



Newsletter

No 225 – October 2019

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NEWS

Update of the FAQ Alternative Investment Fund Managers

The FAQ on alternative investment fund managers (AIFMs) was updated on 27 September 2019. The new version is available at: http://www.cssf.lu/fileadmin/files/AIFM/FAQ_AIFMD.pdf.

Update of Questions/Answers (Part II) on the statuses of PFS

Questions concerning all categories of PFS were amended on 7 October 2019. The new version of the Questions/Answers is available at:

http://www.cssf.lu/fileadmin/files/PSF/FAQ_PSF_II_071019_eng.pdf.

WARNINGS

CSSF Warnings

- [Warning regarding the activities of an entity named bit-bay EUROPE S.A.](#)
- [Warning regarding the website \[www.lai-patrimoine.com\]\(http://www.lai-patrimoine.com\)](#)
- [Warning regarding the activities of an entity named Gold Heritage](#)

Warnings published by IOSCO

Several warnings have been published on the IOSCO website at:

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

FIGHT AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

The three European Supervisory Authorities (EBA, ESMA, EIOPA) published their second joint opinion on the risks of money laundering and terrorist financing in the European financial sector (04.10.2019)

This joint opinion is based on the data and information provided by national authorities competent in this matter and aims to contribute to the strengthening of EU anti-money laundering and countering the financing of terrorism efforts.

The document refers notably to weaknesses in the controls (particularly, with respect to transaction monitoring and reporting of suspicious transactions) implemented within the financial institutions, especially those active in sectors where there are large volumes of transactions and divergent transpositions of certain provisions of the fourth AML/CFT Directive (EU) 2015/849 and other European texts. The opinion highlights also the increasing use of new technologies by credit and financial institutions which, on the one hand, can offer effective means to contribute to the fight against financial crime but which can also, on the other hand, increase the ML/TF risks if vulnerabilities are not understood and appropriately mitigated. In addition, the opinion refers to the rapid spread of virtual currencies and the related risks, notably due to the absence of a common regulatory regime and the anonymity associated with them.

To tackle all these risks and concerns, the European Supervisory Authorities consider that the national competent authorities must play a more active role and enhance their engagement with the private sector to develop notably a better understanding of new technologies, products and services available and ensure that their supervision is adequate.

It should be pointed out that this opinion informed the second European Commission's Supra National Risk Assessment (SNRA) which was published on 24 July 2019. The SNRA examines for the second

time (the first report was adopted in 2017) the money laundering and terrorist financing risks affecting the European internal market by taking into account notably the cross-border nature of the provided activities.

It should also be noted that, compared to the 2017 report, additional topics considered as particularly exposed to ML/TF risks were analysed, among which, the risks associated with professional football, free ports and investor citizenship/residence schemes.

In general, the SNRA confirmed most of the risks identified in the national ML/TF risk assessment report of Luxembourg with respect to products as well as segments analysed.

FATF Guidance on TCSPs

The law on the financial sector (“LFS”, Articles 13 to 28) concerns in detail Specialised Professionals of the Financial Sector (“specialised PFS”) subject to AML/CFT supervision by the CSSF. The Guidance for a Risk-Based Approach for Trust and Company Service Providers published in June 2019 and applying foremost, with respect to the financial sector, to professionals providing domiciliation, family office and company incorporation and management services, shows the intention of the Financial Action Task Force (FATF) to explain the principles for the application of a risk-based approach and to indicate the good practices to follow in order to establish and efficiently implement this approach with a view to enhance the development of a common understanding of the risk-based approach with respect to the fight against money laundering and terrorist financing (“AML/CFT”).

In this guidance, the FATF highlights some new elements requiring attention and consideration to be taken into account in the framework of trusts and company service providers (“TCSPs”). We note that the legal and regulatory framework on ML/TF requirements in Luxembourg, as defined in the AML Law of 2004 and Grand-ducal Regulation of 2010 already takes into account most of these elements. The key focal points concern:

- A. Identification and analysis of inherent risks:** Specialised PFS (the “professionals”) are advised to refer to the results of the National Assessment of ML/TF Risks in order to identify and analyse the risks to which they are exposed and to any other relevant report from competent authorities as well as to take into account the FATF’s Recommendations and code of conduct with respect to risk indicators and to transparency and beneficial ownership. They are increasingly encouraged to consider practices, size and scope of the services they provide as well as their expertise in this area and available resources and to use all this necessary information to establish and document their risk-based approach. Finally, the FATF warns of additional specific risks in relation to clients by listing (not exhaustively) new concrete examples describing cases of clients wishing to obscure their real beneficial owners.
- B. Factors mitigating or increasing the risk level:** As regards the factors mitigating the risks, the FATF proposes to take into consideration the supervision of a client by one or more regulators, as well as the provider’s expertise or particular knowledge of the legal and supervisory framework of a country. With respect to the factors increasing the risk level, the guidance introduces the element of “contingency” in unusual circumstances of establishment of business relationships and warns against the use of multiple trusts and companies within a client structure. The guidance also refers to one-off client relationships for the establishment of complex trusts.
- C. Particular elements of initial and ongoing customer due diligence:** Similarly to Article 24 of CSSF Regulation 12-02, the FATF highlights the importance of obtaining information on the origin of the assets and the source of funds already during the establishment of the initial business relationship, irrespective of the final classification of risks and the application of specific enhanced or simplified due diligence measures. It should also be borne in mind that the identification of beneficial owner(s) does not end at the intermediary level of complex ownership structure but at its end, when identifying and verifying the ultimate and real beneficial owners. As regards ongoing due diligence measures, the FATF reminds that the professionals must ensure that the trustees, settlors, beneficial owners or other natural persons exercising effective control are aware of any changes in the client’s identity and risk profile.
- D. Mechanisms enhancing compliance:** The code of conduct restates that the effectiveness of the governance and internal controls must be reviewed in the best way via a regular and independent compliance review and that appropriate and sufficient staff which has the necessary knowledge

proportionate to the nature of the business, which had targeted training and corresponding to the risk-based approach of the professionals and their clients will be fundamentals to ensure ML/FT compliance.

CSSF COMMUNIQUES

Date	Publications
20.09.2019	Conference - AML/CFT for registered investment fund managers
27.09.2019	Temporary suspension of the provision of services by CYBERServices Europe S.A.
30.09.2019	Global situation of undertakings for collective investment at the end of August 2019
01.10.2019	Communication regarding UCI approval through eDesk
04.10.2019	ESMA consults on MAR review
04.10.2019	Conference - AML/CFT for specialised professionals of the financial sector
08.10.2019	Profit and loss account of credit institutions as at 30 June 2019
09.10.2019	Risk assessment of money laundering and terrorist financing (ML/TF)
10.10.2019	The EBA has published a vacancy notice for the position of Executive Director
11.10.2019	Mandatory notification in the context of Brexit
14.10.2019	Communication regarding the results of the 2018 EMIR IFM questionnaire

WITHDRAWALS DECIDED BY THE CSSF

A decision to withdraw the management company AVON CAPITAL EUROPE S.A R.L. from the official list of management companies authorised under Chapter 16 of the Law of 17 December 2010 relating to undertakings for collective investment was taken by the CSSF on 30 August 2019.

A decision to withdraw the specialised investment fund PRUDENT INVESTMENT FUND from the official list of specialised investment funds was taken by the CSSF on 11 September 2019.

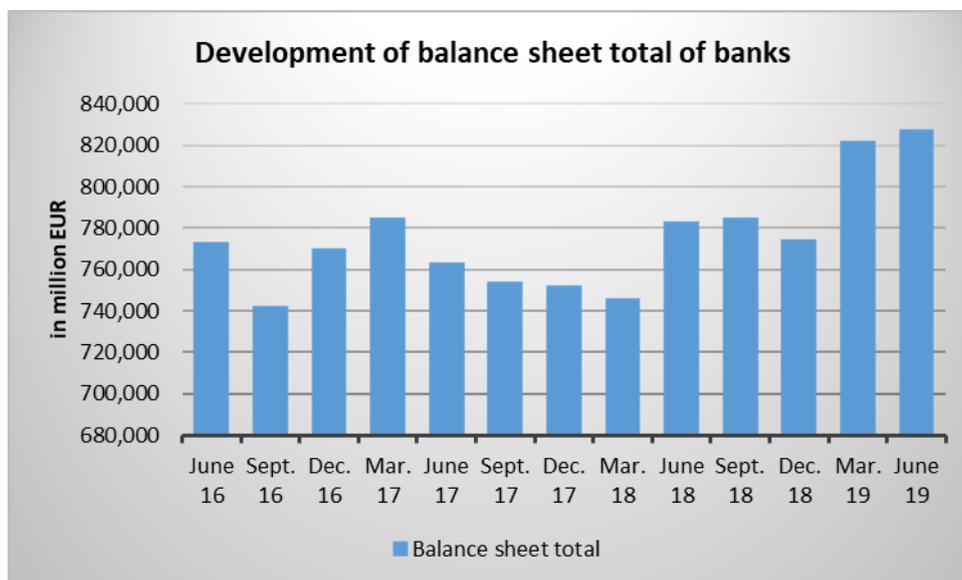
A decision to withdraw the undertaking for collective investment WORLD STRATEGY PORTFOLIOS from the official list of undertakings for collective investment was taken by the CSSF on 1 October 2019.

A decision to withdraw the specialised investment fund HISTORIC & TROPHY BUILDINGS FUND from the official list of specialised investment funds was taken by the CSSF on 4 October 2019.

STATISTICS

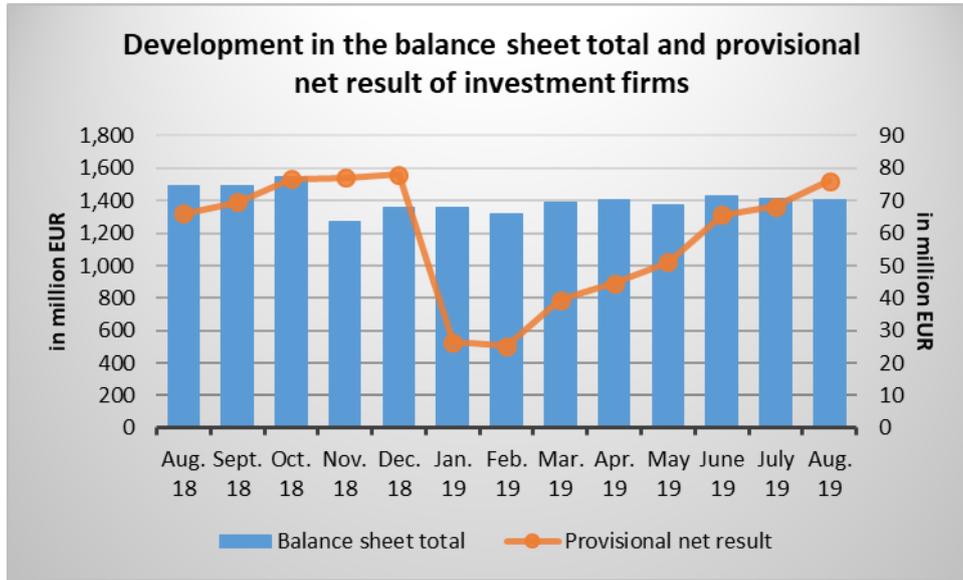
Credit institutions

Increase in the balance sheet total as at 30 June 2019



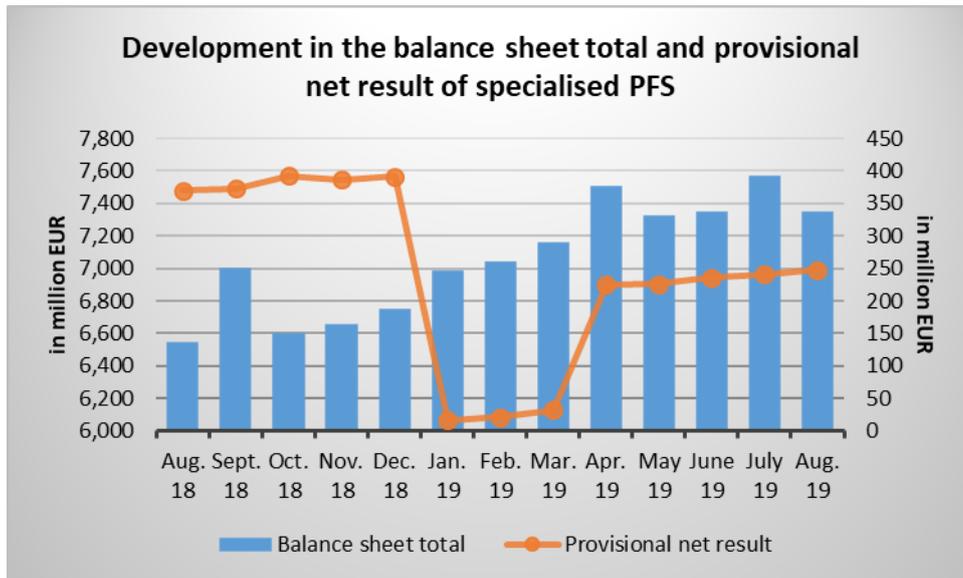
Investment firms

Decrease in the balance sheet total as at 31 August 2019



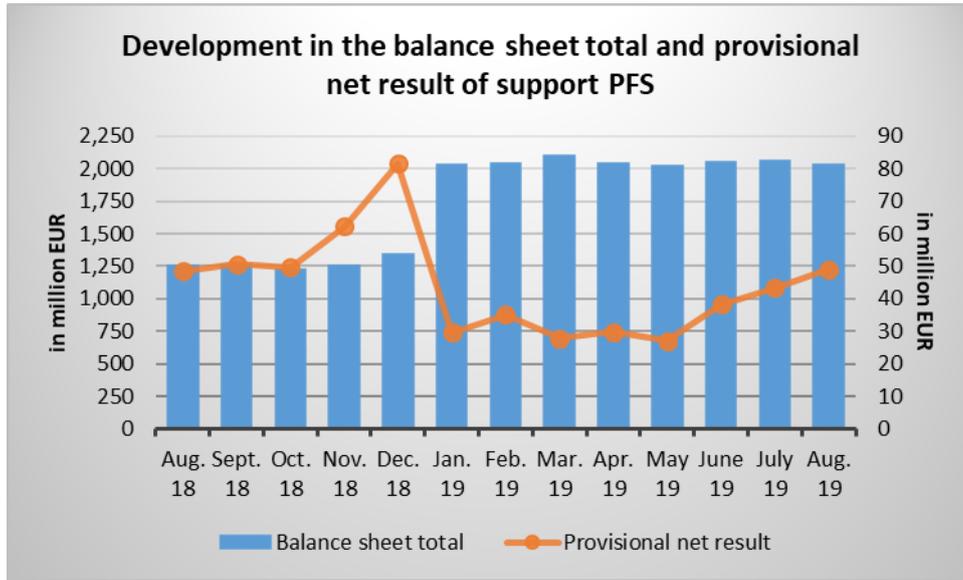
Specialised PFS

Decrease in the balance sheet total as at 31 August 2019



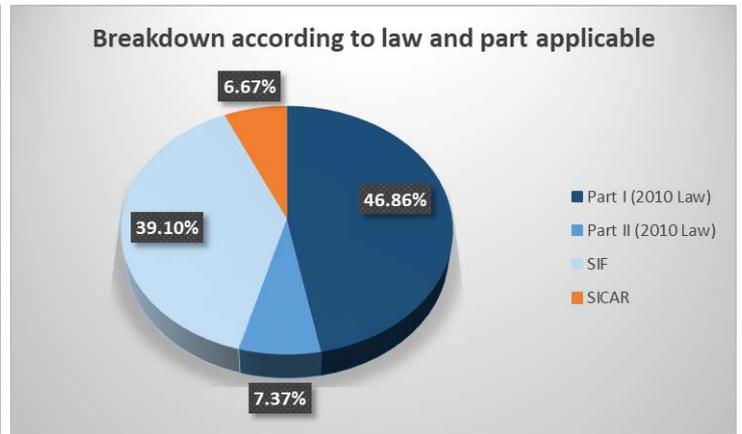
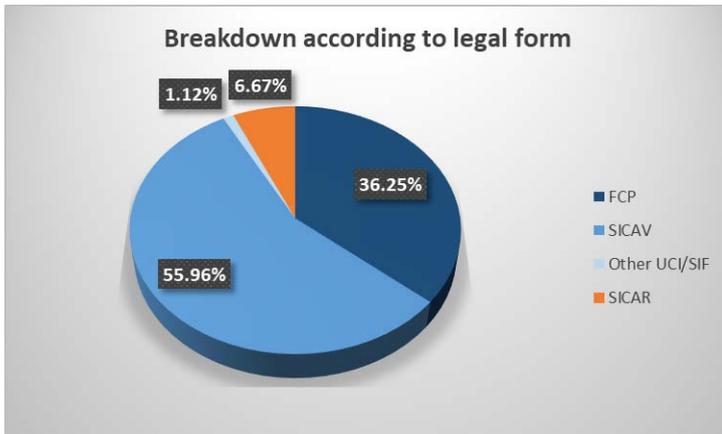
Support PFS

Decrease in the balance sheet total as at 31 August 2019



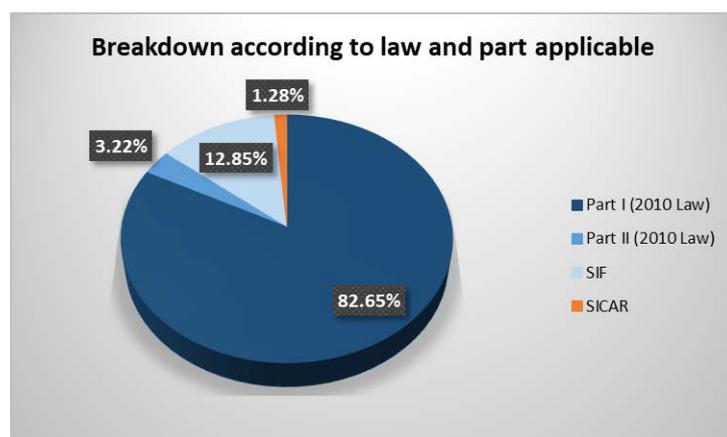
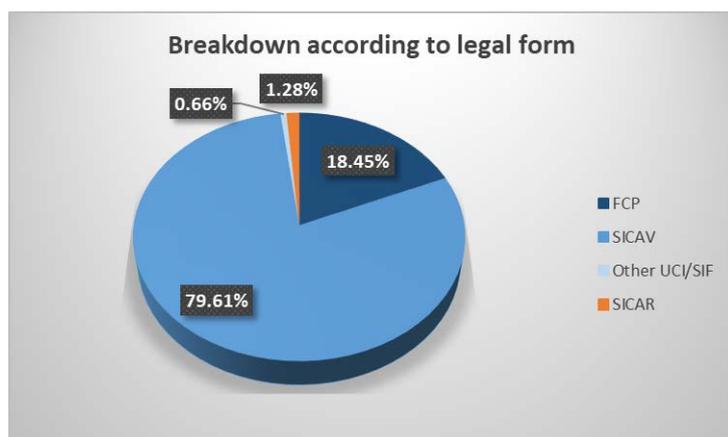
UCIs (Situation as at 31 August 2019)

Number of UCIs



Law, part/legal form	FCPs	SICAVs	Other UCIs/SIFs	SICARs	Total
Part I (2010 Law)	928	864	0	0	1,792
Part II (2010 Law)	140	140	2	0	282
SIFs	318	1,136	41	0	1,495
SICARs	0	0	0	255	255
TOTAL	1,386	2,140	43	255	3,824

Net assets of UCIs



Law, part/legal form (in bn EUR)	FCPs	SICAVs	Other UCIs/SIFs	SICARs	Total
Part I (2010 Law)	597.635	3,123.683	0.000	0.000	3,721.318
Part II (2010 Law)	48.258	96.462	0.455	0.000	145.175
SIFs	185.003	364.282	29.336	0.000	578.621
SICARs	0.000	0.000	0.000	57.379	57.379
TOTAL	830.896	3,584.427	29.791	57.379	4,502.493

Breakdown according to investment policy

Breakdown according to investment policy	Net assets (in bn EUR)	Number of fund units ¹
Fixed-income securities	1,391.681	3,167
Variable-yield transferable securities	1,299.110	4,050
Mixed transferable securities	940.249	3,908
Funds of funds	257.193	2,109
Money market instruments and other short-term securities	349.590	222
Cash	7.922	18
Private equity	41.620	220
Venture capital	2.328	29
Real estate	79.406	319
Futures and/or options	11.960	117
Other assets	64.055	277
Public-to-Private	0.125	3
Mezzanine	1.475	10
Venture Capital (SICARs)	7.949	81
Private Equity (SICARs)	47.830	292
TOTAL	4,502.493	14,822

¹ "Fund units" refers to both traditionally structured UCIs and sub-funds of umbrella funds.

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	1,273.764	2,632	65.495	42.367	23.128
Variable-yield transferable securities	1,226.447	3,695	33.867	41.617	-7.750
Mixed transferable securities	748.727	2,819	18.648	21.279	-2.631
Funds of funds	127.453	906	2.381	2.178	0.203
Money market instruments and other short-term securities	327.224	177	157.586	146.879	10.707
Cash	7.861	15	3.386	1.769	1.617
Futures and/or options	6.955	55	0.399	0.378	0.021
Other assets	2.887	9	0.040	0.183	-0.143
TOTAL PART I:	3,721.318	10,308	281.802	256.650	25.152
PART II					
Fixed-income transferable securities	19.259	96	0.471	0.597	-0.126
Variable-yield transferable securities	14.376	60	0.413	0.165	0.248
Mixed transferable securities	53.424	194	1.249	1.299	-0.050
Funds of funds	26.957	246	0.291	0.560	-0.269
Money market instruments and other short-term securities	16.645	36	1.246	0.934	0.312
Cash	0.000	0	0.000	0.000	0.000
Private equity	7.343	18	0.166	0.003	0.163
Venture capital	0.000	0	0.000	0.000	0.000
Real estate	1.507	19	0.036	0.004	0.032
Futures and/or options	1.736	19	0.006	0.073	-0.067
Other assets	3.928	15	0.049	0.037	0.012
TOTAL PART II:	145.175	703	3.927	3.672	0.255
SIFs					
Fixed-income transferable securities	98.658	439	2.192	4.021	-1.829
Variable-yield transferable securities	58.287	295	0.789	0.693	0.096
Mixed transferable securities	138.098	895	3.054	1.673	1.381
Funds of funds	102.783	957	2.134	0.538	1.596
Money market instruments and other short-term securities	5.721	9	2.612	1.745	0.867
Cash	0.061	3	0.000	0.003	-0.003
Private equity	34.277	202	0.237	0.073	0.164
Venture capital	2.328	29	0.023	0.003	0.020
Real estate	77.899	300	1.116	0.143	0.973
Futures and/or options	3.269	43	0.364	0.062	0.302
Other assets	57.240	253	0.648	0.710	-0.062
TOTAL SIFs:	578.621	3,425	13.169	9.664	3.505
SICARs					
Public-to-Private	0.125	3	0.000	0.000	0.000
Mezzanine	1.475	10	0.000	0.000	0.000
Venture capital	7.949	81	0.007	0.000	0.007
Private equity	47.830	292	0.051	0.354	-0.303
TOTAL SICARs	57.379	386	0.058	0.354	-0.296
TOTAL LUXEMBOURG UCIs	4,502.493	14,822	298.956	270.340	28.616

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	919.946	20.4%	171	4.5%	1,119	7.5%
United Kingdom	824.954	18.3%	267	7.0%	1,649	11.1%
Germany	636.986	14.2%	1,282	33.5%	2,637	17.8%
Switzerland	626.866	13.9%	565	14.8%	2,756	18.6%
France	433.372	9.6%	298	7.8%	1,570	10.6%
Italy	315.663	7.0%	139	3.6%	1,225	8.3%
Belgium	195.286	4.3%	159	4.2%	886	6.1%
Luxembourg	111.919	2.5%	240	6.3%	690	4.6%
Netherlands	100.971	2.3%	48	1.2%	263	1.8%
Denmark	91.082	2.0%	24	0.6%	214	1.4%
Others	245.448	5.5%	631	16.5%	1,813	12.2%
TOTAL	4,502.493	100.0%	3,824	100.0%	14,822	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	6.031	0.134%	26	0.175%
CAD	2.657	0.059%	20	0.135%
CHF	45.705	1.015%	268	1.808%
CNH	2.162	0.048%	25	0.169%
CNY	0.303	0.007%	4	0.027%
CZK	1.320	0.029%	68	0.459%
DKK	1.916	0.043%	16	0.108%
EUR	2,408.632	53.496%	9,368	63.203%
GBP	142.830	3.172%	324	2.186%
HKD	4.865	0.108%	10	0.067%
HUF	0.369	0.008%	31	0.209%
JPY	56.341	1.251%	202	1.363%
NOK	5.232	0.116%	33	0.223%
NZD	0.764	0.017%	4	0.027%
PLN	0.250	0.006%	12	0.081%
RON	0.493	0.011%	4	0.027%
SEK	42.477	0.943%	154	1.039%
SGD	0.948	0.021%	6	0.040%
TRY	0.004	0.000%	1	0.007%
USD	1,779.171	39.515%	4,245	28.640%
ZAR	0.023	0.001%	1	0.007%
TOTAL	4,502.493	100.000%	14,822	100.000%

Pension funds

As at 16 October 2019, **12 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

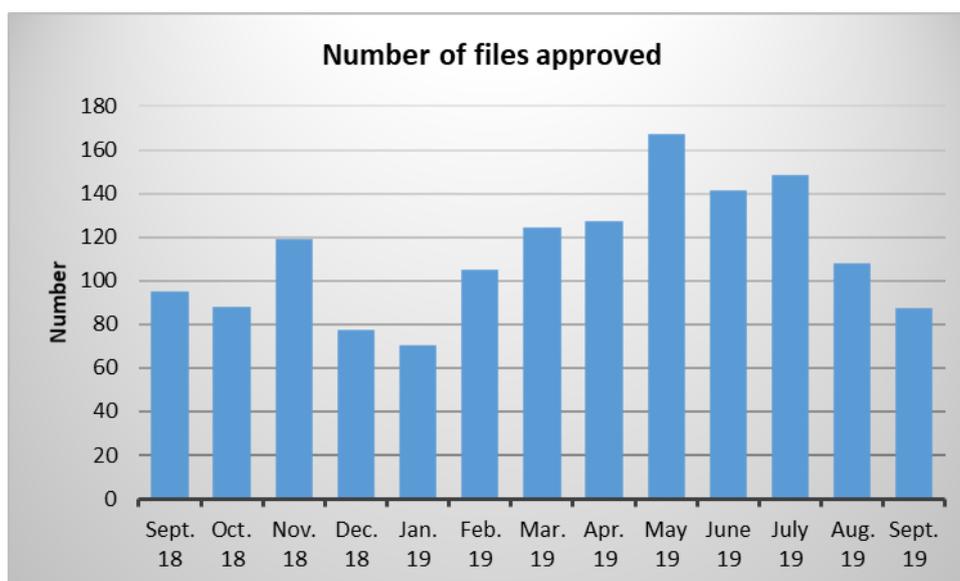
The number of securitisation undertakings authorised by the CSSF in accordance with the Law of 22 March 2004 on securitisation amounted to **32 entities** as at 16 October 2019.

Public oversight of the audit profession

The public oversight of the audit profession covered **60 cabinets de révision agréés** (approved audit firms) and **326 réviseurs d'entreprises agréés** (approved statutory auditors) as at 30 September 2019. The oversight also included **24 third-country auditors and audit firms** duly registered in accordance with the Law of 23 July 2016 concerning the audit profession.

Prospectuses for securities relating to offers to the public or admissions to trading on a regulated market

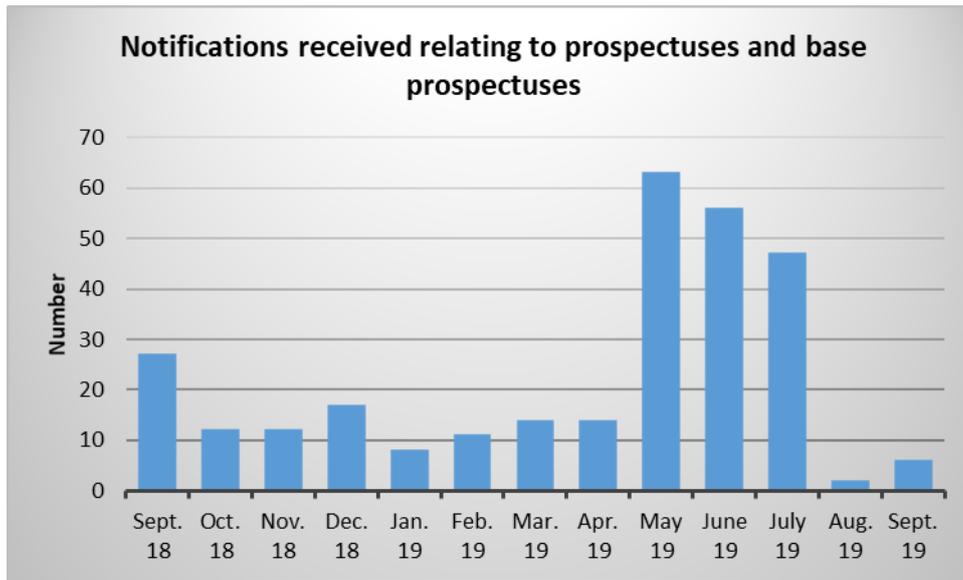
CSSF approvals



In September 2019, the CSSF approved a total of 87 documents pursuant to the Prospectus Regulations, which break down as follows:

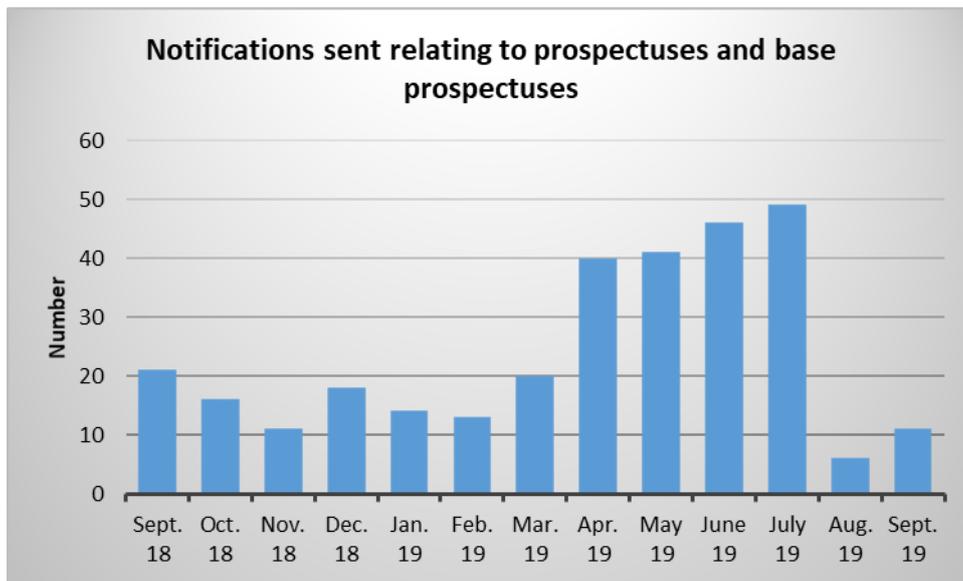
base prospectuses:	6	(6.90 %)
other prospectuses:	20	(22.99 %)
registration documents:	1	(1.15 %)
supplements:	60	(68.96 %)

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



In September 2019, the CSSF received 6 notifications relating to prospectuses and base prospectuses and 57 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 2019, the CSSF sent 11 notifications relating to prospectuses and base prospectuses and 41 notifications relating to supplements to the competent authorities of other EEA Member States².

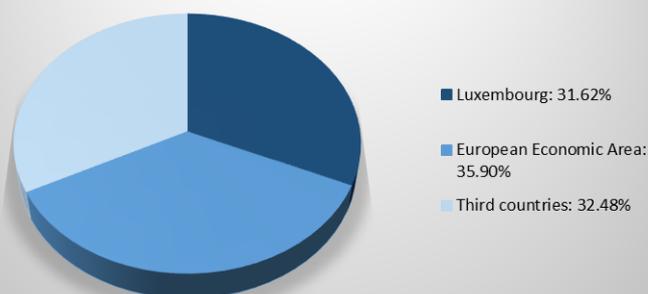
² These figures reflect the number of prospectuses, base prospectuses and supplements for which the CSSF sent one or several notifications. Where notifications were sent at different dates and/or in several Member States, only the first notification is included in the statistical calculation. Each document 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")

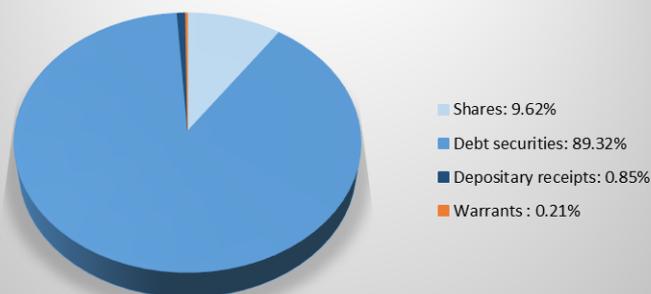
Since 10 September 2019, four issuers have chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, no issuer was deregistered from the list due to the fact that it no longer falls within the scope of the Transparency Law.

As at 9 October 2019, **468 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

In order to increase its staff, the CSSF hired 10 employees on 1 October 2019 and counts, following the departure of two employees, 900 agents (479 men and 421 women). They have been assigned to the following departments:

Information security

Pierre-Michel FOIDART

Executive Board secretariat

Melanie MARQUES DA SILVA

Supervision of banks

Shihui LIANG

Florence MOREAU

Vania RIBEIRO

Resolution

Michael BÖHL

Information systems of the CSSF

Monica CELOIU

Célia DUFOR

Alexandre GELENNE

Sébastien OTTO

EUROPEAN/INTERNATIONAL NEWS IN SEPTEMBER 2019

BANKING REGULATION AND SINGLE SUPERVISORY MECHANISM
Single Supervisory Mechanism (SSM) - European Central Bank (ECB)

Date	Publications	Description
05.09.2019	List of supervised entities (as of 1 August 2019)	<p>The ECB has updated the list of supervised entities and supervised groups that are directly supervised by the ECB (“significant supervised entity” and “significant supervised group”, as defined in Article 2, points (16) and (22) of the SSM Framework Regulation). It has also published the list of entities supervised by a national competent authority (NCA).</p> <p>In Luxembourg, the number of significant institutions at the highest level of consolidation that are directly supervised by the ECB has remained unchanged at 5 institutions, and the number of less significant institutions has remained unchanged at 63 institutions.</p>
05.09.2019	Letter from the Chair of the Supervisory Board to a member of the European Parliament	The ECB has released a letter from the Chair of the Supervisory Board to a member of the European Parliament related to bank capital levels.
19.09.2019	Letter from the Chair of the Supervisory Board to a member of the German Parliament	The ECB has released a letter from the Chair of the Supervisory Board to a member of the German Parliament related to tax fraud.
Date	Interviews and speeches	Description
04.09.2019	Andrea Enria: First ordinary hearing in 2019 at the European Parliament's Economic and Monetary Affairs Committee	Introductory statement by Andrea Enria, Chair of the Supervisory Board of the ECB, in Brussels.
04.09.2019	Yves Mersch: Appointment hearing as Vice-Chair of the ECB Supervisory Board	Appointment hearing of Yves Mersch, member of the Executive Board of the ECB, at the Committee on Economic and Monetary Affairs of the European Parliament, in Brussels.
09.09.2019	Pentti Hakkarainen: The greening of the financial sector	Speech by Pentti Hakkarainen, member of the Supervisory Board of the ECB, at the Hannes Snellman Financial Law Seminar, in Helsinki.

17.09.2019	Andrea Enria: Post-crisis repair and the profitability malady	Presentation given by Andrea Enria, Chair of the Supervisory Board of the ECB, at the Forum Analysis, in Milan.
26.09.2019	Andrea Enria: The future of stress testing – realism, relevance and resources	Keynote speech by Andrea Enria, Chair of the Supervisory Board of the ECB, at the European Systemic Risk Board (ESRB) Annual Conference.

European Council

Date	Regulatory development	Description
25.09.2019	Council agrees position on a unified EU classification system for sustainable finance	EU ambassadors greenlighted the Council's position on a proposal to create an EU-wide classification system, which will provide businesses and investors with a common language to identify what economic activities can be considered environmentally sustainable.

European Banking Authority (EBA)

Date	Publications	Description
04.09.2019	EBA adds the Securitisation Regulation to its online Interactive Single Rulebook and Q&A tools	Users will now be able to review on the EBA website all the EBA's final technical standards and guidelines associated with the “ simple, transparent and standardised ” (STS) Securitisation Regulation (EU) 2017/2402 by navigating through the text on an article-by-article basis. The inclusion of the Securitisation Regulation into the Q&A tool will also allow users to submit any questions they may have on the application of this Regulation and the EBA's work related to it.
09.09.2019	EBA will clarify the prudential treatment applicable to own funds instruments at the end of the grandfathering period expiring on 31 December 2021	The EBA has announced its intention to provide clarity on the appropriate treatment of the so-called 'legacy instruments' at the end of 2021, when the benefits of the grandfathering period will expire. The aim of the clarification is to preserve a consistent and high quality capital base for EU institutions under the CRR.
10.09.2019	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.

23.09.2019 [EBA launches its 2019 EU-wide transparency exercise](#)

In November 2019, together with the Risk Assessment Report (RAR), the EBA will release up to 2.2 million data points on about 130 EU banks. The data will cover capital positions, financial assets, risk exposure amounts, sovereign exposures and asset quality. As in the past, the exercise is exclusively based on supervisory reporting data, which will keep the burden for the banks to a minimum. **Transparency exercises** are conducted on an annual basis and are part of the EBA's efforts to monitor risks and vulnerabilities and to reinforce market discipline.

Date	Consultation	Description
25.09.2019	EBA consults on its proposals to create a STS framework for synthetic securitisation	<p>The EBA has launched a 2-month public consultation on its proposals for a simple, transparent and standardised (STS) framework for synthetic securitisation. While the discussion paper does not provide any recommendations on potential differentiated regulatory treatment, it does seek stakeholders' input about the possibility, its potential impact and other considerations.</p> <p>The consultation runs until 25 November 2019.</p>

European Supervisory Authorities (ESAs)

Date	Publication	Description
12.09.2019	ESAs publish Joint Committee report on risk and vulnerabilities in the EU financial system	The European Union's (EU) banking, insurance, pensions and securities sectors continue to face a range of risks, as shown by the latest report on risks and vulnerabilities in the EU financial system as published by the Joint Committee of the ESAs. EU financial regulators highlight risks of a no-deal Brexit and search for yield.

Bank for International Settlement (BIS)

Date	Publication	Description
16.09.2019	BIS convenes senior officials from public authorities to discuss stablecoins	Senior officials from public authorities worldwide met in Basel to discuss policy and regulatory issues posed by the emergence of stablecoin initiatives backed by financial institutions and large technology companies. The conference included presentations by Fidelity International, the Libra Association and JP Morgan.

Macroprudential topics and fora

European Central Bank (ECB)

Date	Publication	Description
27.09.2019	ECB publishes its opinion on draft governmental amendments to the draft law on macroprudential measures on residential mortgage loans in Luxembourg	The ECB notes that the draft amendments do not amend the aspects on which the ECB has previously opined. Against this background, the ECB reiterates the observations made in its previous opinion. The ECB emphasises, in particular, that the Banque centrale du Luxembourg (BCL) should play a leading role in macroprudential oversight, given BCL's expertise and existing responsibilities in the area of financial stability. The ECB already delivered its opinion on the original draft law (see Opinion CON/2018/9).

European Systemic Risk Board (ESRB)

Date	Publication	Description
23.09.2019	ESRB issues five warnings and six recommendations on medium-term residential real estate sector vulnerabilities	<p>The ESRB has published a set of country-specific warnings and recommendations on medium-term vulnerabilities in the residential real estate (RRE) sector. The ESRB decided to issue the warnings and recommendations following a systematic, forward-looking European Economic Area (EEA)-wide assessment of RRE.</p> <p>A recommendation has been addressed to Luxembourg (see ESRB/2019/6).</p>

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 as from
Belgium	0.5%*	01/07/2020
	0.5%*	01/10/2019
Bulgaria	1%*	01/04/2020
	1.5%	01/07/2019
Czech Republic	1.75%*	01/01/2020
	2%*	01/07/2020
Denmark	0.5%	31/03/2019
	1%*	30/09/2019
	1.5%*	30/06/2020

France	0.25%	01/07/2019
	0.5%*	02/04/2020
Germany	0.25%*	01/07/2020
Iceland	1.75%	15/05/2019
	2%*	01/02/2020
Ireland	1%	05/07/2019
Lithuania	1%	30/06/2019
Luxembourg	0.25%*	01/01/2020
Norway	2%	31/12/2017
	2.5%*	31/12/2019
Slovakia	1.5%	01/08/2019
	2%*	01/08/2020
Sweden	2%	19/03/2017
	2.5%*	19/09/2019
United Kingdom	1%	28/11/2018

Pending CCyB rates are followed by an asterisk (“*”).

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

Financial Stability Board (FSB)

Date	Publications	Description
13.09.2019	Three priorities for international regulatory and supervisory cooperation	Discussion about the three “I-s” priorities: implementation, integration and innovation, and the fourth I - international cooperation. Remarks by Dietrich Domanski at Eurofi in Helsinki.

NEWS OF THE EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA)

Date	Publications	Description
02.09.2019	ESMA strengthens liquidity stress tests for investment funds	ESMA has published its final guidance regarding liquidity stress tests of investment funds – applicable to both Alternative Investment Funds (AIFs) and Undertakings for the Collective Investment in Transferable Securities (UCITS).
05.09.2019	ESMA publishes stress simulation framework for investment funds	ESMA has developed a framework to be used for stress simulations for the investment fund sector. The method developed by ESMA is presented in detail in its Economic Report published, and is

		accompanied by a case study where it is applied to 6,000 UCITS bond funds.
05.09.2019	ESMA published responses to survey on short-termism in the financial sector	ESMA has published the responses it received to its call for evidence on potential short-term pressures on corporations stemming from the financial sector. Considering the impact of short-termism forms part of ESMA's work on sustainable finance and relates to the European Commission's Action Plan on 'Financing Sustainable Growth'.
06.09.2019	MiFID II: ESMA issues latest double volume cap data	ESMA has updated its public register with the latest set of double volume cap (DVC) data under the Markets in Financial Instruments Directive (MiFID II).
10.09.2019	Investors face increasing risks amid renewed market volatility	ESMA has published the second Trends, Risks and Vulnerabilities (TRV) report for 2019. The report identifies a deteriorating outlook for the asset management industry and continued very high market risk. Recent trade tensions have triggered renewed volatility, and concerns over a no-deal Brexit remain key risk drivers for the second half of 2019.
11.09.2019	ESMA publishes responses to its Consultation on cost of market data and consolidated tape	ESMA has published responses to its Consultation on MiFID II/MiFIR review report on the development in prices for pre- and post-trade data and on the consolidated tape for equity instruments.
11.09.2019	ESMA publishes responses to its Call for evidence on certain investor protection topics	ESMA has published responses to its Call for evidence on impact of the inducements and costs and charges disclosure requirements under MiFID II.
19.09.2019	ESMA issues opinion on accepted market practice by Spanish CNMV	ESMA has issued an opinion supporting a revised Accepted Market Practice on liquidity contracts notified by the Spanish market regulator, the Comisión Nacional del Mercado de Valores (CNMV).
23.09.2019	ESMA publishes updated results of the annual transparency calculations for equity and equity-like instruments	ESMA has made available updated results of the annual transparency calculations for equity and equity-like instruments.
24.09.2019	ESMA updates its financial instrument reference database	ESMA released a new version of its Financial Instrument Reference Database (FIRDS) on 23 September 2019.
24.09.2019	ESMA publishes study on the exposure of the EU fund industry to CLOs	Following the significant pickup in the issuance of leveraged loans and collateralised loan obligations (CLOs) in the US and EU, supervisors have expressed concerns about the potential risk to investors.

24.09.2019	ESMA agrees position limits under MiFID II	ESMA has published two opinions on position limits regarding commodity derivatives under the Markets in Financial Instruments Directive and Regulation (MiFID II/MIFIR).
24.09.2019	ESMA responds to European Commission on annual review of RTS 2	ESMA has responded to the European Commission (EC) regarding the Annual Review of RTS 2. RTS 2 requires ESMA to submit annual reports to the EC assessing the operation of some transparency thresholds for bonds and derivatives.
27.09.2019	ESMA study finds high impact of costs on performance, especially for active equity funds	ESMA has carried out a study of the performance of active equity funds as compared to passive equity funds, ETFs and relevant benchmarks.
30.09.2019	ESMA issues an opinion on product intervention measures by Cyprus	ESMA has issued an opinion on product intervention measures taken by the National Competent Authority (NCA) of Cyprus.
30.09.2019	ESMA launches call for evidence on the effects of product intervention measures	ESMA has launched a call for evidence on the effects of product intervention measures regarding contracts for differences (CFDs) and binary options on market participants and clients.
30.09.2019	ESMA analyses use of derivatives by UCITS equity funds	ESMA has conducted a study on the use of derivatives by UCITS equity funds in collaboration with researchers from the Technical University of Munich (TUM).

MAIN UPDATED FIGURES REGARDING THE FINANCIAL CENTRE

			Annual comparison
Banks	Number (16/10/2019)	130	↘ 8 entities
	Balance sheet total (30/06/2019)	EUR 827.758 bn	↗ EUR 44.722 bn
	Profit before provisions (30/06/2019)	EUR 2.482 bn	↘ EUR 454 m
Payment institutions	Number (16/10/2019)	11 including 1 branch	↗ 1 entity
Electronic money institutions	Number (16/10/2019)	9	↗ 4 entities
UCIs	Number (10/10/2019)	Part I 2010 Law: 1,787	↘ 44 entities
		Part II 2010 Law: 278	↘ 18 entities
		SIFs: 1,486	↘ 63 entities
		TOTAL: 3,551	↘ 125 entities
	Number (09/10/2019)	SICARs: 255	↘ 21 entities
	Total net assets (31/08/2019)	EUR 4,502.493 bn	↗ EUR 230.105 bn
Management companies (Chapter 15)	Number (30/09/2019)	204	↘ 3 entities
	Balance sheet total (30/06/2019) ³	EUR 14.327 bn	↗ EUR 218 m
Management companies (Chapter 16)	Number (30/09/2019)	164	no variation
AIFMs	Number (10/10/2019)	256	↗ 18 entities
Pension funds	Number (16/10/2019)	12	↘ 1 entity
Authorised securitisation undertakings	Number (16/10/2019)	32	no variation
Investment firms	Number (16/10/2019)	97 including 4 branches	↘ 1 entity
	Balance sheet total (31/08/2019)	EUR 1.402 bn	↘ EUR 89 m
	Provisional net profit (31/08/2019)	EUR 76.00 m	↗ EUR 9.92 m
Specialised PFS	Number (16/10/2019)	107	↘ 3 entities
	Balance sheet total (31/08/2019)	EUR 7.348 bn	↗ EUR 808 m
	Provisional net profit (31/08/2019)	EUR 247.314 m	↘ EUR 122.047 m
Support PFS	Number (16/10/2019)	75	no variation
	Balance sheet total (31/08/2019)	EUR 2.041 bn	↗ EUR 780 m
	Provisional net profit (31/08/2019)	EUR 49.05 m	↘ EUR 0.58 m
Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law	Number (09/10/2019)	468	↘ 63 entities
Public oversight of the audit profession	Number (30/09/2019)	60 <i>cabinets de révision agréés</i>	↗ 1 entity
		326 <i>réviseurs d'entreprises agréés</i>	↗ 18 people
		24 third-country auditors and audit firms	↘ 7 entities
Employment (30/06/2019)	Banks	26,650 people	↗ 167 people
	Management companies (Chapter 15) ³	4,871 people	↗ 319 people
	Investment firms	2,516 people	↗ 432 people
	Specialised PFS	4,660 people	↗ 319 people
	Support PFS	10,037 people	↘ 170 people
	Payment institutions	334 people	N/A
	Electronic money institutions	222	N/A
	Total	49,290 people	↗ 1,067 people ⁴

³ Preliminary figures

⁴ 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. The comparison does not take into account the payment institutions and electronic money institutions.