



Newsletter No 233

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Commission de Surveillance
du Secteur Financier

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News

Big interviews with Claude Marx, Director General of the CSSF, in Paperjam and Luxemburger Wort

During interviews for Paperjam and Luxemburger Wort, Claude Marx spoke about the challenges posed by the coronavirus crisis for the CSSF, the CSSF's operational continuity during this period and the progressive return on-site.

He also discussed issues of the financial sector, such as the complex regulation, Brexit and teleworking.



Link to the interview in Paperjam:

https://issuu.com/maisonmoderne/docs/paperjam_pj_06_2020

Link to the interview in Luxemburger Wort:

<https://www.wort.lu/de/business/finanzaufsicht-cssf-die-banken-haben-gut-funktioniert-5ef4db87da2cc1784e3605c4>

Coronavirus: information for all supervised entities

Informations of the CSSF

Following the additional measures for the easing of the lockdown announced by the Luxembourg government, the CSSF requests, while taking into account that the coronavirus is still present in the Grand Duchy and in order to avoid a second wave of infections and ensure operational continuity of the supervised entities, that the supervised entities put in place, or continue to apply, the following measures (in particular, the barrier gestures) when employees and external providers return to work on-site:

1. Identification of vulnerable staff, or staff members who are part of a household with vulnerable person(s), and definition of protection measures for these employees.

2. Definition of organisational rules with respect to internal and external meetings and regarding the reception of visitors.
3. Implementation of procedures regarding restaurant, coffee and meeting areas.
4. Implementation of rules to avoid that people infected by or suspecting of being infected by Covid-19 return to the office.
5. Specific cleaning or disinfection of office areas and equipment.
6. Display of barrier gestures, such as published by the Luxembourg government (version of 12 May 2020):

https://msan.gouvernement.lu/dam-assets/covid-19/fiches_information/en/Fiche-GB-EN.pdf

Summary of the communications by the European authorities

On 1st May 2020, the ECB published alternative scenarios for the impact of the COVID-19 pandemic on economic activity in the euro area. The unprecedented uncertainty surrounding the developments and economic impact of the COVID-19 pandemic warrants an analysis based on alternative scenarios. These illustrative ECB staff scenarios for the impact of the COVID-19 pandemic on economic activity in the euro area point to a drop in euro area GDP of between 5% and 12% in 2020. At its trough, quarterly real GDP growth could be as low as around -15% in the second quarter of 2020 under a severe scenario.

https://www.ecb.europa.eu/pub/economic-bulletin/focus/2020/html/ecb.ebbox202003_01~767f86ae95.en.html

On 4 May 2020, the European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs), in response to the COVID-19 outbreak, have published joint draft RTS to amend the Delegated Regulation on the risk mitigation techniques for non-centrally cleared OTC derivatives (bilateral margining), under the European Markets Infrastructure Regulation (EMIR), to incorporate a one-year deferral of the two implementation phases of the bilateral margining requirements.

<https://www.esma.europa.eu/press-news/esma-news/joint-rts-amendments-bilateral-margin-requirements-under-emir-in-response-covid>

On 5 May 2020, Andrea Enria, Chair of the Supervisory Board of the ECB, made an introductory statement during the public hearing at the European Parliament's Economic and Monetary Affairs Committee.

<https://www.bankingsupervision.europa.eu/press/speeches/date/2020/html/ssm.sp200505~9decf20a47.en.html>

On 6 May 2020, ESMA issued a public statement on the risks for retail investors when trading under the highly uncertain market circumstances due to the COVID-19 pandemic. ESMA also reminds investment firms of the key conduct of business obligations under MiFID when providing services to retail investors.

<https://www.esma.europa.eu/press-news/esma-news/esma-reminds-firms-conduct-business-obligations-under-mifid-ii>

On 7 May 2020, the European Commission adopted the banking package to facilitate lending to households and businesses in the EU. The package adopted by the Commission aims at maximising banks' ability to lend and absorb losses related to the coronavirus, and encouraging banks and others to use the flexibility in the EU's accounting and prudential rules.

https://ec.europa.eu/ireland/news/commission-adopts-banking-package-to-facilitate-lending-to-households-and-businesses-in-the-eu_en

On 12 May 2020, the ECB published a letter from Andrea Enria to a Member of the European Parliament in response to a written request on dividend distributions.

https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter200512_Obiols~21844f7c91.en.pdf?913bcd910a0394b5d58d44f0d291d985

On 12 May 2020, the ECB published a letter from Andrea Enria to a Member of the European Parliament in response to a written request about Level 2 and Level 3 assets.

https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter200512_Zanni_1~05692de6e8.en.pdf?214cbcc1d3561d18cba348030511657b

On 14 May 2020, ESMA published a statement supporting the recommendations issued by the General Board of the European Systemic Risk Board (ESRB). These recommendations are part of a set of actions to address the Coronavirus emergency from a macroprudential perspective.

<https://www.esma.europa.eu/press-news/esma-news/esma-supports-esrb-actions-address-covid-related-systemic-vulnerabilities>

On 13 May 2020, the ECB published the interview with Andrea Enria: "The current crisis is a wake-up call".

<https://www.bankingsupervision.europa.eu/press/interviews/date/2020/html/ssm.in200513~2e431c1b43.en.html>

On 20 May 2020, the ECB published an opinion on amendments to the EU prudential framework in response to the COVID-19 pandemic.

https://www.bankingsupervision.europa.eu/ecb/legal/pdf/en_con_2020_16.sign.pdf

On 20 May 2020, ESMA published a public statement addressing the implications of the COVID-19 pandemic on the half-yearly financial reports of listed issuers.

<https://www.esma.europa.eu/press-news/esma-news/esma-calls-transparency-covid-19-effects-in-half-yearly-financial-reports>

On 25 May 2020, the ECB published a letter from Andrea Enria to a Member of the German Bundestag on possible policy responses to the crisis.

https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter200525_Schaffler~4b5ffb68c8.en.pdf?302a844401c6795d351abfbd49e00b7

On 25 May 2020, the EBA published a preliminary assessment of the impact of COVID-19 on the EU banking sector. The assessment finds that with the global economy facing unprecedented challenges, banks entered the health crisis with strong capital and liquidity buffers and managed the pressure on operational capacities activating their contingency plans. The crisis is expected to affect asset quality and, thus, profitability of banks going forward. Nonetheless, the capital accumulated by banks during the past years along with the capital relief provided by regulators amounts on average to 5p.p. above their overall capital requirements (OCR). This capital buffer should allow banks to withstand the potential credit risk losses derived from a sensitivity analysis based on the 2018 stress test.

<https://eba.europa.eu/covid-19-placing-unprecedented-challenges-eu-banks>

On 26 May 2020, financial policymakers and international standard setters have met virtually with private sector executives to discuss international policy responses to COVID-19. Organised by the FSB's Standing Committee on Supervisory and Regulatory Cooperation (SRC), in cooperation with the BCBS, the Committee on Payments and Market Infrastructures (CPMI), the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO), the meeting brought together senior representatives from central banks, regulatory authorities and finance ministries as well as about 30 international banks, insurance firms, asset managers, market infrastructures and credit rating agencies.

<https://www.fsb.org/2020/05/financial-policymakers-discuss-responses-to-covid-19-with-the-private-sector/>

On 28 May 2020, the ECB published the presentation "European banking supervision measures in the context of the coronavirus (COVID-19) pandemic" by Edouard Fernandez-Bollo, Member of the Supervisory Board of the ECB, at the Florence School of Banking & Finance online debate.

<https://www.bankingsupervision.europa.eu/press/speeches/date/2020/html/ssm.sp200528~f07ab3b8ae.en.pdf?addc604504784166c8e88f2eab223fc5>

FAQ

A new FAQ on payment account definition has been published on 3 June 2020. The FAQ is available at:

<https://www.cssf.lu/en/document/questions-answers-payment-account-definition/>.

Since the publication of the last Newsletter the FAQ on Covid-19 has been updated several times. The latest version of this FAQ is available at the following address:

<https://www.cssf.lu/en/document/faq-covid-19/>.

Warnings

Warnings of the CSSF

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

- Warning concerning the website <https://energie-spot.com>
- Warning concerning the website <https://equitypowerfund.com>
- Warning regarding the activities of an entity named G&S Global Capital
- Warning concerning the activities of an entity named Stock21stoptions Ltd
- Warning concerning the activities of an entity named Finexis Bank
- Warning concerning the activities of an entity named Crypto Trade Center Ltd

Given the significant number of fraudulent websites recently identified, the CSSF recommends you to verify whether the entity with which you would like to do business is supervised by the CSSF by using the application "**Search Entities**". In case of doubt, please contact the CSSF.

Warning published by another authority

Warning issued by the UK authority (FCA) regarding the activities of an entity named RAM Active Investments (clone of an authorised firm)

<https://www.fca.org.uk/news/warnings/ram-active-investments-clone-authorised-firm>

Warnings published by IOSCO

Several warnings have been published on the IOSCO website at:

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

National regulation

Circular CSSF-CPDI 20/21 - Method for calculating the ex-ante contributions

The circular modifies the calculation method of the total volume of annual contributions that the FGDL collects in relation to the target level referred to in Article 179 of the Law of 18 December 2015 on the failure of credit institutions and of certain investment firms and in relation to the buffer of financial means referred to in Article 180 of said law. It also introduces a fairer method for apportioning the annual contributions between member institutions of the FGDL. Furthermore, it repeals Circulars CSSF-CPDI 16/01 and 17/06. The provisions of the circular depart from paragraphs 35, 37 and 39 of the EBA Guidelines on methods for calculating contributions to deposit guarantee schemes (EBA/GL/2015/10), which have been applied since 2016.

Communiqués

| Date | Publications |
|------------|--|
| 05.06.2020 | ESRB COVID-19 Related Policy Actions: Implications for Investment Funds |
| 12.06.2020 | Big interview with Claude Marx, Director General of the Commission de la Surveillance du Secteur Financier (CSSF), in Paperjam |
| 16.06.2020 | Reporting instructions under Article 37 of the Money Market Funds Regulation |
| 19.06.2020 | Coronavirus (Covid-19): Measures requested by the CSSF in the light of the return to working on-site |
| 25.06.2020 | ESMA's supervisory briefing on the supervision of costs in UCITS and AIFs |

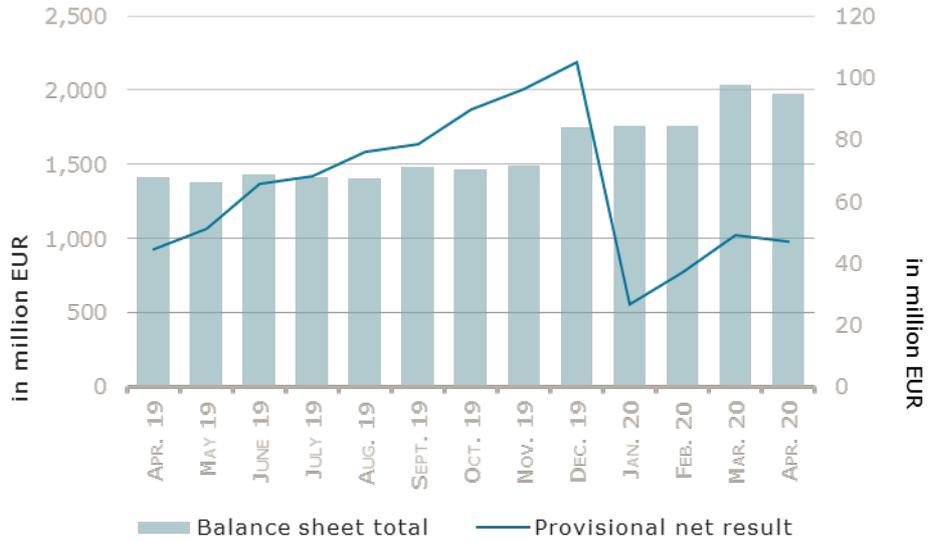
Withdrawal decided by the CSSF

Following the CSSF's decision to withdraw the specialised investment fund VIVALYS PATRIMONIA from the official list of specialised investment funds, the VIth Chamber of the Luxembourg *Tribunal d'arrondissement* (District Court), dealing with commercial matters, per judgement on 14 May 2020, pronounced the dissolution and ordered the liquidation of the specialised investment fund VIVALYS PATRIMONIA. The same judgement has appointed Mr Joe Zeimet as official receiver (*juge-commissaire*) and Mr Laurent Fisch as liquidator.

Statistics

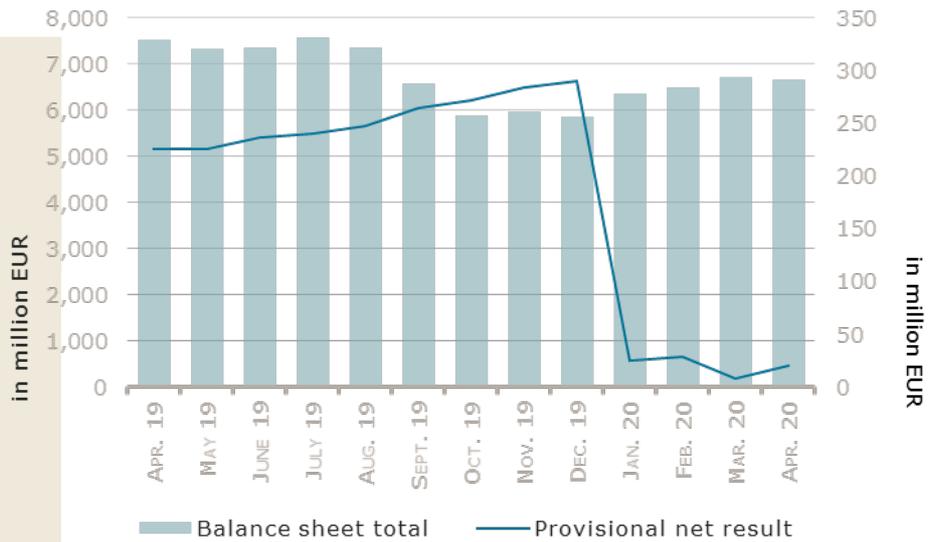
INVESTMENT FIRMS

Decrease in the balance sheet total as at 30 April 2020



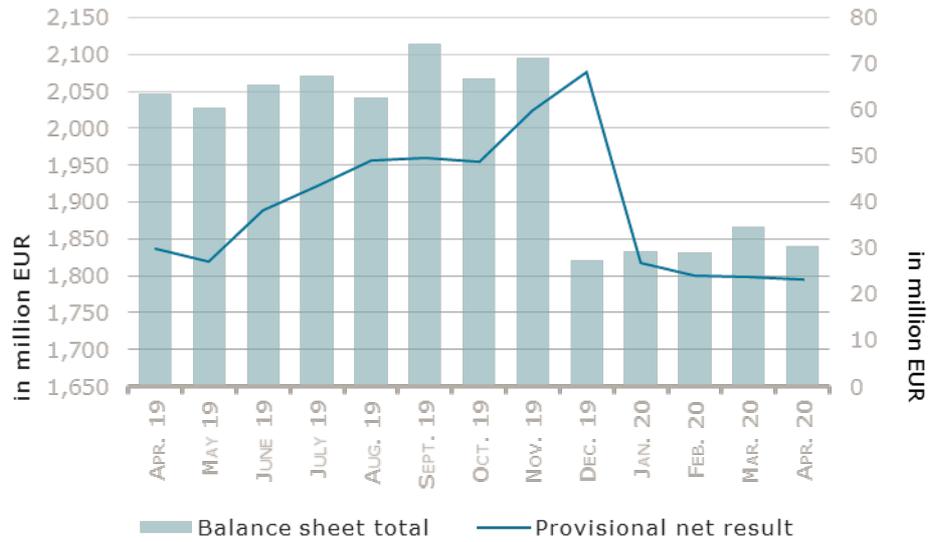
SPECIALISED PFS

Decrease in the balance sheet total as at 30 April 2020



SUPPORT PFS

Decrease in the balance sheet total as at 30 April 2020



PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET

CSSF approvals



In May 2020, the CSSF approved a total of 175 documents pursuant to the Prospectus Regulations, as follows:

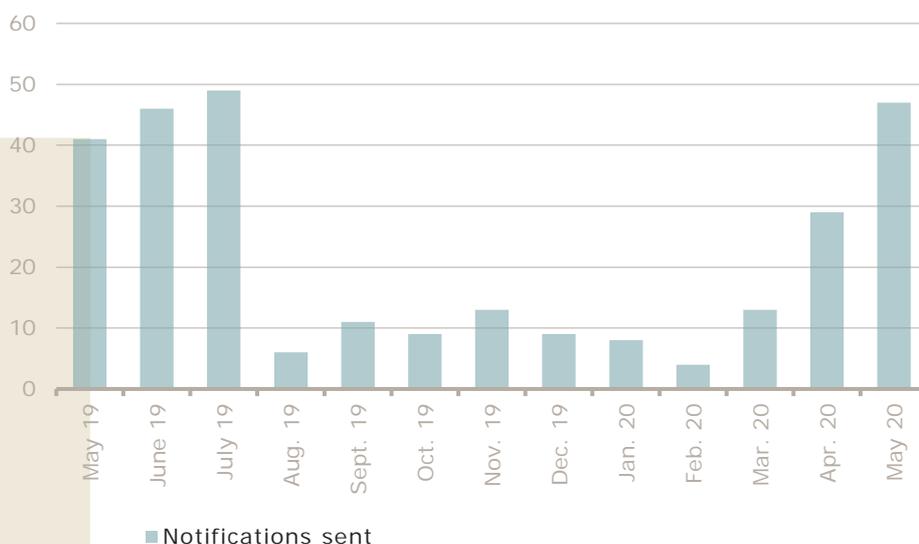
| | |
|---------------------|-------------|
| base prospectuses: | 62 (35.43%) |
| other prospectuses: | 25 (14.28%) |
| supplements: | 88 (50.29%) |

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



In May 2020, the CSSF received 28 notifications relating to prospectuses and base prospectuses and 84 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 May 2020, the CSSF sent 47 notifications relating to prospectuses and base prospectuses and 59 notifications relating to supplements to competent authorities of other EEA Member States¹.

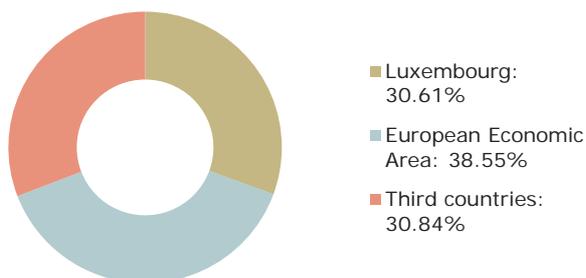
¹ These figures are the number of prospectuses, base prospectuses, registration documents and supplements for which the CSSF sent one or several notifications. Where notifications were sent at different dates and/or in several Member States, only the first notification is included in the statistical calculation. Each document notified in one or several Member States is thus only counted once.

ISSUERS OF SECURITIES WHOSE HOME MEMBER STATE IS LUXEMBOURG PURSUANT TO THE LAW OF 11 JANUARY 2008 ON TRANSPARENCY REQUIREMENTS FOR ISSUERS (THE "TRANSPARENCY LAW")

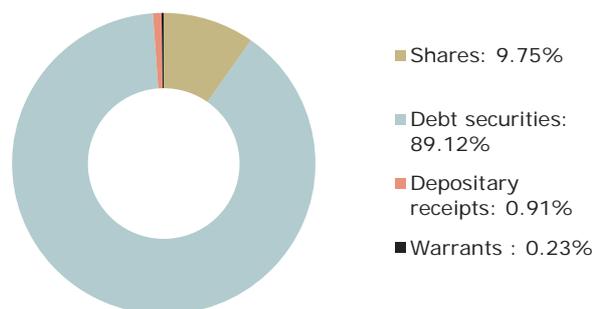
Since 8 May 2020, one issuer has chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, nine issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 31 May 2020, **441 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



FONDS DE PENSION

As at 31 May 2020, **11 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 **33** entities as at 31 May 2020.

PUBLIC OVERSIGHT OF THE AUDIT PROFESSION

The public oversight of the audit profession covered **55 cabinets de révision agréés** (approved audit firms) and **318 réviseurs d'entreprises agréés** (approved statutory auditors) as at 31 May 2020. 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.

Human resources

In order to increase its staff, the CSSF hired 4 employees on 1 June 2020 and counts 933 agents (502 men and 431 women). They have been assigned to the following departments:

On-site inspection

Stéphanie COUTINHO

Supervision of Specialised PFS

Nicolas TRINITÉ-SCHILLEMANS

Personnel, Administration and Finance

Emir MUKOVIC

Stephan SCHNEIDER

European/International News in May 2020

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

| Date | Publications | Description |
|------------|--|--|
| 08.05.2020 | List of supervised entities (as of 1 April 2020) | 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). 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 61 institutions. |

| Date | Speech | Description |
|------------|---|---|
| 11.05.2020 | Yves Mersch: An ECB digital currency – a flight of fancy? | Speech by Yves Mersch, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, at the Consensus 2020 virtual conference. |

| Date | Consultation | Description |
|------------|--|---|
| 20.05.2020 | ECB launches public consultation on its guide on climate-related and environmental risks | The ECB has launched a public consultation on its guide on climate-related and environmental risks. The consultation runs until 25 September 2020 . |

European Parliament, European Commission and European Council

| Date | Regulatory development | Description |
|------------|--|--|
| 07.05.2020 | Commission adopts action plan on anti-money laundering and counter terrorist financing (AML/CFT) | The action plan is aimed to set out concrete measures that the Commission will take over the next 12 months to better enforce, supervise and coordinate the EU's rules on combating money laundering and terrorist financing and to shut down any remaining loopholes and remove any weak links in the EU's rules. |

European Banking Authority (EBA)

| Date | Publications | Description |
|------------|--|---|
| 04.05.2020 | EBA updates ITS package for 2021 benchmarking exercise includes IFRS9 template | The updated ITS on benchmarking of internal approaches include all benchmarking portfolios that will be used for the 2021 exercise. The main novelty is the inclusion of the IFRS9 template. The benchmarking exercise is considered an essential supervisory tool to enhance the quality of internal models, which is particularly important in a stressed economic situation. |
| 04.05.2020 | EBA publishes final Guidelines on the methodology to determine the weighted average maturity of contractual payments due under the tranche of a securitisation transaction | These EBA guidelines aim at ensuring that the methodology applicable for the determination of the weighted average maturity (WAM) for regulatory purposes is sufficiently transparent and harmonised in order to increase consistency and comparability in the own funds held by institutions. |
| 04.05.2020 | EBA publishes final draft technical standards on specific reporting requirements for market risk | These ITS introduce the first elements of the Fundamental Review of the Trading Book (FRTB) into the EU prudential framework by means of a reporting requirement. The ITS are expected to apply from September 2021. |
| 04.05.2020 | EBA launches additional EU-wide transparency exercise | The EBA has published an additional EU-wide transparency exercise to provide market participants with updated information on the financial conditions of EU banks as of 31 December 2019, prior to the start of the COVID-19 pandemic. The results of this exercise have been published on 8 June. |
| 06.05.2020 | EBA publishes updated calculation tool of liquidity coverage ratio | This excel-based tool aiming to provide additional support for reporting institutions takes into account the amendments in the liquidity coverage requirement introduced by Commission Delegated Regulation (EU) 2018/1620 that applies from 30 April 2020. This LCR tool is provided for information purposes only and has no legal value. |
| 06.05.2020 | EBA proposes framework for STS synthetic securitisation | The EBA proposal, which is limited to balance-sheet securitisation, includes a list of criteria to be considered when labelling the synthetic securitisation as 'STS' and provides the pros and cons of a potential differentiated capital treatment for this type of securitisation. |
| 06.05.2020 | EBA publishes final Guidelines on Credit Risk Mitigation for institutions applying the IRB approach with own estimates of LGDs | These guidelines, which are part of the EBA's regulatory review of the IRB approach, aim to eliminate the remaining significant differences in approaches in the area of CRM, which are due to either different supervisory practices or bank-specific choices. These guidelines complement the EBA Report on CRM, which focuses on the standardised approach (SA) and the foundation-IRB approach (F-IRB). |
| 08.05.2020 | EBA launches updated college collaboration platform | The EBA has launched an updated version of its online collaboration platform enabling the joint work and sharing of information between authorities involved in supervision and resolution of cross-border banking groups. The updated college platform aims to facilitate the operation of the colleges and ensures high security standards. |

| | | |
|-------------------|---|--|
| 12.05.2020 | EBA updates data on Deposit Guarantee Schemes across the EU | The EBA has published 2019 data relating to two key concepts in the Deposit Guarantee Schemes Directive (DGSD): available financial means, and covered deposits. The EBA publishes this data on a yearly basis aiming to enhance the transparency and public accountability of deposit guarantee schemes (DGSs) across the EU to the benefit of depositors, markets, policymakers, DGSs and Members States. |
| 12.05.2020 | EBA publishes its inquiry into dividend arbitrage trading schemes ("Cum-Ex/Cum-Cum"), and announces a 10-point action plan to enhance the future regulatory framework | The EBA has published the results of its inquiry into dividend arbitrage schemes, which looked into the actions of prudential and anti-money laundering (AML) and countering the financing of terrorism (CFT) supervisors in dealing with such schemes. The resulting report sets out the EBA's expectations of credit institutions and national authorities under the current regulatory framework. The EBA also decided on a 10-point action plan for 2020/21 to enhance the future framework of prudential and AML requirements covering such schemes. |
| 19.05.2020 | EBA Advisory Committee on Proportionality held its first meeting | The Advisory Committee on Proportionality (ACP) of the EBA has held its first meeting chaired by Helmut Ettl, Executive Director of the Austrian Financial Market Authority and Member of the EBA Board of Supervisors (BoS), and Mario Quagliariello, EBA Director of Economic Analysis and Statistics. The focus of this Committee is to advise the EBA on how its actions and measures should take account of specific differences prevailing in the banking sector related to the nature, scale and complexity of risks, to business models and practice as well as to the size of financial institutions. |
| 20.05.2020 | EBA publishes Report on interlinkages between recovery and resolution planning | The EBA has published a report, which assesses interlinkages between recovery and resolution planning under the BRRD, with the aim of enhancing synergies between the two phases and ensuring consistency in their potential implementation. |
| 29.05.2020 | EBA published its report on convergence of supervisory practices in 2019 | The report finds that the key topics for supervisory attention identified in the EBA 2019 convergence plan have been largely implemented in supervisory work across the EU. The report is part of the EBA's work to actively foster and promote supervisory convergence across the Union in order to bring about strong supervisory standards and a common supervisory culture. |
| 29.05.2020 | EBA published its guidelines on loan origination | The EBA has published its guidelines on loan origination and monitoring that expect institutions to develop robust and prudent standards to ensure newly originated loans are assessed properly. The guidelines also aim to ensure that the institutions' practices are aligned with consumer protection rules and respect fair treatment of consumers. |

| Date | Consultations | Description |
|------------|--|--|
| 15.05.2020 | EBA launches consultation on technical standards for contractual recognition of stay powers under the BRRD | These RTS aim at supporting the effective application of temporary restrictions on early termination rights (resolution stays) in relation to financial contracts governed by the law of a third country. These standards are the first EBA mandate stemming from the revised BRRD and aim at promoting the effective application of recovery and resolution powers to banks and banking groups and to foster convergence of practices between relevant authorities and institutions across the EU. The consultation runs until 15 August 2020 . |
| 29.05.2020 | EBA consults on draft amended technical standards on own funds and eligible liabilities | Since their entry into force, the RTS on own funds have significantly enhanced regulatory harmonisation of prudential rules and contributed to strengthening the quality of regulatory capital. With the revised CRR introducing new criteria and requirements for eligible liabilities, these amended RTS capture several aspects of eligible liabilities as well as the changes to the own funds framework. The consultation runs until 31 August 2020 . |

Macroprudential topics and fora European Central Bank (ECB)

| Date | Publications | Description |
|------------|---|---|
| 04.05.2020 | The ECB Survey of Professional Forecasters - Second quarter of 2020 | The ECB Survey of Professional Forecasters (SPF) collects information on the expected rates of inflation, real GDP growth and unemployment in the euro area at several horizons, ranging from the current year to the longer term. Expectations are reported not only as point forecasts, but also as probability distributions, providing a quantitative assessment of risk and uncertainty. |
| 07.05.2020 | Annual Report 2019 | The Annual Report describes the tasks and activities of the European System of Central Banks (ESCB) and reports on the Eurosystem's monetary policy. It is usually published in April of the following year and is presented by one of the ECB's Executive Board members to the European Parliament at a public hearing. The Annual Report includes the Annual Accounts of the ECB. Figures show that euro area GDP has been weaker while unemployment rate declined to 7.6%. Headline inflation declined to 1.2%. The report also mentions that while financial stability environment remained challenging, banks in the euro area are well capitalised with a 14.2% CET1 ratio. |
| 26.05.2020 | Guidance notes to reporting agents on SHS regulation | This document provides guidance and more detailed information on the data reporting requirements as set out in Regulation (EU) No 1011/2012 of the ECB of 17 October 2012 concerning statistics on holdings of securities (ECB/2012/24), hereinafter referred to as "the SHS Regulation". The description focuses on the reporting of statistics on securities holdings by reporting banking groups (SHSG). |

| | | |
|-------------------|--------------------------------------|--|
| 26.05.2020 | Financial Stability Review, May 2020 | The Financial Stability Review provides an overview of potential risks to financial stability in the euro area. The report states that medium-term risks to financial stability have increased markedly. The financial system has faced an economic shock of enormous scale, speed and global breadth. Wide ranging policy measures helped prevent a seizing-up of the financial system and support the recovery. The report also demonstrates that existing vulnerabilities of some sovereigns, highly leveraged corporates and non-bank financial sector amplified the response in financial markets and increased the risk ahead. |
|-------------------|--------------------------------------|--|

European Systemic Risk Board (ESRB)

| Date | Publication | Description |
|-------------------|---|---|
| 14.05.2020 | Issues note on liquidity in corporate bond and commercial paper markets | The ESRB decided, at its meeting on 2 April 2020, to focus its attention on five priority areas where coordination among authorities or across the EU is likely to be particularly important in order to safeguard financial stability. One of those five priority areas concerns issues around market liquidity and illiquidity, with a particular focus on the implications for asset managers and insurers. Another priority area is the procyclical impact that downgrades of corporate bonds have on markets and entities across the financial system. This issues note has been prepared under the auspices of the ESRB Steering Committee. The issues note discusses corporate bond market liquidity tensions as well as the procyclical impact of downgrades. |

Countercyclical Capital buffer (CCyB)

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

| Country | CCyB rate | Application since |
|-----------------------|-----------|-------------------|
| Belgium | 0.5% | 01.07.2020 |
| Bulgaria | 0.5% | 01.04.2020 |
| Czech Republic | 1.0% | 01.04.2020 |
| Denmark | 1% | 31.03.2020 |
| | 1.5% | 30.09.2020 |
| | 2% | 30.12.2020 |
| France | 0.5% | 02.04.2020 |
| Germany | 0.25% | 01.07.2020 |
| Iceland | 2% | 01.04.2020 |
| Ireland | 1% | 05.07.2019 |
| Lithuania | 1% | 30.06.2019 |
| Luxembourg | 0.25% | 01.01.2020 |
| | 0.5% | 01.01.2021 |
| Norway | 1% | 13.03.2020 |
| Slovakia | 1.5% | 01.05.2020 |
| Sweden | 2.5% | 19.09.2019 |
| United Kingdom | 2% | 16.12.2020 |

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 | Publication | Description |
|-------------------|---|--|
| 04.05.2020 | Guidance on financial resources to support CCP resolution and on the treatment of CCP equity in resolution: Consultative document | This public consultation report provides guidance that will assist central counterparty (CCP) resolution authorities. The draft guidance is based on the concepts included in a discussion paper the FSB published in 2018. It takes into account the comments received in that earlier public consultation and feedback from the resolution authorities of CCPs. Part I of the guidance proposes five steps to guide the authorities in assessing the adequacy of a CCP's financial resources and the potential financial stability implications of their use. Part II of the guidance addresses the treatment of CCP equity in resolution. It provides a framework for resolution authorities to evaluate the exposure of CCP equity to losses in recovery, liquidation and resolution and how (where it is possible) the treatment of CCP equity in resolution could be adjusted. |

European Securities and Markets Authority (ESMA)

| Date | Publication | Description |
|------------|---|--|
| 06.05.2020 | ESMA extends four trade repositories registrations to include securities financing transactions reporting | ESMA has approved the extension of registrations of four trade repositories (TRs) to include securities financing transactions (SFT) reporting under the Securities Financing Transactions Regulation. The TRs concerned are DTCC Derivatives Repository plc, UnaVista TRADEcho B.V., Krajowy Depozyt Papierów Wartościowych S.A. and REGIS-TR S.A. with effect from 7 May 2020. |
| 06.05.2020 | ESMA consults on SME Growth Markets | ESMA has launched a consultation on the functioning of the small and medium-sized enterprises (SME) Growth Market regime in the European Union and on two draft technical standards, introduced by the amendments to the Market Abuse Regulation (MAR) for the promotion of the use of SME Growth Markets. The consultation runs until 15 July 2020 |
| 08.05.2020 | 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). |
| 13.05.2020 | ESMA highlights challenges for rating Collateralised Loan Obligations | ESMA has published a Thematic Report on Collateralised Loan Obligations (CLOs) credit ratings in the European Union. The report provides an overview of CLO rating practices and identifies the main supervisory concerns, and medium-term risks, in this asset class which include credit rating agencies' (CRAs) internal organisation, their interactions with CLO issuers, operational risks, commercial influence on the rating process and the need for proper analysis of CLOs. |
| 14.05.2020 | ESMA sees potential decoupling of financial market performance and underlying economic activity | ESMA has published the first complete risk dashboard for 2020, and highlights the very high risks in all areas of ESMA's remit. The assessment remains at the same level as the separate risk update published on 2 April. |
| 18.05.2020 | ESMA – non-renewal and termination of short selling bans by Austrian FMA, Belgian FSMA, French AMF, Greek HCMC, Italian CONSOB and Spanish CNMV | ESMA has noted the non-renewal of the emergency restrictions on short selling and similar transactions by the following national competent authorities (NCAs): Finanzmarktaufsicht (FMA) of Austria; Financial Securities and Markets Authority (FSMA) of Belgium; Autorité des Marchés Financiers (AMF) of France; Hellenic Capital Market Commission (HCMC) of Greece; and Comisión Nacional del Mercado de Valores (CNMV) of Spain. |

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|-------------------|---|---|
| 28.05.2020 | ESMA updates its Questions and Answers on the Securitisation Regulation | ESMA has updated its Questions and Answers on the Securitisation Regulation (Regulation 2017/2402). |
| 28.05.2020 | ESMA updates Q&AS on MiFID II investor protection | ESMA has updated its Questions and Answers on the implementation of investor protection topics under the Market in Financial Instruments Directive and Regulation (MiFID II/ MiFIR). |
| 28.05.2020 | ESMA publishes updates to EMIR Q&As | ESMA has updated its Questions and Answers document on practical questions regarding data reporting issues, under the European Markets Infrastructure Regulation (EMIR). |
| 29.05.2020 | ESMA updates its Q&As on MiFID II and MiFIR transparency and market structures topics | ESMA has updated its Questions and Answers regarding market structures and transparency issues under the Market in Financial Instruments Directive (MiFID II) and Regulation (MiFIR). |
| 29.05.2020 | ESMA's Supervisory Coordination network concludes its work | ESMA has announced the finalisation of the work of the Supervisory Coordination Network (SCN). |

Financial centre

Main updated figures regarding the financial centre

| | | | Annual comparison |
|---|--|---|---------------------------------|
| Banks | Number (31/05/2020) | 126 | ↘ 7 entities |
| | Balance sheet total (31/12/2019) | EUR 821.775 bn | ↗ EUR 47.397 bn |
| | Profit before provisions (31/12/2019) | EUR 4.749 bn | ↘ EUR 310 m |
| Payment institutions | Number (31/05/2020) | 14 | ↗ 4 entities |
| Electronic money institutions | Number (31/05/2020) | 9 | ↗ 1 entity |
| UCIs | Number (31/05/2020) | Part I 2010 Law: 1,742 | ↘ 71 entities |
| | | Part II 2010 Law: 261 | ↘ 29 entities |
| | | SIFs: 1,444 | ↘ 59 entities |
| | | TOTAL: 3,447 | ↘ 159 entities |
| | Number (31/05/2020) | SICAR: 239 | ↘ 13 entities |
| | Total net assets (30/04/2020) | EUR 4,403.683 bn | ↘ EUR 1.253 bn |
| Management companies (Chapter 15) | Number (31/05/2020) | 192 | ↘ 15 entities |
| | Balance sheet total (31/03/2020) ² | EUR 15.801 bn | ↗ EUR 952 m |
| Management companies (Chapter 16) | Number (31/05/2020) | 157 | ↘ 8 entities |
| AIFMs | Number (31/05/2020) | 259 | ↗ 7 entities |
| Pension funds | Number (31/05/2020) | 11 | ↘ 1 entity |
| Authorised securitisation undertakings | Number (31/05/2020) | 33 | ↗ 1 entity |
| Investment firms | Number (31/05/2020) | 99 | ↗ 1 entity |
| | Balance sheet total (30/04/2020) | EUR 1.975 bn | ↗ EUR 568 m |
| | Provisional net profit (30/04/2020) | EUR 47.07 m | ↗ EUR 2,47 m |
| Specialised PFS | Number (31/05/2020) | 103 | ↘ 4 entities |
| | Balance sheet total (30/04/2020) | EUR 6.665 bn | ↘ EUR 843 m |
| | Provisional net profit (30/04/2020) | EUR 19.72 m | ↘ EUR 205,676 m |
| Support PFS | Number (31/05/2020) | 72 | ↘ 3 entities |
| | Balance sheet total (30/04/2020) | EUR 1.840 bn | ↘ EUR 207 m |
| | Provisional net profit (30/04/2020) | EUR 23.08 m | ↘ EUR 21,52 m |
| Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law | Number (31/05/2020) | 441 | ↘ 28 entities |
| Public oversight of the audit profession | Number (31/05/2020) | 55 <i>cabinets de révision agréés</i> | ↘ 5 entities |
| | | 318 <i>réviseurs d'entreprises agréés</i> | ↗ 5 people |
| | | 24 third-country auditors and audit firms | ↗ 1 entity |
| Employment (31/03/2020) | Banks ³ | 26,390 people | ↘ 239 people |
| | Management companies (Chapter 15) ⁴ | 4,903 people | ↗ 96 people |
| | Investment firms | 1,709 people | ↘ 770 people |
| | Specialised PFS | 5,238 people | ↗ 588 people |
| | Support PFS | 10,078 people | ↘ 118 people |
| | Payment institutions/electronic money institutions | 605 people | N/A |
| | Total | 48,923 people | ↘ 443 people⁵ |

² Preliminary figures

³ Preliminary figures

⁴ Preliminary figures

⁵ 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.