FGDL).

Circular CSSF-CPDI 18/15

The aim of this circular is to collect information on deposits, in particular, on covered deposits, as at 31 December 2018, from all Luxembourg credit institutions, POST Luxembourg for the postal financial services provided as well as from branches of credit institutions having their registered office in a third country. The collected data enables the Council for the Protection of Depositors and Investors (CPDI) to establish the 2019 target level of the Fonds de garantie des dépôts Luxembourg (FGDL) and to determine the contributions to the buffer of additional financial means referred to in Article 180 of the Law of 18 December 2015 on the failure of credit institutions and certain investment firms, as amended.

Circular CSSF 18/705

The purpose of the circular is to put into force prudent valuation standards applicable to the valuation of renewable energy projects that are part of the cover pool of a covered bond bank. Based on Article 12-5(7) and Article 12-7(2) of the Law of 22 June 2018 amending the Law of 5 April 1993 on the financial sector, as amended, with respect to the introduction of renewable energy covered bonds, the CSSF is required to provide details on prudent valuation standards to be applied to renewable energy projects that are part of the cover pool of a covered bond bank. Although the outlined valuation standards are based on guidelines and principles defined by internationally recognised institutions, they shall be considered as minimum standards applicable to covered bond banks. As a result, they do not represent an exhaustive list of principles. The bank shall assess and document whether the application of additional and complementary principles might be appropriate or even required for the valuation of a specific renewable energy project.

Circular CSSF 18/706

Based on Article 12-6(2) of the Law of 22 June 2018 laying down transparency requirements to covered bond banks, the circular establishes the type of information to be provided and defines the procedure to be applied for the publication of the information.

Circular CSSF 18/707

The circular lays down the requirements regarding the supervision of cover assets, including the liquidity of cover assets, which only apply to banks issuing covered bonds and their special *réviseur* (auditor). The annex to the circular is in German, the language commonly used by banks issuing covered bonds which are active in Luxembourg.

FIGHT AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

Draft Guidelines Supervisory AML/CFT Colleges

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA - ESA's) has launched a public consultation on the draft Guidelines on the cooperation and information exchange between competent authorities supervising credit and financial institutions for the purposes of AML/CFT supervision.

In view of enhancing cooperation and information exchange between prudential and AML/CFT competent authorities, these guidelines propose the creation of AML/CFT colleges of supervision which should be set up whenever three or more competent authorities from different Member States are responsible for AML/CFT supervision of the same credit or financial institution and its establishments.

The draft Guidelines can be found here:

<https://www.eba.europa.eu/documents/10180/2440050/Consultation+Paper+on+JC+GLs+on+cooperation+and+information+exchange+for+AML+CFT+supervisory+purposes+.pdf>

The deadline for submission of comments is **8 February 2019**.

All practical modalities can be found here:

https://www.eba.europa.eu/news-press/calendar?p_p_id=8&_struts_action=%2Fcalendar%2Fview_event&_eventId=2440047

BANKING REGULATION AND SINGLE SUPERVISORY MECHANISM

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

Publications

7 November 2018 - [ECB Governing Council nominates Andrea Enria as new Chair of the Supervisory Board](#)

The ECB has informed the European Parliament's Committee on Economic and Monetary Affairs (ECON) about its decision to nominate Andrea Enria as new Chair of the Supervisory Board. If approved by the Parliament and confirmed by the Council of the European Union, Mr Andrea Enria will succeed Mrs Danièle Nouy on 1 January 2019.

9 November 2018 - [ECB publishes final guides for banks on their capital and liquidity management](#)

The ECB will use the guides from 1 January 2019 when assessing bank internal capital and liquidity adequacy assessment processes (ICAAPs and ILAAPs).

15 November 2018 - [ECB publishes the first chapter of a guide promoting a common understanding of rules on internal models](#)

The ECB has published the first chapter of its guide to internal models, following a public consultation which ended on 28 May 2018. The guide provides transparency regarding the ECB's understanding of the most relevant aspects, for the institutions it directly supervises, of the applicable regulations on internal models. This first chapter contains principles for topics that are not risk-type-specific, in particular for the internal ratings-based (IRB) approach: overarching principles, implementation of the IRB approach, internal governance, internal validation, internal audit, model use, model change management and third-party involvement.

November 2018 - Two letters of reply from the Chair of the Supervisory Board to [the President of the German Bundestag on stress tests](#), and to [a member of the European Parliament on banks' internal governance](#).

Regulatory developments

20 November 2018 - Publication of the [Opinion of the European Central Bank of 20 November 2018](#) on a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral (CON/2018/54). The ECB has cautioned that the newly introduced reporting requirements for credit servicers, credit purchasers and credit institutions shall not impede the efficient functioning of the secondary market for NPLs and that related reporting requirements for banks should be minimised. In addition, the task to collect information on accelerated extrajudicial collateral enforcement procedures should not be conferred on the ECB.

26 November 2018 - Publication of the [Regulation \(EU\) 2018/1845 of the European Central Bank of 21 November 2018](#) on the exercise of the discretion under Article 178(2)(d) of Regulation (EU) No 575/2013 in relation to the threshold for assessing the materiality of credit obligations past due (ECB/2018/26). This Regulation will apply to all significant institutions within the SSM, both for retail and for non-retail exposures, irrespective of the method used for the calculation of capital requirements. By setting a single materiality threshold within the SSM, the ECB aims at improving the comparability of risk-weighted assets and defaulted exposures across significant institutions.

Interviews and speeches

6 November 2018 - "[Good governance and the role of supervisory boards](#)" - Speech by Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, Luncheon of Chairs of Supervisory Boards of banks in Germany, Frankfurt.

12 November 2018 - "[Being good pays off: how ethical behaviour affects risk, reputation and returns](#)" - Speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, The Communicators Conference, Frankfurt.

13 November 2018 - "[Four years of Banking Union: where do we stand?](#)" - Speech by Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, The Banking Supervision, Resolution and Risk Management conference during the 21st Euro Finance Week, Frankfurt am Main.

14 November 2018 - "[We are better prepared for the next storm](#)" - Speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, Supervision Newsletter.

20 November 2018 - "[Second ordinary hearing in 2018 at the European Parliament's Economic and Monetary Affairs Committee](#)" - Speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, Brussels.

22 November 2018 - "[The Single Supervisory Mechanism: were expectations fulfilled?](#)" - Speech by Ignazio Angeloni, Member of the Supervisory Board of the ECB, 5th Conference on the Banking Union, Goethe University, Frankfurt.

23 November 2018 - "[From a wish list to a to-do list: how supervisors can help banks prepare for crises](#)" - Speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, Board Meeting of the European Banking Federation, Brussels.

24 November 2018 - "[Interview with Il Sole 24 Ore](#)" with Danièle Nouy, Chair of the Supervisory Board of the ECB.

26 November 2018 - "[Interview with Agence France-Presse](#)" with Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB.

European Parliament, European Commission and European Council

Regulatory developments

7 November 2018 - Publication of the [Commission Implementing Regulation \(EU\) 2018/1624 of 23 October 2018](#) laying down implementing technical standards with regard to procedures and standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to Directive 2014/59/EU of the European Parliament and of the Council, and repealing Commission Implementing Regulation (EU) 2016/1066.

9 November 2018 - Publication of the [Commission Implementing Regulation \(EU\) 2018/1627 of 9 October 2018 amending Implementing Regulation \(EU\) No 680/2014](#) as regards prudent valuation for supervisory reporting.

12 November 2018 - Publication of the [Regulation \(EU\) 2018/1672 of the European Parliament and of the Council of 23 October 2018](#) on controls on cash entering or leaving the Union repealing Regulation (EC) N° 1889/2005.

12 November 2018 - Publication of the [Directive \(EU\) 2018/1673 of the European Parliament and of the Council of 23 October 2018](#) on combating money laundering by criminal law.

Brexit

14 November 2018 - Publication of a [Draft Withdrawal Agreement of the UK from the European Union and the European Atomic Energy Community](#). The agreement would establish the terms of the UK's withdrawal from the EU and would ensure that the withdrawal will happen in an orderly manner. The agreement would provide for a transition period, during which the EU will treat the UK as if it were a Member State, with the exception of participation in the EU institutions and governance structures. For the ease of reading, the European Commission has published Q&As on "[What is in the Withdrawal Agreement](#)".

22 November 2018 - Publication of a [Joint Political Declaration setting out the Framework for the Future Relationship between the EU and the UK](#). The declaration gives a general sense of the direction of travel towards something akin to a comprehensive free trade agreement with provisions on services trade and security cooperation. With regard to financial services, both parties will keep their respective equivalence frameworks under review.

More generally, relevant documents with regard to Brexit preparation can be found on the European Commission website under "[Brexit negotiations](#)".

European Banking Authority (EBA)

Publications

2 November 2018 - [EU-wide EBA stress test showed euro area banks have become more resilient to financial shocks over the past two years](#)

The results showed that despite a more severe adverse scenario than in the 2016 stress test, the average CET1 capital ratio of all 33 banks directly supervised by the ECB was higher at 9.9% after a three-year stress period, up from 8.8% two years ago. In parallel to the EBA stress test, the ECB conducted its own stress test for those banks that are under its direct supervision, but not covered in the EBA sample.

8 November 2018 - [EBA updates Recommendation on the equivalence of third country confidentiality regimes](#)

The EBA's equivalence assessment, which is based on the provisions of the CRDIV relevant to confidentiality regimes, has considered the following third country authorities as equivalent: (i) the ADGM Financial Services Regulation Authority (Abu Dhabi); (ii) the Financial Supervisory Service (South Korea); (iii) the National Bank of Moldova; and (iv) the Securities and Futures Commission (Hong Kong).

16 November 2018 - [EBA publishes final draft technical standards on the specification of an economic downturn](#)

The standards set out the notion of economic downturn to be taken into account when estimating the loss given default (LGD) and the conversion factors (CF). The final draft Regulatory Technical Standards (RTS) complete the EBA's regulatory review of the internal ratings-based (IRB) approach.

30 November 2018 - [EBA provides overview of Competent Authorities implementation and transposition of the CRD IV package](#)

The EBA has updated all the information disclosed by EU competent authorities according to its Implementing Technical Standards (ITS) on supervisory disclosure. This information, published in an aggregated format, provides an overview of the implementation and transposition of the Capital Requirements Directive (CRD IV) and Capital Requirements Regulation (CRR) across the EU. It also provides a detailed picture of the use of options and national discretions by each competent authority as well as information on the general criteria and methodologies used for the purpose of the supervisory review and evaluation process (SREP).

European Supervisory Authorities (ESAs)

Publications

29 November 2018 - [ESAs propose to amend bilateral margin requirements to assist Brexit preparations for OTC derivative contracts](#)

The proposed changes would introduce a limited exemption in order to facilitate the novation of certain OTC derivative contracts to EU counterparties during a specific time-window. The amendments would only apply if the UK leaves the EU without the conclusion of a withdrawal agreement.

30 November 2018 - [ESAs publish statement clarifying securitisation disclosure requirements and consolidated application of securitisation rules for credit institutions](#)

The ESAs have published a statement in response to industry concerns relating to severe operational challenges both in meeting the transitional provisions of the Securitisation Regulation disclosure requirements, as well as in complying with the EU requirements on risk retention, transparency, re-securitisation and criteria for credit-granting obligations on a consolidated basis by EU credit institutions engaged in local securitisation activities in third countries.

Consultations

8 November 2018 - [ESAs consult on guidelines on cooperation and information exchange for AML/CFT supervision purposes](#)

The joint guidelines have proposed the creation of AML/CFT colleges of supervisors and set out the rules governing their establishment and operation. As information available to AML/CFT supervisors may also be relevant for prudential supervisors and vice versa, the guidelines propose gateways to ensure that prudential supervisors can participate as observers in AML/CFT colleges, and that information from AML/CFT college meetings is available to colleges of prudential supervisors.

The consultation will run until 8 February 2019.

8 November 2018 - [ESAs consult on proposed changes to the key information document for PRIIPS](#)

The ESAs have issued a consultation paper on targeted amendments to the Delegated Regulation covering the rules for the Key Information Document (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs).

Bank of International Settlements (BIS) & Basel Committee of Banking Supervision (BCBS)

Publications

2 November 2018 - [BIS published a working paper on “Euro area unconventional monetary policy and bank resilience”](#)

The results suggest that the resilience gains of unconventional monetary policies have accrued mostly to banks headquartered in the so-called core euro area countries (Austria, Belgium, Finland, France, Germany, Luxembourg and Netherlands). Unconventional monetary policies seem to have enhanced more the resilience of banks that were relatively stronger.

16 November 2018 - [BCBS publishes more details on global systemically important banks](#)

The publication accompanies the FSB's release of the updated list of G-SIBs and includes further information related to its 2018 assessment of G-SIBs, including additional details to help understand the scoring methodology.

23 November 2018 - [BCBS publishes a report to G20 Leaders on implementation of Basel III regulatory reforms](#)

G20 Leaders were updated on the steps taken by BCBS member jurisdictions to adopt the Basel III standards, banks' progress in bolstering their capital and liquidity positions, the consistency of implementation in jurisdictions and the BCBS's implementation work plan.

Macroprudential fora European Central Bank (ECB)

Publication

29 November 2018 - [ECB publishes its latest Financial Stability Review](#)

The review reports that (i) bank resilience has improved, but structural vulnerabilities continue, (ii) liquidity concerns are growing amid increased risk-taking by investment funds, and (iii) there is a possibility of broader stress in emerging markets, rising debt sustainability is a concern and trade tensions pose challenges.

European Systemic Risk Board (ESRB)

Publication

26 November 2018 - [ESRB publishes the Report on vulnerabilities in the EU commercial real estate sector](#)

The ESRB has published its second analysis of the financial stability risks stemming from this sector, following the work of the Expert Group on Real Estate in 2015.

Countercyclical Capital buffer (CCyB)

- 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 since
Bulgaria	0.50%	01/10/2019
Czech Republic	1.25%	01/01/2019
	1.25%	01/04/2019
	1.50%	01/07/2019
	1.50%	01/10/2019
	0.50%	31/03/2019
Denmark	0.50%	01/06/2019
	1%	30/09/2019
	0.25%	01/07/2019
France	0.25%	01/10/2019
	1.25%	05/01/2019
Iceland	1.75%	15/05/2019
	1.75%	29/06/2019
	1.75%	09/10/2019
	1.0%	05/07/2019
Ireland	1.0%	01/10/2019
	0.50%	31/12/2018
Lithuania	1.0%	30/06/2019
	1.25%	01/11/2018
Slovakia	1.25%	01/11/2018

	1.25%	01/02/2019
	1.25%	01/05/2019
	1.50%	01/08/2019
	1.50%	01/11/2019
Sweden	2.5%	19/09/2019
United Kingdom	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](#).

The Financial Stability Board (FSB)

Publications

12 November 2018 - [FSB publishes Cyber Lexicon](#)

The lexicon comprises a set of approximately 50 core terms related to cyber security and cyber resilience in the financial sector. It could be useful to support the work of the FSB, standard-setting bodies, authorities and private sector participants (e.g. financial institutions and international standards organisations) in several areas, such as cross-sector common understanding of relevant cyber security and cyber resilience terminology and the assessment and monitoring of financial stability risks of cyber risk scenarios.

14 November 2018 - [FSB publishes progress report on reforming major interest rate benchmarks](#)

The report sets out the progress made on the development of overnight nearly risk-free rates (RFRs), and markets based on these rates, and on further reforms to interbank offered rates (IBORs). The progress report considers three key areas: (i) IBORs; (ii) alternative reference rates; and (iii) enhancing contractual robustness.

16 November 2018 - [FSB publishes progress report on measures to address the decline in correspondent banking and updated data](#)

The report highlights the further actions taken to implement the FSB's action plan on correspondent banking, namely: (i) strengthening tools for due diligence by correspondent banks; (ii) clarifying regulatory expectations; (iii) domestic capacity building.

19 November 2018 - [FSB publishes reports on implementation of over-the-counter derivatives reforms and removal of legal barriers](#)

The reports (i) set out progress on reforms to over-the-counter (OTC) derivatives markets and (ii) report on FSB member jurisdictions' actions to remove legal barriers relating to OTC derivatives trade reporting.

19 November 2018 - [FSB and standard-setting bodies publish final report on incentives to centrally clear OTC derivatives](#)

The report suggests that, overall, the reforms are achieving their goals of promoting central clearing, especially for the most systemic market participants. This is consistent with the goal of reducing complexity and improving transparency and standardisation in the OTC derivatives markets.

20 November 2018 - [FSB publishes its final report on the evaluation of the effects of financial regulatory reforms on infrastructure finance](#)

The report concludes that the effect of the G20 reforms on infrastructure finance has been of a second order relative to factors such as the macro-financial environment, government policy and institutional factors. For the most relevant reforms, the analysis does not identify material negative effects on the provision and cost of infrastructure finance to date.

23 November 2018 - [FSB publishes recommendations on compensation data reporting to address potential misconduct risk](#)

The recommendations complement the FSB's guidance on sound compensation practices and set out the types of data that can support improved monitoring by supervisory authorities on the use of compensation tools to address misconduct risk in significant financial institutions.

27 November 2018 - [FSB publishes a letter from the Chair Mark Carney to G20 Leaders](#)

The letter, sent ahead of the G20 Summit in Buenos Aires, reports on the FSB's delivery against its four priorities for this year: (i) addressing emerging vulnerabilities while harnessing the benefits of innovation; (ii) disciplined completion and implementation of the G20's reform priorities; (iii) pivoting to policy evaluation to ensure reforms are delivering resilience efficiently; (iv) optimising how the FSB works to maximise its effectiveness and transparency.

28 November 2018 - [FSB publishes reports to G20 Leaders on progress in financial regulatory reforms](#)

The FSB has published its fourth annual report on the implementation and effects of the G20 financial regulatory reforms. The report documents the progress that has been made in implementing key post-crisis financial reforms and lays out why preserving financial stability, and supporting sustainable growth, requires the continued monitoring of developments in the global financial system.

Consultation

15 November 2018 - [FSB publishes 2018 Resolution Report and launches public consultation on financial resources to support CCP resolution](#)

The report updates on progress in implementing the framework and policy measures to enhance the resolvability of systemically important financial institutions and sets out the priorities for the FSB's resolution work going forward. The report finds that jurisdictions have undertaken substantial reforms to mitigate the "too-big-to-fail" (TBTF) problem. The FSB also invites comments on a discussion paper on CCP financial resources and the treatment of CCP equity in resolution.

The consultation will run until 1 February 2019.

COMMUNIQUES

Communication regarding Regulation (EU) 2016/1011 on indices used as benchmarks

Communiqué of 27 November 2018

By way of this communiqué, the CSSF would like to remind that, as already indicated in Press release 17/36, the contributors providing input data for benchmarks are part, among others, of participants as referred to in Regulation (EU) 2016/1011 on indices used as benchmarks (the "Regulation").

Taking the above into account, the CSSF requests that the entities subject to its supervision which provide input data for benchmarks to an EU administrator inform the CSSF thereof.

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Global situation of undertakings for collective investment at the end of October 2018

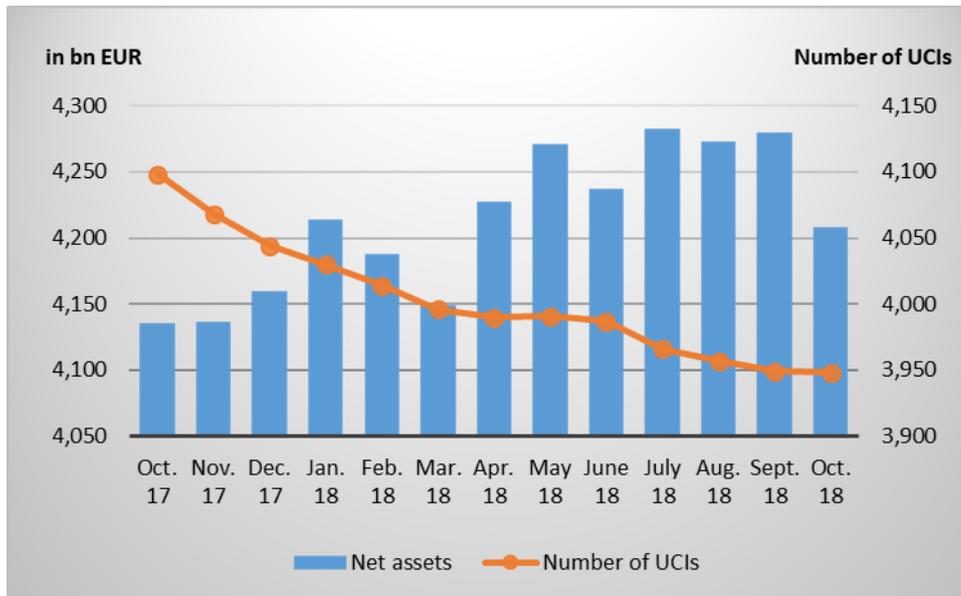
Press release 18/39 of 10 December 2018

I. Overall situation

As at 31 October 2018, total net assets of undertakings for collective investment, including UCIs subject to the 2010 Law, specialised investment funds and SICARs, amounted to EUR 4,207.304 billion compared to EUR 4,279.762 billion as at 30 September 2018, i.e. a 1.69% decrease over one month. Over the last twelve months, the volume of net assets rose by 1.73%.

The Luxembourg UCI industry thus registered a negative variation of EUR 72.458 billion during the month of October. This decrease results from the balance of positive net issues of EUR 24.779 billion (+0.58%) and a negative development in financial markets of EUR 97.237 billion (-2.27%).

The development of undertakings for collective investment is as follows:



The number of undertakings for collective investment (UCIs) taken into consideration totalled 3,948 as against 3,949 in the previous month. A total of 2,564 entities adopted an umbrella structure, which represented 13,509 sub-funds. When adding the 1,384 entities with a traditional structure to that figure, a total of 14,893 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 October.

Most equity UCI categories registered a sharp correction during the month under review.

As regards developed countries, the European equity UCI category recorded a negative performance in a context of fears of an economic slowdown in Europe, the decline in results of undertakings and the uncertainties related to the Italian budget. Despite sound economic fundamentals in the United States, the category of US equity UCIs developed negatively, mainly as a result of the increase of the long-term interest rates in the United States and the persistent trade tensions. The mixed economic

indicators in Japan, fears of a global economic slowdown and the heightened trade tensions between China and the United States led to the heavy price losses in the Japanese equity UCI category.

As regards emerging countries, the persistent trade tensions between the United States and China, the slowdown in growth in China as well as the concerns regarding the global economic environment resulted in the depreciation of the prices of Asian equity UCIs. Despite the good results of Russian undertakings, the Eastern European equity UCIs could not avoid negative developments in the main equity markets, ending therefore down. This downward trend was due, in particular, to the fall in oil prices and geopolitical problems in the region. The category of Latin American equity UCIs ended in positive territory, against the background of the results of the Brazilian elections.

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

Development of equity UCIs during the month of October 2018*

	Market variation in %	Net issues in %
Global market equities	-4.48%	0.98%
European equities	-6.16%	0.16%
US equities	-5.62%	-0.53%
Japanese equities	-8.31%	1.16%
Eastern European equities	-2.48%	-0.92%
Asian equities	-7.88%	-0.66%
Latin American equities	6.23%	-2.90%
Other equities	-5.94%	-0.54%

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

In Europe, the rise of the risk aversion of investors led to the increase of prices of high-rated government bonds which were sought after as “safe haven”, whereas the persistent uncertainties regarding the Italian budget resulted in a decrease of low-rated government bond prices, so that, overall, government bonds developed little during the month. The uncertainties in the financial markets also caused the rise in risk premiums of corporate bonds. Consequently, EUR-denominated bond UCIs recorded slight price decreases.

In the United States, even if the fears of a monetary policy tightening in a context of sound economic figures negatively influenced bond prices, the appreciation of the USD against the EUR led the USD-denominated bond UCIs to end the month in positive territory.

The category of emerging market UCIs registered overall a negative performance as a result of the increased volatility in equity markets, the gradual decline of the Chinese growth, the persistent trade tensions, the rise in the US interest rates and the downward trend of commodity prices.

During October, the money market UCIs showed a positive net capital investment whereas the other fixed-income UCI categories recorded an overall negative net capital investment.

Development of fixed-income UCIs during the month of October 2018*

	Market variation in %	Net issues in % ¹
EUR money market	0.01%	10.73%
USD money market	2.31%	5.52%
Global market money market	0.02%	21.61%
EUR-denominated bonds	-0.21%	-1.81%
USD-denominated bonds	0.55%	5.44%
Global market bonds	0.03%	-0.06%
Emerging markets bonds	-0.29%	-0.90%
High Yield bonds	-0.08%	-1.83%
Others	-0.27%	-0.30%

* 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 October 2018*

	Market variation in %	Net issues in %
Diversified UCIs	-2.35%	-0.64%
Funds of funds	-2.73%	-1.61%

* 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 ²		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 €

¹ The positive net issues of the money market UCI categories are in part the result of cross-border mergers of foreign funds into Luxembourg funds.

² 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 ²		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 €
30/09/2018	1,829	3,574.040 €	296	147.628 €	1,548	506.883 €	3,673	4,228.551 €	276	51.211 €	3,949	4,279.762 €
31/10/2018	1,831	3,496.913 €	295	144.373 €	1,547	512.693 €	3,673	4,153.979 €	275	53.325 €	3,948	4,207.304 €

During the month under review, the following 11 undertakings for collective investment have been registered on the official list:

1) UCITS Part I 2010 Law:

- ABARIS DEFENSIVE EQUITY, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- ANSA - GLOBAL Q MACRO L/S, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- BRIGHTSPHERE GLOBAL FUNDS, 15, avenue J-F Kennedy, L-1855 Luxembourg
- DMS UCITS PLATFORM, 2, rue d'Alsace, L-1122 Luxembourg
- LUXBRIDGE SICAV, 9A, boulevard du Prince Henri, L-1724 Luxembourg

2) SIFs:

- FOOD SECURITIES FUND S.A., SICAV-FIS, 15, avenue J-F Kennedy, L-1855 Luxembourg
- LCM PARTNERS CO V FCP-SIF, 20, rue de la Poste, L-2346 Luxembourg
- OCEANS UMBRELLA SICAV-SIF, 287-289, route d'Arlon, L-1150 Luxembourg
- PG BAV RBI PRIVATE DEBT FUND FCP-SIF, 2, place François-Joseph Dargent, L-1413 Luxembourg
- PRIMUS INVESTMENTS S.C.S. SICAV-SIF, 5, rue Heienhaff, L-1736 Senningerberg

3) SICARs:

- SANDIA SICAR S.À R.L., 5, rue Guillaume Kroll, L-1882 Luxembourg

The following 12 undertakings for collective investment have been deregistered from the official list during the month under review:

1) UCITS Part I 2010 Law:

- FORMUEPLEJE LUX SICAV, 15, rue Bender, L-1229 Luxembourg
- LEAF, 12, rue Eugène Ruppert, L-2453 Luxembourg

- ML FUNDS, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- 2) **UCIs Part II 2010 Law:**
- MPF STRATEGIE DEFENSIV, 2, place François-Joseph Dargent, L-1413 Luxembourg
- 3) **SIFs:**
- ATHENE REAL ESTATE FUND FCP-FIS, 80, route d'Esch, L-1470 Luxembourg
 - CAPITAL STREAM INVESTMENTS SICAV SIF SCA, 29, rue Alphonse München, L-2172 Luxembourg
 - CHARLEMAGNE OPPORTUNITIES S.C.A. SICAV-SIF, 12, rue Eugène Ruppert, L-2453 Luxembourg
 - DLIBJ OPEN FUND, 1B, rue Gabriel Lippmann, L-5365 Munsbach
 - EFH FUNDS SCA SICAV SIF, 2, boulevard de la Foire, L-1528 Luxembourg
 - NATURAL RESOURCES VALUE FUND S.C.A. SICAV-SIF, 11, rue Aldringen, L-1118 Luxembourg
- 4) **SICARs:**
- ARROWS INVESTMENTS S.A R.L. SICAR, 412F, route d'Esch, L-2086 Luxembourg
 - GAWA MICROFINANCE FUND S.C.A., SICAR, 20, rue de la Poste, L-2346 Luxembourg

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Profit and loss account of credit institutions as at 30 September 2018

Press release 18/40 of 19 December 2018

The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 3,982 million at the end of the third quarter of 2018. Compared to the same period in 2017, profit before provisions thus decreased by 5.3%.

The net interest income continued its upward trend. Over a year, it increased by 7.5%. The main factors which explain this increase are the prolonged application of negative interest rates on deposits collected from institutional customers, an upsurge in activities as measured by the rise in the balance sheets or an improved average return on assets. However, the favourable development of the net interest income was only recorded for half of the banks of the financial centre. Retail banks and private banks in particular registered on average less favourable developments of the net interest income despite a rise in their balance sheet total.

The increase in **net fee and commission income (+8.1%)** was observed in half of the banks. This increase is largely attributable to the positive development of the activities related to asset management on behalf of private and institutional customers. With the persisting low levels of the interest rates, commissions become an increasingly significant source of income for many banks of the financial centre.

The **other net income** has substantially declined (-31.9%) 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 factors affecting a limited number of banks of the financial centre.

General expenses continued to grow (+6.5%) throughout 2018. This rise is linked to **other general expenses (+9.3%)** as well as to **staff costs (+3.8%)**. 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 52% to 55% year-on-year.

As a result of the above-mentioned developments, profit before provisions decreased by 5.3% year-on-year.

Profit and loss account as at 30 September 2018

Items in million EUR	September 2017	September 2018	%
Net interest income	3,690	3,967	7.5%
Net fee and commission income	3,515	3,801	8.1%
Other net income ³	1,547	1,053	-31.9%
Banking income	8,752	8,821	0.8%
Staff costs	2,314	2,401	3.8%
Other general expenses	2,231	2,438	9.3%
General expenses	4,545	4,839	6.5%
Profit before provisions	4,207	3,982	-5.3%

* * *

Audit Committees: Publication of the Assessment Questionnaire**Communiqué of 20 December 2018**

Article 27 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014, which carries specific requirements regarding statutory audits of public interest entities, confers on the Commission de Surveillance du Secteur Financier (“CSSF”) the requirement to assess the performance of audit committees within the context of wider audit market.

In view of this assessment, the Committee of European Auditing Oversight Bodies (“CEAOB”) validates the principle of a questionnaire consultation of a sample of audit committees.

The CSSF already contacted selected audit chairs in Luxembourg to complete the questionnaire referred above. The CSSF is now publishing it for information purposes.

This questionnaire provides an opportunity for Audit Committees to reflect on a particular aspect of its compliance with the new audit rules, its performance and effectiveness resulting in an assessment of areas for development.

www.cssf.lu/fileadmin/files/Audit/Questionnaire_to_Audit_Committees.pdf

* * *

Communication with regards to EMIR reporting**Communiqué of 20 December 2018**

On 9 November 2018, ESMA published a public statement regarding the contingency plans of Trade Repositories (TRs) in the context of the United Kingdom withdrawing from the European Union from 30 March 2019, 00:00 CET (“the withdrawal date”).

The CSSF, as supervisory authority for EMIR purposes for Financial and Non-Financial Counterparties, in accordance with Article 1(2) and 2(1) of the Law of 15 March 2016 on OTC derivatives, central counterparties and trade repositories, wants to remind market participants of the importance of ensuring

³ Including dividends received.

the daily reporting of derivatives contracts to a registered EU-established TR or a recognised third-country TR. As of the withdrawal date, TRs established in the UK will be third-country TRs.

The CSSF, therefore, wants to remind market participants (e.g. Financial counterparties, Non-Financial Counterparties), falling under the scope of EMIR, that EU counterparties and CCPs must report details of derivative contracts to a registered EU-established TR or a recognised third-country TR. All counterparties must ensure that this requirement continues to be fulfilled after the withdrawal date. The CSSF invites market participants to contact their TR to verify whether continuity of service will be ensured after the withdrawal date.

The CSSF recommends to prepare for the potential outcome that counterparties may need to request their existing UK TR to port their data to a EU27 TR. Ensuring data quality in the transfer of EMIR data from one TR to another is key. Therefore, the CSSF encourages counterparties established in Luxembourg to ensure that they and their reporting entities, wherever they are located, fully adhere to the most recent reporting requirements:

- a. to better enable any potential transfer of data due to the UK's withdrawal; and
- b. to ensure their continuous compliance with the EMIR reporting obligation.

The CSSF reminds market participants of the importance to monitor closely the public disclosures made by TRs in the context of the withdrawal process.

* * *

White Paper - Artificial Intelligence

Press release 18/41 of 21 December 2018

Today, Artificial Intelligence ("AI") is one of the most promising technologies, and different kinds of practical applications, especially in the financial sector, are emerging.

This topic attracts a lot of attention, but at the same time, there is still a sense of ambiguity about what kind of technology is hidden behind this term.

The potential benefits that AI can bring are enormous, but these can only be achieved if the fundamentals of this technology and its underlying risks are well understood and an adequate control framework is put in place.

In this context, the CSSF has performed a research study in order to better understand what Artificial Intelligence is and the related risks. The result is a document which intends to provide some basic knowledge about Artificial Intelligence, describe the different types of AI and some practical use cases for the financial sector. Furthermore, the study covers the analysis of the main risks associated with AI technology and provides some key recommendations to take into account when implementing AI inside a business process.

Given the increasing adoption of AI in the financial sector and the relative lack of practical guidance from a risk perspective, the CSSF has decided to share the results of this study with the public, for the benefit of the financial sector.

The document is published in the form of a "white paper" and has no binding value vis-à-vis the supervised institutions. Nevertheless, it provides the foundations for a constructive dialogue with all the stakeholders of the financial sector for a deeper understanding of the practical implementations of AI technology and its implications.

* * *

The EBA calls for more action by financial institutions in their Brexit related communication to customers

Press release 18/42 of 21 December 2018

The CSSF would like to inform the public that, on 17 December 2018, the European Banking Authority (EBA) published a communication calling concerned financial institutions (i.e. credit institutions, investment firms, payment institutions and electronic money institutions, and lenders and credit intermediaries) to increase their efforts in communicating to customers.

The EBA urges such institutions to take its June 2018 [Opinion on financial institutions' preparedness for the UK withdrawal from the EU](#) into careful consideration, and especially to swiftly proceed with advising customers on the specific consequences deriving from the UK withdrawal from the EU, and also to maintain their efforts in effective contingency planning.

For more details, please see the EBA website at:

<https://eba.europa.eu/-/the-eba-calls-for-more-action-by-financial-institutions-in-their-brexit-related-communication-to-customers>

* * *

ESMA issues a reminder on firms' MiFID II obligations relating to the disclosure of information to clients in the context of Brexit

Press release 18/43 of 21 December 2018

On 19 December 2018, ESMA issued a [statement](#) to remind firms providing investment services of their obligations to provide clients with information on the implications of the United Kingdom's withdrawal from the European Union on their relationship with clients and on the impact of Brexit-related measures that a firm has taken or intends to take.

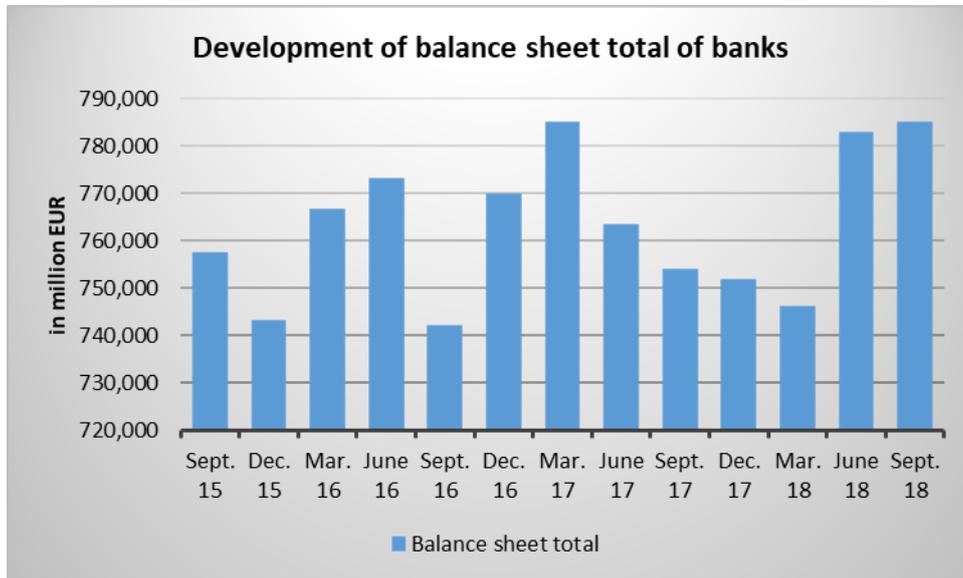
WITHDRAWAL DECIDED BY THE CSSF

Following the CSSF decision to withdraw the specialised investment fund BCS MULTIFIZ S.C.A., SICAV-SIF from the official list of specialised investment funds, the VIth Chamber of the Luxembourg District Court, dealing with commercial matters, per judgment on 29 November 2018, pronounced the dissolution and ordered the liquidation of the specialised investment fund BCS MULTIFIZ S.C.A., SICAV-SIF. The same judgment has appointed Mr Laurent Lucas as reporting judge and Ms Radia Doukhi as liquidator.

STATISTICS

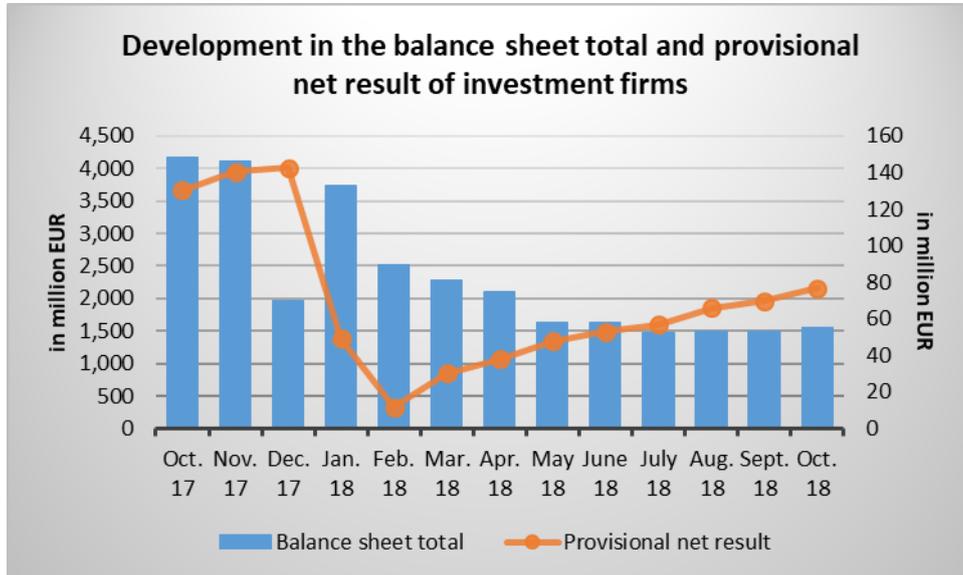
Banks

Increase in the balance sheet total as at 30 September 2018



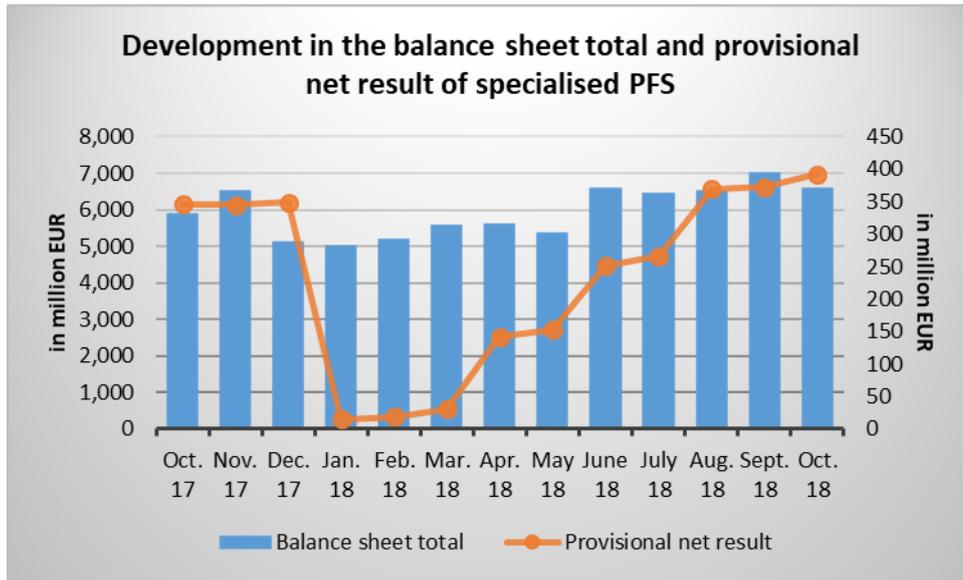
Investment firms

Increase in the balance sheet total as at 31 October 2018



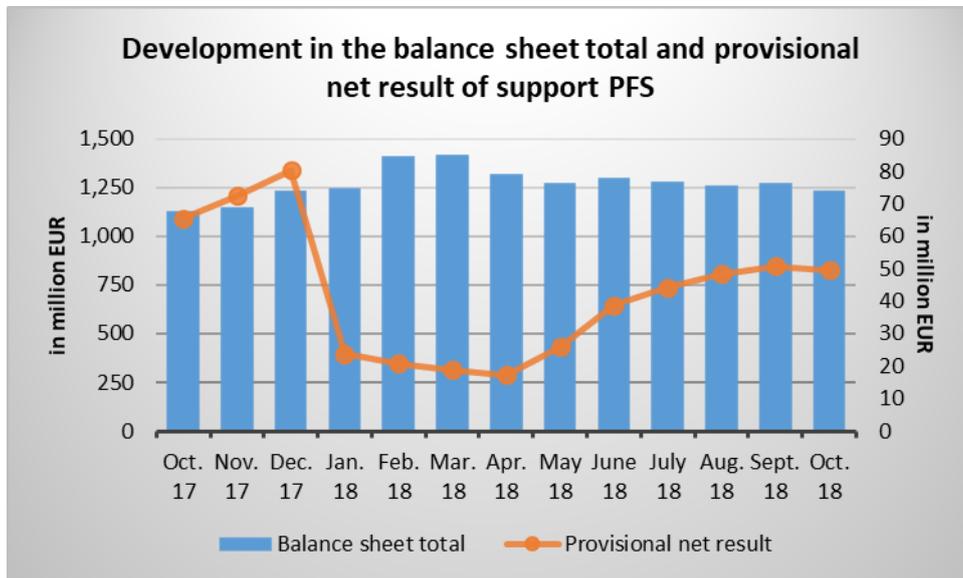
Specialised PFS

Decrease in the balance sheet total as at 31 October 2018



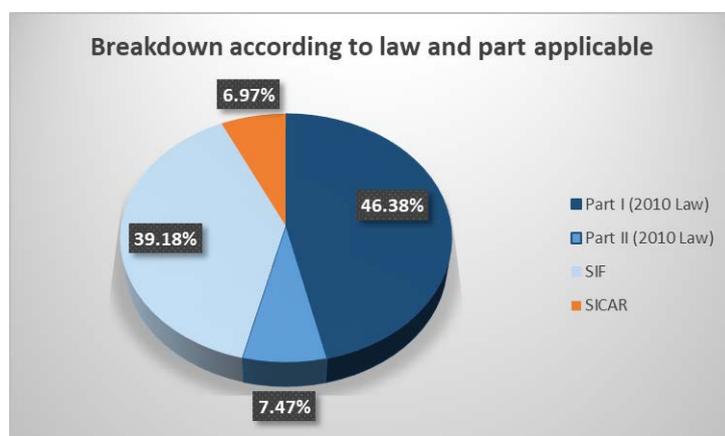
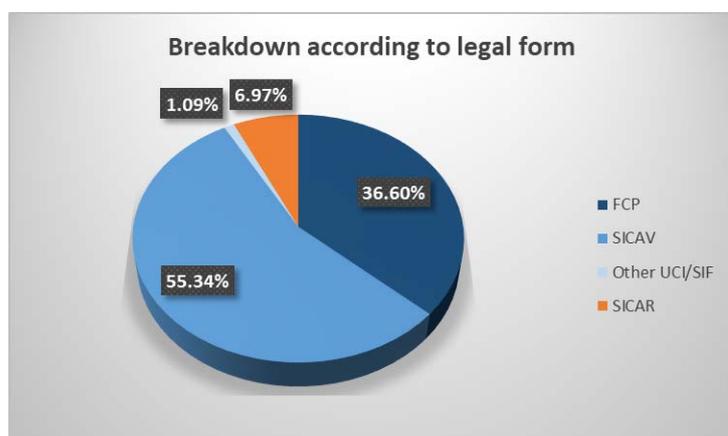
Support PFS

Decrease in the balance sheet total as at 31 October 2018



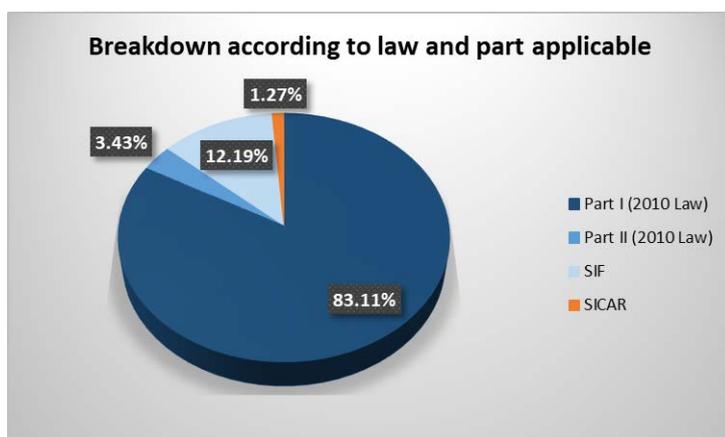
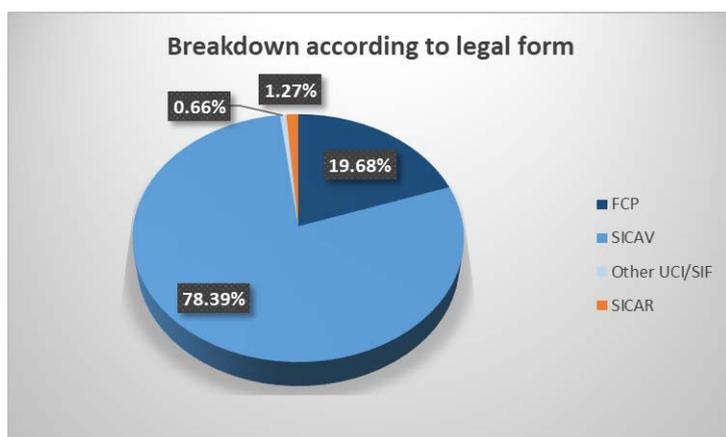
UCIs (Situation as at 31 October 2018)

Number of UCIs



Law, part/legal form	FCPs	SICAVs	Other UCIs/SIFs	SICARs	Total
Part I (2010 Law)	959	872	0	0	1,831
Part II (2010 Law)	148	144	3	0	295
SIFs	338	1,169	40	0	1,547
SICARs	0	0	0	275	275
TOTAL	1,445	2,185	43	275	3,948

Net assets of UCIs



Law, part/legal form (in bn EUR)	FCPs	SICAVs	Other UCIs/SIFs	SICARs	Total
Part I (2010 Law)	608.691	2,888.222	0.000	0.000	3,496.913
Part II (2010 Law)	48.641	95.167	0.565	0.000	144.373
SIFs	170.778	314.916	26.999	0.000	512.693
SICARs	0.000	0.000	0.000	53.325	53.325
TOTAL	828.110	3,298.305	27.564	53.325	4,207.304

Breakdown according to investment policy

Breakdown according to investment policy	Net assets (in bn EUR)	Number of fund units ⁴
Fixed-income securities	1,208.467	3,113
Variable-yield transferable securities	1,239.147	3,984
Mixed transferable securities	931.319	4,012
Funds of funds	242.868	2,179
Money market instruments and other short-term securities	344.620	228
Cash	5.906	20
Private equity	36.086	212
Venture capital	1.965	31
Real estate	70.443	327
Futures and/or options	13.000	120
Other assets	60.158	263
Public-to-Private	0.126	3
Mezzanine	2.803	12
Venture Capital (SICARs)	7.540	87
Private Equity (SICARs)	42.856	302
TOTAL	4,207.304	14,893

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)
PART I					
Fixed-income transferable securities	1,099.009	2,573	46.244	51.532	-5.288
Variable-yield transferable securities	1,177.570	3,621	53.394	50.430	2.964
Mixed transferable securities	750.359	2,873	20.812	26.581	-5.769
Funds of funds	128.072	992	2.394	7.491	-5.097
Money market instruments and other short-term securities	325.632	179	193.435	161.881	31.554
Cash	5.586	14	6.054	1.603	4.451
Futures and/or options	7.460	54	0.364	0.417	-0.053
Other assets	3.225	10	0.091	0.068	0.023
TOTAL PART I:	3,496.913	10,316	322.788	300.003	22.785
PART II					
Fixed-income transferable securities	22.531	99	0.406	0.584	-0.178
Variable-yield transferable securities	12.566	64	0.133	0.148	-0.015
Mixed transferable securities	51.142	195	1.832	2.390	-0.558
Funds of funds	29.481	270	0.320	0.526	-0.206
Money market instruments and other short-term securities	14.520	42	1.249	1.410	-0.161
Cash	0.303	5	0.005	0.006	-0.001
Private equity	5.903	16	0.081	0.029	0.052
Venture capital	0.000	0	0.000	0.000	0.000
Real estate	1.420	20	0.008	0.003	0.005

⁴ "Fund units" refers to both traditionally structured UCIs and sub-funds of umbrella funds.

Futures and/or options	2.505	24	0.021	0.028	-0.007
Other assets	4.002	15	0.024	0.024	0.000
TOTAL PART II:	144.373	750	4.079	5.148	-1.069
SIFs					
Fixed-income transferable securities	86.927	441	1.840	1.524	0.316
Variable-yield transferable securities	49.011	299	0.529	1.021	-0.492
Mixed transferable securities	129.818	944	1.518	1.396	0.122
Funds of funds	85.315	917	2.196	0.758	1.438
Money market instruments and other short-term securities	4.468	7	0.501	0.340	0.161
Cash	0.017	1	0.000	0.000	0.000
Private equity	30.183	196	0.426	0.022	0.404
Venture capital	1.965	31	0.008	0.001	0.007
Real estate	69.023	307	1.366	0.901	0.465
Futures and/or options	3.035	42	0.045	0.117	-0.072
Other assets	52.931	238	1.098	0.841	0.257
TOTAL SIFs:	512.693	3,423	9.527	6.921	2.606
SICARs					
Public-to-Private	0.126	3	0.000	0.000	0.000
Mezzanine	2.803	12	0.000	0.000	0.000
Venture capital	7.540	87	0.000	0.000	0.000
Private equity	42.856	302	0.474	0.017	0.457
TOTAL SICARs	53.325	404	0.474	0.017	0.457
TOTAL LUXEMBOURG UCIs	4,207.304	14,893	336.868	312.089	24.779

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	843.156	20.0%	182	4.6%	1,090	7.3%
United Kingdom	760.288	18.1%	280	7.1%	1,663	11.2%
Germany	603.513	14.4%	1,334	33.8%	2,677	18.0%
Switzerland	569.804	13.5%	575	14.6%	2,750	18.5%
France	392.893	9.3%	308	7.8%	1,521	10.2%
Italy	337.681	8.0%	145	3.7%	1,281	8.6%
Belgium	175.162	4.2%	164	4.1%	918	6.2%
Luxembourg	104.783	2.5%	234	5.9%	680	4.6%
Netherlands	92.531	2.2%	46	1.2%	262	1.7%
Denmark	84.276	2.0%	23	0.6%	211	1.4%
Others	243.217	5.8%	657	16.6%	1,840	12.3%
TOTAL	4,207.304	100.0%	3,948	100.0%	14,893	100.0%

Breakdown of UCI fund units registered in Luxembourg by reference currency

Currency	Net assets (in bn EUR)	in %	Number of fund units	in %
AUD	5.425	0.129%	29	0.195%
CAD	1.937	0.046%	22	0.148%
CHF	45.749	1.087%	276	1.853%
CNH	1.743	0.041%	26	0.174%
CNY	0.195	0.005%	4	0.027%
CZK	1.358	0.032%	68	0.456%
DKK	1.852	0.044%	11	0.074%
EUR	2,274.797	54.068%	9,432	63.332%
GBP	134.036	3.186%	340	2.283%
HKD	4.660	0.111%	10	0.067%
HUF	0.327	0.008%	31	0.208%
JPY	60.928	1.448%	210	1.410%
MXN	0.017	0.000%	1	0.007%
NOK	4.731	0.113%	32	0.215%
NZD	0.781	0.019%	6	0.040%
PLN	0.355	0.008%	14	0.094%
RON	0.472	0.011%	4	0.027%
SEK	48.001	1.141%	180	1.209%
SGD	0.550	0.013%	6	0.040%
TRY	0.013	0.000%	3	0.020%
USD	1,619.355	38.489%	4,187	28.114%
ZAR	0.022	0.001%	1	0.007%
TOTAL	4,207.304	100.000%	14,893	100.000%

Pension funds

As at 19 December 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

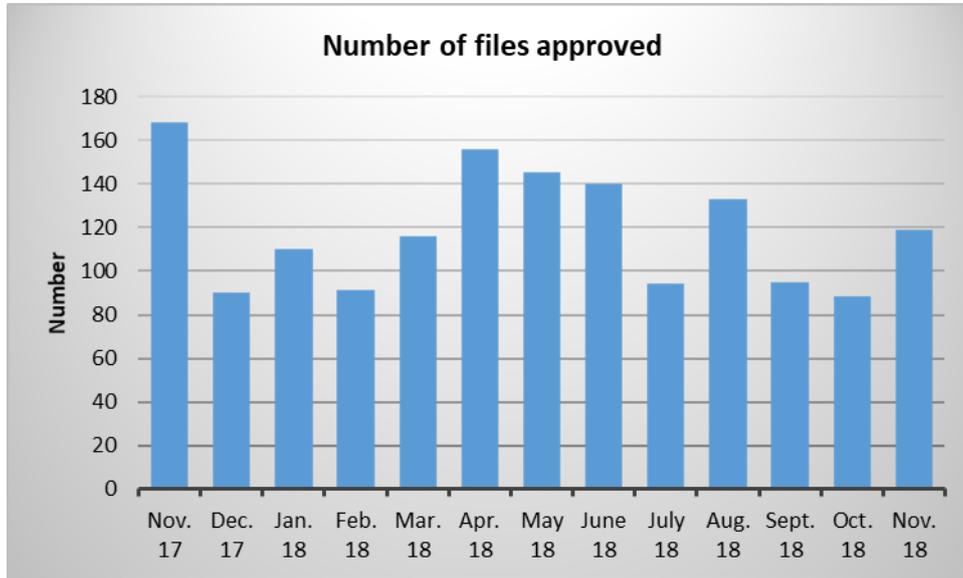
The number of securitisation undertakings authorised by the CSSF in accordance with the Law of 22 March 2004 on securitisation amounted to **32 entities** as at 14 December 2018.

Public oversight of the audit profession

The public oversight of the audit profession covered **59 cabinets de révision agréés** (approved audit firms) and **314 réviseurs d'entreprises agréés** (approved statutory auditors) as at 30 November 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)

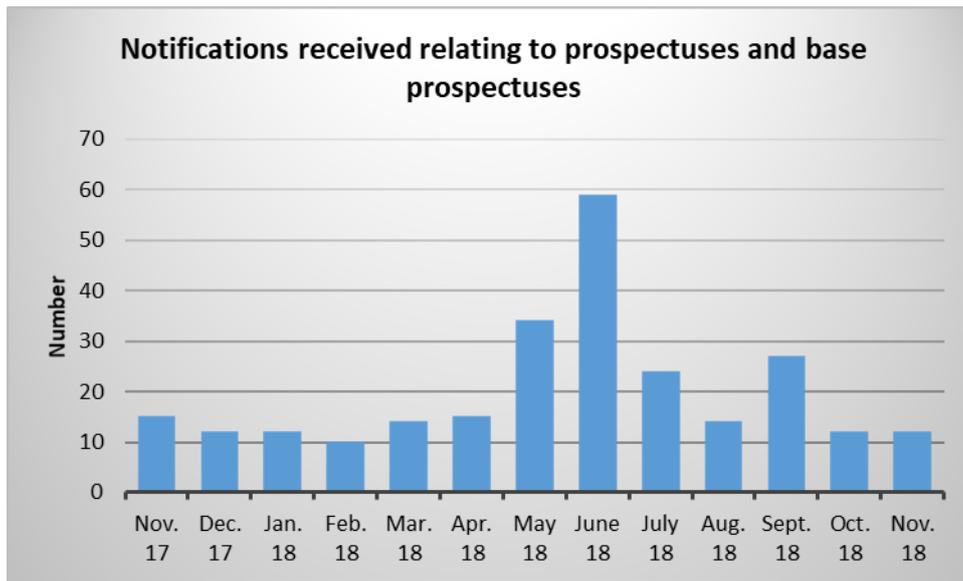
CSSF approvals



In November 2018, the CSSF approved a total of 119 documents pursuant to the Prospectus Law, which break down as follows:

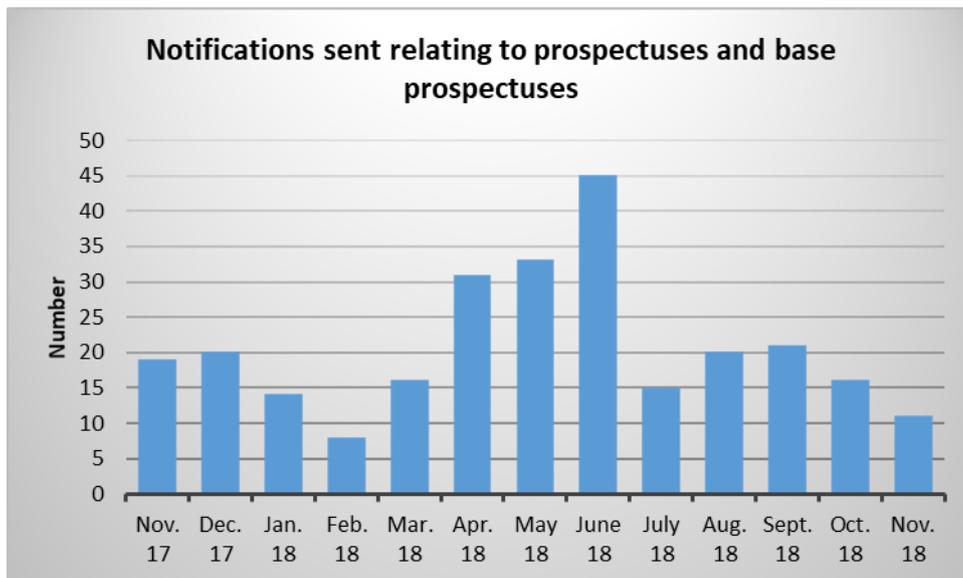
base prospectuses:	18	(15.13%)
other prospectuses:	14	(11.76%)
registration documents:	2	(1.68%)
supplements:	85	(71.43%)

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



In November 2018, the CSSF received 12 notifications relating to prospectuses and base prospectuses and 109 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 November 2018, the CSSF sent 11 notifications relating to prospectuses and base prospectuses and 59 notifications relating to supplements⁵ to the competent authorities of other EEA Member States.

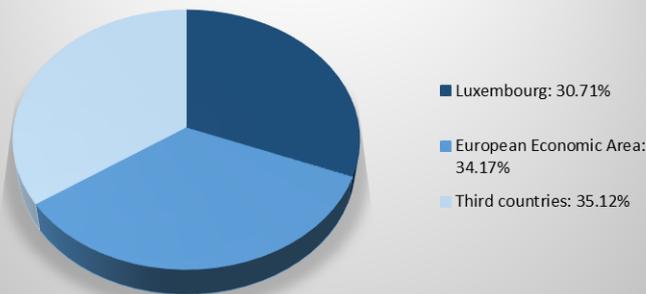
⁵ These figures reflect the number of prospectuses, base prospectuses and supplements for which the CSSF sent one or several notifications. Where notifications were sent at different dates and/or in several Member States, only the first notification is included in the statistical calculation. Each document notified in one or several Member States is thus only counted once.

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")

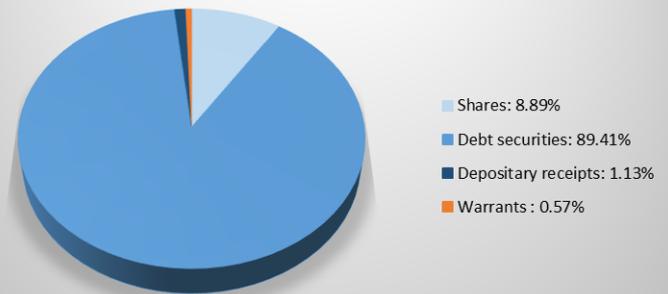
Since 8 November 2018, no issuer has chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, 8 issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 5 December 2018, 521 issuers subject to the supervision of the CSSF were included in the list of issuers whose home Member State is Luxembourg pursuant to the Transparency Law.

Breakdown of issuers according to countries



Breakdown of issuers according to type of securities admitted to trading



HUMAN RESOURCES

Since the publication of the last Newsletter, the CSSF has recruited 7 new agents who were assigned to the following departments:

Personnel, administration and finance

David MONTEIRO

Marine REPELOWICZ

David ZIESER

Information systems of the CSSF

Sergio NEVES

Pascal PIRIH

Supervision of information systems and support PFS

Aikaterini HÖGL

Supervision of banks

Florent MOSCHEL

Following the departure of one agent, the CSSF counts 845 agents on 1 December 2018; 457 of them are men and 388 are women.

FINANCIAL CENTRE

Main updated figures regarding the financial centre

			Annual comparison
Banks	Number (11/12/2018)	136	↘ 5 entities
	Balance sheet total (30/09/2018)	EUR 785.104 bn	↗ EUR 21.658 bn
	Profit before provisions (30/09/2018)	EUR 3.982 bn	↘ EUR 225 m
Payment institutions	Number (11/12/2018)	10	↗ 1 entity
Electronic money institutions	Number (11/12/2018)	5	↘ 1 entity
UCIs	Number (11/12/2018)	Part I 2010 Law: 1,821	↘ 48 entities
		Part II 2010 Law: 296	↘ 28 entities
		SIFs: 1,542	↘ 48 entities
		TOTAL: 3,659	↘ 124 entities
	Number (11/12/2018)	SICARs: 276	↘ 12 entities
	Total net assets (31/10/2018)	EUR 4,207.762 bn	↗ EUR 72.067 bn
Management companies (Chapter 15)	Number (30/11/2018)	206	↗ 4 entities
	Balance sheet total (30/09/2018) ⁶	EUR 14.473 bn	↗ EUR 240 m
Management companies (Chapter 16)	Number (30/11/2018)	161	↘ 10 entities
AIFMs	Number (11/12/2018)	238	↗ 11 entities
Pension funds	Number (19/12/2018)	13	no variation
Authorised securitisation undertakings	Number (11/12/2018)	32	↘ 2 entities
Investment firms	Number (11/12/2018)	96 of which 5 branches	↘ 7 entities
	Balance sheet total (31/10/2018)	EUR 1.546 bn	↘ EUR 2.635 bn
	Provisional net profit (31/10/2018)	EUR 76.70 m	↘ EUR 53.686 m
Specialised PFS	Number (11/12/2018)	110	↘ 3 entities
	Balance sheet total (31/10/2018)	EUR 6.595 bn	↗ EUR 702 m
	Provisional net profit (31/10/2018)	EUR 392.431 m	↗ EUR 46.455 m
Support PFS	Number (11/12/2018)	74	↘ 4 entities
	Balance sheet total (30/10/2018)	EUR 1.233 bn	↗ EUR 109 m
	Provisional net profit (30/10/2018)	EUR 49.58 m	↘ EUR 15.95 m
Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law	Number (05/12/2018)	521	↘ 83 entities
Public oversight of the audit profession	Number (30/11/2018)	59 <i>cabinets de révision agréés</i>	↗ 4 entities
		314 <i>réviseurs d'entreprises agréés</i>	↗ 6 people
		31 third-country auditors and audit firms	↘ 8 entities
Employment (30/09/2018)	Banks	26,336 people	↗ 306 people
	Management companies (Chapter 15) ⁶	4,696 people	↗ 421 people
	Investment firms	2,103 people	↘ 185 people
	Specialised PFS	4,384 people	↗ 260 people
	Support PFS	9,875 people	↗ 408 people
	Total	47,394 people	↗ 1,210 people ⁷

⁶ Preliminary figures

⁷ 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.