# Newsletter

## No 210 - July 2018

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## NEWS

# Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU, hereinafter the "5th AMLD"

We would like to draw your attention to the publication of the 5th AMLD in the Official Journal of the European Union L 156 of 19 June 2018. The deadline for the transposition of the 5th AMLD into national law is 10 January 2020. The 5th AMLD significantly amends Directive (EU) 2015/849 (hereinafter the "4th AMLD"), in particular with respect to the following areas which are of particular interest to the financial sector professionals.

I. Scope and definitions

The scope of application is extended to include:

1. "any other person that undertakes to provide, directly or by means of other persons to which that other person is related, material aid, assistance or advice on tax matters as principal business or professional activity";
2. estate agents, also "when acting as intermediaries in the letting of immovable property, but only in relation to transactions for which the monthly rent amounts to EUR 10,000 or more";
3. "providers engaged in exchange services between virtual currencies and fiat currencies" and "custodian wallet providers"; both are required to be registered with an authority for that purpose;
4. "persons trading or acting as intermediaries in the trade of works of art, including when this is carried out by art galleries and auction houses, where the value of the transaction or a series of linked transactions amounts to EUR 10,000 or more";
5. "persons storing, trading or acting as intermediaries in the trade of works of art when this is carried out by free ports, where the value of the transaction or a series of linked transactions amounts to EUR 10,000 or more".

Among the new definitions, we particularly emphasise:

1. "Virtual currencies" defined as "a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money, but is accepted by natural or legal persons as a means of exchange and which can be transferred, stored and traded electronically";
2. "Custodian wallet provider" defined as "an entity that provides services to safeguard private cryptographic keys on behalf of its customers, to hold, store and transfer virtual currencies".

II. Due diligence requirements

1. The prohibition for credit institutions and financial institutions to keep anonymous accounts or anonymous passbooks, was supplemented with the addition of "anonymous safe-deposit boxes". As regards owners and beneficiaries of existing anonymous accounts, anonymous passbooks or anonymous safe-deposit boxes, they will have to be "subject to customer due diligence measures no later than 10 January 2019 and in any event before such accounts, passbooks or deposit boxes are used in any way".
2. As regards simplified due diligence obligations and the derogations granted to customers with respect to electronic money, the maximum amounts referred therein were reduced from EUR 250 to EUR 150. The limit of EUR 500 set for payment instruments that can be used [in Luxembourg] must be removed. Finally, this derogation will not be applicable "in the case of redemption in cash or cash withdrawal of the monetary value of the electronic money where the amount redeemed exceeds EUR 50, or in the case of remote payment transactions as defined in point (6) of Article 4 of Directive (EU) 2015/2366 of the European Parliament and of the Council where the amount paid exceeds EUR 50 per transaction".

3. Identifying the customer and verifying the customer's identity will henceforth be possible via "electronic identification means and [...] relevant trust services as set out in Regulation (EU) No 910/2014 of the European Parliament and of the Council or any other secure, remote or electronic identification process regulated, recognised, approved or accepted by the relevant national authorities".
4. As regards the identification of the beneficial owner, and more specifically where all possible means have been exhausted in order to determine the beneficial owner and the latter is identified as the person who holds the position of managing official (*dirigeant principal*), the obliged entities will be required to "take the necessary reasonable measures to verify the identity of the natural person who holds the position of senior managing official (*dirigeant principal*) and shall keep records of the actions taken as well as any difficulties encountered during the verification process".
5. As for due diligence procedures for existing customers conducted at appropriate times, the 5th AMLD specifies that these appropriate times can also present themselves "when the obliged entity has any legal duty in the course of the relevant calendar year to contact the customer for the purpose of reviewing any relevant information relating to the beneficial owner(s), or if the obliged entity has had this duty under Council Directive 2011/16/EU".
6. Regarding business relationships or transactions involving high-risk third countries, based on a list drawn up by the European Commission, several enhanced due diligence and risk mitigation measures are provided for. In general, the 5th AMLD provides for a tightening of the conditions for entering into a business relationship, for maintaining business relationships and for the execution of transactions involving high-risk third countries.
7. Among the factors indicating a potentially higher risk that the obliged persons must take into account for their due diligence, the 5th AMLD adds "transactions related to oil, arms, precious metals, tobacco products, cultural artefacts and other items of archaeological, historical, cultural and religious importance, or of rare scientific value, as well as ivory and protected species". It also specifies that non-face-to-face business relationships or transactions are considered as higher-risk factors unless they are subject to certain safeguards, such as notably electronic identification means or others.
8. Furthermore, as regards PEPs, the 5th AMLD imposes on each Member State to issue and keep up to date "a list indicating the exact functions which, according to national laws, regulations and administrative provisions, qualify as prominent public functions".

III. Central register

1. Several provisions of the 5th AMLD concern the central register and the information it must hold, in particular, information on beneficial owners. Particularly noteworthy is the requirement of obliged entities and, if appropriate, of "competent authorities to report any discrepancies they find between the beneficial ownership information available in the central registers and the beneficial ownership information available to them".
2. Access to the central register must henceforth be available also for "any member of the general public" without having to demonstrate a legitimate interest but not in case of information on beneficial ownership of a *fiducie* or a trust or a similar legal arrangement.

Furthermore, with regard to Article 30 (linked to draft law No 7217 which creates a register of beneficial owners) as well as Article 31 (linked to draft law No 7216 which creates a register of *fiducies* (trusts)) of the 4th AMLD, the 5th AMLD requires Member States to ensure that any breaches of the requirements to obtain and hold adequate, accurate and current information on beneficial ownership towards entities concerned "are subject to effective, proportionate and dissuasive measures or sanctions".

Moreover, several articles are added to enhance cooperation between competent authorities.

A consolidated version of the 4th AMLD which includes the amendments made by the 5th AMLD is available at:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02015L0849-20180709&from=EN.

## *HUMAN RESOURCES*

### CSSF staff evolution

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

#### Legal department

Sophie GIALLOMBARDO

#### Supervision of investment firms

Liz MEYER

#### On-site inspection

Stefano HEINEN

Following the departure of two agents, the CSSF counts 804 agents of which 435 are men and 369 are women as at 1st July 2018.

## *WARNINGS*

### Warnings published by IOSCO

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

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

## *NATIONAL REGULATION*

### Law of 22 June 2018 amending the Law of 5 April 1993, as amended

The purpose of the Law of 22 June 2018 amending the Law of 5 April 1993 on the financial sector, as amended, in order to introduce renewable energy covered bonds is to amend some provisions regarding banks issuing covered bonds in the Law of 5 April 1993 on the financial sector, as amended. The amendments can be divided into two main parts. The purpose of the first part of the law is to provide for a legal framework for a new type of covered bonds focussed on renewable energy in order to complete the range of products available to market players. With the creation of the “renewable energy” covered bonds, the Luxembourg financial centre acquired a financial product subject to very high standards and with a direct link to the global sector of renewable energy. Thus, the law is in line with the diversification strategy of the financial sector. The second part of the law provides for specific amendments to the regime of banks issuing covered bonds which follow some recent recommendations of the European Banking Authority (EBA).

### CSSF Regulation N° 18-04

CSSF Regulation N° 18-04 sets the countercyclical buffer rate for the third quarter of 2018. This rate remains at 0%.

## Grand-ducal Regulation of 2 July 2018 amending Grand-ducal Regulation of 21 December 2017

The purpose of the grand-ducal regulation is to make necessary amendments to the Grand-ducal Regulation of 2 July 2018 following the entry into force of the Law of 30 May 2018 on markets in financial instruments and the Law of 17 April 2018 on benchmarks.

## Circular CSSF 18/693

The purpose of the circular is to draw the attention of the persons concerned to the Guidelines of the European Banking Authority (EBA) on connected clients under Article 4(1)(39) of Regulation (EU) No 575/2013 (EBA/GL/2017/15) which enter into force on 1 January 2019 and with which the CSSF, as the competent authority, intends to comply.

## Circular CSSF 18/694

The purpose of Circular CSSF 18/694 is to inform the persons and entities supervised by the CSSF of the FATF statements issued during its Plenary of June 2018 concerning (i) jurisdictions whose anti-money laundering and combating the financing of terrorism regime has substantial and strategic deficiencies; (ii) jurisdictions whose anti-money laundering and combating the financing of terrorism regime requires the application of enhanced due diligence measures proportionate to the risks arising from these jurisdictions and (iii) jurisdictions whose anti-money laundering and combating the financing of terrorism regime is not satisfactory.

## Circular CSSF 18/696

The purpose of the circular is to implement into Luxembourg regulation applicable to monetary funds subject to the supervision of the CSSF and to Luxembourg managers of monetary funds the Guidelines on stress tests scenarios under Article 28 of the MMF Regulation (Ref.: ESMA/34-49-115) published on 21 March 2018 by the European Securities and Markets Authority (ESMA).

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# *BANKING REGULATION AND SINGLE SUPERVISORY MECHANISM*

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

### Publications

**1 June 2018 -** ECB published the revised list of supervised entities (as of 1 April 2018)

**20 June 2018 -** ECB published a revised version of the manual for Asset Quality Review of banks

The ECB has updated its manual for the Asset Quality Review (AQR) of euro area banks. The manual contains the methodology for assessing the valuations of bank assets from a prudential perspective. The update incorporates the implications of the entry into force of the new accounting standard IFRS9. The revised manual reflects also the increased importance for ECB Banking Supervision of business models focussed on investment services.

**June 2018** - Letters from the Chair of the Supervisory Board to members of the European Parliament

The ECB has published several letters from the Chair of the Supervisory Board to members of the European Parliament in response to written requests relating to, among others, the EBA guidelines, banks' interactions with borrowers, and mortgages.

### Interviews and speeches

**6 June 2018** - "The digitalization of banking - supervisory implications" - Speech by Pentti Hakkarainen, Member of the Supervisory Board of the ECB, Lisbon Research Centre on Regulation and Supervision of the Financial Sector Conference.

**10 June 2018** - "Interview with La Cuatro" - Interview with Danièle Nouy, Chair of the Supervisory Board of the ECB, conducted by Rebeca Gimeno and broadcast in Noticias Cuatro.

**12 June 2018** - "Interview with Les Echos" - Interview with Pentti Hakkarainen, Member on the Supervisory Board of the ECB, conducted by Solenn Poullenec.

**19 June 2018** - "Banking union: prospects for integration and further consolidation" - Speech by Pentti Hakkarainen, Member of the Supervisory Board of the ECB, SAFE Policy Center Lecture at Goethe University, Frankfurt am Main.

**19 June 2018** - "First ordinary hearing in 2018 at the European Parliament's Economic and Monetary Affairs Committee", Introductory statement by Danièle Nouy, Chair of the Supervisory Board of the ECB, Brussels.

**21 June 2018** - "Good governance - an asset for all seasons", Keynote speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, at the farewell seminar of Jan Sijbrand "From Lehman to Bitcoin - trends and cycles in financial supervision", Amsterdam.

## European Commission and European Council

### Publications

**4 June 2018** - Publication of Commission Implementing Regulation (EU) 2018/815 of 1 June 2018 on the extension until 15 December 2018 of the transitional periods related to own funds requirements for exposures to central counterparties (CCPs) set out in Regulations (EU) No 575/2013 and (EU) No 648/2012 of the European Parliament and of the Council.

**4 June 2018** - Publication of Council Decision (EU) 2018/817 of 22 May 2018 on the position to be adopted, on behalf of the European Union, within the EEA Joint Committee concerning the amendment of Annex IX (Financial services) to the EEA Agreement (EMIR Level 2 Acts).

**19 June 2018** - Publication of Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directive 2009/138/EC and 2013/36/EU.

## European Banking Authority (EBA)

### Publications

**18 June 2018** - EBA published its 2017 Annual Report

The European Banking Authority (EBA) has published its 2017 Annual Report. It provides a detailed account of all the work the EBA achieved in the past year. It also anticipates the key areas of focus in the coming years.

**21 June 2018** - EBA launched its Staff Papers series

The EBA has launched its Staff Papers series, which provides a platform for EBA staff to disseminate research and thematic analyses to a wider public. The EBA Staff Papers series will make available selected studies on financial regulation, supervisory policy and legal issues of general interest with the aim of stimulating discussion and public debate.

**25 June 2018 -** EBA published Opinion to hasten the preparations of financial institutions for Brexit

The EBA has published an Opinion relating to the risks posed by lack of preparation by financial institutions for the departure of the UK from the EU. In this Opinion, the EBA asks competent authorities to ensure that financial institutions take practical steps now to prepare for the possibility of a withdrawal of the UK from the EU with no ratified Withdrawal Agreement in place, and no transition period.

In this respect, please refer to the CSSF Press Release 18/22.

## Capital Requirements Directive and Regulation

**1 June 2018 -** EBA published final amended technical standards on supervisory disclosure

These Implementing Technical Standards (ITS) specify the format, structure, contents list, and annual publication date of the supervisory information to be disclosed by competent authorities. The amended draft ITS reflect changes to the EU legal framework in particular, following the LCR Delegated Act, the EBA Guidelines on SREP and the establishment of the SSM.

**11 June 2018 -** EBA issued revised list of implementing technical standards (ITS) validation rules

The EBA has issued a revised list of validation rules in its ITS on supervisory reporting, highlighting those which have been deactivated either for incorrectness or for triggering IT problems.

**20 June 2018 -** EBA issued updated recommendation on the equivalence of third country confidentiality regimes

The EBA has updated its recommendation on the equivalence of confidentiality and professional secrecy regimes by adding three entities to the equivalence list: the Guernsey Financial Services Commission, the Superintendency of Financial Services of the Central Bank of Uruguay, and the Bank of Korea.

**25 June 2018 -** EBA updated its guides on supervisory data

The EBA has published two versions of its guides on data updated in particular in light of IFRS9 developments. Both the EBA methodological guide on how to compile risk indicators and detailed risk analysis tools and the EBA guidance note on compiling IMF FSIs with EBA ITS data provide insights to users on how to explore supervisory data available through the EBA reporting framework.

**29 June 2018 -** EBA published updated ITS package for 2019 benchmarking exercise

The EBA has published an update to its ITS on benchmarking of internal approaches. The ITS include all benchmarking portfolios that will be used for the 2019 benchmarking exercise.

## Payment Services Directive

**13 June 2018 -** EBA published documents for clarifying the implementation of standards on strong customer authentication and secure communication under the PSD2

The EBA has published two regulatory products, an Opinion and a Consultation paper on draft Guidelines. These papers clarify a number of issues around the regulatory technical standards (RTS) on strong customer authentication and common and secure communication, which will apply from 14 September 2019.

# Consultations

## Capital Requirements Directive and Regulation

**19 June 2018 -** EBA consults on the conditions for allowing institutions to use the purchased receivables approach for calculating capital requirements for securitised exposures

The EBA launched a public consultation on draft RTS specifying the conditions to allow institutions to calculate capital requirements of the securitised exposures (KIRB) in accordance with the purchased receivables approach laid down in the CRR.

The consultation will run until **19 September 2018**.

**22 June 2018** - EBA consults on Guidelines on outsourcing

The EBA has launched a public consultation on its draft Guidelines on outsourcing. These Guidelines, which review the existing CEBS Guidelines on outsourcing published in 2006, aim at establishing a more harmonised framework for outsourcing arrangements of all financial institutions in the scope of the EBA's action. The draft Guidelines provide a definition of outsourcing and specify the criteria to assess whether or not an outsourced activity, service, process or function (or part of it) is critical or important. In particular, the revised Guidelines cover credit institutions and investment firms subject to the CRD, but also payment institutions subject to the PSD2 and electronic money institutions subject to the e-money Directive.

The consultation will run until **24 September 2018**.

### Payment Services Directive

**13 June 2018** - EBA consults on the Guidelines on the conditions to be met to benefit from an exemption from contingency measures under Article 33(6) of Regulation (EU) 2018/389

The EBA has launched a public consultation on Guidelines to clarify a number of issues identified by market participants and competent authorities in relation to the four conditions to be met to benefit from an exemption from the fallback option envisaged under Article 33(6) of Regulation (EU) 2018/389 on strong customer authentication and common and secure communication (RTS on SCA and CSC), which will apply from 14 September 2019. The Guidelines should be read along with the Opinion on the implementation of the RTS on SCA and CSC.

The consultation will run until **13 August 2018**.

## Single Resolution Board (SRB)

**1 June 2018** - SRB released a guide identifying the approach taken for the identification of critical functions

The paper focuses on the identification of critical functions, which is one of the criteria to consider when performing the public interest assessment (PIA) under Directive 2014/59/UE (BRRD). The identification of critical functions is relevant for the selection of the preferred resolution strategy.

## Basel Committee of Banking Supervision (BCBS)

### Publications

**5 June 2018** - BCBS published work programme for 2018-2019

The BCBS has released its programme for 2018-2019. The themes are: (i) finalise existing policy initiatives and initiate targeted policy development; (ii) ensure full, timely and consistent implementation of the BCBS's post-crisis reforms; (iii) promote strong supervision; and (iv) evaluate and monitor the impact of post-crisis reforms.

**21 June 2018** - BCBS issued progress report on banks' implementation of the Principles for effective risk data aggregation and reporting

The progress report is based on the results of a self-assessment survey completed by authorities with supervisory responsibility for global systemically important banks (G-SIBs). The report reviews G-SIBs' progress in implementing the Principles in 2017.

## Macroprudential Fora
## European Systemic Risk Board (ESRB)

**5 June 2018 -** ESRB updated macroprudential policy measures in Europe

The ESRB has updated its overview of national measures of macroprudential interest in the EU and the EEA. The overview covers capital buffers, reciprocation measures and various other measures.

The list of applicable CCyB rates in EU/EEA countries is available on the website of the ESRB. The following countries have announced a CCyB rate different from 0%:

| ***Country*** | **CCyB rate** | **Application date** |
|---|---|---|
| ***Czech Republic*** | 0.5% | 01/07/2017 |
| | | 01/01/2018 |
| | | 01/04/2018 |
| | 1.0% | 01/07/2018 |
| | | 01/10/2018 |
| | 1.25% | 01/01/2019 |
| | | 01/04/2019 |
| | 1.5% | 01/07/2019 |
| ***Denmark*** | 0.5% | 31/03/2019 |
| ***Iceland*** | 1.0% | 01/03/2017 |
| | | 18/05/2017 |
| | | 05/07/2017 |
| | 1.25% | 01/11/2017 |
| | | 16/12/2017 |
| | | 06/04/2018 |
| | | 28/06/2018 |
| | | 17/10/2018 |
| | | 05/01/2019 |
| | 1.75% | 15/05/2019 |
| ***Lithuania*** | 0.5% | 31/12/2018 |
| ***Norway*** | 1.0% | 30/06/2015 |
| | 1.5% | 30/06/2016 |
| | | 31/03/2017 |
| | | 30/06/2017 |
| | | 30/09/2017 |
| | 2.0% | 31/12/2017 |
| Slovakia | 0.5% | 01/11/2017 |
| | | 01/02/2018 |
| | | 01/05/2018 |

| | | |
|---|---|---|
| | 1.25% | 01/08/2018<br>01/11/2018<br>01/02/2019<br>01/05/2019 |
| ***Sweden*** | 1.0%<br>1.5%<br>2.0% | 13/09/2015<br>27/06/2016<br>19/03/2017 |
| ***United Kingdom*** | 0.5%<br><br>1% | 29/03/2017<br>27/06/2018<br>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 and Consultations

**4 June 2018 -** FSB launched a thematic peer review on bank resolution planning

The implementation of *Key Attributes of Effective Resolution Regimes for Financial Institutions* of 2011 by FSB jurisdictions is subject to intensive monitoring and detailed reporting through regular progress reports and peer reviews. The FSB Standing Committee on Standards Implementation (SCSI) agreed to launch a third thematic peer review on resolution regimes, focussing on resolution planning practices for banks.

The feedback should be submitted by **4 July 2018**.

**6 June 2018 -** FSB launched a consultation on technical implementation of the TLAC standard

The FSB has published a call for public feedback on the technical implementation of the standard on the adequacy of total loss-absorbing and recapitalisation capacity for G-SIBs in resolution (the TLAC Standard). The FSB made a commitment to report, by the time of the G20 Leaders' Summit in June 2019, on whether the implementation of the TLAC standard is proceeding in a manner consistent with the timelines and objectives set out in the TLAC standard and to identify any technical issues or operational challenges in the implementation. The views and evidence submitted in response to this call for public feedback should help inform the FSB's monitoring.

The consultation will run until **20 August 2018**.

**21 June 2018 -** FSB published guidance on bail-in execution and resolution funding on the resolvability of global systemically important banks (G-SIB)

The guidance documents were issued for public consultation in November 2017 and have been revised in light of the comments received during the consultation. The documents published in order to assist authorities in implementing *Key Attributes of Effective Resolution Regimes for Financial Institutions* are intended to support the application of the overall policy framework to end "too-big-to-fail". The first guidance sets out principles to assist authorities as they make bail-in resolution strategies operational, while the second guidance document covers the development of resolution funding plans for G-SIBs.

COMMUNIQUES

# List of independent approved statutory auditors and approved audit firms having received less than 15% of the total audit fees from public-interest entities in Luxembourg in 2017

## Communiqué of 22 June 2018

In accordance with Article 16 of Regulation (EU) No 537/2014, the Commission de Surveillance du Secteur Financier ("the CSSF") hereby publishes the list of independent *réviseurs d'entreprises agréés* (approved statutory auditors) and of *cabinets de révision agréés* (approved audit firms) that have received less than 15% of the total audit fees from public-interest entities in Luxembourg in 2017.

**1. Independent *réviseurs d'entreprises agréés* (approved statutory auditors)**

- GRABISCH Bertrand
- KAZENAS Didier
- VON KETELHODT Alhard

**2. *Cabinets de révision agréés* (approved audit firms)**

- A3T S.A.
- AKENE AUDIT S.à r.l.
- ARTEMIS AUDIT & ADVISORY S.à r.l.
- ATWELL S.à r.l.
- AUDIT & CONSULTING SERVICES S.à r.l.
- AUDIT AND TRUST SERVICES S.à r.l.
- AUDIT CENTRAL S.à r.l.
- AUDIT CONSEIL SERVICES S.à r.l.
- AUDITEURS ASSOCIES S.A.
- AUMEA PARTNER S.à r.l.
- AVEGA REVISION S.à r.l.
- BAKER TILLY OSIRIS REVISION & PARTNERS S.à r.l.
- BDO AUDIT S.A.
- BJNP AUDIT S.à r.l.
- C-CLERC S.A.
- CLYBOUW ET ASSOCIES S.à r.l.
- COMPAGNIE DE REVISION S.A.
- COMPAGNIE EUROPEENNE DE REVISION S.à r.l.
- DEVAUX AUDIT & TAX S.à r.l.
- ECOVIS IFG AUDIT S.A.
- ELERIUS
- ERNST & YOUNG LUXEMBOURG S.A.
- EUROLUX AUDIT S.à r.l.
- EXPERIAL SARL, Succursale de Luxembourg
- FIDUCIA AUDIT S.à r.l.
- FIDUCIAIRE ALPHA
- FIDUCIAIRE DE LA GRANDE REGION
- FIDUCIAIRE EVERARD & KLEIN S.à r.l.
- FIDUCIAIRE INTERNATIONALE S.A.
- FIDUCIAIRE KOHN RÉVISION S.à r.l.
- FIDUCIAIRE PROBITAS S.à r.l.
- FIDUCIAIRE TG EXPERTS S.A.
- G.S.L. REVISION S.à r.l.
- GRANT THORNTON AUDIT & ASSURANCE
- HACA PARTNERS S.à r.l.
- INTERNATIONAL AUDIT SERVICES S.à r.l.
- L'ALLIANCE REVISION S.à r.l.
- L'ALLIANCE S.A.
- LUXEMBOURGEOISE D'AUDIT ET DE REVISION, abrégé FLUX-AUDIT
- MAYFAIR AUDIT S.à r.l.
- MAYFAIR S.à r.l.
- MAZARS LUXEMBOURG
- MOORE STEPHENS AUDIT S.A.
- OSIRIS ENTERPRISE, 02E Public Accountants
- PKF AUDIT & CONSEIL
- PRO FIDUCIAIRE Auditing & Accounting S.à r.l.
- RESOURCE REVISION S.à r.l.
- REVYS S.à r.l.
- RSM AUDIT LUXEMBOURG S.à r.l.
- SOCIETE DE REVISION ET D'EXPERTISES S.à r.l.
- SOCIETE FIDUCIAIRE NATIONALE DE REVISION COMPTABLE S.A., FIDAUDIT, succursale de Luxembourg
- STATERA AUDIT S.à r.l.
- TEAMAUDIT S.A.
- TKS LUXEMBOURG
- VPC Luxembourg

## Profit and loss account of credit institutions as at 31 March 2018

### Press release 18/20 of 3 July 2018

**The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 1,278 million for the first three months of 2018. Compared to the same period in 2017, profit before provisions thus decreased by 9.1%.**

The negative development of the profit before provisions of Luxembourg credit institutions during the first three months of 2018 has two main causes: (i) the ongoing increase of general expenses (+4.2%) and (ii) the significant reduction (-44.4%) in the other net income. These adverse effects were partially mitigated by the positive result recorded on the main banking activities such as banking intermediation and asset management.

The **net interest income** registered an increase of 6.4% year-on-year. This trend is shared by half of the banks of the financial centre. The prolonged application of negative interest rates on deposits collected from institutional customers, the rise of the balance sheets and the improved average return on assets are some factors which, depending on the banks, explain the favourable development of the net interest income compared to the previous year.

An increase in **net fee and commission income (+6.6%)** was observed in half of the banks. The rise in this net fee and commission income, which is largely attributable to the activities related to asset management on behalf of private and institutional customers, is directly linked to the upward trend of financial markets and the very favourable development of the investment fund industry.

As regards **other net income,** a significant decrease (-44.4%) was recorded 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 sector. For instance, the negative development of exchange differences of some banks, closely related to the development of the EUR/USD exchange rate, was the main reason for the reduction in this item.

**General expenses** continued to grow (+4.2%) during the first quarter. This growth is primarily related to **other general expenses** (+7%) and, to a lesser extent, to **staff costs** (+1.3%). 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 53% to 57% year-on-year.

As a result of the above-mentioned developments, profit before provisions decreased by 9.1% year-on-year.

#### Profit and loss account as at 31 March 2018

| *Items in million EUR* | *March 2017* | *March 2018* | *%* |
|---|---|---|---|
| Net interest income | 1,256 | 1,336 | 6.4% |
| Net fee and commission income | 1,250 | 1,333 | 6.6% |
| Other net income[1] | 505 | 281 | -44.4% |
| **Banking income** | **3,011** | **2,950** | **-2.0%** |
| Staff costs | 802 | 813 | 1.3% |
| Other general expenses | 802 | 859 | 7.0% |
| **General expenses** | **1,604** | **1,672** | **4.2%** |
| *Profit before provisions* | *1,407* | *1,278* | *-9.1%* |

[1] Including dividends received.

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

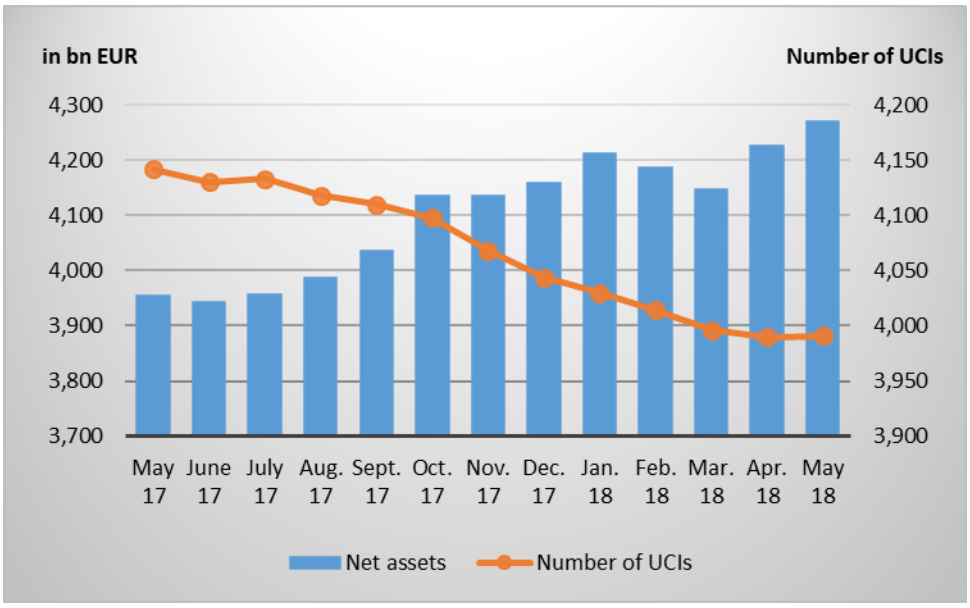
## Press release 18/21 of 10 July 2018

## I. Overall situation

As at 31 May 2018, total net assets of undertakings for collective investment, including UCIs subject to the 2010 Law, specialised investment funds and SICARs amounted to EUR 4,271.025 billion compared to EUR 4,227.532 billion as at 30 April 2018, i.e. a 1.03% increase over one month. Over the last twelve months, the volume of net assets rose by 7.95%.

The Luxembourg UCI industry thus registered a positive variation amounting to EUR 43.493 billion in May. This increase represents the balance of negative net issues of EUR 8.358 billion (-0.20%) and a positive development in the financial markets amounting to EUR 51.851 billion (1.23%).

The development of undertakings for collective investment is as follows:




The number of undertakings for collective investment (UCIs) taken into consideration totalled 3,991 as against 3,990 in the previous month. A total of 2,582 entities adopted an umbrella structure, which represented 13,354 sub-funds. When adding the 1,409 entities with a traditional structure to that figure, a total of 14,763 fund units were active in the financial centre.

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

As regards developed countries, the European equity UCIs recorded a slight upward trend despite the resurgence of the political risk in the euro area. The publication of the results of undertakings which exceeded the expectations, stable economic indicators and the appreciation of the USD against the EUR explain the increase of US equity UCIs. Although Japanese equities registered price losses in the light of weak macroeconomic data, the appreciation of the YEN against the EUR led the category of Japanese equity UCIs to end in positive territory.

With respect to emerging countries, Asian equity UCIs showed a positive performance amid an overall positive economic environment, positive economic indicators in China and the appreciation of the main Asian currencies against the EUR despite divergent developments in several Asian countries and the ongoing trade tensions between China and the United States. The negative development of most of the equity markets in Eastern Europe explains the negative performance of the category of Eastern

European equity UCIs. The category of Latin American equity UCIs experienced a sharp decline due notably to the persisting political and economic problems in Brazil and Mexico and the depreciation of the main South American currencies.

In May, variable-yield UCI categories registered an overall negative net capital investment.

### Development of equity UCIs during the month of May 2018*

| | Market variation in % | Net issues in % |
|---|---|---|
| Global market equities | 2.58% | 0.01% |
| European equities | 0.83% | -0.63% |
| US equities | 4.97% | -0.09% |
| Japanese equities | 1.54% | -1.44% |
| Eastern European equities | -1.82% | -2.42% |
| Asian equities | 2.78% | -0.08% |
| Latin American equities | -11.76% | 1.37% |
| Other equities | 0.69% | -0.76% |

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

The political uncertainties in Italy and the monetary policy normalisation process in Europe resulted in an increase of yields and in a new widening of the yield spread between the bonds of the euro area countries with high rating and those with lower rating. Consequently, EUR-denominated bond UCIs recorded price decreases.

The USD-denominated bond yields increased during the month under review due to the upward revision of inflation anticipations in a context of the rise in oil prices, good macroeconomic data and the ongoing monetary tightening by the Fed. This increase in yields which resulted in price losses of USD-denominated bonds was, however, more than offset by the appreciation of the USD against the EUR. Consequently, USD-denominated bond UCIs ended in positive territory.

The rise of the US bond yields, the monetary problems in some emerging countries as well as the persisting trade tensions with the United States led to higher risk premiums and consequently to a price drop of emerging market bond UCIs.

In May, fixed-income UCIs registered an overall negative net capital investment.

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

| | Market variation in % | Net issues in % |
|---|---|---|
| EUR money market | -0.20% | 2.32% |
| USD money market | 3.26% | -2.61% |
| Global market money market | 0.68% | -0.53% |
| EUR-denominated bonds | -0.53% | -0.43% |
| USD-denominated bonds | 2.10% | -5.23% |
| Global market bonds | 1.23% | 0.09% |
| Emerging market bonds | -1.12% | -0.27% |
| High Yield bonds | 0.68% | -1.68% |
| Others | 0.62% | -1.28% |

** 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 May 2018*

| | Market variation in % | Net issues in % |
|---|---|---|
| Diversified UCIs | 0.83% | 0.76% |
| Funds of funds | 1.24% | -0.40% |

** 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 € |
| 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 € |

[2] Before 31 December 2016, the statistical data of SICARs were only published on an annual basis.

During the month under review, the following 15 undertakings for collective investment have been registered on the official list:

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

- EDR FUND II, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
- GENESIS LIQUID ALTERNATIVE STRATEGIES FUND, 4, rue Thomas Edison, L-1445 Strassen
- IIFL FUND, 2, rue d'Alsace, L-1122 Luxembourg
- MIX-FONDS HNI:, 6, rue Lou Hemmer, L-1748 Luxembourg-Findel
- RIVERFIELD SICAV, 106, route d'Arlon, L-8210 Mamer
- SUMI TRUST INVESTMENT FUNDS (LUXEMBOURG), 33, rue de Gasperich, L-5826 Hesperange

**2) UCIs Part II 2010 Law:**

- PARTNERS GROUP GLOBAL SENIOR LOAN MASTER FUND SICAV, 2-4, rue Eugène Ruppert, L-2453 Luxembourg

**3) SIFs:**

- ALLIANZ DEBT FUND SCSP SICAV-SIF, 14, boulevard F-D Roosevelt, L-2450 Luxembourg
- CHEYNE EUROPEAN STRATEGIC VALUE CREDIT FUND SCS SICAV-SIF, 11-13, boulevard de la Foire, L-1528 Luxembourg
- FAP FEEDER FUND SCA, SICAV-SIF, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- FAP FUND S.C.SP.-SIF, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- LENDINVEST S.C.A. SICAV SIF, 2, boulevard de la Foire, L-1528 Luxembourg
- POLAR SIF, 12, rue Eugène Ruppert, L-2453 Luxembourg
- REPE UMBRELLA FUND S.A., SICAV-SIF, 17, rue de Flaxweiler, L-6776 Grevenmacher
- TUNGSTEN AYCON, 2, place François-Joseph Dargent, L-1413 Luxembourg

The following 14 undertakings for collective investment have been deregistered from the official list during the month under review:

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

- AXA INSURANCE FUND, 49, avenue J-F Kennedy, L-1855 Luxembourg
- DWS RENDITE, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- F&C PORTFOLIOS FUND II, 5, allée Scheffer, L-2520 Luxembourg
- IVY GLOBAL INVESTORS FUND, 106, route d'Arlon, L-8210 Mamer
- SOP GLOBALEAKTIENALLOKATION, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- TAGES CAPITAL SICAV, 60, avenue J-F Kennedy, L-1855 Luxembourg
- THESAN SICAV, 5, allée Scheffer, L-2520 Luxembourg
- WMP I SICAV, 17, rue de Flaxweiler, L-6776 Grevenmacher

**2) UCIs Part II 2010 Law:**

- MONTHLY INCOME ABS INVESTMENT, 33, rue de Gasperich, L-5826 Howald-Hesperange
- VESCORE FONDS, 3, rue Jean Monnet, L-2180 Luxembourg

**3) SIFs:**

- BPA INTERNATIONAL S.C.A., SICAV-FIS, 2, rue d'Alsace, L-1122 Luxembourg
- INVESCO REAL ESTATE - UK III FUND, 37A, avenue J-F Kennedy, L-1855 Luxembourg
- INVESCO REAL ESTATE-EUROPEAN HOTEL REAL ESTATE FUND II FCP-SIF, 37A, avenue J-F Kennedy, L-1855 Luxembourg
- PLEXUS, 12, rue Eugène Ruppert, L-2453 Luxembourg

## Opinion of the European Banking Authority on preparations for the withdrawal of the United Kingdom from the European Union

### Press release 18/22 of 10 July 2018

The CSSF would like to inform the public that on 25 June 2018 the European Banking Authority (EBA) published an opinion relating to the risks posed by a lack of preparation by financial institutions for the departure of the United Kingdom from the European Union (Brexit) in a scenario where no ratified Withdrawal Agreement would be in place by 30 March 2019.

In the opinion, the EBA asks competent authorities in charge of the supervision of credit institutions, investment firms, payment institutions and electronic money institutions, creditors and credit intermediaries to ensure that financial institutions:

- take immediate practical steps to prepare for Brexit; and
- duly inform their customers and consumers with whom they have contractual arrangements in place of the potential risks.

As such, the CSSF in its capacity as competent authority requires that less significant credit institutions (as defined in Article 2(7) of Regulation (EU) No 468/2014 of the European Centrale Bank (**SSM Framework Regulation**)), investment firms, payment institutions and electronic money institutions, lenders and credit intermediaries established in Luxembourg, take the measures prescribed in the EBA opinion. The CSSF will contact the institutions to ensure that the appropriate steps prescribed by the opinion are taken, except where such information has already been provided to the CSSF. Significant credit institutions (as defined in Article 2(16) of the SSM Framework Regulation) should refer, where appropriate, to the ECB's instructions.

For more details, please see the EBA website at: http://www.eba.europa.eu/-/eba-publishes-opinion-tohasten-the-preparations-of-financial-établissements-for-brexit

## Call for expression of interest for the ESMA Securities and Markets Stakeholder Group

### Communiqué of 13 July 2018

The European Securities and Markets Authority (ESMA) established the Securities and Markets Stakeholder Group (SMSG) in accordance with Article 37(2) of Regulation (EU) No 1095/2010 establishing the European Securities and Markets Authority. As the mandates of many members are due to expire, ESMA is calling for the expression of interest from interested parties.

This call for expression of interest as well as all relevant documents are available on ESMA’s website at: https://www.esma.europa.eu/press-news/esma-news/esma-seeks-candidates-its-stakeholder-group.

Interested parties should submit their application by 6 September 2018.

## Communication with regard to EMIR reporting

### Press release 18/23 of 13 July 2018

On 1 November 2017, the revised technical standards[3] with regard to the reporting of derivative transactions under EMIR[4] have entered into force.

The CSSF, as supervisory authority for EMIR purposes for Financial and Non-Financial Counterparties, in accordance with Art. 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 compliance with the revised technical standards and accompanying validation rules regarding EMIR reporting, as published by ESMA[5]. The CSSF is increasing its focus on the review of reported transactions to Trade Repositories ("TRs").

The CSSF therefore wants to remind market participants, falling under the scope of EMIR, of the following:

(1) Trade rejections: The TRs are expected to apply the new validation rules and reject any non-compliant report. These rejections, when they occur, should be reviewed by the reporting counterparty, or its delegate, acting as report submitting entity, and, if relevant, be resubmitted as soon as possible in compliance with the validation rules. A rejection does not postpone any duties with regard to timely reporting of derivative transactions.

(2) Double-sided transaction reconciliations: If both counterparties are in the scope of EMIR, EMIR requires both counterparties to report the transaction. In this context, TRs are expected to reconcile both sides of the submitted reports. The reconciliation is performed in 2 steps:
   a. Pairing: The pairing at the level of the TR is processed on both the Legal Entity Identifiers (LEI) of each reporting counterparty and the Unique Trade Identifier (UTI). The CSSF, hence, wants to stress the importance of reporting a common UTI for each transaction by both counterparties.
   b. Matching: Once both sides are paired, the TRs match the various reporting fields.

   Transactions that are neither paired nor matched could be considered as an indicator for unstable processes with regard to EMIR reporting duties.

(3) Content of the reporting: It is of utmost importance that the various reporting fields, as defined by the revised technical standards, are correctly reported. In case an inconsistency or an error is identified the CSSF expects the counterparties to correct these errors[6]. In particular, inconsistent information in fields with regard to publicly available identifiers of instruments, benchmarks, stakeholders (e.g. CCP, market) is an indicator for insufficient and inadequate processes and potential non-compliance with regard to EMIR reporting duties.

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[3] Commission Delegated Regulation (EU) 2017/104 of 19 October 2016, amending Delegated Regulation (EU) No 148/2013 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards on the minimum details of the data to be reported to trade repositories; and

Commission Implementing Regulation (EU) 2017/105 of 19 October 2016 amending Implementing Regulation (EU) No 1247/2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories according to Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories.

[4] Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012.

[5] https://www.esma.europa.eu/press-news/esma-news/esma-updates-emir-validation-rules.

[6] For open transactions (i.e. still outstanding), initially reported before the 1 November 2017, errors and inconsistencies in reporting fields required as per the Commission Delegated Regulation (EU) 148/2013 and Commission Implementing Regulation (EU) 1247/2012 need to be corrected.

## Entry into force of the Money Market Fund Regulation

### Press release 18/24 of 20 July 2018

The CSSF would like to remind that Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds ("MMFR") will apply from 21 July 2018.

**Scope of the Money Market Fund Regulation**

The regulation applies, in accordance with Article 1(1), to collective investment undertakings established, managed or marketed in the Union that:

(a) require authorisation as UCITS or are authorised as UCITS under Directive 2009/65/EC or are AIFs under Directive 2011/61/EU;
(b) invest in short-term assets; and
(c) have distinct or cumulative objectives offering returns in line with money market rates or preserving the value of the investment.

Article 6(1) of the MMFR further specifies that "A UCITS or an AIF shall not have characteristics which are substantially similar to those referred to in Article 1(1), unless it has been authorised as an MMF in accordance with this Regulation."

On that basis collective investment undertakings that fulfill the aforementioned criteria will be in the scope of the MMFR and will have to be authorised as an MMF meeting all the related requirements.

The scope as defined by the MMFR involves that collective investment undertakings other than those currently subject to the CESR's Guidelines on a Common Definition of European Money Market Funds (CESR/10-049), as amended by the ESMA Opinion of 22 August 2014 (ESMA/2014/1103), can qualify as MMFs in accordance with the MMFR. It will be the responsibility of the collective investment undertakings to assess whether they will enter the scope of the MMFR.

**Authorisation of MMFs under the MMFR**

Luxembourg domiciled UCITS and AIFs as well as non-EU AIFs for which the CSSF will be the competent authority in accordance with the MMFR that will be in the scope of the MMFR will have to be authorised by the CSSF as an MMF in accordance with Articles 4 (UCITS and AIFs) and 5 (AIFs). For that purpose a dedicated form available on the CSSF website under http://www.cssf.lu/fileadmin/files/Metier_OPC/Formulaires/Demande_agrement_pour_fonds_monetaire.xls has to be completed and submitted to the CSSF.

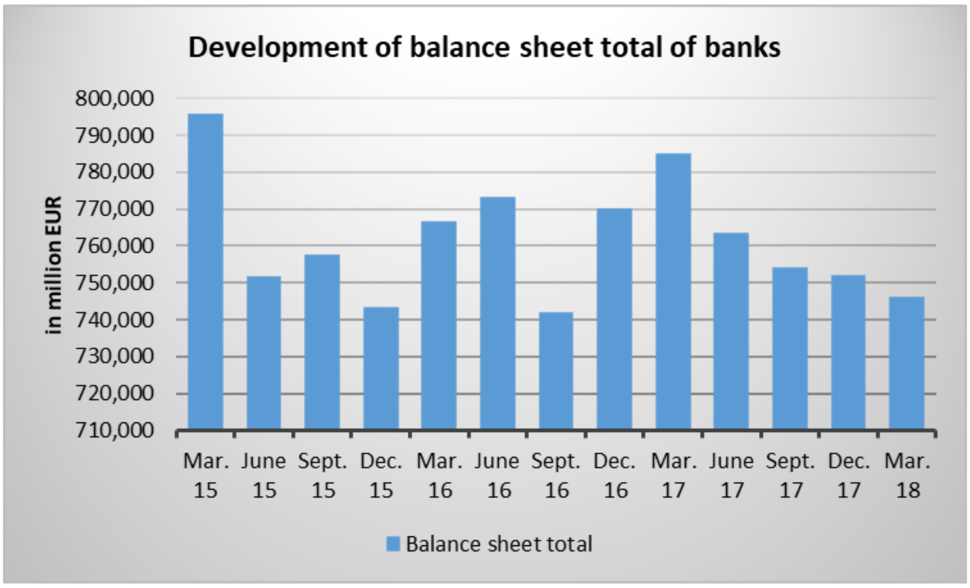
As of 21 July 2018, new UCITS and AIFs falling in the scope of the MMFR will have to be authorised as an MMF complying with all the requirements of the regulation. UCITS and AIF that exist before 21 July 2018 benefit however from a 6-month transitional period to comply with the regulation. They will have to submit an application to the CSSF until 21 January 2019 at the latest.

Finally, the CSSF may want to inform that, in accordance with Article 5 of the MMFR, AIFs can only be authorised as an MMF if the competent authority of the MMF approves the application submitted by an AIFM that has already been authorised under Directive 2011/61/EU to manage an MMF that is an AIF. On that basis Luxembourg domiciled AIFMs will have to get authorised by the CSSF before being able to manage MMFs that are an AIF.

## *STATISTICS*

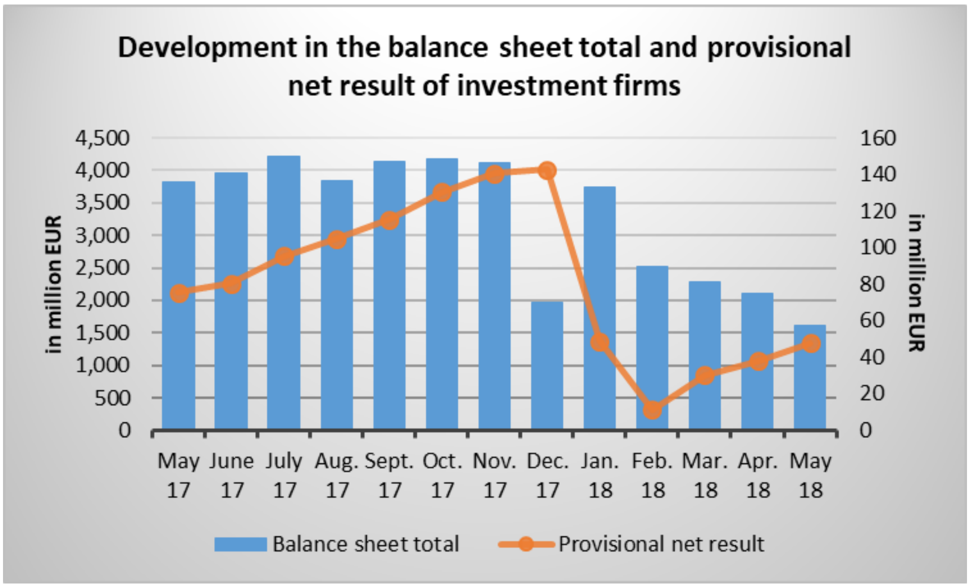
### Banks

**Decrease in the balance sheet total as at 31 March 2018**



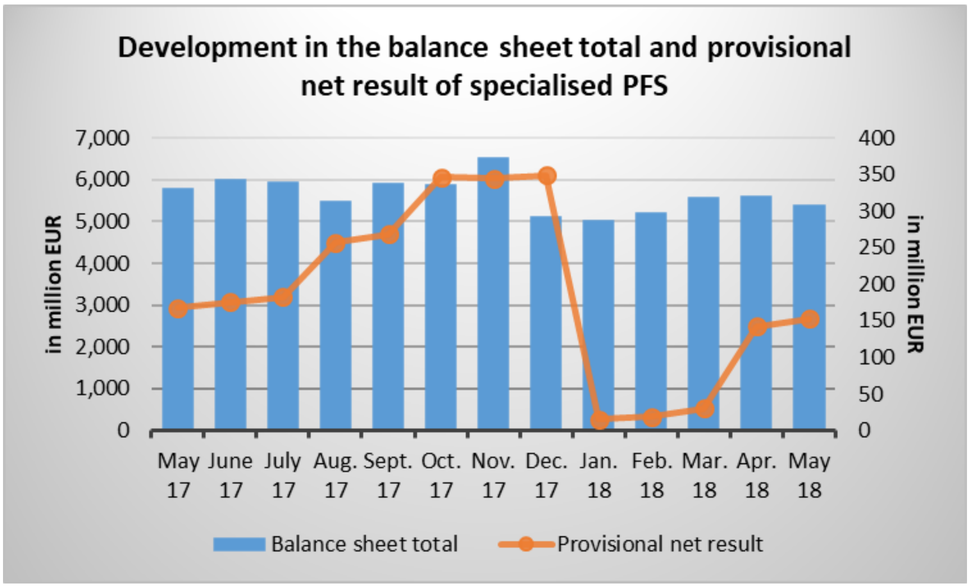

### Investment firms

**Decrease in the balance sheet total as at 31 May 2018**



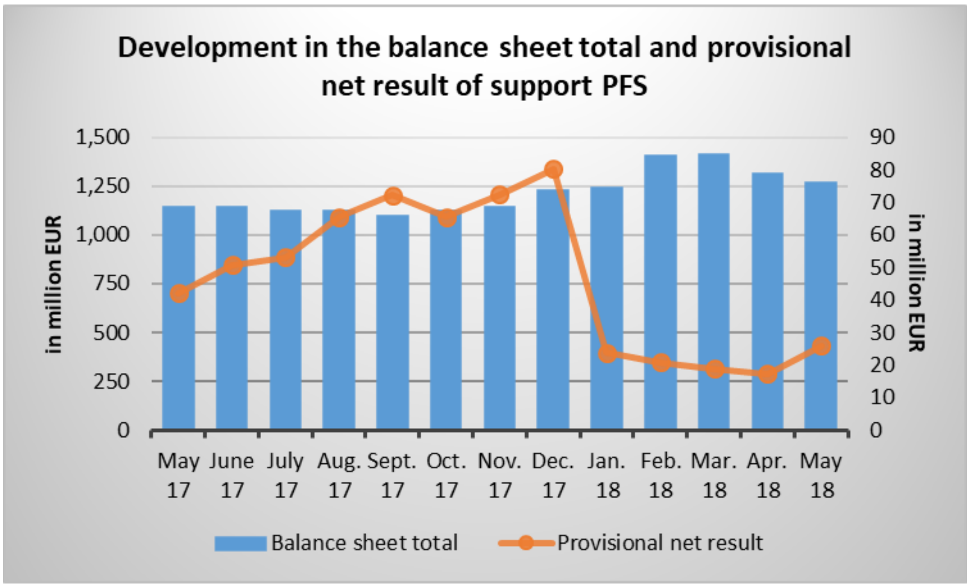
## Specialised PFS

### Decrease in the balance sheet total as at 31 May 2018



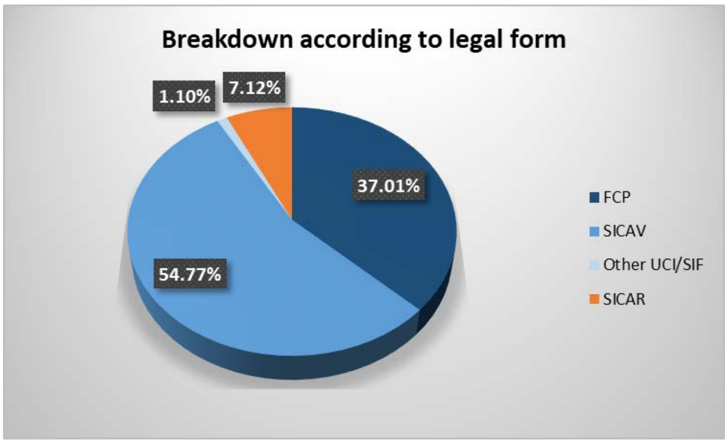

## Support PFS

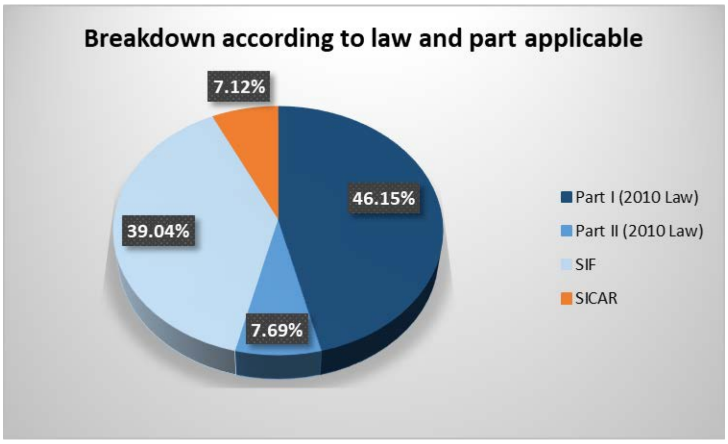
### Decrease in the balance sheet total as at 31 May 2018



## UCIs (Situation as at 31 May 2018)

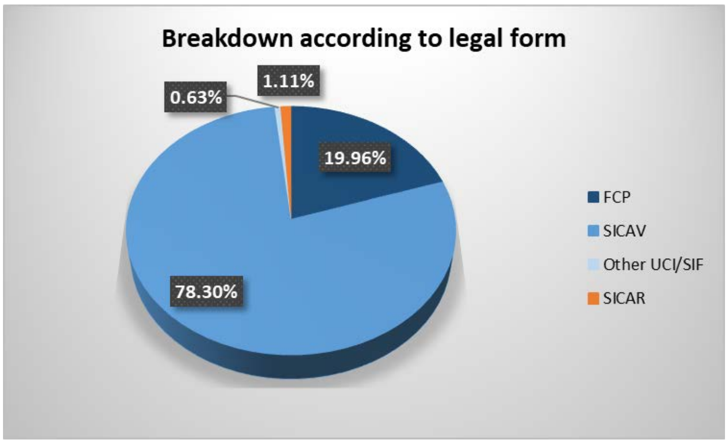
### Number of UCIs

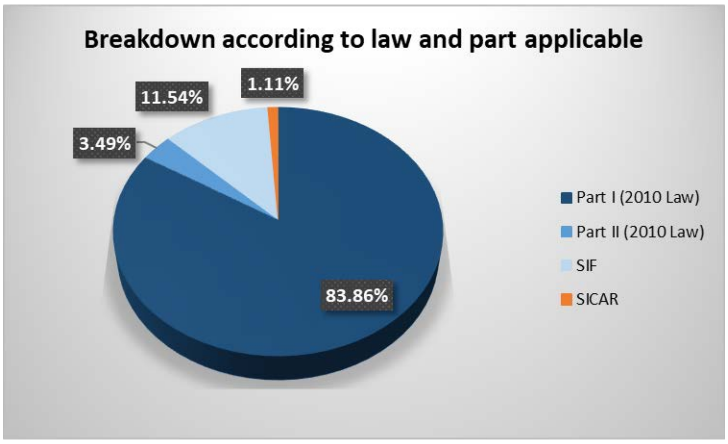



| Law, part/legal form | FCPs | SICAVs | Other UCIs/SIFs | SICARs | Total |
|---|---|---|---|---|---|
| **Part I (2010 Law)** | 972 | 870 | 0 | 0 | **1,842** |
| **Part II (2010 Law)** | 153 | 151 | 3 | 0 | **307** |
| **SIFs** | 352 | 1,165 | 41 | 0 | **1,558** |
| **SICARs** | 0 | 0 | 0 | 284 | **284** |
| **TOTAL** | **1,477** | **2,186** | **44** | **284** | **3,991** |

### Net assets of UCIs




| Law, part/legal form (in bn EUR) | FCPs | SICAVs | Other UCIs/SIFs | SICARs | Total |
|---|---|---|---|---|---|
| **Part I (2010 Law)** | 631.564 | 2,950.241 | 0.000 | 0.000 | **3,581.805** |
| **Part II (2010 Law)** | 52.119 | 96.306 | 0.684 | 0.000 | **149.109** |
| **SIFs** | 168.794 | 297.714 | 26.086 | 0.000 | **492.594** |
| **SICARs** | 0.000 | 0.000 | 0.000 | 47.517 | **47.517** |
| **TOTAL** | **852.477** | **3,344.261** | **26.770** | **47.517** | **4,271.025** |

## Breakdown according to investment policy

| Breakdown according to investment policy | Net assets (in bn EUR) | Number of fund units[7] |
|---|---|---|
| Fixed-income securities | 1,231.538 | 3,109 |
| Variable-yield transferable securities | 1,307.885 | 3,890 |
| Mixed transferable securities | 952.289 | 4,002 |
| Funds of funds | 248.029 | 2,174 |
| Money market instruments and other short-term securities | 310.339 | 230 |
| Cash | 1.012 | 16 |
| Private equity | 32.451 | 208 |
| Venture capital | 1.842 | 32 |
| Real estate | 66.905 | 332 |
| Futures and/or options | 14.038 | 125 |
| Other assets | 57.180 | 240 |
| Public-to-Private | 0.127 | 3 |
| Mezzanine | 1.431 | 11 |
| Venture Capital (SICARs) | 6.657 | 87 |
| Private Equity (SICARs) | 39.302 | 304 |
| **TOTAL** | **4,271.025** | **14,763** |

## 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 | 1,124.015 | 2,544 | 47.531 | 55.953 | -8.422 |
| Variable-yield transferable securities | 1,245.315 | 3,523 | 55.019 | 58.652 | -3.633 |
| Mixed transferable securities | 772.228 | 2,858 | 27.248 | 22.018 | 5.230 |
| Funds of funds | 137.079 | 994 | 2.606 | 2.527 | 0.079 |
| Money market instruments and other short-term securities | 290.986 | 179 | 130.657 | 133.451 | -2.794 |
| Cash | 0.628 | 8 | 0.011 | 0.031 | -0.020 |
| Futures and/or options | 8.159 | 59 | 0.410 | 0.264 | 0.146 |
| Other assets | 3.395 | 10 | 0.054 | 0.084 | -0.030 |
| **TOTAL PART I:** | **3,581.805** | **10,175** | **263.536** | **272.980** | **-9.444** |
| **PART II** | | | | | |
| Fixed-income transferable securities | 23.345 | 106 | 0.890 | 1.154 | -0.264 |

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

| | | | | | |
|---|---|---|---|---|---|
| Variable-yield transferable securities | 13.636 | 61 | 0.108 | 0.132 | -0.024 |
| Mixed transferable securities | 53.161 | 194 | 2.037 | 0.648 | 1.389 |
| Funds of funds | 30.233 | 281 | 0.232 | 0.303 | -0.071 |
| Money market instruments and other short-term securities | 15.136 | 42 | 1.351 | 1.623 | -0.272 |
| Cash | 0.368 | 6 | 0.008 | 0.012 | -0.004 |
| Private equity | 5.437 | 16 | 0.201 | 0.018 | 0.183 |
| Venture capital | 0.002 | 1 | 0.000 | 0.000 | 0.000 |
| Real estate | 1.512 | 21 | 0.007 | 0.003 | 0.004 |
| Futures and/or options | 2.672 | 25 | 0.026 | 0.081 | -0.055 |
| Other assets | 3.607 | 15 | 0.040 | 0.083 | -0.043 |
| **TOTAL PART II:** | **149.109** | **768** | **4.900** | **4.057** | **0.843** |
| **SIFs** | | | | | |
| Fixed-income transferable securities | 84.178 | 459 | 2.134 | 1.551 | 0.583 |
| Variable-yield transferable securities | 48.934 | 306 | 0.561 | 1.681 | -1.120 |
| Mixed transferable securities | 126.900 | 950 | 1.702 | 1.349 | 0.353 |
| Funds of funds | 80.717 | 899 | 1.429 | 2.610 | -1.181 |
| Money market instruments and other short-term securities | 4.217 | 9 | 0.867 | 0.753 | 0.114 |
| Cash | 0.016 | 2 | 0.000 | 0.000 | 0.000 |
| Private equity | 27.014 | 192 | 0.258 | 0.138 | 0.120 |
| Venture capital | 1.840 | 31 | 0.017 | 0.003 | 0.014 |
| Real estate | 65.393 | 311 | 0.920 | 0.291 | 0.629 |
| Futures and/or options | 3.207 | 41 | 0.062 | 0.193 | -0.131 |
| Other assets | 50.178 | 215 | 1.737 | 0.874 | 0.863 |
| **TOTAL SIFs:** | **492.594** | **3,415** | **9.687** | **9.443** | **0.244** |
| **SICARs** | | | | | |
| Public-to-Private | 0.127 | 3 | 0.000 | 0.000 | 0.000 |
| Mezzanine | 1.431 | 11 | 0.000 | 0.000 | 0.000 |
| Venture capital | 6.657 | 87 | 0.003 | 0.000 | 0.003 |
| Private equity | 39.302 | 304 | 0.030 | 0.034 | -0.004 |
| **TOTAL SICARs** | **47.517** | **405** | **0.033** | **0.034** | **-0.001** |
| **TOTAL LUXEMBOURG UCIs** | **4,271.025** | **14,763** | **278.156** | **286.514** | **-8.358** |

## 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 | 865.144 | 20.3% | 186 | 4.6% | 1,070 | 7.2% |
| United Kingdom | 762.213 | 17.8% | 283 | 7.1% | 1,614 | 10.9% |
| Germany | 610.613 | 14.3% | 1,349 | 33.8% | 2,673 | 18.1% |
| Switzerland | 579.535 | 13.6% | 578 | 14.5% | 2,754 | 18.7% |
| France | 395.132 | 9.3% | 316 | 7.9% | 1,492 | 10.1% |
| Italy | 347.591 | 8.1% | 147 | 3.7% | 1,263 | 8.6% |
| Belgium | 179.218 | 4.2% | 167 | 4.2% | 938 | 6.4% |
| Luxembourg | 98.222 | 2.3% | 231 | 5.8% | 654 | 4.4% |
| Netherlands | 95.519 | 2.2% | 46 | 1.1% | 250 | 1.7% |
| Denmark | 85.758 | 2.0% | 23 | 0.6% | 208 | 1.4% |
| Others | 252.080 | 5.9% | 665 | 16.7% | 1,847 | 12.5% |
| **TOTAL** | **4,271.025** | **100.0%** | **3,991** | **100.0%** | **14,763** | **100.0%** |

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

| Currency | Net assets (in bn EUR) | in % | Nombre d'unités | in % |
|---|---|---|---|---|
| AUD | 5.405 | 0.127% | 28 | 0.190% |
| CAD | 2.201 | 0.051% | 22 | 0.149% |
| CHF | 47.037 | 1.101% | 282 | 1.910% |
| CNH | 1.657 | 0.039% | 23 | 0.156% |
| CNY | 0.180 | 0.004% | 4 | 0.027% |
| CZK | 1.348 | 0.032% | 65 | 0.440% |
| DKK | 1.679 | 0.039% | 11 | 0.075% |
| EUR | 2,333.417 | 54.634% | 9,397 | 63.652% |
| GBP | 116.306 | 2.723% | 335 | 2.269% |
| HKD | 5.055 | 0.118% | 10 | 0.068% |
| HUF | 0.328 | 0.008% | 32 | 0.217% |
| JPY | 66.082 | 1.547% | 206 | 1.395% |
| MXN | 0.016 | 0.000% | 1 | 0.007% |
| NOK | 4.870 | 0.114% | 32 | 0.217% |
| NZD | 0.726 | 0.017% | 5 | 0.034% |
| PLN | 0.386 | 0.009% | 17 | 0.115% |
| RON | 0.493 | 0.012% | 5 | 0.034% |

| | | | | |
|---|---|---|---|---|
| SEK | 53.630 | 1.256% | 190 | 1.287% |
| SGD | 0.501 | 0.012% | 4 | 0.027% |
| TRY | 0.020 | 0.000% | 3 | 0.020% |
| USD | 1,629.663 | 38.156% | 4,090 | 27.704% |
| ZAR | 0.025 | 0.001% | 1 | 0.007% |
| **TOTAL** | **4,271.025** | **100.000%** | **14,763** | **100.000%** |

## Pension funds

As at 10 July 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

Since the publication of the last Newsletter, the following **securitisation undertaking** was **deregistered** from the official list of authorised securitisation undertakings governed by the Law of 22 March 2004 on securitisation:

VIDA FINANCE S.A.

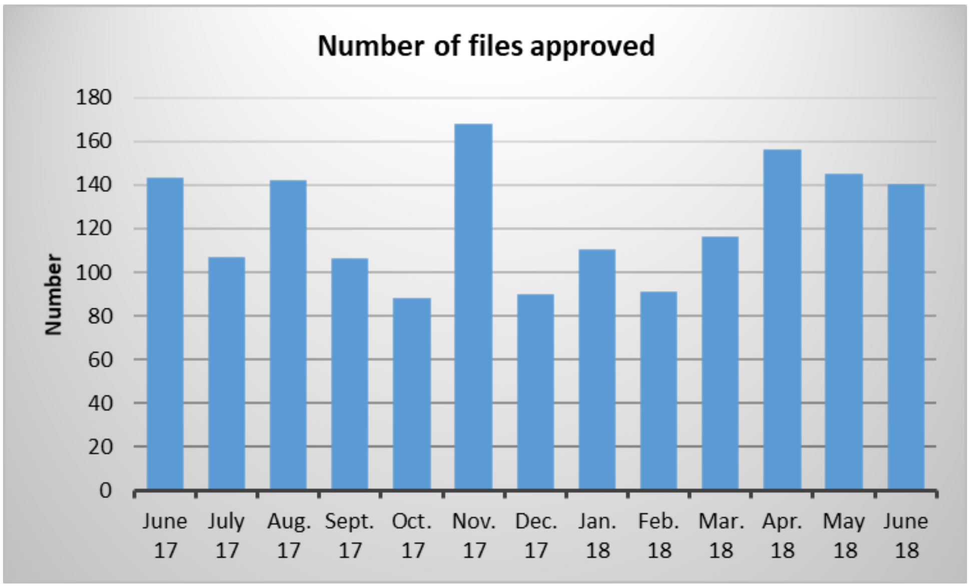
The number of **securitisation undertakings** authorised by the CSSF in accordance with the Law of 22 March 2004 on securitisation amounted to **31** entities as at 10 July 2018.

## Public oversight of the audit profession

The public oversight of the audit profession covered **59 *cabinets de révision agréés*** (approved audit firms) and **305 *réviseurs d'entreprises agréés*** (approved statutory auditors) as at 30 June 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)

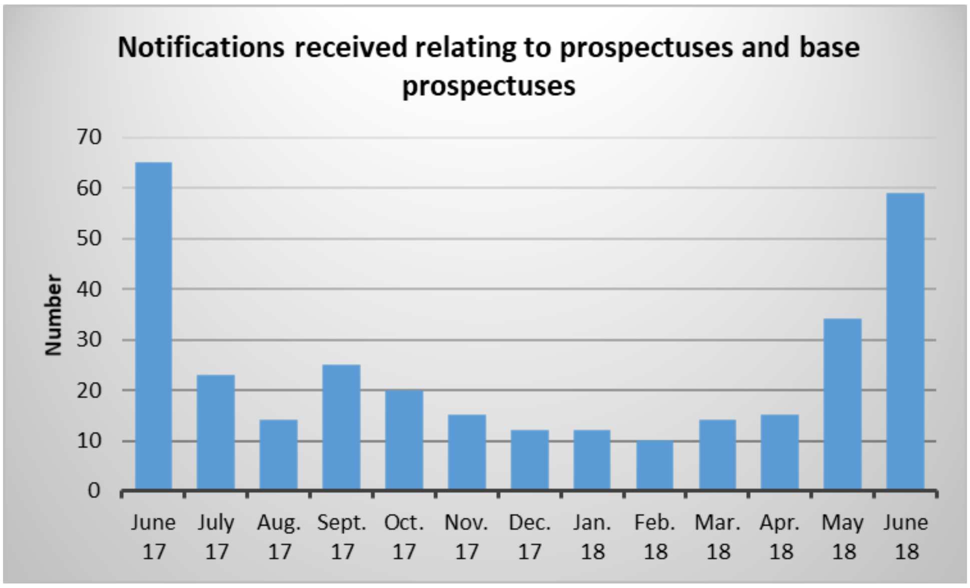
### CSSF approvals




In June 2018, the CSSF approved a total of 140 documents pursuant to the Prospectus Law, which break down as follows:

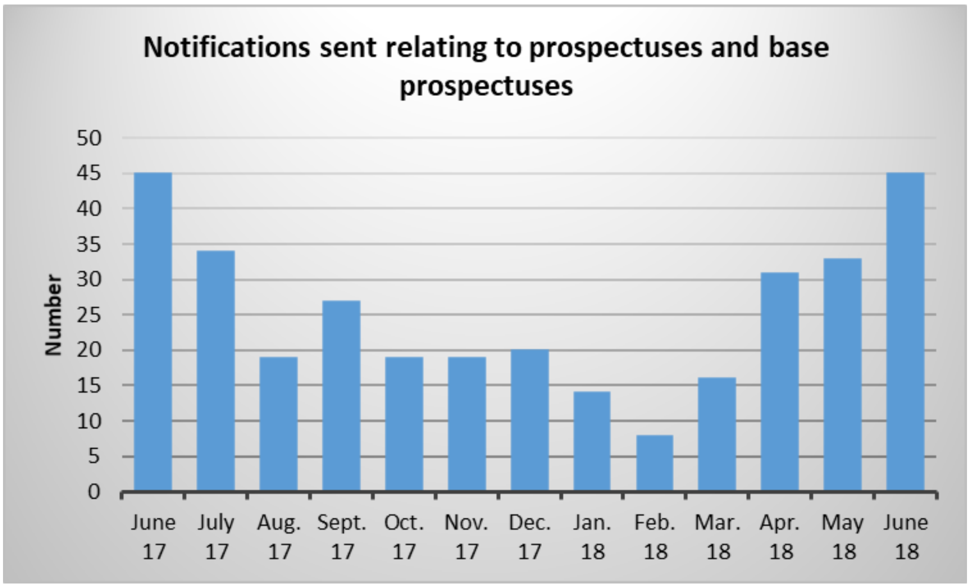
| | | |
|---|---|---|
| base prospectuses: | 58 | (41.43%) |
| other prospectuses: | 23 | (16.43%) |
| registration documents: | 1 | (0.71%) |
| supplements: | 58 | (41.43%) |

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




In June 2018, the CSSF received 59 notifications relating to prospectuses and base prospectuses and 49 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



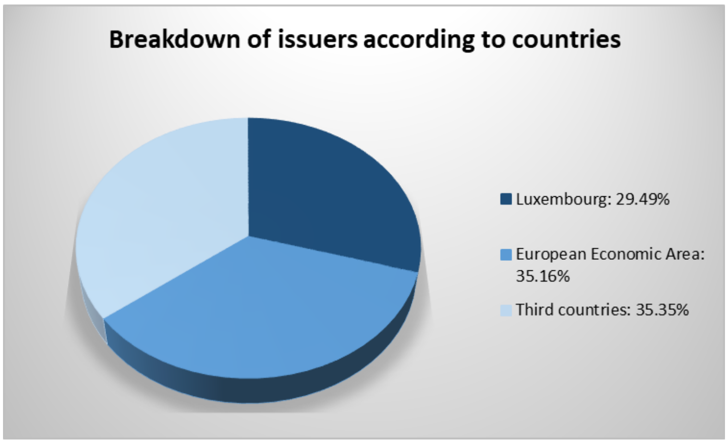

In June 2018, the CSSF sent 45 notifications relating to prospectuses and base prospectuses and 48 notifications relating to supplements to the competent authorities of other EEA Member States[8].

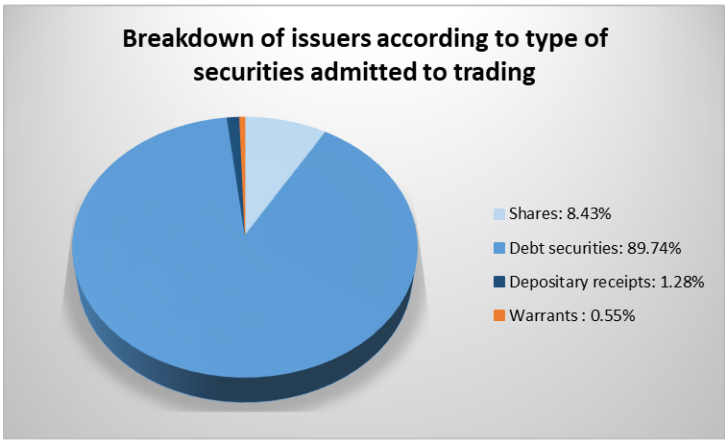
[8] These figures reflect the number of prospectuses, base prospectuses and supplements for which the CSSF sent one or several notifications. Where notifications were sent at different dates and/or in several Member States, only the first notification is included in the statistical calculation. Each 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 7 June 2018, three issuers have chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, five issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 10 July 2018, 546 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.




## *WITHDRAWALS DECIDED BY THE CSSF*

A decision to withdraw the specialised investment fund BCS MULTIFIZ S.C.A., SICAV-SIF from the official list of specialised investment funds was taken by the CSSF on 18 June 2018.

A decision to withdraw the specialised investment fund PRIMATUM FCP SPECIALIZED INVESTMENT FUND from the official list of specialised investment funds was taken by the CSSF on 4 July 2018.

A decision to withdraw the management company PRIMATUM FUND MANAGEMENT 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 4 July 2018.

## *FINANCIAL CENTRE*

## Main updated figures regarding the financial centre

| | | | Annual comparison |
|---|---|---|---|
| Banks | Number (10/07/2018) | 139 | ↘ 2 entities |
| | Balance sheet total (31/03/2018) | EUR 746.106 bn | ↘ EUR 54.032 bn |
| | Profit before provisions (31/03/2018) | EUR 1.278 bn | ↘ EUR 129 mio |
| Payment institutions | Number (10/07/2018) | 10 | ↗ 1 entity |
| Electronic money institutions | Number (10/07/2018) | 5 | ↗ 1 entity |
| UCIs | Number (12/07/2018) | Part I 2010 Law: 1,846 | ↘ 42 entities |
| | | Part II 2010 Law: 303 | ↘ 35 entities |
| | | SIFs: 1,557 | ↘ 62 entities |
| | | TOTAL: 3,706 | ↘ 139 entities |
| | Number (09/07/2018) | SICARs: 283 | ↘ 4 entities |
| | Total net assets (31/05/2018) | EUR 4,271.025 bn | ↗ EUR 314.659 bn |
| Management companies (Chapter 15) | Number (30/06/2018) | 205 | ↗ 1 entity |
| | Balance sheet total (31/03/2018)[9] | EUR 14.425 bn | ↗ EUR 2.195 bn |
| Management companies (Chapter 16) | Number (30/06/2018) | 168 | ↘ 2 entities |
| AIFMs | Number (12/07/2018) | 234 | ↗ 9 entities |
| Pension funds | Number (10/07/2018) | 13 | ↘ 1 entity |
| Authorised securitisation undertakings | Number (10/07/2018) | 31 | ↘ 3 entities |
| Investment firms | Number (10/07/2018) | 99 of which 6 branches | ↘ 8 entities |
| | Balance sheet total (31/05/2018) | EUR 1.623 bn | ↘ EUR 2.201 bn |
| | Provisional net profit (31/05/2018) | EUR 47.81 m | ↘ EUR 27.75 m |
| Specialised PFS | Number (10/07/2018) | 110 | ↘ 4 entities |
| | Balance sheet total (31/05/2018) | EUR 5.388 bn | ↘ EUR 396 mio |
| | Provisional net profit (31/05/2018) | EUR 152.537 m | ↘ EUR 15.554 mio |
| Support PFS | Number (10/07/2018) | 77 | no variation |
| | Balance sheet total (31/05/2018) | EUR 1.269 bn | ↗ EUR 125 m |
| | Provisional net profit (31/05/2018) | EUR 25.98 m | ↘ EUR 16.16 m |
| Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law | Number (10/07/2018) | 546 | ↘ 90 entities |
| Public oversight of the audit profession | Number (30/06/2018) | 59 *cabinets de révision agréés* | ↘ 1 entity |
| | | 305 *réviseurs d'entreprises agréés* | ↗ 14 people |
| | | 31 third-country auditors and audit firms | ↘ 9 entities |
| Employment (31/03/2018) | Banks | 26,331 people | ↗ 187 people |
| | Management companies (Chapter 15)[9] | 4,460 people | ↗ 364 people |
| | Investment firms | 2,077 people | ↘ 196 people |
| | Specialised PFS | 4,271 people | ↗ 222 people |
| | Support PFS | 10,147 people | ↗ 1,437 people |
| | Total | 47,286 people | ↗ 2,014 people[10] |

[9] Preliminary figures
[10] 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.