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## Coronavirus: Information for all supervised entities

### Information of the CSSF

#### Update of the COVID-19 FAQ

On 22 December 2020, the CSSF updated Question No 13 of the COVID-19 FAQ:

What is the CSSF policy stance as regards banks' distribution policies aimed at remunerating shareholders, as well as on variable remuneration in the COVID-19 context?

The document is available on the CSSF website at: <https://www.cssf.lu/en/Document/faq-covid-19/>.

### Summary of the communications by the European authorities

**On 2 December 2020**, after closely monitoring the developments of the COVID-19 pandemic and, in particular, the impact of the second COVID-19 wave and the related government restrictions taken in many EU countries, the EBA decided to reactivate its Guidelines on legislative and non-legislative moratoria.

This reactivation will ensure that loans, which had previously not benefitted from payment moratoria, can now also benefit from them.

The role of banks to ensure the continued flow of lending to clients remains of utmost importance and with the reactivation of these Guidelines, the EBA recognises the exceptional circumstances of the second COVID-19 wave.

The EBA revised Guidelines, which will apply until 31 March 2021, include additional safeguards against the risk of an undue increase in unrecognised losses on banks' balance sheet.

<https://eba.europa.eu/eba-reactivates-its-guidelines-legislative-and-non-legislative-moratoria>

**On 2 December 2020**, the Official Journal of the European Union published the Corrigendum to Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

[https://eur-lex.europa.eu/legal-](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2020.405.01.0084.01.ENG&toc=OJ%3A2020%3A405%3ATOC)

[content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2020.405.01.0084.01.ENG&toc=OJ%3A2020%3A405%3ATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2020.405.01.0084.01.ENG&toc=OJ%3A2020%3A405%3ATOC)

**On 3 December 2020**, Elizabeth McCaul, Member of the Supervisory Board of the ECB, gave introductory remarks at the Florence School of Banking & Finance Online Seminar "Bank Boards and Supervisory Expectations".

<https://www.bankingsupervision.europa.eu/press/speeches/date/2020/html/ssm.sp201203~4c2c39db9d.en.html>

**On 4 December 2020**, the ECB published a letter from the Chair of the Supervisory Board, Andrea Enria, to members of the European Parliament in response to a written request related to non-performing loans.

[https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter201204\\_Zanni\\_Donato\\_Grant\\_Rinaldi~37e](https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter201204_Zanni_Donato_Grant_Rinaldi~37e7a4bd25.en.pdf?10a3f84d59483c0c4f5fda01df41a5cd)

[7a4bd25.en.pdf?10a3f84d59483c0c4f5fda01df41a5cd](https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter201204_Zanni_Donato_Grant_Rinaldi~37e7a4bd25.en.pdf?10a3f84d59483c0c4f5fda01df41a5cd)

**On 4 December 2020**, the ECB published a letter from the Chair of the Supervisory Board, Andrea Enria, to one member of the European Parliament in response to a written request related to the dividend distributions during the COVID-19 pandemic.

[https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter201204\\_Garicano~b71f596ab9.en.pdf?78de](https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter201204_Garicano~b71f596ab9.en.pdf?78defb29668cde14604e452ae5f35a7c)

[fb29668cde14604e452ae5f35a7c](https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.mepletter201204_Garicano~b71f596ab9.en.pdf?78defb29668cde14604e452ae5f35a7c)

**On 4 December 2020**, the ECB published a letter from the Chair of the Supervisory Board to the CEOs of the significant institutions related to the identification and measurement of credit risk in the context of the COVID-19 pandemic.

[https://www.bankingsupervision.europa.eu/press/letterstobanks/shared/pdf/2020/ssm.2020\\_letter\\_credit\\_risk\\_identification\\_measurement~734f2a0b84.en.pdf?c839e6212e8a9bf18dc0d26ab0b1cd7f](https://www.bankingsupervision.europa.eu/press/letterstobanks/shared/pdf/2020/ssm.2020_letter_credit_risk_identification_measurement~734f2a0b84.en.pdf?c839e6212e8a9bf18dc0d26ab0b1cd7f)

**On 10 December 2020**, the Basel Committee on Banking Supervision (BCBS) published the Basel III monitoring results based on end-December 2019 data. The report sets out the impact of the Basel III framework that was initially agreed in 2010 as well as the effects of the Committee's December 2017 finalisation of the Basel III reforms and the finalisation of the market risk framework published in January 2019.

Given the December 2019 reporting date, the results do not reflect the economic impact of COVID-19 on participating banks. Nevertheless, the BCBS believes that the information contained in the report will provide relevant stakeholders with a useful benchmark for analysis.

<https://www.bis.org/press/p201210.htm>

**On 10 December 2020**, the ECB published the ECB staff macroeconomic projections for the euro area. The tightening of containment measures in October and November 2020 across euro area countries is expected to lead to another contraction in real GDP in the fourth quarter. The momentum of economic growth had already levelled out by September. Recently announced targeted fiscal measures to support the sectors affected by the lockdown should nevertheless mitigate the overall decline in activity. Overall, real GDP is expected to decline by 2.2% in the fourth quarter of 2020 and to rebound during the course of 2021. This expectation of a second rebound is based on the assumption of a steady lifting of containment measures, a gradual decline in uncertainty and a boost to confidence given the prospects for effective vaccines and their timely and successful distribution. Real GDP is expected to reach the 2019 pre-crisis level by mid-2022 and to exceed it by 2½% in 2023.

[https://www.ecb.europa.eu/pub/projections/html/ecb.projections202009\\_ecbstaff~0940bca288.en.html](https://www.ecb.europa.eu/pub/projections/html/ecb.projections202009_ecbstaff~0940bca288.en.html)

**On 11 December 2020**, the EBA published its annual Risk Assessment of the European banking system. The report is accompanied by the publication of the 2020 EU-wide transparency exercise, which provides detailed information, in a comparable and accessible format, for 129 banks across 26 EEA/EU countries and for 6 banks from UK.

Despite the COVID-19 shock, banks have maintained solid capital and liquidity ratios and have increased their lending to the real economy.

However, economic uncertainty persists, profitability is at record low levels, and there are several early signs for a deterioration in asset quality.

<https://eba.europa.eu/eba-confirms-banks%E2%80%99-solid-capital-and-liquidity-positions-warns-about-asset-quality-prospects-and>

**On 14 December 2020**, the EBA published an opinion on the amendments proposed by the European Commission as regards the EBA final draft RTS specifying the assessment methodology competent authorities are to follow when assessing the compliance of credit institutions and investment firms with the requirements to use the Internal Ratings Based (IRB) approach laid down in the Capital Requirements Regulation (CRR).

These RTS are an important part of the EBA' regulatory review of the IRB approach, as they harmonise the supervisory assessment methodology on the IRB approach across all Member States in the European Union (EU).

<https://eba.europa.eu/eba-issues-opinion-european-commission-proposed-amendments-eba-final-draft-rts-irb-assessment>

**On 15 December 2020**, the EBA issued a press release in which it continues to call on banks to apply a conservative approach on dividends and other distributions in light of the COVID-19 pandemic.

In its 12 March statement, the EBA urged banks to follow conservative distribution policies and use capital for ensuring the continuous financing of the economy.

Banks in the European Union have been able to continue supporting businesses and mostly remained with strong levels of capitalisation.

However, given that the COVID-19 crisis and the uncertainty on its impact on the economy are likely to continue, with possible further deterioration of asset quality metrics over the next quarters, the EBA urges banks to refrain from distributing capital outside the banking system when deciding on dividends and other distribution policies, including share buybacks, unless extreme caution is applied.

<https://eba.europa.eu/eba-continues-call-banks-apply-conservative-approach-dividends-and-other-distributions-light-covid>

**On 15 December 2020**, the EBA published its updated ad-hoc impact study on the implementation of Basel III in the EU in response to the EU Commission's call for advice (CfA).

The study is based on a sample of 99 banks and has a reference date of December 2019.

Under the full implementation of Basel III and conservative assumptions, the updated impact is meaningfully lower than previously estimated, using June 2018 data and a consistent sample.

In addition, the report presents some qualitative reflections on the potential interactions between different elements of Basel III framework and the estimated adverse impact of the COVID-19 crisis.

The EBA reaffirms its policy recommendations put forward in its previous advice and supports the full implementation of the final Basel III standards in the EU, which will contribute to the credibility of the EU banking sector and ensure a well-functioning global banking market.

<https://eba.europa.eu/eba-updates-its-basel-iii-impact-study-following-eu-commission%E2%80%99s-call-advice>

**On 15 December 2020**, the ECB published frequently asked questions on the ECB supervisory measures in reaction to the coronavirus.

[https://www.bankingsupervision.europa.eu/press/publications/html/ssm.faq\\_ECB\\_supervisory\\_measures\\_in\\_reacti on\\_to\\_the\\_coronavirus~8a631697a4.en.html](https://www.bankingsupervision.europa.eu/press/publications/html/ssm.faq_ECB_supervisory_measures_in_reacti on_to_the_coronavirus~8a631697a4.en.html)

**On 15 December 2020**, the ECB issued a call on banks to refrain from or limit dividends until 30 September 2021.

<https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr201215~4742ea7c8a.en.html>

**On 15 December 2020**, the ECB published a letter from the Chair of the Supervisory Board to the CEOs of the significant institutions on remuneration policies in the context of the COVID-19 pandemic.

[https://www.bankingsupervision.europa.eu/press/letterstobanks/shared/pdf/2020/ssm.201215\\_letter\\_remunerati on\\_policies\\_in\\_the\\_context\\_of\\_the\\_coronavirus\\_COVID\\_19\\_pandemic.en.pdf?faa7519bf2c3bd5ee71d15a0f4fffb39](https://www.bankingsupervision.europa.eu/press/letterstobanks/shared/pdf/2020/ssm.201215_letter_remunerati on_policies_in_the_context_of_the_coronavirus_COVID_19_pandemic.en.pdf?faa7519bf2c3bd5ee71d15a0f4fffb39)

**On 15 December 2020**, the ESRB published an amendment to its recommendation on the restriction of distributions during the COVID-19 pandemic. The General Board of the ESRB recommended that relevant authorities request financial institutions under their supervisory remit to refrain until 30 September 2021 from undertaking any of the following actions: (i) make a dividend distribution or give an irrevocable commitment to make a dividend distribution; (ii) buy-back ordinary shares; (iii) create an obligation to pay variable remuneration to a material risk taker, which has the effect of reducing the quantity or quality of own funds, unless the financial institutions apply extreme caution in carrying out any of those actions and the resulting reduction does not exceed the conservative threshold set by their competent authority.

[https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation201215\\_on\\_restriction\\_of\\_distributio ns\\_during\\_the\\_COVID-19\\_pandemic~2502cd1d1c.en.pdf?cffccb800b8f13054c8400576466fe8e](https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation201215_on_restriction_of_distributio ns_during_the_COVID-19_pandemic~2502cd1d1c.en.pdf?cffccb800b8f13054c8400576466fe8e)

**On 16 December 2020**, the FSB published the Global Monitoring Report on Non-Bank Financial Intermediation 2020.

The report presents the results of the FSB's annual monitoring exercise to assess global trends and risks in non-bank financial intermediation (NBFi). The report covers data from 29 jurisdictions, representing over 80% of global GDP.

In 2019 the growth of the NBFIs sector again outpaced that of banks. At a global level, the NBFIs sector grew by 8.9% in 2019 to \$200.2 trillion to account for 49.5% of total global financial assets, driven mainly by increases in investment funds, pension funds and insurance corporations.

<https://www.fsb.org/2020/12/fsb-reports-on-global-trends-and-risks-in-non-bank-financial-intermediation/>

**On 16 December 2020**, the Commission presented its strategy to prevent a future build-up of non-performing loans (NPLs) across the EU, as a result of the COVID-19 crisis.

The strategy aims to ensure that EU households and businesses continue to have access to the funding they need throughout the crisis. Banks have a crucial role to play in mitigating the effects of the coronavirus crisis by maintaining the financing of the economy.

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_2375](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2375)

**On 21 December 2020**, the EBA published additional clarifications on the application of the prudential framework in response to issues raised as a consequence of the COVID-19 pandemic. These clarifications update the FAQ section of the EBA Report on COVID-19 implementation policies published on 7 August. They mainly cover the EBA Guidelines on moratoria and COVID-19 reporting, operational risk, downturn LGD estimation and the credit risk mitigation framework. This report is part of the EBA's wider monitoring of the implementation of COVID-19 policies as well as of the application of existing policies under these exceptional circumstances.

<https://eba.europa.eu/eba-provides-additional-clarity-implementation-selected-covid-19-policies>



## Warnings

### Warnings of the CSSF

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

- Warning regarding the activities of an entity named IGLS Invest
- Warning regarding the activities of an entity named Global Markets Association
- Warning – Malware “SUNBURST”
- Warning concerning the website [www.500.trade](http://www.500.trade)
- Warning regarding the activities of an entity named Sun CFD Trading Inc.
- Warning concerning regarding the website [www.bit-forex.ltd](http://www.bit-forex.ltd)
- Warning regarding the activities of an entity named “Zenith Assets Management”
- Warning concerning the website <https://stocksons.live>

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 issued by another authority

Warning issued by the Austrian authority (FMA) regarding the activities of an entity named Global Pro Trader Ltd

### Warnings published by IOSCO

Several warnings have been published on the IOSCO website at:

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





## National regulation

### **Circular CSSF 20/764**

The purpose of this circular is to inform that the CSSF, in its capacity as competent authority, applies the Guidelines of ESMA on performance fees in UCITS and certain types of AIFs (Ref. ESMA34-39-992), published on 5 November 2020. Consequently, the CSSF will integrate the Guidelines into its administrative practices and regulatory approach with a view to promoting supervisory convergence in this field at European level as of the date of application of these Guidelines.

<https://www.cssf.lu/en/Document/circular-cssf-20-764/>.

### **CSSF Regulation No 20-09 of 14 December 2020**

The purpose of the regulation is to amend CSSF Regulation No 20-02 of 29 June 2020 on the equivalence of certain third countries with respect to supervision and authorisation rules for the purpose of providing investment services or performing investment activities and ancillary services by third-country firms.

<https://www.cssf.lu/en/Document/cssf-regulation-no-20-09-of-14-december-2020/>.

### **Law of 19 December 2020**

The purpose of the law is to implement financial restrictive measures in the Grand Duchy of Luxembourg. Further information on this law is available in this Newsletter, under Section “Fight against money laundering and terrorist financing”.

<https://www.cssf.lu/en/Document/law-of-19-december-2020-implementing-financial-restrictive-measures/>.

### **CSSF Regulation No 20-11 of 29 December 2020**

CSSF Regulation No 20-11 concerns the setting of the countercyclical buffer rate for the first quarter of 2021.

<https://www.cssf.lu/en/Document/cssf-regulation-no-20-11-of-29-december-2020/>.

### **Regulation CSSF No 20-07 of 12 November 2020**

CSSF Regulation No 20-07 concerns systemically important institutions authorised in Luxembourg.

<https://www.cssf.lu/en/Document/regulation-cssf-no-20-07-of-12-november-2020/>.

### **CSSF Regulation No 20-10 of 21 December 2020**

CSSF Regulation No 20-10 lays down the implementing measures of Article 100(1) of the Law of 17 December 2010 relating to undertakings for collective investment as regards the marketing of foreign UCIs other than the closed-ended type to retail investors in Luxembourg.

<https://www.cssf.lu/en/Document/cssf-regulation-no-20-10-of-21-december-2020/>.



## FAQ

On 18 December 2020, the CSSF published a new FAQ entitled: "CSSF FAQ – Use of Securities Financing Transactions by UCITS". This CSSF FAQ concerns the use by Luxembourg-domiciled UCITS of the following Securities Financing Transactions: securities lending transactions, reverse repurchase agreement transactions and repurchase agreement transactions. The objective of the FAQ is to bring further clarity concerning the use by UCITS of these SFTs, by taking into account the applicable regulatory framework as well as the supervisory experience gained by the CSSF over the last years. The document is available at: <https://www.cssf.lu/en/Document/cssf-faq-use-of-securities-financing-transactions-by-ucits/>.

On 21 December 2020, the CSSF published a new FAQ on Regulation CSSF No 20-08 on borrower-based measures for residential real estate credit. The document is available at: <https://www.cssf.lu/en/Document/technical-faq-on-regulation-cssf-no-20-08-on-borrower-based-measures-for-residential-real-estate-credit/>.



## Fight against money laundering and terrorist financing

**Latest developments on anti-money laundering/countering financing of terrorism/countering proliferation financing (AML/CFT/CPF).**

### **1. Methodology on risk assessments by the EBA and other recent AML/CFT relevant publications by the EBA**

In 2019, the European legislation gave the European Banking Authority ("EBA") a clear legal duty to lead, coordinate and monitor the AML/CFT efforts of all EU financial service providers and competent authorities at EU level.

According to this new role, the EBA "*shall, with the participation of the competent authorities, perform risk assessments of the strategies, capacities and resources of competent authorities to address the most important emerging risks related to money laundering and terrorist financing at Union level*" as identified i.a. in the supranational risk assessment<sup>1</sup> (Art. 9a of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority) ("EBA Regulation").

To that end, the EBA has now developed a methodology describing how it will carry out such risk assessments, for example by performing peer reviews and implementation reviews. This methodology was published on 17 December 2020 and can be found under the following link: [EBA explains how it will use its new power to carry out risk assessments in the fight against money laundering and terrorist financing | European Banking Authority](#).

The results of these assessments will be, inter alia, disseminated through the publication of EBA opinions, propositions of further policy work and targeted communication, where appropriate.

<sup>1</sup> Please refer to the SNRA at EU level.



Moreover, please note also the following AML/CFT relevant documents as published by the EBA in December 2020 on its dedicated AML/CFT website (Anti-Money Laundering and Countering the Financing of Terrorism | European Banking Authority):

- EBA note on FINCEN leaks (EBA AML/CFT Newsletter, December 2020, also published on the CSSF website under the dedicated Financial Crime section)
- EBA opinion on DGS/AMLD interplay (14.12.2020)
- EBA Report on AML/CFT colleges (15.12.2020)

## 2. Luxembourg updates its National Risk Assessment of Money Laundering and Terrorist Financing (“NRA”)

As per international standards, countries should identify, assess and understand money laundering/terrorist financing (“ML/TF”) risks through a national risk assessment. Luxembourg’s first NRA was published in December 2018, and a new updated version has been adopted in September 2020 (the “NRA 2020”) and published in December 2020.

The 2020 NRA was led by the Executive Secretariat of the National ML/TF Prevention Committee. The exercise relied on the input and expertise of a wide set of national stakeholders such as ministries, supervisory authorities, self-regulatory bodies, investigative and prosecution authorities, the FIU and a number of other contributors. The NRA’s methodology (2018 and 2020 exercises) is mainly based on two key steps: (i) the assessment of inherent risk from threats and vulnerabilities and (ii) the assessment of residual risk after consideration of mitigating measures in place.

The CSSF would like to stress and remind professionals under its supervision that the NRA is a wide source of information, providing useful and adequate guidance to support the conduct of their own ML/TF risk assessments and the design of appropriate risk mitigation measures.

The 2020 NRA also explores about 20 comprehensive case studies in order to illustrate identified threats and vulnerabilities, which is new compared to the previous NRA.

This 2020 NRA (as the 2018 NRA) identified 8 general sectors that are potentially vulnerable to money laundering/terrorist financing inherent risks, as highlighted in the table below:

**Table 3: Inherent and residual risk assessment (at sector-level)**

Category	Sector <sup>43</sup>	Inherent risk level	Residual risk level
Financial sector	Banks	High	Medium
	Investment sector	High	Medium
	Insurance	Medium	Low
	MVTS	High	Medium
	Specialised PFSs	High	Medium
	Market operators	Low	Low
	Support PFSs & other specialised PFSs	Very Low	Very Low
Non-financial sector	Legal professions, chartered accountants, auditors, accountants and tax advisors	High	Medium
	Gambling	Low	Low
	Real estate	High	High
	Dealers in goods	Medium	Medium
	Freeport operators	High	Medium
Legal entities and arrangements		High	High

With reference to the financial sector professionals under the CSSF supervision, the 2020 NRA identified, in particular, the banking sector, the investment sector (i.e. collective investments and wealth management), money service businesses (i.e. payment and e-money institutions), as well as specialised PFS performing notably so-called trust and company services, as being potentially vulnerable to ML/TF, with high inherent risk. While there are also non-financial sectors identified as high-risk sectors, these need to be taken into account by the professionals under the CSSF supervision though they belong to the non-financial sector, for example in case of involvement through relationships with these sectors and in order to determine the impact on their own risk exposure.

The 2020 NRA also highlights a number of emerging risks in Luxembourg, for example in relation to virtual assets and virtual asset service providers<sup>2</sup> (“VASPs”) and to the use of new payment methods. Regarding the emerging risks of cybercrime and the risks associated with cybersecurity, the 2020 NRA finds that they have increased, notably since the outbreak of the COVID-19 pandemic at the beginning of 2020 as the lockdown measures drove and continue to drive demand for communication, information and supplies through online channels.<sup>3</sup>

The complete version of the NRA can be found on [Brochure import - version 11.12.2020.indd \(gouvernement.lu\)](#). You can also refer to the press release of the Ministry of Justice of 14 December 2020 or the press release of the CSSF of 16 December 2020 ([Press release of the Ministry of Justice of 14 December 2020: Luxembourg updates its national risk assessment of money laundering and terrorist financing – CSSF](#)).

### **3. Law of 19 December 2020 implementing financial restrictive measures**

On 23 December 2020, the Luxembourg legislator has published the Law of 19 December 2020 implementing financial restrictive measures (the “**Law of 19 December 2020**”), repealing the law of 27 October 2010 implementing United Nations Security Council resolutions as well as acts adopted by the European Union concerning prohibitions and restrictive measures in financial matters in respect of certain persons, entities and groups in the context of the combat against terrorist financing (the “**Law of 27 October 2010**”).

The Law of 19 December 2020 provides for a dedicated framework for the implementation of financial measures adopted by the United Nations and the European Union in respect of certain States, natural and legal persons, entities and groups, not limited to those related to the fight against terrorism financing. This includes also, where relevant, measures related to the fight against proliferation financing (please see also the dedicated section on the CSSF website, [International financial sanctions – CSSF](#)).

Grand-ducal regulations will be taken to impose restrictive measures on States, natural and legal persons, entities and groups in order to ensure the defence of the national and external security or the vital interests of the Grand Duchy of Luxembourg, in particular where the formal adoption of decisions by the United Nations or the European Union are pending. This expedited procedure allows prevention of capital flight of criminals, and professionals are required to implement the requirements without delay and in line with the rules foreseen in the Law of 19 December 2020 and in the CSSF Regulation No 12-02 on AML/CFT (e.g. Article 33).

Compliance with the Law of 19 December 2020 and the implementation of the financial restrictive measures is imposed on:

- a) natural persons of Luxembourg nationality who reside or operate on or from the territory of the Grand Duchy of Luxembourg or from abroad;
- b) legal persons having their head office, a stable establishment or their centre of main interests on the territory of the Grand Duchy of Luxembourg and which operate on or from the Grand Duchy of Luxembourg or from abroad;
- c) branches of the Luxembourg legal persons established abroad and branches in the Grand Duchy of Luxembourg of foreign legal persons; and
- d) any other natural or legal persons operating on the territory of the Grand Duchy of Luxembourg.

Supervisory authorities, including the CSSF, and self-regulatory bodies have been granted increased supervisory and sanctioning powers with respect to persons under their scope of supervision for the purposes of implementing the Law of 19 December 2020.

Please note that non-compliance with the framework provided for by the Law of 19 December 2020, shall be punishable by a term of imprisonment of eight days to five years and a fine of EUR 12,500 to EUR 5,000,000 or only by one of these penalties. The fine may be brought to four times the sum to which the infringement relates.

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<sup>2</sup> Please refer to the Law of 25 March 2020 which empowers the CSSF as the dedicated supervisory authority for VASPs for AML/CFT purposes.

<sup>3</sup> Please also refer to Europol “Beyond the pandemic how Covid-19 will shape the serious and organized crime landscape in the EU”, April 2020.

#### 4. Draft Law n° 7736, aiming at amending:

- the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended;
- the Law of 20 April 1977 on gaming and betting on sporting events, as amended;
- the Law of 17 December 2010 relating to undertakings for collective investment, as amended;
- the Law of 25 March 2020 establishing a central electronic data retrieval system concerning payment accounts and bank accounts identified by IBAN and safe-deposit boxes held by credit institutions in Luxembourg;
- the Law of 10 July 2020 establishing a Register of *fiducies* and trusts.

On 21 December 2020, the Ministry of Finance has submitted the draft bill n° 7736 (“**Draft Law n° 7736**”) which clarifies, from an AML/CFT perspective, inter alia, the following points:

- The framework for the monitoring of the obliged entities by their respective self-regulatory bodies;
- The risk-based approach to AML/CFT supervision that applies to supervisory authorities and self-regulatory bodies, in particular on the basis of the entity-level risk and on the ML/TF risks identified in Luxembourg (e.g. NRA);
- The exchange of information between the FIU, the supervisory authorities and the self-regulatory bodies;
- The cooperation of the supervisory authorities and self-regulatory bodies with their foreign counterparts;
- The prohibition of the keeping of numbered accounts, numbered passbooks or numbered safe-deposit boxes.

#### 5. FATF Publications

The FATF sought feedback from the private sector on how to address challenges to cross-border payments without compromising AML/CTF safeguards (communication of 1 December 2020).

On 9 December 2020, the FATF and the Egmont Group of Financial Intelligence Units, published a joint paper on trade-based ML, explaining the risks and policy responses. Using numerous case studies, the paper described how trade-based ML often involves criminals falsifying trade documents to disguise dirty money as seemingly legitimate revenue. The aim of the report is to support public and private sectors in their understanding of risks, detection and prevention of trade-based ML. ([Documents - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](#))

On 16 December 2020, the FATF updated the range of COVID-19 related crimes, as identified in May 2020, raising awareness on how criminals continue to exploit the crisis ([Documents - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](#)). In this context, we would like to remind professionals of Circular CSSF 20/740 on financial crime and AML/CFT implications during the COVID-19 pandemic, the CSSF presentation of 4 May 2020 on the AML/CFT supervision in the Collective Investment Sector during the COVID-19 situation and to the FIU typologies document relating to COVID-19 of 2 April 2020.

On 18 December 2020, the FATF removed the Bahamas from the list of jurisdictions under increased monitoring (18 December 2020, please read under [Documents - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](#)).

On 23 December 2020, the FATF published the consolidated table of assessment ratings of all countries assessed against the 2012 FATF Recommendations and using the 2013 Assessment Methodology (205 countries). This table shall be read in conjunction with the detailed mutual evaluation reports, both available on [Documents - Financial Action Task Force \(FATF\) \(fatf-gafi.org\)](#) and relevant in particular when assessing ML/TF risks associated with countries and jurisdiction with which professionals are doing business.



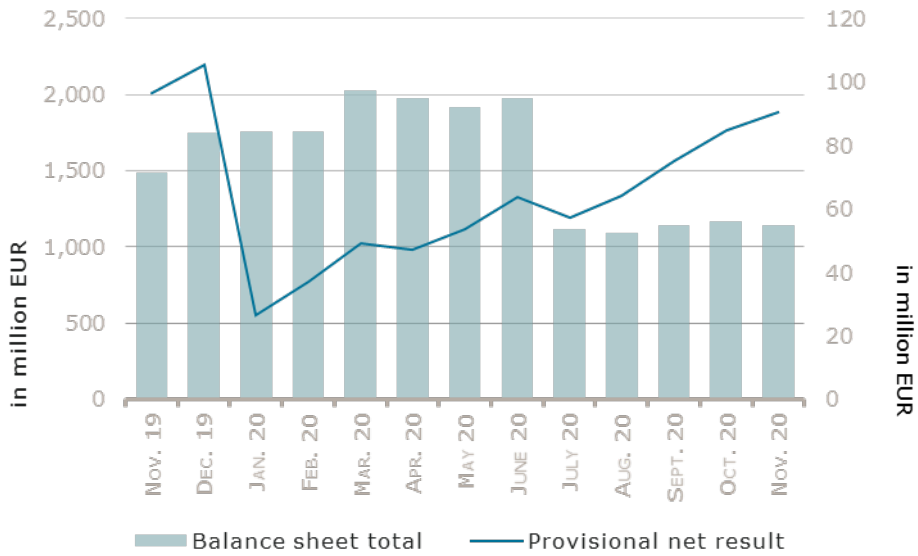
## Communiqués

Date	Publications
16.12.2020	Press release of the Ministry of Justice of 14 December 2020: Luxembourg updates its national risk assessment of money laundering and terrorist financing
16.12.2020	Communication on regulatory requirements and fast track procedure in relation to Regulation (EU) 2019/2088 on the sustainability-related disclosures in the financial services sector
17.12.2020	EBA explains how it will use its new power to carry out risk assessments in the fight against money laundering and terrorist financing
18.12.2020	Publication of the Results of the CSSF Thematic Review on Efficient Portfolio Management – Revenues & Costs/Fees and of the CSSF FAQ on the use of Securities Financing Transactions by UCITS
18.12.2020	Claude Marx, Director general of the CSSF, guest on the show “Connected to” on Radio 100,7
22.12.2020	Thematic Review on issuers’ climate-related disclosures
24.12.2020	Publication of CSSF Regulation No 20-09 on the equivalence of the United Kingdom for the purpose of the MiFIR third country national regime
24.12.2020	Luxembourg – Monaco: Towards enhanced cooperation in the fight against international financial crime
24.12.2020	2020 Survey related to the fight against money laundering and terrorist financing
31.12.2020	Global situation of undertakings for collective investment at the end of November 2020

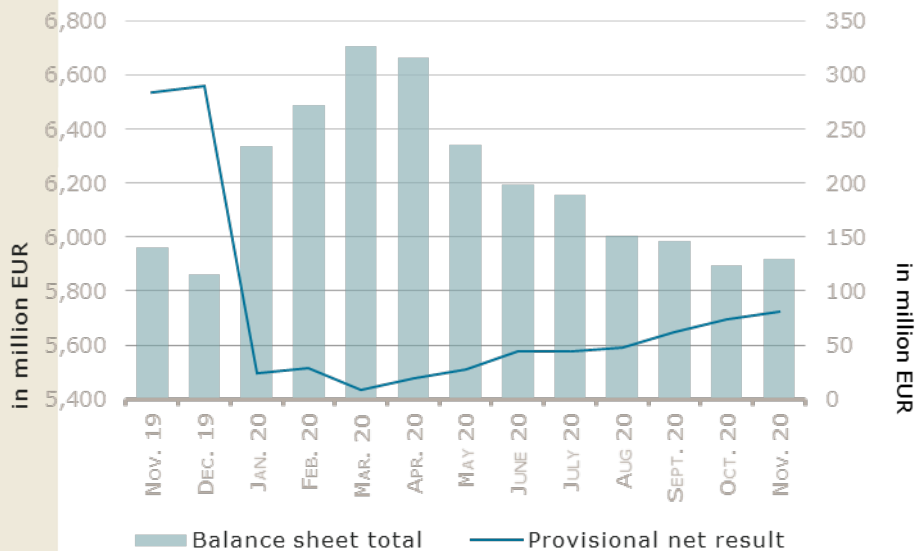


MONTHLY STATISTICS

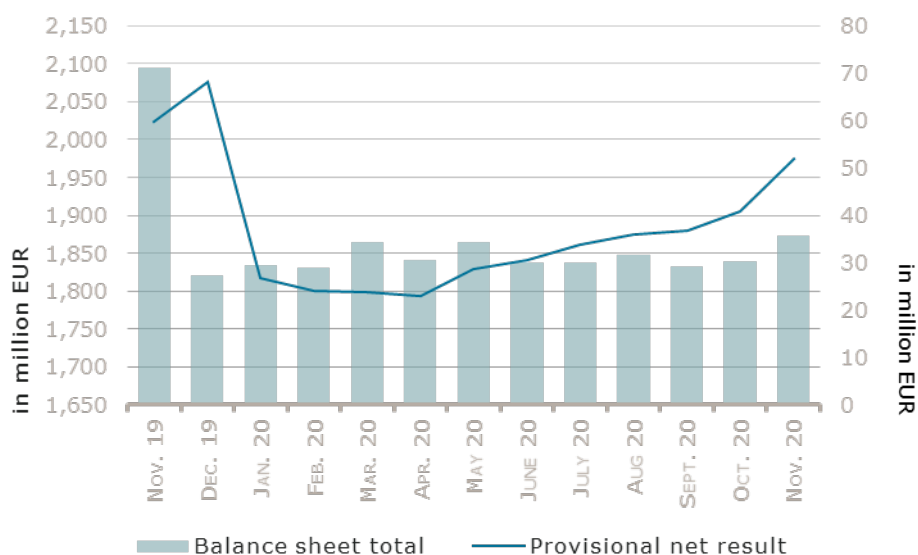
INVESTMENT FIRMS:  
DECREASE IN THE BALANCE SHEET TOTAL AS AT 30 NOVEMBER 2020



SPECIALISED PFS:  
INCREASE IN THE BALANCE SHEET TOTAL AS AT 30 NOVEMBER 2020



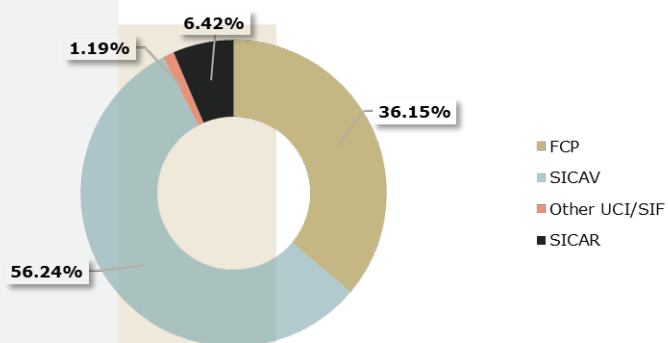
**SUPPORT PFS:  
INCREASE IN THE BALANCE SHEET TOTAL AS AT 30 NOVEMBER 2020**



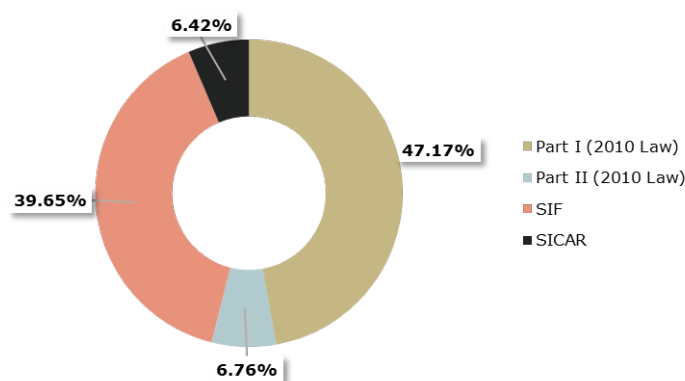
**NUMBER OF UCIS**

**UCIS:  
SITUATION AS AT 30 NOVEMBER 2020**

**Breakdown according to legal form**



**Breakdown according to law and part applicable**

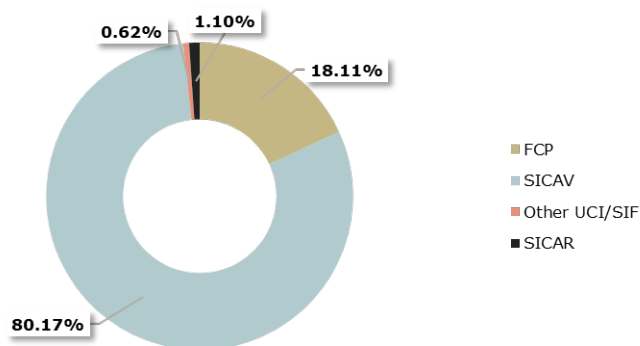


	FCP	SICAV	Other UCI / SIF	SICAR	Total
Part I (2010 Law)	886	825	0	0	<b>1,711</b>
Part II (2010 Law)	116	127	2	0	<b>245</b>
FIS	309	1,088	41	0	<b>1,438</b>
SICAR	0	0	0	233	<b>233</b>
<b>Total</b>	<b>1,311</b>	<b>2,040</b>	<b>43</b>	<b>233</b>	<b>3,627</b>

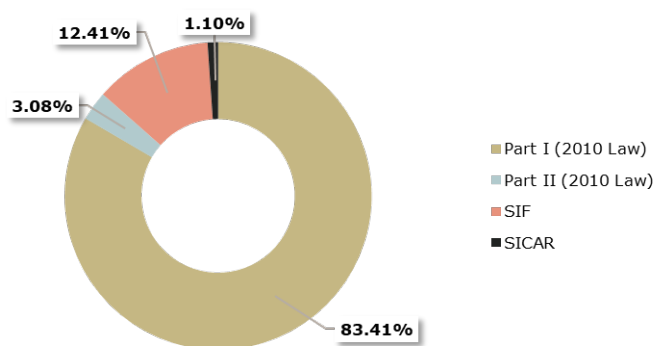


## NET ASSETS OF UCIS

Breakdown according to legal form



Breakdown according to law and part applicable



	FCP	SICAV	Other UCI / SIF	SICAR	Total
Part I (2010 Law)	639.864	3,432.410	0.000	0.000	<b>4,072.274</b>
Part II (2010 Law)	49.815	100.230	0.500	0.000	<b>150.545</b>
SIF	194.315	381.578	29.837	0.000	<b>605.730</b>
SICAR	0.000	0.000	0.000	53.862	<b>53.862</b>
<b>Total</b>	<b>883.994</b>	<b>3,914.218</b>	<b>30.337</b>	<b>53.862</b>	<b>4,882.411</b>

## NET ASSETS BROKEN DOWN BY INVESTMENT POLICY

Breakdown by investment policy	Net assets (in bn €)	Number of fund units
Fixed-Income Transferable Securities	1,402.939	3,211
Variable-Yield Transferable Securities	1,550.277	4,050
Mixed Transferable Securities	952.353	3,660
Funds of Funds	280.253	2,076
Money Market Instruments and Other Short-Term Securities	409.781	219
Cash	9.220	11
Private Equity	47.176	226
Venture Capital	2.896	30
Real Estate	93.291	330
Futures and/or Options	11.994	94
Other Assets	68.369	291
Public-to-Private	0.125	3
Mezzanine	2.689	11
Venture Capital (SICAR)	7.553	70
Private Equity (SICAR)	43.495	289
<b>TOTAL</b>	<b>4,882.411</b>	<b>14,571</b>

Breakdown by investment policy	Net assets (in bn €)	Number of fund units	Subscriptions (in bn €)	Redemptions (in bn €)	Net subscriptions (in bn €)
<b>PART I</b>					
Fixed-Income Transferable Securities	1,295.140	2,708	52.716	49.437	3.279
Variable-Yield Transferable Securities	1,473.761	3,718	83.774	56.797	26.977
Mixed Transferable Securities	762.679	2,636	22.619	23.742	-1.123
Funds of Funds	139.720	883	3.051	2.668	0.383
Money Market Instruments and Other Short-Term Securities	381.987	181	166.784	175.808	-9.024
Cash	9.158	9	1.223	2.058	-0.835
Futures and/or Options	7.004	48	0.160	0.142	0.018
Other Assets	2.825	10	0.024	0.086	-0.062
<b>SUB-TOTAL PART I</b>	<b>4,072.274</b>	<b>10,193</b>	<b>330.351</b>	<b>310.738</b>	<b>19.613</b>
<b>PART II</b>					
Fixed-Income Transferable Securities	16.221	87	0.492	0.489	0.003
Variable-Yield Transferable Securities	14.467	56	0.042	0.181	-0.139
Mixed Transferable Securities	58.739	188	1.838	1.134	0.704
Funds of Funds	26.457	215	0.244	0.314	-0.070
Money Market Instruments and Other Short-Term Securities	17.774	28	1.285	1.243	0.042
Cash	0.000	0	0.000	0.000	0.000
Private Equity	8.577	20	0.216	0.173	0.043
Venture Capital	0.115	1	0.017	0.000	0.017
Real Estate	2.830	7	0.007	0.000	0.007
Futures and/or Options	1.171	16	0.028	0.022	0.006
Other Assets	4.194	18	0.037	0.065	-0.028
<b>SUB-TOTAL PART II</b>	<b>150.545</b>	<b>636</b>	<b>4.206</b>	<b>3.621</b>	<b>0.585</b>

**SIF**

Fixed-Income Transferable Securities	91.578	416	2.263	1.693	0.570
Variable-Yield Transferable Securities	62.049	276	0.529	0.709	-0.180
Mixed Transferable Securities	130.935	836	1.519	1.773	-0.254
Funds of Funds	114.076	978	2.886	3.588	-0.702
Money Market Instruments and Other Short-Term Securities	10.020	10	2.067	1.541	0.526
Cash	0.062	2	0.000	0.000	0.000
Private Equity	38.599	206	1.272	0.385	0.887
Venture Capital	2.781	29	0.026	0.033	-0.007
Real Estate	90.461	323	1.516	0.419	1.097
Futures and/or Options	3.819	30	0.050	0.070	-0.020
Other Assets	61.350	263	0.853	0.766	0.087
<b>SUB-TOTAL SIFs</b>	<b>605.730</b>	<b>3,369</b>	<b>12.981</b>	<b>10.977</b>	<b>2.004</b>

**SICAR**

Public-to-Private	0.125	3	0.000	0.000	0.000
Mezzanine	2.689	11	0.000	0.000	0.000
Venture Capital	7.553	70	0.000	0.000	0.000
Private Equity	43.495	289	0.014	0.031	-0.017
<b>TOTAL SICAR</b>	<b>53.862</b>	<b>373</b>	<b>0.014</b>	<b>0.031</b>	<b>-0.017</b>
<b>TOTAL LUXEMBOURG UCIS</b>	<b>4,882.411</b>	<b>14,571</b>	<b>347.552</b>	<b>325.367</b>	<b>22.185</b>

**ORIGIN OF THE INITIATORS OF LUXEMBOURG UCIS**

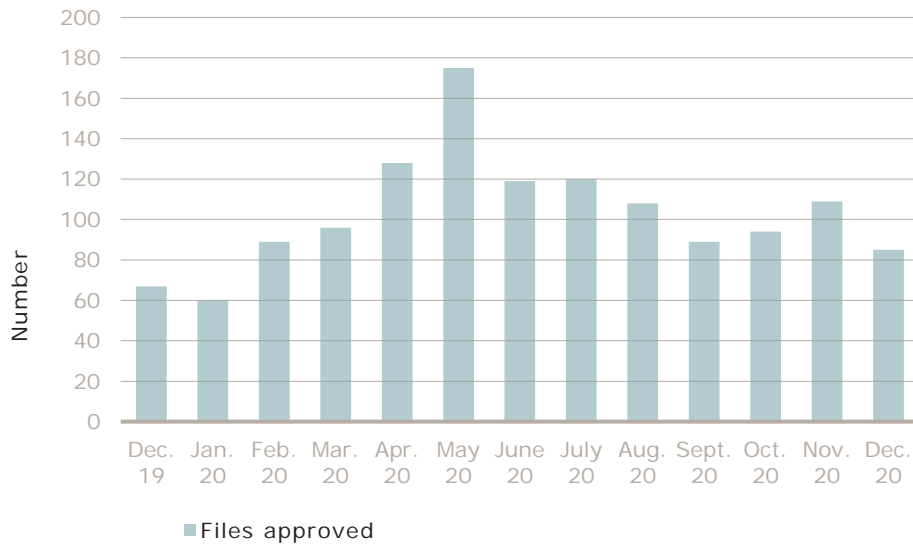
Country	Net assets (in bn EUR)	in %	Number of UCIS	in %	Number of fund units	in %
US	1,012.493	20.7%	173	4.8%	1,123	7.7%
GB	831.472	17.0%	252	6.9%	1,568	10.8%
CH	692.994	14.2%	547	15.1%	2,717	18.6%
DE	674.255	13.8%	1,185	32.7%	2,465	16.9%
FR	476.038	9.7%	279	7.7%	1,573	10.8%
IT	335.645	6.9%	133	3.7%	1,245	8.5%
BE	217.547	4.5%	151	4.1%	858	5.9%
LU	166.076	3.4%	260	7.2%	789	5.4%
NL	109.855	2.3%	42	1.1%	259	1.8%
DK	103.130	2.1%	22	0.6%	203	1.4%
OTHERS	262.906	5.4%	583	16.1%	1,771	12.2%
<b>TOTAL</b>	<b>4,882.411</b>	<b>100.0%</b>	<b>3,627</b>	<b>100.0%</b>	<b>14,571</b>	<b>100.0%</b>

## BREAKDOWN OF UCI FUND UNITS REGISTERED IN LUXEMBOURG BY REFERENCE CURRENCY

Currency	Net assets (in bn EUR)	in %	Number of fund units	in %
AUD	6.373	0.131%	26	0.178%
CAD	3.588	0.073%	20	0.137%
CHF	46.042	0.943%	261	1.791%
CNH	6.795	0.139%	27	0.185%
CNY	4.575	0.094%	4	0.028%
CZK	1.255	0.026%	71	0.487%
DKK	1.862	0.038%	12	0.082%
EUR	2,562.048	52.475%	9,137	62.707%
GBP	164.555	3.370%	314	2.155%
HKD	4.161	0.085%	9	0.062%
HUF	0.322	0.007%	26	0.178%
JPY	58.473	1.198%	182	1.249%
NOK	5.610	0.115%	36	0.247%
NZD	0.804	0.016%	3	0.021%
PLN	0.197	0.004%	6	0.041%
RON	0.506	0.010%	4	0.028%
SEK	44.359	0.909%	128	0.879%
SGD	1.201	0.025%	6	0.041%
USD	1,969.661	40.342%	4,298	29.497%
ZAR	0.024	0.000%	1	0.007%
<b>TOTAL</b>	<b>4,882.411</b>	<b>100.000%</b>	<b>14,571</b>	<b>100.000%</b>

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

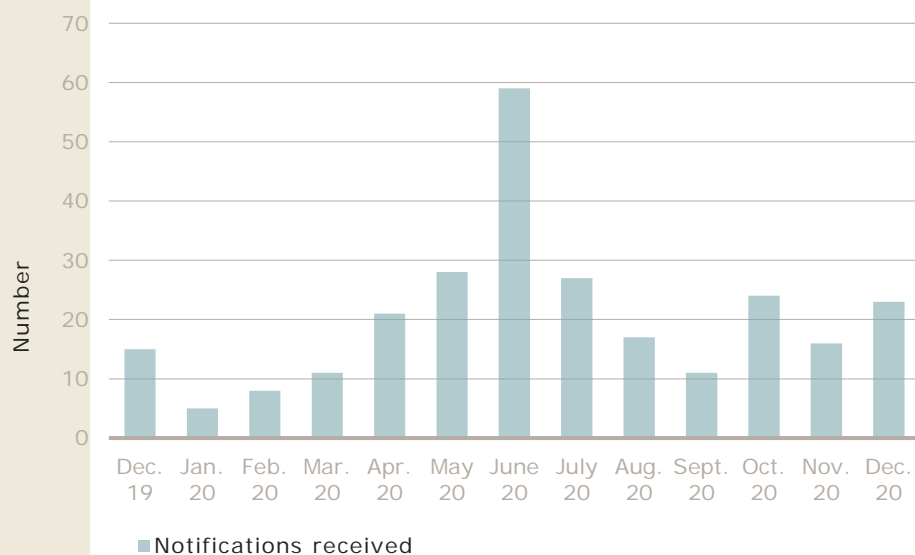
### CSSF APPROVALS



In December 2020, the CSSF approved a total of 85 documents pursuant to the Prospectus Regulation, which break down as follows:

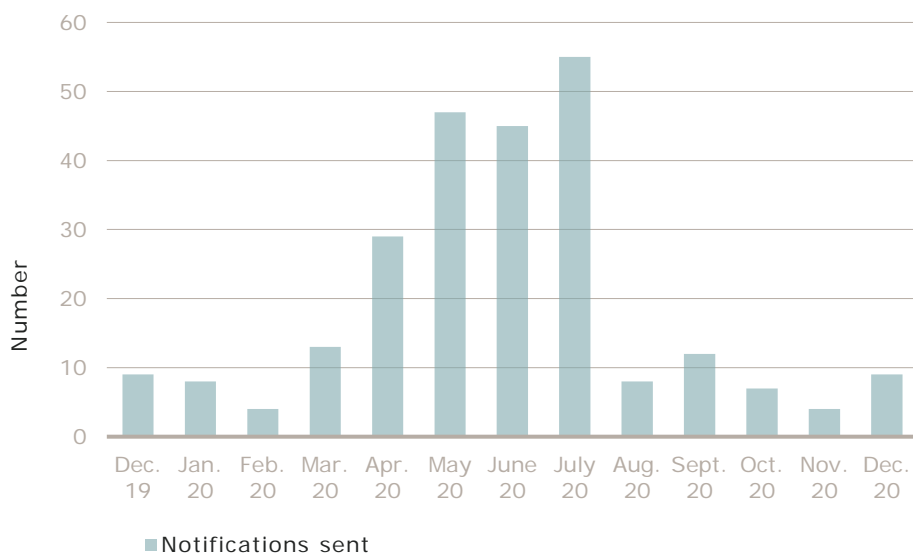
base prospectuses:	16 (18.82%)
other prospectuses:	8 (9.41%)
registration documents:	1 (1.18%)
supplements:	60 (70.59%)

### NOTIFICATIONS RECEIVED BY THE CSSF FROM THE COMPETENT AUTHORITIES OF OTHER EEA MEMBER STATES



In December 2020, the CSSF received 23 notifications relating to prospectuses and base prospectuses and 30 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



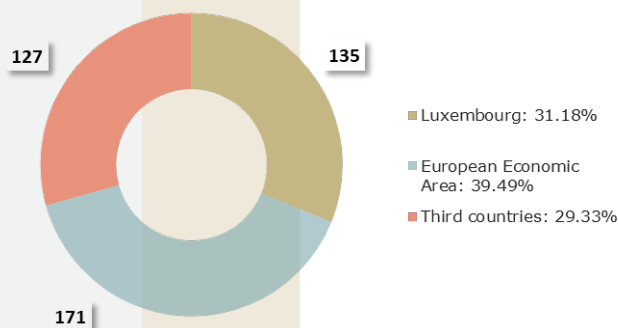
In December 2020, the CSSF sent 9 notifications relating to prospectuses and base prospectuses and 42 notifications relating to supplements to the competent authorities of other EEA Member States <sup>4</sup>.

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

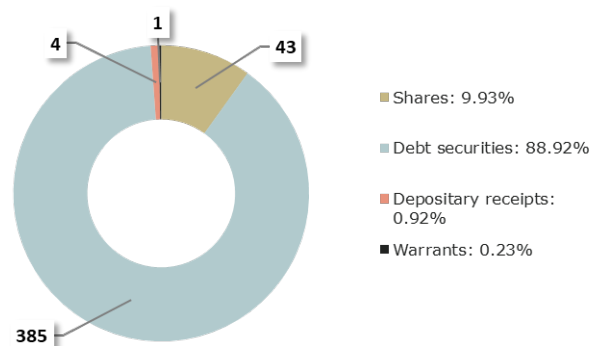
Since 30 November 2020, four issuers have chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, five issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 31 December 2020, **433 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



<sup>4</sup> 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.



## PENSION FUNDS

As at 31 December 2020, **15 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 institutions for occupational retirement provision in the form of a SEPCAV and an ASSEP.

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 **31** entities as at 31 December 2020.

## PUBLIC OVERSIGHT OF THE AUDIT PROFESSION

The public oversight of the audit profession covered **54 cabinets de révision agréés** (approved audit firms) and **322 réviseurs d'entreprises agréés** (approved statutory auditors) as at 31 December 2020. The oversight also included **25 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 three employees on 1 January 2021 and counts, after the departure of 5 agents, 936 agents (505 men and 431 women). They have been assigned to the following departments:

### UCI departments

Jennifer COLLIN

Luc HEGER

### Supervision of banks

Tom KEMPF



## European/International News in December 2020

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

Date	Publications	Description
02.12.2020	ECB appoints two senior managers for banking supervision	The Executive Board of the ECB appointed Linette Field to the position of Director General On-site & Internal Model Inspections and Mario Quagliariello to the position of Director Supervisory Strategy and Risk.
16.12.2020	Letter from Andrea Enria, Chair of the Supervisory Board, to Mr Papadimouliis, MEP, on a bank under ECB supervision	The ECB published a letter from the Chair of the Supervisory Board to members of the European Parliament in response to a written request related to the interest payments on a contingent convertible security issued by Piraeus Bank S.A.
18.12.2020	ECB nominates Frank Elderson as Vice-Chair of the Supervisory Board	The Governing Council of the ECB has proposed the appointment of ECB Executive Board member Frank Elderson as Vice-Chair of the ECB's Supervisory Board.
28.12.2020	List of supervised entities (as of 01 November 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).
22.12.2020	ECB issued an opinion on the interaction with the Bulgarian National Bank within the framework of close cooperation in the SSM	The ECB received a request from the Bulgarian Minister of Finance for an opinion on a draft law amending the Law on credit institutions. The ECB welcomed the proposed amendments, which aim to align the national legal framework on the right to be heard with the legal framework of the SSM, as well as the clarification that BNB decisions implementing ECB instructions may be subject to conditions and obligations and may include recommendations. The ECB also welcomed the extension of certain deadlines, which would facilitate the cooperation between the ECB and BNB in the adoption of the respective decisions in relation to Significant Institutions.

Date	Interviews and speeches	Description
10.12.2020	Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, conducted by Jennifer Clark	Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, conducted by Jennifer Clark from viaSarfatti25.
18.12.2020	Andrea Enria: A European supervisory system: from vision to reality	Speech by Andrea Enria, Chair of the Supervisory Board of the ECB, at the colloquium in commemoration of Tommaso Padoa-Schioppa
30.12.2020	Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, conducted by Bernd Neubacher and Tobias Fischer	Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, conducted by Bernd Neubacher and Tobias Fischer from Börsen-Zeitung

## European Parliament, European Commission and European Council

Date	Regulatory developments	Description
02.12.2020	Corrigendum to Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019	Publication of the Corrigendum to Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014
16.12.2020	Commission Regulation (EU) 2020/2097 of 15 December 2020	Publication of Commission Regulation (EU) 2020/2097 of 15 December 2020 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 4
18.12.2020	Commission Delegated Regulation (EU) 2020/2145 of 1 September 2020	Publication of Commission Delegated Regulation (EU) 2020/2145 of 1 September 2020 amending Delegated Regulation (EU) No 876/2013 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council as regards changes to the composition, functioning and management of colleges for central counterparties

## European Banking Authority (EBA)

Date	Publications	Description
03.12.2020	EBA published final draft technical standards on the treatment of non-trading book positions	The EBA published the final draft Regulatory Technical Standards (RTS) on how institutions have to calculate the own funds requirements for foreign-exchange and commodity risk stemming from banking book positions under the FRTB standardized and internal model approaches.
14.12.2020	EBA calls for strengthening the connection between the EU legal frameworks on anti-money laundering and terrorist financing, and deposit protection	<p>The EBA published an Opinion on how to strengthen the connection between the EU legal frameworks on anti-money laundering and terrorist financing, and deposit protection.</p> <p>The proposals set out in the Opinion are addressed to the European Commission and aim at informing its ongoing reviews of the Anti-Money Laundering Directive (AMLD) and the Deposit Protection Schemes Directive (DGSD).</p> <p>The Opinion is also addressed to the national authorities, to implement some changes already under the current legal framework and ahead of the potential future revisions of the AMLD and DGSD.</p>
16.12.2020	EBA publish final draft technical standards on the prudential treatment of investment firms	<p>The EBA published a package of seven final draft RTS on the prudential treatment of investment firms.</p> <p>These final draft RTS, which are part of the phase 1 mandates of the EBA roadmap on investment firms, will ensure a proportionate implementation of the new prudential framework for investment firms taking into account the different activities, sizes and complexity of investments firms.</p>
17.12.2020	EBA updates its Report on liquidity measures and confirms banks' solid liquidity position	<p>The EBA published its EBA Report on liquidity measures, which monitors and evaluates the liquidity coverage requirements currently in place in the EU.</p> <p>The liquidity coverage ratio (LCR) of EU banks stood at around 166% in June 2020, materially above the minimum threshold of 100%.</p>
17.12.2020	EBA publishes final draft technical standards on capital requirements of non-modellable risks under the FRTB	The EBA published its final draft RTS on the capitalisation of non-modellable risk factors (NMRFs) for institutions using the FRTB Internal Model Approach (IMA) implemented in EU as a reporting requirement. These draft RTS are a key deliverables in the EBA's work on implementing the FRTB in EU and part of its roadmap for the new market and counterparty credit risk approaches published on 27 June 2019.

<b>22.12.2020</b>	EBA monitors the use of the proportionality principle for recovery and resolution planning	The EBA published its second Report on the application of simplified obligations and waivers under the Bank Recovery and Resolution Directive (BRRD) across the EU. The Report presents the results of the EBA monitoring on how competent and resolution authorities have applied the principle of proportionality for recovery and resolution planning in their respective jurisdictions, and describes the current level of convergence in this area. The EBA observed an increase in a number of authorities applying simplified obligations for less significant banks, especially for resolution planning purposes. There was a higher convergence when assessing which institutions are eligible for simplified obligations. However, significant divergences remained in determining reduced requirements for institutions benefiting from simplified regimes where the regulatory framework does not provide detailed guidance.
<b>22.12.2020</b>	EBA proposes appropriate methodology to calibrate O-SII buffer rates	The EBA proposed the implementation of an EU-wide floor methodology to calibrate buffer rates of Other Systemically Important Institutions (O-SIIs). The proposed methodology included in the Report aims at strengthening the stability of the banking sector and avoiding the under-calibration of O-SII capital buffer rates, while allowing the relevant authorities to consider national banking sector specificities. The proposed methodology will inform the European Commission's further legislative initiatives that could shape the introduction of such an EU-wide floor.
<b>22.12.2020</b>	EBA publishes Executive Summary of its 2019 Annual Report	The EBA published the Executive Summary of its 2019 Annual Report, summarising the Authority's key achievements in the past year and outlining the key priorities for 2020.
<b>22.12.2020</b>	EBA updates reporting framework 3.0 and technical standards on Pillar 3 disclosure	The EBA published an update to the reporting framework 3.0 and the Implementing Technical Standards (ITS) on institutions' Pillar 3 public disclosures. These updates are the result of the European Commission's adoption of the ITS on Supervisory Reporting (v3.0) on 17 December, the EBA publication of the revised version of the mapping between disclosures and reporting, and the EBA release of phase 1 of its technical package on the reporting framework v3.0.
<b>23.12.2020</b>	EBA publishes final technical standards on estimation of Pillar 2 and combined buffer requirements for setting MREL	The EBA published its final draft RTS specifying the methodology to be used by resolution authorities to estimate the Pillar 2 (P2R) and combined buffer requirements (CBR) at resolution group level for the purpose of setting the minimum requirement for own funds and eligible liabilities requirement (MREL). These standards are part of the EBA's major programme of work to implement the BRRD and address the problem of too-big-to-fail banks.
<b>23.12.2020</b>	EBA publishes final technical standards on reporting of MREL decisions from authorities to EBA	The EBA published its final draft ITS specifying uniform reporting templates, instructions and methodology for the identification and transmission, by resolution authorities to the EBA, of information on MREL. These standards are part of the EBA's major programme of work to implement the BRRD and address the problem of too-big-to-fail banks.
<b>23.12.2020</b>	EBA publishes final draft technical standards on impracticability of contractual recognition under the BRRD framework	The EBA published its final draft RTS and final draft ITS on impracticability of contractual recognition of bail-in powers under the BRRD. These standards, which aim at ensuring the harmonised application of instances of impracticability of contractual recognition of bail-in powers, are part of the EBA's work to implement the BRRD.

Date	Consultations	Description
17.12.2020	EBA launches consultation to amend standards on benchmarking of internal models	The EBA published a consultation paper proposing to amend the EU Commission's Implementing Regulation on the benchmarking of credit risk, market risk and IFRS9 models so as to include some new elements for the 2022 exercise. The EBA benchmarking exercise forms the basis for both supervisory assessment and horizontal analysis of internal models. It ensures consistent monitoring of the impact of the several different supervisory and regulatory measures aiming at the harmonising capital requirements in the EU.  The deadline for the submission of comments is <b>15 February 2021</b> .
17.12.2020	EBA launches consultation on its new Guidelines on internal governance for investment firms	The EBA launched a public consultation on its new Guidelines on internal governance under the Investment Firms Directive (IFD), specifying the governance provisions that Class 2 investment firms should comply with, taking into account the proportionality principle. This governance framework aims at ensuring that investment firms have a clear organisational structure, effectively manage their risks and have adequate internal control mechanisms in place.  The consultation runs until <b>17 March 2021</b> .

## Macroprudential topics and fora European Systemic Risk Board (ESRB)

Date	Publications	Description
01.12.2020	ESRB published risk dashboard for the last quarter of 2020	The ESRB risk dashboard is a set of quantitative and qualitative indicators of systemic risk in the EU financial system.

## 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
<b>Bulgaria</b>	0.5%	01.04.2020
<b>Czech Republic</b>	0.5%	01.07.2020
<b>Luxembourg</b>	0.25%	01.01.2020
	0.5%	01.01.2021
<b>Norway</b>	1%	13.03.2020
<b>Slovakia</b>	1%	01.08.2020

Pending CCyB rates are followed by an asterisk ("\*").

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

## Financial Stability Board (FSB)

Date	Publication	Description
21.12.2020	FSB encourages the IFRS Foundation and authorities to use TCFD's recommendations as the basis for climate-related financial risk disclosures	<p>Globally consistent and comparable disclosures by companies of their climate-related financial risks are increasingly important to market participants and financial authorities as a means to give financial markets the information they need to manage risks, and seize opportunities, stemming from climate change.</p> <p>The FSB created the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to develop a set of voluntary disclosure recommendations for use by companies in providing decision-useful information to investors, lenders and insurance underwriters about the climate-related financial risks that companies face. The TCFD published its disclosure recommendations in 2017. Since then, nearly 1,700 organisations have expressed their support for the TCFD recommendations. Nearly 60% of the world's 100 largest public companies support the TCFD, report in line with the TCFD recommendations, or both. The TCFD continues to promote and monitor adoption of its recommendations worldwide and issued supplementary guidance to support implementation.</p>

## European Securities and Markets Authority (ESMA)

Date	Publication	Description
04.12.2020	ESMA updates reporting under the Money Market Funds Regulation	ESMA has updated its validation rules regarding the Money Market Fund Regulation (MMFR). This relates to the requirements of Article 37 of MMFR that require MMF managers to submit data to National Competent Authorities, who will then transmit this to ESMA.
07.12.2020	ESAs highlight the change in the status of simple, transparent and standardised (STS) securitisation transactions at the end of the UK transition period.	The Joint Committee of the European Supervisory Authorities (ESAs) – ESMA, EBA and EIOPA – wish to highlight the impact in the change of status of 'Simple, Transparent and Standardised' (STS) securitisation transactions after the end of the Transition Period on 31 December 2020.
07.12.2020	ESMA publishes 2020 ESEF XBRL Taxonomy Files and ESEF Conformance Suite	ESMA has published the 2020 ESEF XBRL taxonomy files and an update to the ESEF Conformance Suite to facilitate implementation of the ESEF Regulation.
07.12.2020	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).
08.12.2020	Steven Maijoor delivers keynote about paradoxes of Sustainability Reporting	Steven Maijoor, Chair of ESMA, has delivered a keynote speech at the webinar "A new standard for a new capitalism: accelerating corporate responsibility through non-financial information" organised by the French Ministry of the Economy, Finance and Recovery.
11.12.2020	ESMA to recognise Euroclear UK & Ireland Limited (EUI) after Brexit transition period	ESMA has announced that Euroclear UK & Ireland Limited (EUI), the central securities depository (CSD) established in the United Kingdom (UK), will be recognised as a third-country CSD (TC-CSD) after the end of the UK's transition from the European Union (EU) on 31 December 2020.
14.12.2020	ESMA reports on annual market share of Credit Rating Agencies	ESMA has published its annual market share calculation for EU registered credit rating agencies (CRAs).



14.12.2020	ESMA is seeking experts in Financial Innovation for its Consultative Group	ESMA is looking for new candidates for the Consultative Working Group (CWG) of the Financial Innovation Standing Committee (FISC).
14.12.2020	Steven Maijoor speaks at the third roundtable on EURO risk-free rates	The Chair of ESMA, Steven Maijoor, delivered a speech at the third roundtable on euro risk-free rates.
15.12.2020	KROLL BOND RATING AGENCY LLC'S Certification Status Withdrawn	ESMA has withdrawn Kroll Bond Rating Agency LLC's (Kroll LLC) ability to certify its credit ratings for use in the European Union (EU).
16.12.2020	ESMA reminds users of scheduled IT operations at the end of the Brexit transition period	ESMA has published a reminder of the operations planned on its databases and systems at the end of the Brexit transition period on 31 December 2020.
16.12.2020	ESMA updates Guidelines on Stress Tests for Money Market Funds	ESMA is publishing the 2020 update of guidelines on MMF stress tests under the Money Market Funds Regulation (MMFR). The updates take account of MMFs recent experience during March 2020, particularly in relation to redemption scenarios.
16.12.2020	ESMA supports IFRS foundation's efforts on international standardisation in Sustainability Reporting	ESMA has published its response to the IFRS Foundation's consultation on sustainability reporting. ESMA recommends establishing high-quality international standards while also catering for the needs of jurisdictions that are at different stages in their sustainability efforts.
17.12.2020	ESMA appoints new Chair of its Supervisory Convergence Standing Committee	The Board of Supervisors of ESMA has appointed Mr Jos Heuvelman, who is a Member of Executive Board of the Autoriteit Financiële Markten (AFM) of the Netherlands, to serve as the chair of the Supervisory Convergence Standing Committee (SCSC) and as chair of the Senior Supervisors Forum.
17.12.2020	ESMA renews its decision requiring net short position holders to report positions of 0.1% and above	ESMA has renewed its decision to temporarily require the holders of net short positions in shares traded on a European Union (EU) regulated market, to notify the relevant national competent authority (NCA) if the position reaches, exceeds or falls below 0.1% of the issued share capital. The measure applies from 19 December 2020 for a period of three months.
17.12.2020	ESMA publishes final Guidance to address leverage risk in the AIF sector	ESMA has published its final guidance to address leverage risks in the Alternative Investment Fund (AIF) sector.
17.12.2020	ESMA recommends more time to implement a mix of solutions for PSAs to clear	ESMA has published a second report on the clearing solutions for Pension Scheme Arrangements (PSAs) under the European Market Infrastructure Regulation (EMIR).
17.12.2020	ESMA publishes draft Technical Standards under EMIR REFIT	ESMA has published a Final Report on technical standards (RTS and ITS) under the EMIR REFIT Regulation. The report covers data reporting to Trade Repositories (TRs), procedures to reconcile and validate the data, access by the relevant authorities to data and registration of the TRs.
18.12.2020	ESMA publishes cloud outsourcing Guidelines	ESMA has published the final report on its guidelines on outsourcing to cloud service providers (CSPs).
18.12.2020	ESMA consults on the impact of algorithmic trading	ESMA has launched a consultation seeking input from market participants on the impact of requirements under MiFID II/MiFIR regarding algorithmic trading, including high-frequency algorithmic trading. The consultation runs until <b>12 March 2021</b> .
18.12.2020	ESMA registers DTCC DATA Repository (Ireland) PLC as Trade Repository under EMIR and SFTR	ESMA has registered DTCC Data Repository (Ireland) PLC as a TR under the European Market Infrastructure Regulation (EMIR) and the Securities Financing Transactions Regulation (SFTR), with effect from 23 December 2020.
21.12.2020	ESMA sees significant increase in EU Market abuse sanctions to €88 million in 2019	ESMA has published its annual report on administrative and criminal sanctions, as well as other administrative measures, issued under the Market Abuse Regulation (MAR) in 2019. The Report shows that National Competent Authorities (NCAs) and other authorities imposed a total of €88 million in fines related to 339 administrative and criminal actions under MAR.

<b>21.12.2020</b>	ESMA updates EMIR Q&As	ESMA has updated its Questions and Answers on OTC requirements and reporting issues under the European Markets Infrastructure Regulation (EMIR).
<b>22.12.2020</b>	ESMA updates Q&A on Costs and Charges	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).
<b>22.12.2020</b>	ESMA issues 2020 report on accepted market practices under MAR	ESMA has published its annual report on the application of accepted market practices (AMPs) in accordance with the Market Abuse Regulation (MAR).
<b>23.12.2020</b>	ESMA consults on fines and penalties for Data Reporting services providers	ESMA has launched a consultation on specific aspects of the procedural rules for imposing fines and penalties on Data Reporting Services Providers (DRSPs) under ESMA's direct supervision. The consultation runs until <b>23 January 2021</b> .
<b>23.12.2020</b>	ESMA consults on fines and penalties for Benchmark Administrators	ESMA has launched a consultation on specific aspects of the procedural rules for imposing fines and penalties on Benchmark Administrators under ESMA's direct supervision. The consultation runs until <b>23 January 2021</b> .



## Financial centre

### Main updated figures regarding the financial centre

			Annual comparison
<b>Banks</b>	Number (31/12/2020)	128	↗ 1 entity
	Balance sheet total (30/09/2020)	EUR 846.758 bn	↗ EUR 4.826 bn
	Profit before provisions (30/09/2020)	EUR 3.684 bn	↘ EUR 81 m
<b>Payment institutions</b>	Number (31/12/2020)	14	no variation
<b>Electronic money institutions</b>	Number (31/12/2020)	11	↗ 2 entities
<b>UCIs</b>	Number (31/12/2020)	Part I 2010 Law: 1,708	↘ 61 entities
		Part II 2010 Law: 242	↘ 28 entities
		SIFs: 1,435	↘ 21 entities
	TOTAL: 3,385	↘ 110 entities	
	Number (31/12/2020)	SICAR: 226	↘ 23 entities
	Total net assets (30/11/2020)	EUR 4,882.411 bn	↗ EUR 212.71 bn
<b>Management companies (Chapter 15)</b>	Number (31/12/2020)	186	↘ 10 entities
	Balance sheet total (30/09/2020) <sup>5</sup>	EUR 16.627 bn	↗ EUR 1.038 bn
<b>Management companies (Chapter 16)</b>	Number (31/12/2020)	156	↘ 3 entities
<b>AIFMs</b>	Number (31/12/2020)	264	↗ 7 entities
<b>Pension funds</b>	Number (31/12/2020)	15	↗ 3 entities
<b>Authorised securitisation undertakings</b>	Number (31/12/2020)	31	↘ 2 entities
<b>Investment firms</b>	Number (31/12/2020)	99	↘ 1 entity
	Balance sheet total (30/11/2020)	EUR 1.139 bn	↘ EUR 351 m
	Provisional net profit (30/11/2020)	EUR 90.55 m	↘ EUR 5.97 m
<b>Specialised PFS</b>	Number (31/12/2020)	99	↘ 5 entities
	Balance sheet total (30/11/2020)	EUR 5.918 bn	↘ EUR 45 m
	Provisional net profit (30/11/2020)	EUR 80.80 m	↘ EUR 202.886 m
<b>Support PFS</b>	Number (31/12/2020)	71	↘ 4 entities
	Balance sheet total (30/11/2020)	EUR 1.873 bn	↘ EUR 222 m
	Provisional net profit (30/11/2020)	EUR 52.00 m	↘ EUR 7.83 m
<b>Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law</b>	Number (31/12/2020)	433	↘ 25 entities
<b>Public oversight of the audit profession</b>	Number (31/12/2020)	54 <i>cabinets de révision agréés</i>	↘ 2 entities
		322 <i>réviseurs d'entreprises agréés</i>	↗ 1 person
		25 third-country auditors and audit firms	↗ 1 entity
<b>Employment (30/09/2020)</b>	Banks <sup>6</sup>	26,154 people	↘ 284 people
	Management companies (Chapter 15) <sup>7</sup>	4,933 people	↗ 145 people
	Investment firms	1,761 people	↘ 360 people
	Specialised PFS	5,380 people	↗ 720 people
	Support PFS	8,923 people	↘ 1,087 people
	Payment institutions/electronic money institutions	512 people	↘ 44 people
	<b>Total</b>	<b>47,663 people</b>	<b>↘ 910 people<sup>8</sup></b>

<sup>5</sup> Preliminary figures

<sup>6</sup> Preliminary figures

<sup>7</sup> Preliminary figures

<sup>8</sup> This development does not mean a net creation or loss of jobs, but includes the transfer of existing jobs from the non-financial sector to the financial sector and vice versa.