



Newsletter No 265

February 2023



Commission de Surveillance
du Secteur Financier

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News

LOOKING BACK ON THE 2023 CSSF AML/CFT CONFERENCE FOR SPECIALISED PFS



In order to foster interaction with the specialised PFS under its supervision, the Commission de Surveillance du Secteur Financier (CSSF) held an online conference on 30 January 2023

highlighting the key issues on AML/CFT for the sector. Representatives of the Luxembourg Ministry of Justice and the Luxembourg Financial Intelligence Unit (FIU) were also amongst the speakers.

The orators gave feedback and clarifications on following topics:

- Risk self-assessment and RC report – purpose and content
- ML/TF Vertical risk assessment – Legal persons and legal arrangements
- Vertical risk assessment – Terrorist Financing
- Insights from the FIU for Specialised PFS
- Public-Private exchange platform for Specialised PFS
- Register of fiducies and trusts – obligations and requirements

<https://www.cssf.lu/en/2023/02/looking-back-on-the-2023-cssf-aml-cft-conference-for-specialised-pfs/>



Warnings

Warning of the CSSF

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

- Warning concerning emails sent from the addresses `firstname.surname@placementseurope.finance` and `firstname.surname@placementeurope.com`

Given the significant number of fraudulent websites recently identified, the CSSF recommends verifying whether the entity with which you would like to do business is supervised by the CSSF by using the application “**Search Entities**”. Please pay attention to details on the websites such as: unusual or foreign phone numbers, wrong address, spelling mistakes etc. In case of doubt, please visit our [website](#) and contact the CSSF.

Warnings of other authorities

- Warning issued by the UK authority (FCA) regarding the activities of an entity named Capital International Management Company/CIMC (clone of EEA authorised firm)
- Warning issued by the Austrian authority (FMA) regarding the activities of an entity named Onex Corporation / Canoodle Solutions 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



National regulation

Circular CSSF 23/829 – Exemption of investment firms from liquidity requirements

The purpose of the circular is to inform the entities concerned that the CSSF, in its capacity as competent authority, applies the Guidelines on the criteria for the exemption of investment firms from liquidity requirements in accordance with Article 43(4) of Regulation (EU) 2019/2033 (Ref. EBA/GL/2022/10) (the “Guidelines”) published on 29 July 2022.

The Guidelines specify that small and non-interconnected investment firms as defined in Article 12(1) of Regulation (EU) 2019/2033 (the “In-Scope Entities”) are eligible for the exemption if they fulfil the criteria set out in Sections 4.1 and 4.2 and point 20 of Section 4.3 of the Guidelines.

In-Scope Entities that wish to be exempted from the aforementioned liquidity requirements must receive prior authorisation from the CSSF.

<https://www.cssf.lu/en/Document/circular-cssf-23-829/>

Circular letter – 2022 Questionnaire on financial crime

The circular letter concerns the 2022 online questionnaire for the collection of standardised key information on money laundering and terrorism financing (ML/TF) risks to which the professionals under supervision are exposed and the implementation of related risk mitigation and targeted financial sanctions measures which will be launched on 15 February 2023. Answers to the questions will have to be submitted through the CSSF eDesk Portal by 31 March 2023 (at the latest).

<https://www.cssf.lu/en/Document/circular-letter-2023-02-07/>



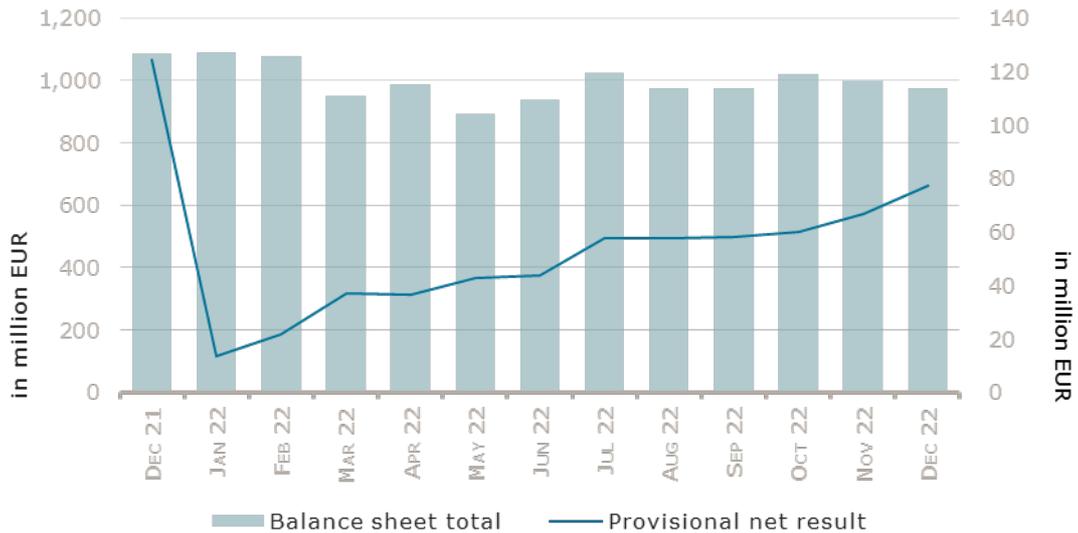
Communiqués

| Date | Publications |
|-------------------|--|
| 30.01.2023 | Global situation of undertakings for collective investment at the end of December 2022 |
| 31.01.2023 | Results of the enforcement of the 2021 financial and non-financial information published by issuers subject to the Transparency Law |
| 01.02.2023 | SFDR data collection exercise for investment fund managers (IFMs) on regulatory requirements in relation to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) |
| 08.02.2023 | Publication of two notification templates to be completed when applying for the registration of an AIFM or the authorisation of an IFM to the CSSF, respectively when extending the activities of an existing IFM or modifying its shareholding structure. |
| 10.02.2022 | Q&A CNC 22/028 regarding the implementation of the consolidation exemption for small groups (Article 1711-4 LSC) |

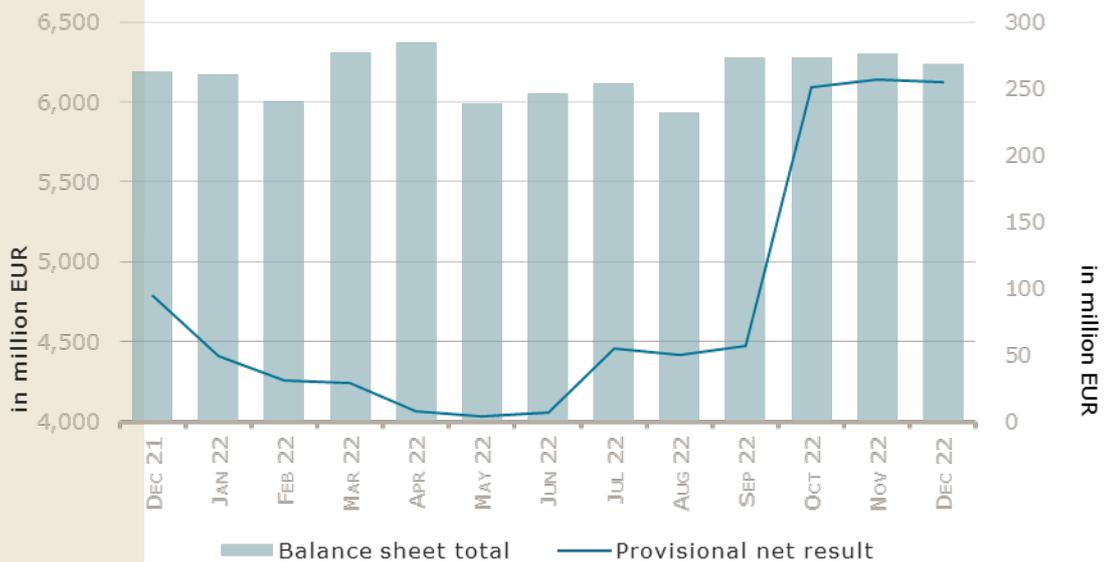


MONTHLY STATISTICS

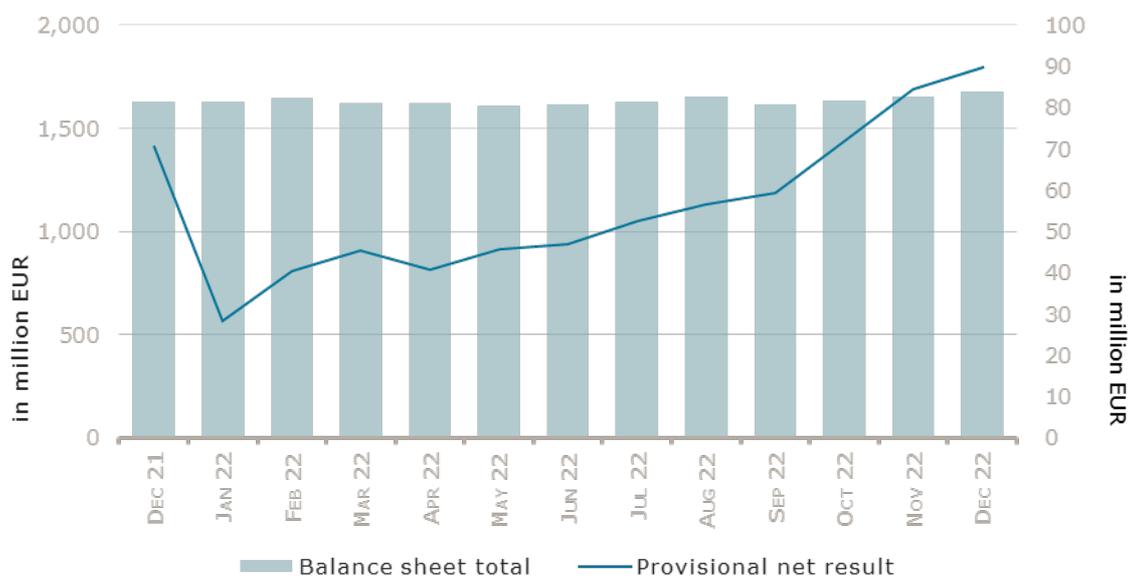
INVESTMENT FIRMS: DECREASE IN THE BALANCE SHEET TOTAL AS AT 31 DECEMBER 2022



SPECIALISED PFS: DECREASE IN THE BALANCE SHEET TOTAL AS AT 31 DECEMBER 2022

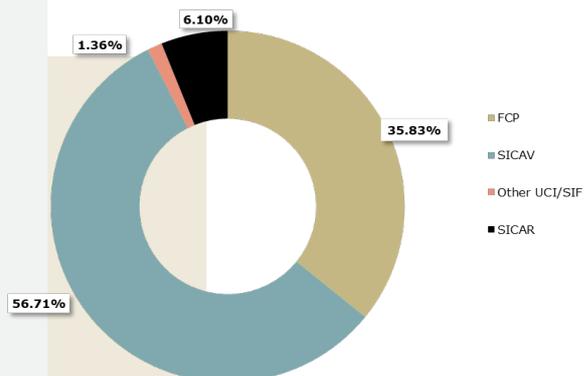


SUPPORT PFS: INCREASE IN THE BALANCE SHEET TOTAL AS AT 31 DECEMBER 2022

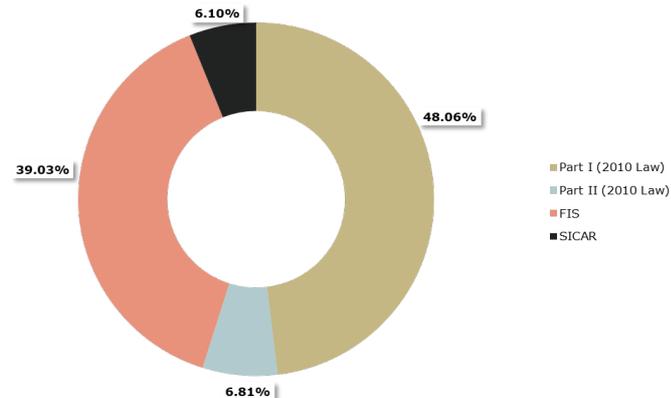


NUMBER OF UCIS

Breakdown of UCIs according to legal form



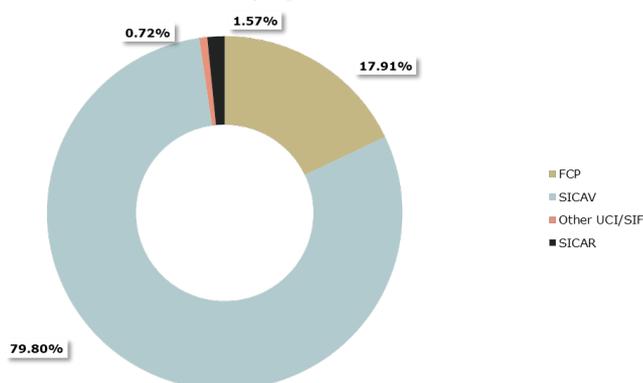
Breakdown of UCIs according to law and part applicable



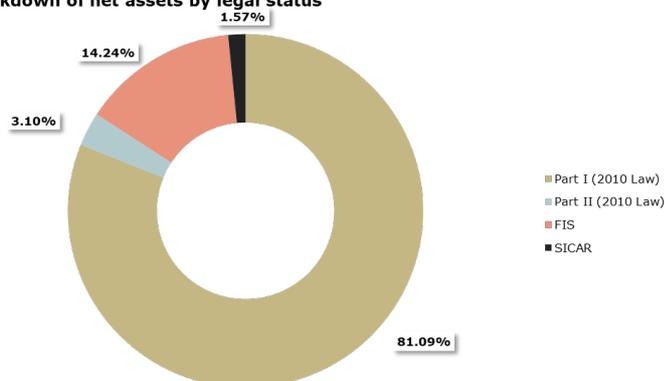
| | FCP | SICAV | Other UCIs / SIFs | SICARs | Total |
|--------------------|--------------|--------------|-------------------|------------|--------------|
| Part I (2010 Law) | 828 | 795 | 0 | 0 | 1,623 |
| Part II (2010 Law) | 106 | 122 | 2 | 0 | 230 |
| SIFs | 276 | 998 | 44 | 0 | 1,318 |
| SICARs | 0 | 0 | 0 | 206 | 206 |
| Total | 1,210 | 1,915 | 46 | 206 | 3,377 |

NET ASSETS OF UCIS

Breakdown of net assets of UCIs by legal form



Breakdown of net assets by legal status



| <i>in billion EUR</i> | FCP | SICAV | Other UCIs / SIFs | SICARs | Total |
|-----------------------|----------------|------------------|-------------------|---------------|------------------|
| Part I (2010 Law) | 638.622 | 3,439.101 | 0.000 | 0.000 | 4,077.723 |
| Part II (2010 Law) | 44.306 | 111.288 | 0.280 | 0.000 | 155.874 |
| SIFs | 217.571 | 462.403 | 35.849 | 0.000 | 715.823 |
| SICARs | 0.000 | 0.000 | 0.000 | 79.036 | 79.036 |
| Total | 900.499 | 4,012.792 | 36.129 | 79.036 | 5,028.456 |

NET ASSETS BROKEN DOWN BY INVESTMENT POLICY

| Breakdown by investment policy | Net assets (in bn €) | Number of fund units |
|--|----------------------|----------------------|
| Fixed-Income Transferable Securities | 1,199.161 | 3,144 |
| Variable-Yield Transferable Securities | 1,664.158 | 4,173 |
| Mixed Transferable Securities | 996.407 | 3,455 |
| Funds of Funds | 338.950 | 2,048 |
| Money Market Instruments and Other Short-Term Securities | 429.655 | 195 |
| Cash | 5.889 | 8 |
| Private Equity | 81.135 | 249 |
| Venture Capital | 4.127 | 30 |
| Real Estate | 137.384 | 330 |
| Futures and/or Options | 12.769 | 68 |
| Other Assets | 79.785 | 280 |
| Public-to-Private | 0.136 | 2 |
| Mezzanine | 2.925 | 12 |
| Venture Capital (SICAR) | 7.933 | 65 |
| Private Equity (SICAR) | 68.042 | 263 |
| TOTAL | 5,028.456 | 14,322 |

| Breakdown by investment policy | Net assets (in bn €) | Number of fund units | Subscriptions (in bn €) | Redemptions (in bn €) | Net subscriptions (in bn €) |
|--|-------------------------|-------------------------|----------------------------|--------------------------|-----------------------------------|
| PART I | | | | | |
| Fixed-Income Transferable Securities | 1,108.895 | 2,735 | 42.719 | 40.452 | 2.267 |
| Variable-Yield Transferable Securities | 1,591.576 | 3,851 | 44.835 | 45.985 | -1.150 |
| Mixed Transferable Securities | 798.674 | 2,525 | 16.522 | 20.021 | -3.499 |
| Funds of Funds | 153.420 | 802 | 2.549 | 3.325 | -0.776 |
| Money Market Instruments and Other Short-Term Securities | 408.599 | 165 | 259.998 | 248.844 | 11.154 |
| Cash | 5.817 | 6 | 1.427 | 1.925 | -0.498 |
| Futures and/or Options | 7.404 | 39 | 0.241 | 0.195 | 0.046 |
| Other Assets | 3.338 | 7 | 0.078 | 0.249 | -0.171 |
| SUB-TOTAL PART I | 4,077.723 | 10,130 | 368.369 | 360.996 | 7.373 |
| PART II | | | | | |
| Fixed-Income Transferable Securities | 12.133 | 86 | 0.199 | 0.362 | -0.163 |
| Variable-Yield Transferable Securities | 13.982 | 68 | 0.071 | 0.105 | -0.034 |
| Mixed Transferable Securities | 58.198 | 166 | 1.095 | 1.140 | -0.045 |
| Funds of Funds | 31.012 | 186 | 0.339 | 0.508 | -0.169 |
| Money Market Instruments and Other Short-Term Securities | 12.559 | 20 | 1.297 | 1.380 | -0.083 |
| Cash | 0.000 | 0 | 0.000 | 0.000 | 0.000 |
| Private Equity | 16.739 | 25 | 0.392 | 0.025 | 0.367 |
| Venture Capital | 1.067 | 3 | 0.058 | 0.000 | 0.058 |
| Real Estate | 4.467 | 10 | 0.000 | 0.052 | -0.052 |
| Futures and/or Options | 1.350 | 12 | 0.006 | 0.103 | -0.097 |
| Other Assets | 4.367 | 24 | 0.025 | 0.153 | -0.128 |
| SUB-TOTAL PART II | 155.874 | 600 | 3.482 | 3.828 | -0.346 |

SIF

| | | | | | |
|--|----------------|--------------|---------------|---------------|--------------|
| Fixed-Income Transferable Securities | 78.133 | 323 | 2.533 | 1.451 | 1.082 |
| Variable-Yield Transferable Securities | 58.600 | 254 | 0.709 | 1.209 | -0.500 |
| Mixed Transferable Securities | 139.535 | 764 | 1.768 | 1.635 | 0.133 |
| Funds of Funds | 154.518 | 1,060 | 2.348 | 1.789 | 0.559 |
| Money Market Instruments and Other Short-Term Securities | 8.497 | 10 | 2.431 | 4.941 | -2.510 |
| Cash | 0.072 | 2 | 0.000 | 0.004 | -0.004 |
| Private Equity | 64.396 | 224 | 0.578 | 0.492 | 0.086 |
| Venture Capital | 3.060 | 27 | 0.030 | 0.056 | -0.026 |
| Real Estate | 132.917 | 320 | 3.097 | 0.455 | 2.642 |
| Futures and/or Options | 4.015 | 17 | 0.027 | 0.020 | 0.007 |
| Other Assets | 72.080 | 249 | 0.855 | 1.695 | -0.840 |
| SUB-TOTAL SIFs | 715.823 | 3,250 | 14.376 | 13.747 | 0.629 |

SICARs

| | | | | | |
|------------------------------|------------------|---------------|----------------|----------------|---------------|
| Public-to-Private | 0.136 | 2 | 0.000 | 0.000 | 0.000 |
| Mezzanine | 2.925 | 12 | 0.000 | 0.000 | 0.000 |
| Venture Capital | 7.933 | 65 | 0.000 | 0.000 | 0.000 |
| Private Equity | 68.042 | 263 | 0.007 | 0.009 | -0.002 |
| TOTAL SICARs | 79.036 | 342 | 0.007 | 0.009 | -0.002 |
| TOTAL LUXEMBOURG UCIs | 5,028.456 | 14,322 | 386.234 | 378.580 | 7.654 |

ORIGIN OF THE INITIATORS OF LUXEMBOURG UCIS

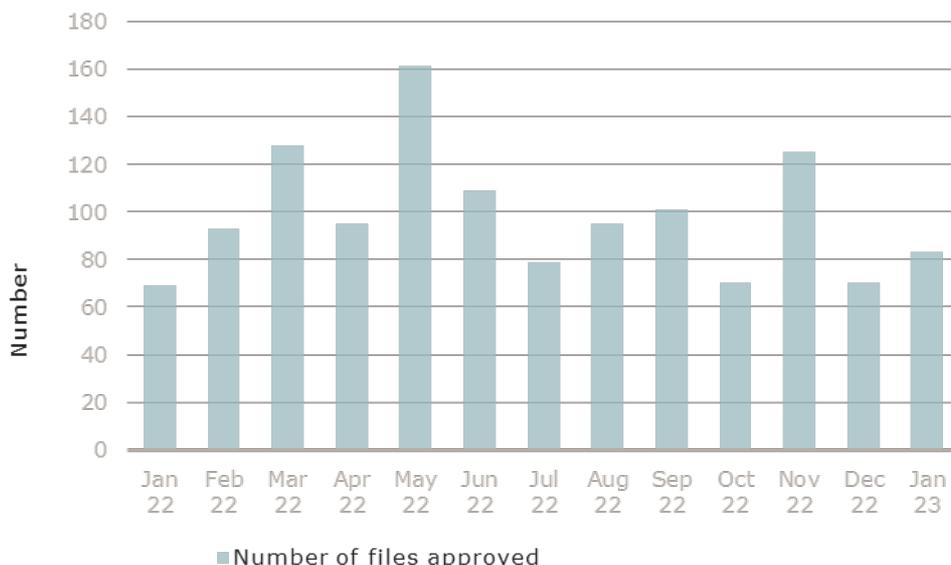
| Country | Net assets (in bn EUR) | in % | Number of UCIs | in % | Number of fund units | in % |
|--------------|---------------------------|---------------|-------------------|---------------|-------------------------|---------------|
| US | 980.238 | 19.5% | 163 | 4.8% | 1,176 | 8.2% |
| GB | 841.360 | 16.7% | 242 | 7.2% | 1,619 | 11.3% |
| DE | 741.268 | 14.7% | 1,085 | 32.1% | 2,292 | 16.0% |
| CH | 676.437 | 13.5% | 523 | 15.5% | 2,652 | 18.5% |
| FR | 560.882 | 11.2% | 251 | 7.4% | 1,563 | 10.9% |
| IT | 330.231 | 6.6% | 115 | 3.4% | 1,270 | 8.9% |
| BE | 222.368 | 4.4% | 127 | 3.8% | 731 | 5.1% |
| LU | 206.213 | 4.1% | 274 | 8.1% | 846 | 5.9% |
| NL | 109.127 | 2.2% | 40 | 1.2% | 257 | 1.8% |
| DK | 108.082 | 2.1% | 19 | 0.6% | 204 | 1.4% |
| OTHERS | 252.250 | 5.0% | 538 | 15.9% | 1,712 | 12.0% |
| TOTAL | 5,028.456 | 100.0% | 3,377 | 100.0% | 14,322 | 100.0% |

BREAKDOWN OF UCI FUND UNITS REGISTERED IN LUXEMBOURG BY REFERENCE CURRENCY

| Currency | Net assets (in bn EUR) | in % | Number of fund units | in % |
|--------------|---------------------------|-----------------|-------------------------|-----------------|
| AUD | 2.734 | 0.054% | 15 | 0.105% |
| CAD | 3.236 | 0.064% | 16 | 0.112% |
| CHF | 51.161 | 1.018% | 246 | 1.717% |
| CNH | 9.705 | 0.193% | 28 | 0.195% |
| CNY | 5.121 | 0.102% | 5 | 0.035% |
| CZK | 1.327 | 0.027% | 57 | 0.398% |
| DKK | 1.641 | 0.033% | 12 | 0.084% |
| EUR | 2,701.757 | 53.729% | 8,841 | 61.730% |
| GBP | 157.021 | 3.123% | 283 | 1.976% |
| HKD | 3.485 | 0.069% | 8 | 0.056% |
| HUF | 0.195 | 0.004% | 18 | 0.126% |
| JPY | 53.023 | 1.055% | 156 | 1.089% |
| NOK | 4.338 | 0.086% | 30 | 0.209% |
| NZD | 0.208 | 0.004% | 1 | 0.007% |
| PLN | 0.172 | 0.003% | 4 | 0.028% |
| RON | 0.507 | 0.010% | 2 | 0.014% |
| SEK | 36.259 | 0.721% | 123 | 0.859% |
| SGD | 1.254 | 0.025% | 7 | 0.049% |
| USD | 1,995.294 | 39.680% | 4,469 | 31.204% |
| ZAR | 0.018 | 0.000% | 1 | 0.007% |
| TOTAL | 5,028.456 | 100.000% | 14,322 | 100.000% |

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

CSSF APPROVALS



In January 2023, the CSSF approved a total of 83 documents pursuant to the Prospectus Regulation, which break down as follows:

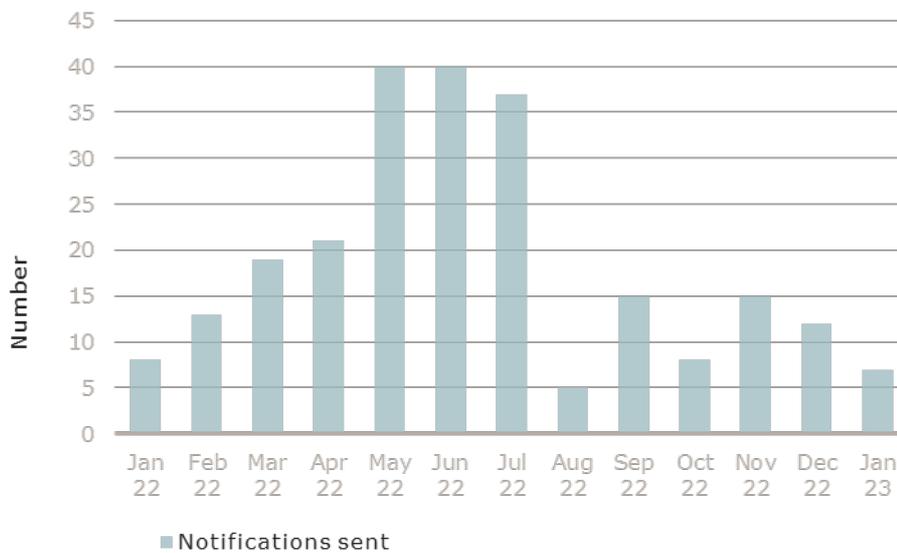
| | |
|---------------------|-------------|
| base prospectuses: | 6 (7.23%) |
| other prospectuses: | 11 (13.25%) |
| supplements: | 66 (79.52%) |

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



In January 2023, the CSSF received 9 notifications relating to prospectuses and base prospectuses and 33 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



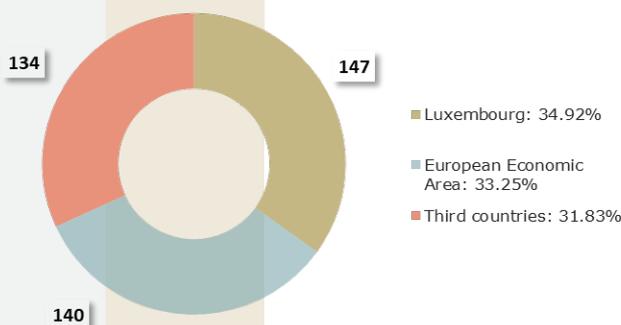
In January 2023, the CSSF sent 7 notifications relating to prospectuses and base prospectuses and 54 notifications relating to supplements to the competent authorities of other EEA Member States¹.

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")

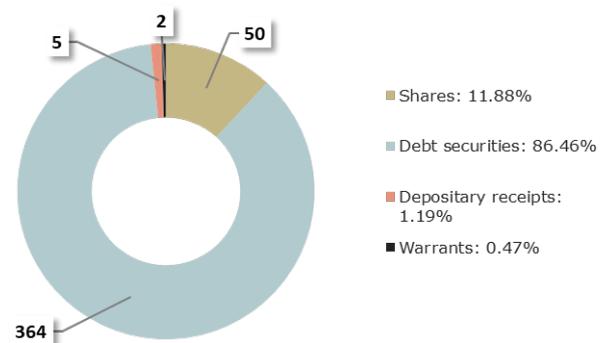
Since 31 December 2022, **two** issuers have chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, **six** issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 31 January 2023, **421 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



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.

PENSION FUNDS

As at 31 January 2023, **13 pension funds** in the form of pension savings companies with variable capital (SEPCAVs) and pension savings associations (ASSEPs) were registered on the official list of pension funds subject to the Law of 13 July 2005 on 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 **14**.

SECURITISATION UNDERTAKINGS

The number of **securitisation undertakings** authorised by the CSSF in accordance with the Law of 22 March 2004 on securitisation amounted to **29** entities as at 31 January 2023.

PUBLIC OVERSIGHT OF THE AUDIT PROFESSION

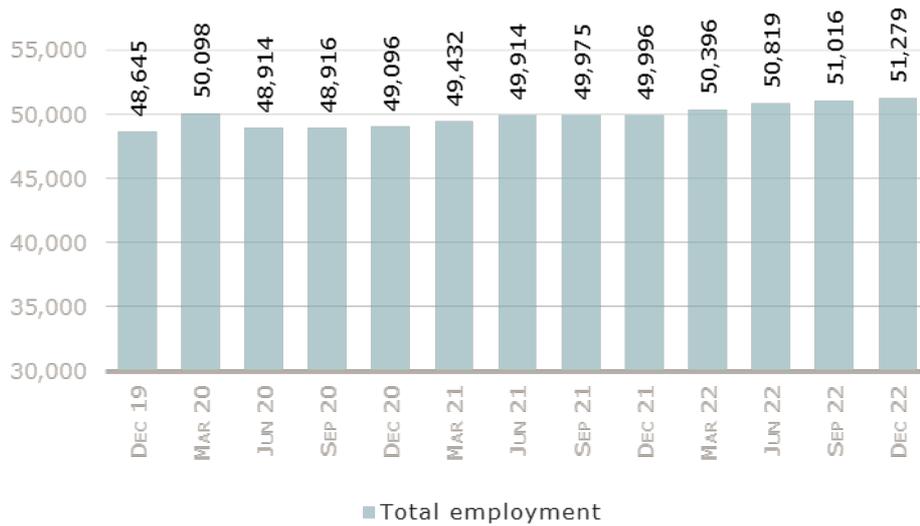
The public oversight of the audit profession covered **54 cabinets de révision agréés** (approved audit firms) and **361 réviseurs d'entreprises agréés** (approved statutory auditors) as at 31 January 2023. The oversight also included **21 third-country auditors and audit firms** duly registered in accordance with the Law of 23 July 2016 concerning the audit profession.

QUARTERLY STATISTICS

IFMS:
DECREASE IN THE BALANCE SHEET TOTAL AS AT 31 DECEMBER 2022



TOTAL EMPLOYMENT IN BANKS, PFS, IFMS, PAYMENT INSTITUTIONS AND ELECTRONIC MONEY INSTITUTIONS



Human resources

In order to increase its staff, the CSSF has hired 2 employees since the publication of the last Newsletter and counts, after the departure of 3 agents, 968 agents (535 men and 433 women). They have been assigned to the following departments:

- UCI Departments
- Department "Human Resources and Finance"



European/International News in January 2023

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

| Date | Publications | Description |
|------------|---|---|
| 11/01/2023 | ECB publishes supervisory banking statistics for the third quarter of 2022 | The ECB has published its supervisory statistics for the third quarter of 2022. |
| 25/01/2023 | ECB boosts cooperation with the six EU Member States not part of European banking supervision | The ECB has concluded a multilateral Memorandum of Understanding (MoU) with the national competent authorities (NCAs) of the six EU Member States that are not part of the European banking supervision. The MoU will provide a framework for the Czech Republic, Denmark, Hungary, Poland, Romania and Sweden to share information and coordinate supervisory activities. |
| 31/01/2023 | ECB to stress test 99 euro area banks in 2023 | The ECB will stress test a total of 99 directly supervised banks in 2023. The ECB supervisors will examine 57 of the euro area's largest banks, which were selected to cover broadly 75% of the area's banking assets, as part of the 2023 EU-wide stress test coordinated by the EBA. In parallel, the ECB will conduct its own stress test for another 42 medium-sized banks that are not included in the EBA-led stress test sample due to their smaller size. |
| 31/01/2023 | Frequently asked questions on the 2023 stress test | The ECB has published a list of frequently asked questions on the 2023 stress test. |
| 31/01/2023 | List of banks not included in the EBA sample that take part in the parallel ECB stress test | The ECB published the list of banks not included in the EBA sample that take part in the parallel ECB stress test. |

| Date | Interviews and speeches | Description |
|------------|---|---|
| 10/01/2023 | Kerstin af Jochnick: Boosting banking resilience to adverse external shocks | Article by Kerstin af Jochnick, Member of the Supervisory Board of the ECB, published in InforBanca, the quarterly magazine of Instituto de Formação Bancária (Portuguese Bank Training Institute). |
| 19/01/2023 | Andrea Enria: Interview with Cyprus News Agency | Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, conducted by Gregory Savva on 18 January. |
| 20/01/2023 | Frank Elderson: The management of climate-related and environmental risks in the banking sector through the lens of supervision | Introductory remarks by Frank Elderson, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, at a virtual meeting hosted by the European Financial Services Round Table to discuss climate-related and environmental financial risks. |
| 21/01/2023 | Andrea Enria: Interview with Kathimerini | Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, conducted by Evgenia Tzortzi on 19 January. |
| 26/01/2023 | Andrea Enria: Brexit and the EU banking sector: from the fundamental freedoms of the Internal Market to third country status | Contribution by Andrea Enria, Chair of the Supervisory Board of the ECB, for the Revue d'économie financière special issue on Brexit. |

European Parliament, European Commission and European Council

| Date | Regulatory developments | Description |
|------------|---|---|
| 12/01/2023 | Corrigendum to Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021 | Publication of the Corrigendum to Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021 amending the regulatory technical standards laid down in Commission Delegated Regulation (EU) 2017/653 as regards the underpinning methodology and presentation of performance scenarios, the presentation of costs and the methodology for the calculation of summary cost indicators, the presentation and content of information on past performance and the presentation of costs by packaged retail and insurance-based investment products (PRIIPs) offering a range of options for investment and alignment of the transitional arrangement for PRIIP manufacturers offering units of funds referred to in Article 32 of Regulation (EU) No 1286/2014 of the European Parliament and of the Council as underlying investment options with the prolonged transitional arrangement laid down in that Article. |
| 12/01/2023 | Corrigendum to Commission Delegated Regulation (EU) 2022/2580 of 17 June 2022 | Publication of the Corrigendum to Commission Delegated Regulation (EU) 2022/2580 of 17 June 2022 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the information to be provided in the application for the authorisation as a credit institution, and specifying the obstacles which may prevent the effective exercise of supervisory functions of competent authorities. |
| 12/01/2023 | Corrigendum to Commission Implementing Regulation (EU) 2022/2581 of 20 June 2022 | Publication of the Corrigendum to Commission Implementing Regulation (EU) 2022/2581 of 20 June 2022 laying down implementing technical standards for the application of Directive 2013/36/EU of the European Parliament and of the Council with regard to provision of information in applications for authorisation of a credit institution. |

European Banking Authority (EBA)

| Date | Publications | Description |
|------------|---|---|
| 10/01/2023 | EBA updates JSON files within the taxonomy package | The EBA updated the JSON files within the taxonomy package. The updates are limited to the JSON files and, therefore, only impact the XBRL-CSV reporting documents. To identify columns, a data point identifier is being used instead of a data point version identifier. |
| 11/01/2023 | EBA publishes peer review on authorisation under the Payment Services Directive | The EBA published its peer review on authorisation of payment institutions and e-money institutions under the revised Payment Services Directive (PSD2). The review generally found increased transparency and consistency of the information required in the authorisation process. However, it also identified significant divergences in competent authorities' assessment and the degree of scrutiny of applications. The review, therefore, sets out a series of measures to address such divergencies, to level out the supervisory playing field and to mitigate against 'forum shopping'. |
| 12/01/2023 | EBA Risk Dashboard shows that capital and liquidity ratios remain robust | The EBA published its quarterly Risk Dashboard together with the results of the autumn edition of the Risk Assessment Questionnaire (RAQ). |

| Date | Publications | Description |
|-------------------|---|--|
| 13/01/2023 | The liquidity coverage ratio of EU banks declined in the first half of 2022 but is still well above the minimum requirement | The EBA published its Report on liquidity measures, which monitors and evaluates the liquidity coverage requirements currently in place in the EU. The liquidity coverage ratio (LCR) declined to 166% in June 2022. The fall was due to an increase in outflows driven by higher interest rates and volatility which led to a decline in asset prices during the first half of the year. The evolution of banks' LCR levels is particularly relevant given the uncertain economic outlook with high levels of inflation and the process of normalisation of the monetary policy. EU banks hold materially lower liquidity buffers in foreign currencies, particularly the USD, which requires enhanced monitoring by banks and supervisors to avoid excessive vulnerability to disruptions in the foreign exchange markets. |
| 16/01/2023 | EBA publishes its annual quantitative monitoring report on minimum requirement for own funds and eligible liabilities complemented by a related impact assessment | The EBA published its annual quantitative Report on minimum requirement for own funds and eligible liabilities (MREL) with data as of December 2021. The Report is complemented by an analysis looking into the impact of the MREL framework on a number of relevant dimensions. As of 31 December 2021, the EBA estimated that 70 banks reported an MREL shortfall of EUR 33bn out of a sample of 245. This is down by 42% compared to last years' quantitative report on MREL on a comparable basis. The Report shows progress in closing MREL shortfalls, albeit at a lower rate for smaller banks, and concludes that the impact of MREL on banks' profitability is manageable, although heterogeneous across types of banks and Member States. |
| 19/01/2023 | The EBA observed a significant increase in the number of high earners across EU banks in 2021 | The EBA published its Report on high earners for 2021. The analysis shows a significant increase of the number of individuals working for EU banks and investment firms who received a remuneration of more than EUR 1 million. This increase is linked to the overall good performance of institutions, in particular in the area of investment banking and trading and sales, continuing relocations of staff from the UK to the EU and a general increase in salaries. |
| 26/01/2023 | EBA issues Opinion to the European Commission on the draft European Sustainability Reporting Standards | The EBA published an Opinion on the draft European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG). In this Opinion, addressed to the European Commission, the EBA acknowledges that, overall, the draft ESRS are consistent with international standards and any other relevant EU Regulation. In addition, the EBA very much welcomes the level of alignment with the Pillar 3 disclosure requirements reached at this stage. The EBA also highlights a few aspects that should deserve further consideration by the European Commission. |
| 31/01/2023 | EBA clarifies the application of strong customer authentication requirements to digital wallets | The EBA published three Q&As that, jointly with three other Q&As that the EBA had published previously, clarify comprehensively the application of strong customer authentication (SCA) to digital wallets under the revised Payment Service Directive (PSD2). This press release provides a summary of these Q&As and, thus, aims at bringing about a consistent understanding by all market stakeholders of the applicable requirements. |

| Date | Publications | Description |
|------------|---------------------------------------|--|
| 31/01/2023 | EBA launches 2023 EU-wide stress test | The EBA launched the 2023 EU-wide stress test and released the macroeconomic scenarios. This year's EU-wide stress test is designed to provide valuable input for assessing the resilience of the European banking sector in the current uncertain and changing macroeconomic environment. The adverse scenario is based on a narrative of hypothetical heightened geopolitical tensions, with high inflation and higher interest rates having strong adverse effects on private consumption and investments, both domestically and globally. In terms of GDP decline, the 2023 adverse scenario is the most severe used in the EU wide stress up to now. The severe nature of the adverse scenario reflects a deliberate choice and reflects the purpose of the stress test exercise, which is to assess the resilience of the European banking system to a hypothetical severely deteriorated macro-environment. The EBA expects to publish the results of the exercise at the end of July 2023. |

| Date | Consultation | Description |
|------------|--|---|
| 31/01/2023 | EBA launches public consultation on the amending ITS on supervisory reporting to introduce new IRRBB reporting | The EBA launched a public consultation on its draft Implementing Technical Standards (ITS) on supervisory reporting with respect to IRRBB. Proportionality is a key consideration in the proposed new reporting, in order to make reporting requirements better suited to the size and risk of the institutions. The consultation runs until 2 May 2023. |

European Supervisory Authorities (ESAs)

| Date | Publication | Description |
|------------|---|---|
| 12/01/2023 | ESAs identify good practices for financial education initiatives on scams, fraud and cyber security | The ESAs published a joint thematic Report on national financial education initiatives on digitalisation, with a focus on cybersecurity, scams, and fraud. The Report identifies good practices that national competent authorities and other public entities can follow when designing and implementing their financial education initiatives. |

| Date | Consultation | Description |
|------------|--|---|
| 31/01/2023 | ESAs consult on draft Guidelines on the system for the exchange of information relevant to fit and proper assessments. | The ESAs published a consultation paper on draft joint Guidelines on the system for the exchange of information when assessing the fitness and propriety requirements. These Guidelines aim to increase the efficiency of the information exchange between sectoral supervisors by harmonising practices and clarifying how competent authorities should use the information system developed by the three ESAs. The consultation runs until 2 May 2023. |

Macroprudential topics and fora

European Central Bank (ECB)

| Date | Publications | Description |
|------------|--|--|
| 12/01/2023 | Economic Bulletin Issue 8, 2022 | Economic growth in the euro area slowed to 0.3% in the third quarter of the year. High inflation and tighter financing conditions are dampening spending and production by reducing real household incomes and pushing up costs for firms. The negative economic repercussions are expected to be partially mitigated by fiscal policy measures. In addition, high levels of natural gas inventories and ongoing efforts to reduce demand and replace Russian gas with alternative sources imply that the euro area is expected to avoid the need for mandated energy-related production cuts over the projection horizon, although risks of energy supply disruptions remain elevated, in particular for the winter of 2023-24. Euro area banks have comfortable levels of capital, which helps to reduce the side effects of tighter monetary policy on financial stability. |
| 31/01/2023 | The euro area bank lending survey – Fourth quarter of 2022 | Euro area banks reported a substantial further tightening of credit standards for loans or credit lines to enterprises in the fourth quarter of 2022. Risks related to the economic outlook, industry or firm-specific situation and banks' risk tolerance continued to have a tightening impact on credit standards. Banks' cost of funds and balance sheet situation also continued to have a tightening impact on credit standards for loans to firms, which was somewhat smaller for costs related to capital and market financing and slightly larger for the liquidity position of banks than in the previous quarter. In the first quarter of 2023, euro area banks expect a net tightening of a similar magnitude to the current quarter. |

European Systemic Risk Board (ESRB)

| Date | Publications | Description |
|------------|--|--|
| 25/01/2023 | ESRB issues a recommendation on vulnerabilities in the commercial real estate sector in the European Economic Area | The ESRB recommends that EU and national authorities improve the monitoring of systemic risks stemming from the commercial real estate sector. Monitoring vulnerabilities related to this sector is key to identifying potential risks to financial stability and to assessing possible responses. |
| 31/01/2023 | Macro-financial scenario for the 2023 EU-wide banking sector stress test | The document presents the baseline and adverse macro-financial scenarios that banks are required to use in the 2023 EU-wide stress-testing exercise coordinated by the European Banking Authority (EBA). In accordance with its mandate, the EBA, in cooperation with the European Systemic Risk Board (ESRB), initiates and coordinates EU-wide stress tests. The aim of such tests is to assess the resilience of financial institutions to adverse financial and economic developments, as well as to contribute to the overall assessment 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 | Application since | CCyB rate |
|----------------|-------------------|-----------|
| Bulgaria | 01.01.2023 | 1.5% |
| | 01.10.2023 | 2%* |
| Croatia | 31.03.2023 | 0.5%* |
| | 31.12.2023 | 1%* |
| Cyprus | 30.11.2023 | 0.5%* |
| Czech Republic | 01.10.2022 | 1.5% |
| | 01.01.2023 | 2% |
| | 01.04.2023 | 2.5%* |
| Denmark | 31.12.2022 | 2% |
| | 31.03.2023 | 2.5%* |
| Estonia | 07.12.2022 | 1% |
| | 01.12.2023 | 1.5%* |
| France | 07.04.2023 | 0.5%* |
| | 02.01.2024 | 1%* |
| Germany | 01.02.2023 | 0.75%* |
| Hungary | 01.07.2023 | 0.5%* |
| Iceland | 29.09.2022 | 2% |
| Ireland | 15.06.2023 | 0.5%* |
| | 24.11.2023 | 1%* |
| Lithuania | 01.10.2023 | 1%* |
| Luxembourg | 01.01.2021 | 0.5% |
| Netherlands | 25.05.2023 | 1%* |
| Norway | 31.12.2022 | 2% |
| | 31.03.2023 | 2.5%* |
| Romania | 17.10.2022 | 0.5% |
| | 23.10.2023 | 1%* |
| Slovakia | 01.08.2020 | 1% |
| | 01.08.2023 | 1.5%* |
| Sweden | 22.06.2022 | 1% |
| | 22.06.2023 | 2%* |

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 |
|------------|--|---|
| 18/01/2023 | Implementation of G20 Non-Bank Financial Intermediation Reforms: Progress report | The report describes progress in implementing reforms that had been agreed by the G20 following the 2008 global financial crisis to strengthen the oversight and regulation of non-bank financial intermediation (NBFIs). The report concludes that jurisdictions have made progress in implementing the reforms, but implementation is not yet complete. |

European Securities and Markets Authority (ESMA)

| Date | Publications | Description |
|------------|--|---|
| 25/01/2023 | ESMA and the UK FCA agreed MOU on the recognition of UK benchmark administrators in the EU | ESMA and the UK Financial Conduct Authority have agreed a new Memorandum of Understanding (MoU) regarding cooperation and the exchange of information with respect to benchmark administrators based in the UK. The MoU concerned benchmark administrators who seek recognition or are recognised in the EU. |
| 25/01/2023 | ESMA issued its first opinion on the draft European Sustainability Reporting Standards | ESMA issued an opinion on the first set of draft European Sustainability Reporting Standards (ESRS Set 1) developed by the European Financial Reporting Advisory Group (EFRAG). ESMA found that ESRS Set 1 broadly met the objective of being conducive to investor protection and of not undermining financial stability. |
| 27/01/2023 | ESMA published data for the quarterly liquidity assessment of bonds | ESMA published its new quarterly liquidity assessment of bonds . Due to a technical error, the data was published earlier than the usual publication date (1 February 2023). This did not have any impact on the application date. The transparency requirements for bonds deemed liquid will apply from 16 February 2023 to 15 May 2023. |
| 31/01/2023 | ESMA withdrew the CRA registration of Qivalio SAS | ESMA has withdrawn the credit rating agency (CRA) registration of Qivalio SAS, following the asset transfer of the credit rating activities from Qivalio SAS to EthiFinance Ratings S.L. (formerly Axesor). |

| Date | Consultation | Description |
|------------|---|---|
| 31/01/2023 | ESMA consulted on the review of the methodology on stress test scenarios for Money Market Funds | ESMA has sought input on the review of the methodology included in the Guidelines on stress test scenarios under the MMFR. The consultation will close on 28 April 2023. |



Financial centre

Main updated figures regarding the financial centre

The data as at 31 December 2022 is provisional. The final data will be available in the CSSF Annual Report of 2022.

| | | | Annual comparison |
|---|--|---|-----------------------------------|
| Banks | Number (31/01/2023) | 120 | ↘ 3 entities |
| | Balance sheet total (30/09/2022) | EUR 998.720 bn | ↗ EUR 77.283 bn |
| | Profit before provisions and taxes (30/09/2022) | EUR 4.705 bn | ↗ EUR 829 m |
| Payment institutions | Number (31/01/2023) | 17 | ↗ 2 entities |
| Electronic money institutions | Number (31/01/2023) | 11 | ↗ 1 entity |
| UCIs | Number (31/01/2023) | Part I 2010 Law: 1,622 | ↘ 32 entities |
| | | Part II 2010 Law: 229 | ↘ 5 entities |
| | | SIFs: 1,297 | ↘ 71 entities |
| | | TOTAL: 3,148 | ↘ 108 entities |
| | Number (31/01/2023) | SICARs: 205 | ↘ 13 entities |
| | Total net assets (31/12/2022) | EUR 5,028.456 bn | ↘ EUR 831.029 bn |
| Authorised Investment Fund Managers² | Number (31/01/2023) | 301 | ↘ 3 entities |
| | Balance sheet total (31/12/2022) | EUR 23.796 bn | ↘ EUR 1.453 bn |
| Pension funds | Number (31/01/2023) | 13 | ↗ 1 entity |
| Authorised securitisation undertakings | Number (31/01/2023) | 29 | ↗ 1 entity |
| Investment firms | Number (31/01/2023) | 95 (7 branches) | no variation |
| | Balance sheet total (31/12/2022) | EUR 975.121 m | ↘ EUR 109.879 m |
| | Provisional net profit (31/12/2022) | EUR 77.35 m | ↘ EUR 46.75 m |
| Specialised PFS | Number (31/01/2023) | 100 | ↗ 2 entities |
| | Balance sheet total (31/12/2022) | EUR 6.238 bn | ↗ EUR 47 m |
| | Provisional net profit (31/12/2022) | EUR 255.233 m | ↗ EUR 161.123 m |
| Support PFS | Number (31/01/2023) | 65 | ↘ 4 entities |
| | Balance sheet total (31/12/2022) | EUR 1.680 bn | ↗ EUR 51 m |
| | Provisional net profit (31/12/2022) | EUR 89.9 m | ↗ EUR 19.5 m |
| Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law | Number (31/01/2023) | 421 | ↘ 39 entities |
| Public oversight of the audit profession | Number (31/01/2023) | 54 <i>cabinets de révision agréés</i> | ↗ 2 entities |
| | | 361 <i>réviseurs d'entreprises agréés</i> | ↗ 20 people |
| | | 21 third-country auditors and audit firms | ↘ 1 entity |
| Employment (31/12/2022) | Banks | 26,012 people | ↗ 47 people |
| | Authorised Investment Fund Managers ³ | 6,940 people | ↗ 393 people |
| | Investment firms | 1,958 people | ↗ 55 people |
| | Specialised PFS | 6,856 people | ↗ 907 people |
| | Support PFS | 8,704 people | ↘ 188 people |
| | Payment institutions/electronic money institutions | 809 people | ↗ 69 people |
| | Total | 51,279 people | ↗ 1,283 people³ |

² Authorised IFMs comprise the following types of fund managers:

- management companies subject to Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment
- authorised alternative investment fund managers (AIFMs) subject to the Law of 12 July 2013 on alternative investment fund managers.

³ 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.