



Commission de Surveillance
du Secteur Financier

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THE CSSF'S SUPERVISORY PRIORITIES IN THE AREA OF SUSTAINABLE FINANCE



The objective of this document is to give a general overview of the CSSF's supervisory priorities in the area of sustainable finance.

As the supervisory authority of the financial sector, the CSSF strives to accompany the transition of the financial sector and its players in a proactive way.

The integration of sustainability and adequate consideration of sustainability risks as key drivers of financial strategies is a long-term objective. In support of this ambition, the CSSF's supervisory priorities in the area of sustainable finance aim at fostering a cohesive implementation of the sustainable finance framework across the financial sector and ensuring the integration of ESG requirements in the CSSF's supervisory practice.

The regulatory framework in relation to sustainable finance continues to be further enhanced and progressively improved upon. In such an evolving context, and taking into account regulatory developments as well as developing practices, the CSSF will adopt a gradual approach to including the relevant changes in its supervision.

Notwithstanding, the primary responsibility of ensuring compliance with applicable requirements lies with the supervised entities and their board members, who should ensure that the integration of ESG factors in traditional governance, risk management and compliance tools is a focal point within their organisations, and endeavour to make suitable ESG education a priority for themselves and their personnel.

This document is not to be construed as an exhaustive or definitive list. It rather aims at drawing the attention of the financial sector to a number of prominent matters to be addressed in this area. If deemed necessary, our supervision priorities may be adjusted, and the CSSF's duties of ongoing prudential supervision may also warrant other ESG-related aspects to come under scrutiny.

Focus areas

Supervisory priorities for credit institutions

(i) Transparency and disclosures

The CSSF will ensure the supervision of disclosure obligations for credit institutions which fall in the scope of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) through the long-form report, as revised per our [Circular CSSF 22/821](#). The new long-form incorporates in the Self-Assessment Questionnaire a dedicated section on sustainability disclosures. It also includes agreed upon procedure (AUP) reports to be established by the *réviseur d'entreprises agréé* on SFDR disclosures. Following the entry into application of the [SFDR regulatory technical standards](#) (the SFDR RTS), additional off-site reviews of the SFDR website disclosures at entity and products level will be performed on a sample basis.

In December 2022, the [ITS on prudential disclosures on ESG risks](#) in accordance with Article 449a of [Regulation \(EU\) No 575/2013](#) were published in the Official Journal. These ITS put forward the tables, templates, and associated instructions that large institutions with securities traded on a regulated market of any Member State must use in order to publicly disclose relevant qualitative information on ESG risks, and quantitative information related to climate. The CSSF will carry out a transversal review of Pillar 3 disclosures on ESG risks and will subsequently follow up with the institutions for which these requirements are of relevance.

(ii) Risk management and governance

Climate-related and environmental risks integration and mitigation shall be one of the priorities for the banking sector, as per the ECB's priorities for 2022-2024.

The CSSF plans to repeat its self-assessment exercise on climate-related and environmental risks with a new sample of approximately 15 to 20 less significant institutions ("LSI") and third-country branches. The aim of the exercise is to review the level of alignment of the banking sector with the CSSF's expectations set out in [Circular CSSF 21/773](#) and provide dedicated feedback to credit institutions.

On-site inspections in relation to themes such as, amongst others, governance, business models and credit risks will include aspects with regard to climate-related and environmental risks. From year end or beginning of 2024, the CSSF also intends to carry out on-site inspections specifically focused on climate-related and environmental risks.

Credit institutions shall also be made aware that the CSSF is expecting to conduct, towards the end of the

year, a sample-based review of the remuneration policies and practices in order to gain an understanding of how such policies have been updated to ensure consistency with the integration of sustainability risks in their governance and business models.

(iii) MiFID rules related to sustainability

The focus will be on understanding where the industry stands in the practical implementation of the MiFID rules related to sustainability.

The CSSF notably expects supervised entities that provide investment advisory or discretionary portfolio management services to collect and take into account all relevant information related to the sustainability preferences of their clients since 2 August 2022 and anticipate the entry into application of the [ESMA guidelines on MiFID II suitability requirements](#).

On-site inspections are set to start with an updated MiFID control plan integrating in particular the new sustainability-related obligations in the areas of product governance, suitability assessments, conflicts of interest, information to clients and internal control functions. As from 2024, the CSSF will launch dedicated MiFID on-site inspections capturing both obligations applicable to credit institutions and some aspects of the sustainability disclosures obligations applicable to investment firms.

Additionally, the [ESMA CSA on marketing communications and advertising under MiFID II](#) is set to include an assessment of how sustainability-related product information and product characteristics are provided in the marketing communications and advertisements (see below our calendar of planned supervision exercises).

Supervisory priorities for the asset management industry

The CSSF will continue to monitor Investment Fund Managers' (IFMs) compliance with the sustainability-related provisions as set forth under SFDR, the SFDR RTS and [Regulation \(EU\) 2020/852](#) (the Taxonomy Regulation). In so doing, the CSSF will take due consideration of the principles and guidance laid down in the [ESMA Supervisory Briefing on Sustainability risks and disclosures in the area of investment management](#) published on 31 May 2022. The CSSF will integrate any additional regulatory developments on the topic¹ in its supervisory approach.

The CSSF will focus on the following priority areas in accordance with a risk-based approach:

(i) Organisational arrangements of IFMs, including the integration of sustainability risks by financial market participants

SFDR requires IFMs to comply with a set of rules regarding the integration of sustainability risks in their activities and outlines related mandatory website disclosures in this regard. The CSSF expects IFMs' organisational arrangements to take due account of the integration of sustainability risks, notably in terms of human resources and governance, investment decision or advice processes, remuneration and risk management processes and policies and management of conflicts of interest as required under SFDR. The verification of the integration of those provisions in the IFMs' organisational arrangements will remain an integral part of the CSSF's supervisory approach.

(ii) Verification of the compliance of pre-contractual and periodic disclosures

SFDR, the SFDR RTS and the Taxonomy Regulation lay down transparency requirements regarding the provision of sustainability-related information in pre-contractual and periodic documentation of financial products. In this respect, the CSSF will continue to assess the compliance of pre-contractual and periodic disclosures of investment funds with the SFDR regulatory provisions.

(iii) Verification of the consistency of information in fund documentation and marketing material

The CSSF will continue to assess and verify that sustainability-related disclosures made are consistent across the fund documentation and marketing material.

(iv) Verification of the compliance of product website disclosures

The CSSF will continue to verify that IFMs comply with their obligations relating to the publication and maintenance on their website of SFDR related information for the investment funds they manage.

(v) Portfolio analysis

In line with the requirements of the Supervisory Briefing, the CSSF will undertake supervisory actions to ensure that portfolio holdings reflect the name, the investment objective, the strategy, and the characteristic displayed in the documentation to investors.

The CSSF has launched a [dedicated SFDR data collection exercise](#) in view of fulfilling its supervisory duties, and also to carry out the above verifications. This data collection exercise [has been extended on 24 March 2023](#) to product disclosure information. A [dedicated SFDR FAQ](#)² as well as the CSSF

¹ For instance, ESMA is currently working on [Guidelines on funds' names using ESG or sustainability related terms](#).

² The CSSF SFDR FAQ also provides for an overview of the CSSF Communiqués on SFDR.

Communiqués on SFDR have also been published to provide additional guidance and clarifications to the industry in this regard. The CSSF will continue to provide similar clarifications to the investment fund industry as need may be.

Supervisory priorities for investment firms

(i) Transparency and Disclosures

As regards the disclosure obligations applicable under SFDR to investment firms providing investment advice and portfolio management services, it is envisaged to establish a self-assessment questionnaire to be addressed to all investment firms, as part of the contemplated reform of the long-form report.

(ii) Risk management and governance

The CSSF will implement a gradual approach to its supervision of ESG risks for investment firms, prioritising the recognition of ESG risks in investment firms' strategies and governance arrangements.

[Circular CSSF 20/758](#) on administration, internal governance and risk management will be updated in due course.

(iii) MiFID rules related to sustainability

The CSSF's supervisory priorities for investment firms will mirror those as described above for credit institutions.

Supervisory priorities for issuers

As in previous years, ESMA, together with the European national accounting enforcers, including the CSSF, identified European common enforcement priorities (the "ECEPs") for the 2022 annual reports to which particular attention will be paid when monitoring and assessing the application of the relevant reporting requirements.

Climate-related matters have been identified as a priority for both IFRS financial statements and non-financial statements.

As climate-related matters were already identified as an ECEP for the 2022 campaign, the CSSF carried out focused examinations of the 2021 financial and non-financial information of issuers for which significant climate-related risks were identified.

The results of this review highlighted that this priority remains particularly relevant for the 2022 annual reports. Therefore, in order to address this priority, the CSSF will tailor its review procedures with a view to addressing both the aspects covered by this ECEP and the follow-up of the observations made during its 2022 campaign thereon.

The information required under Article 8 of the Taxonomy Regulation for relevant issuers is also one of the ECEPs for the upcoming campaign, as these non-financial issuers are required to disclose, for the first time, the alignment of their economic activities with climate change mitigation and adaptation objectives, as provided by the regulation.

For further information on this topic, please refer to our [communication](#) published on 2 January 2023.

International cooperation in sustainable finance

The CSSF's role

Given the international, far-reaching, and cross-cutting scope of sustainable finance, an important part of the CSSF's role is to ensure the representation of Luxembourg in national, European and international groups driving initiatives relating directly or indirectly to sustainable finance.

The CSSF supports the European Supervision Authorities (the "ESAs") and international bodies such as the Basel Committee on Banking Supervision (BCBS), the European Financial Reporting Advisory Group (EFRAG), the International Sustainability Standards Board (ISSB), and the Network for Greening the Financial System (NGFS) in promoting the coherence, cohesiveness, and consistency of the sustainable finance framework. In that context, the CSSF will continue to cooperate with relevant European and international bodies to aim for the clarification of a number of fundamental concepts, and the consistency of initiatives in the area of international disclosures.

Schedule of supervision exercises at the initiative of the European authorities

Based on the tentative calendar available at the time of this communication, the CSSF would like to provide

a simplified overview of supervision exercises in the area of sustainable finance, as planned by the ESAs and based on available information to date:

NATURE OF EXERCISE	RELEVANT FOR	2023 Q1	2023 Q2	2023 Q3	2023 Q4
ESMA CSA Marketing communications and advertising under MiFID II	Credit institutions Investment firms			CSA roll-out	
ESMA European Common Enforcement Priorities for non-financial reports	Issuers			Exercise roll-out	
ESMA CSA Sustainability risks and disclosures in asset management	IFMs UCIs			CSA roll-out (continued in 2024)	
ESAs 'JC Survey Stocktake of the extent of voluntary disclosures	IFMs UCIs Credit institutions Investment Firms	Survey roll-out			



Warnings

Warnings of the CSSF

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

- Warning regarding the activities of the entities I-GLOBAL MANAGEMENT and VAQUITA FUND
- Warning concerning the website <https://sef-global.com/>
- Warning concerning fraudulent activities performed under the name of the Luxembourg company LSP Holding
- Warning concerning the website <https://platinum-am-lu.com/> and emails sent from the address InitialOfFirstname.Surname@platinum-am-lu.com
- Warning regarding the activities of an entity named Co-Finance Trade Limited
- Warning concerning the usurpation of the name and logo of the CSSF
- Warning concerning the website <https://luxsozialservicer.com>
- Warning concerning the website <https://bondstreet-holdings.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 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

CSSF Regulation No 23-01 – Countercyclical buffer rate

The regulation sets the countercyclical buffer rate for the second quarter of 2023 at 0.50%.

<https://www.cssf.lu/en/Document/cssf-regulation-no-23-01-of-31-march-2023/>

Circular CSSF 23/830 – Public disclosure framework

Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards (ITS on Pillar 3 disclosures) with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (CRR) is applicable since 28 June 2021.

The application of this disclosure framework triggered some overlap with existing requirements. The circular informs the persons concerned of the EBA's decision to repeal certain guidelines and, in the same vein, the CSSF's decision to repeal certain circulars.

Furthermore, the scope of application of Circular CSSF 20/751 has been amended.

<https://www.cssf.lu/en/Document/circular-cssf-23-830/>

Circular CSSF 23/831 – Stress test scenarios under Article 28 of the MMFR

The purpose of the circular is to inform the persons concerned that the CSSF, as competent authority, integrates the latest version of the ESMA Guidelines on stress test scenarios under the MMF Regulation (Ref. ESMA/34-49-495), as published on 27 January 2023, in its administrative practices. All money market funds (MMFs) under the supervision of the CSSF and Luxembourg managers of MMFs must comply with the 2022 Guidelines.

<https://www.cssf.lu/en/Document/circular-cssf-23-831/>

Circular CSSF 23/832 – Standard forms, formats and templates to apply for permission to operate a DLT Market Infrastructure

The purpose of the circular is to inform the persons concerned that the CSSF, in its capacity as competent authority under Regulation (EU) 2022/858 on a pilot regime for market infrastructures based on distributed ledger technology, applies the Guidelines of ESMA on standard forms, formats and templates to apply for permission to operate a DLT Market Infrastructure (Ref. ESMA70-460-213), published on 8 March 2023. Consequently, the CSSF has integrated the Guidelines into its administrative practice and regulatory approach with a view to promoting supervisory convergence in this field at European level.

<https://www.cssf.lu/en/Document/circular-cssf-23-832/>

Circular CSSF-CPDI 23/33 – Covered deposits

The aim of the circular is to carry out the regular survey on deposits, and more particularly on covered deposits, as held by credit institutions incorporated under Luxembourg law, POST Luxembourg for its provision of postal financial services, and Luxembourg branches of credit institutions having their head office in a third country as at 31 March 2023.

FGDL members are requested to provide the data at the level of their legal entity, comprising data from branches located within other Member States, by 19 May 2023. The requested data must be reported with utmost care, as it also constitutes the basis to determine the contribution to the Resolution Fund.

<https://www.cssf.lu/en/Document/circular-cssf-cpdi-23-33/>



FAQ

On 13 March 2023, the CSSF updated the document *CSSF FAQ Sustainable Finance Disclosure Regulation (SFDR)*. The FAQs aim at providing further clarity on aspects of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (SFDR).
<https://www.cssf.lu/en/Document/cssf-faq-sustainable-finance-disclosure-regulation-sfdr/>

On 16 March 2023, the CSSF updated the document *FAQ CBDF – Notification procedures* in relation to the CBDF Regulation highlighting the changes for notifications to the CSSF and which is available at:
<https://www.cssf.lu/en/Document/faq-cbdf-notification-procedures/>

On 6 April 2023, the CSSF updated the document *FAQ – Virtual assets (UCIs)* which is available at:
<https://www.cssf.lu/en/Document/faq-virtual-assets-ucis/>



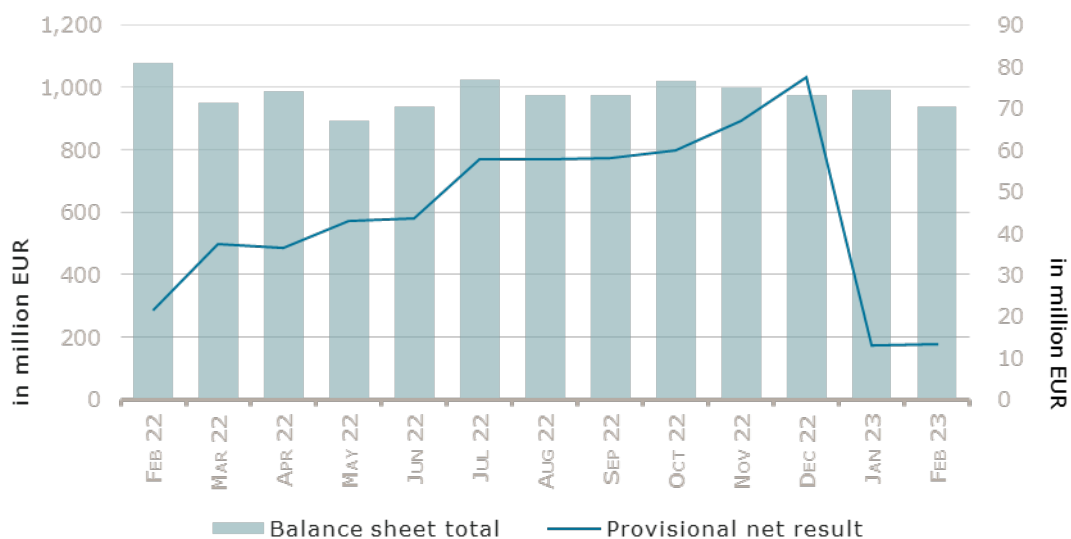
Communiqués

Date	Publications
24.03.2023	Profit and loss account of credit institutions as at 31 December 2022
24.03.2023	SFDR data collection exercise applicable to investment fund managers (IFMs) and institutions for occupational retirement provision (IORPs) on precontractual disclosures in relation to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (TR)
29.03.2023	Electronic invoicing to the CSSF
30.03.2023	Monitoring the quality of transaction reports received under Article 26 of MiFIR
31.03.2023	Global situation of undertakings for collective investment at the end of February 2023
03.04.2023	CSSF communication on Liability Driven Investment Funds
07.04.2023	Audit profession: Practical details on the EAP – 2023 Session

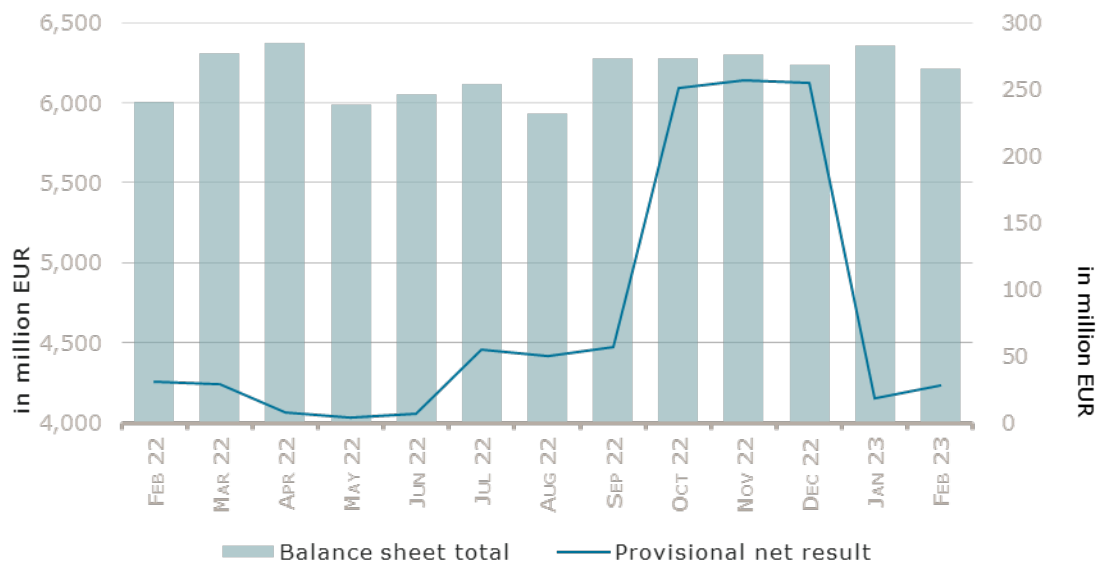


MONTHLY STATISTICS

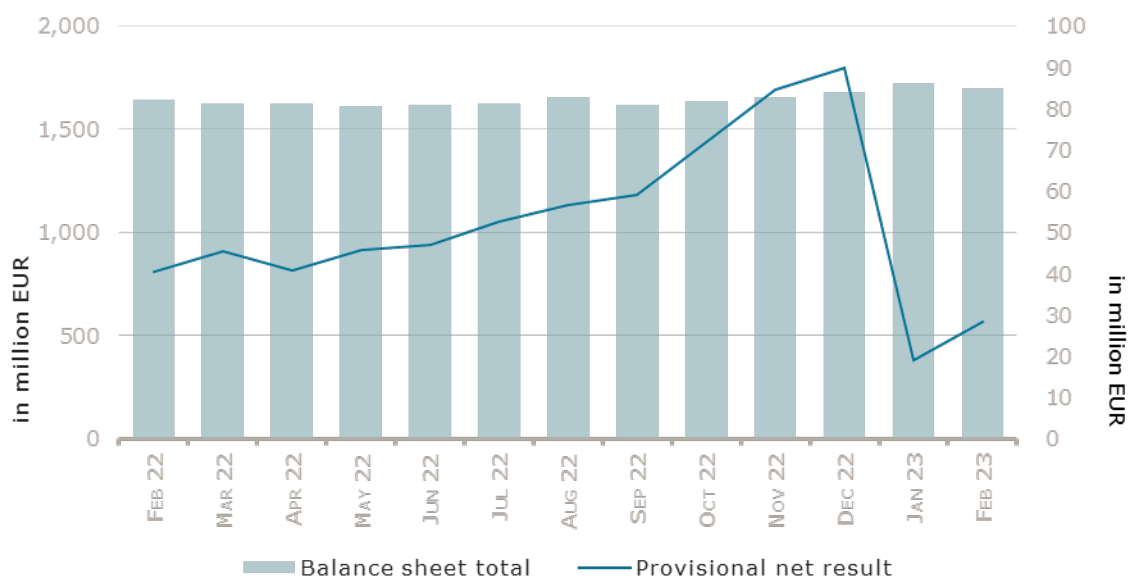
INVESTMENT FIRMS: DECREASE IN THE BALANCE SHEET TOTAL AS AT 28 FEBRUARY 2023



SPECIALISED PFS: DECREASE IN THE BALANCE SHEET TOTAL AS AT 28 FEBRUARY 2023



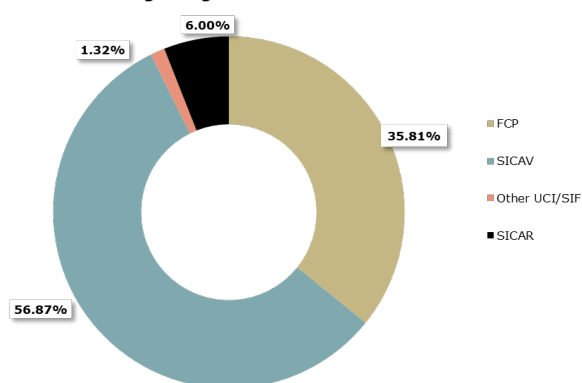
**SUPPORT PFS:
DECREASE IN THE BALANCE SHEET TOTAL AS AT 28 FEBRUARY 2023**



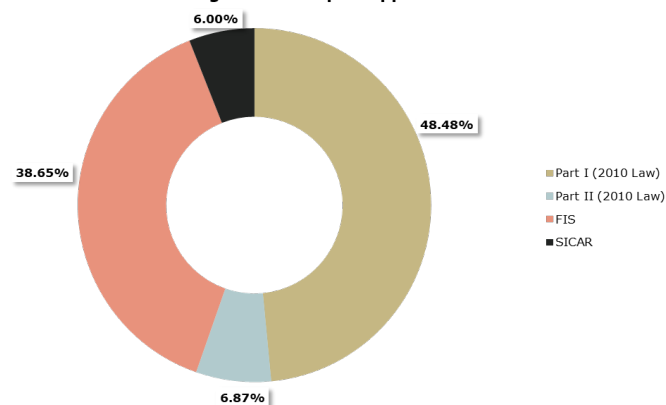
**UCIS:
SITUATION AS AT 28 FEBRUARY 2023**

NUMBER OF UCIS

Breakdown of UCIs according to legal form



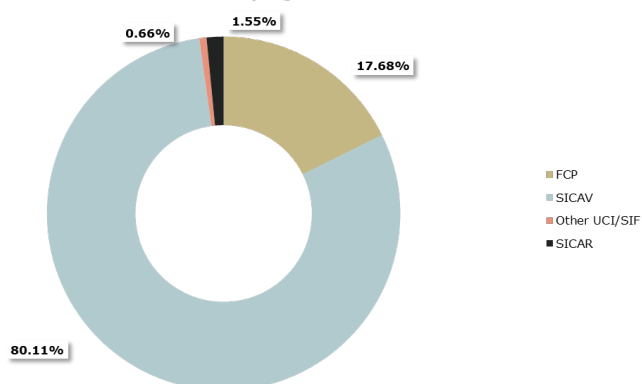
Breakdown of UCIs according to law and part applicable



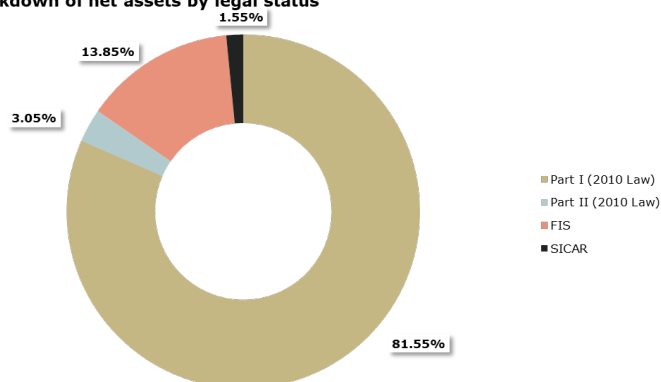
	FCP	SICAV	Other UCIs / SIFs	SICARs	Total
Part I (2010 Law)	827	796	0	0	1,623
Part II (2010 Law)	105	123	2	0	230
SIFs	267	985	42	0	1,294
SICARs	0	0	0	201	201
Total	1,199	1,904	44	201	3,348

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)	653.244	3,558.370	0.000	0.000	4,211.614
Part II (2010 Law)	44.866	112.623	0.279	0.000	157.768
SIFs	215.193	466.390	33.553	0.000	715.136
SICARs	0.000	0.000	0.000	79.835	79.835
Total	913.303	4,137.383	33.832	79.835	5,164.353

NET ASSETS BROKEN DOWN BY INVESTMENT POLICY

Breakdown by investment policy	Net assets (in bn €)	Number of fund units
Fixed-Income Transferable Securities	1,219.286	3,144
Variable-Yield Transferable Securities	1,751.345	4,176
Mixed Transferable Securities	1,016.041	3,436
Funds of Funds	336.623	2,036
Money Market Instruments and Other Short-Term Securities	447.714	197
Private Equity	81.671	252
Venture Capital	4.141	30
Real Estate	135.550	317
Futures and/or Options	12.318	66
Other Assets	79.829	281
Public-to-Private	0.145	2
Mezzanine	1.110	12
Venture Capital (SICAR)	8.490	70
Private Equity (SICAR)	70.090	249
TOTAL	5,164.353	14,268

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	1,128.163	2,736	43.286	40.819	2.467
Variable-Yield Transferable Securities	1,677.687	3,858	48.717	47.670	1.047
Mixed Transferable Securities	814.801	2,521	18.891	21.327	-2.436
Funds of Funds	153.310	798	2.344	3.191	-0.847
Money Market Instruments and Other Short-Term Securities	427.260	167	224.613	218.814	5.799
Futures and/or Options	7.416	38	0.251	0.237	0.014
Other Assets	2.977	7	0.062	0.058	0.004
SUB-TOTAL PART I	4,211.614	10,125	338.164	332.116	6.048
PART II					
Fixed-Income Transferable Securities	12.294	84	0.209	0.339	-0.130
Variable-Yield Transferable Securities	13.849	66	0.199	0.047	0.152
Mixed Transferable Securities	60.037	164	0.871	0.962	-0.091
Funds of Funds	31.075	184	0.287	0.416	-0.129
Money Market Instruments and Other Short-Term Securities	12.469	20	0.918	1.205	-0.287
Private Equity	16.958	27	0.203	0.056	0.147
Venture Capital	1.109	3	0.015	0.000	0.015
Real Estate	4.450	11	0.009	0.026	-0.017
Futures and/or Options	1.307	12	0.005	0.025	-0.020
Other Assets	4.220	25	0.018	0.188	-0.170
SUB-TOTAL PART II	157.768	596	2.734	3.264	-0.530

SIF

Fixed-Income Transferable Securities	78.829	324	1.216	1.364	-0.148
Variable-Yield Transferable Securities	59.809	252	0.390	0.239	0.151
Mixed Transferable Securities	141.203	751	1.820	1.513	0.307
Funds of Funds	152.238	1,054	1.077	1.270	-0.193
Money Market Instruments and Other Short-Term Securities	7.985	10	1.952	2.878	-0.926
Private Equity	64.713	225	0.310	0.113	0.197
Venture Capital	3.032	27	0.000	0.004	-0.004
Real Estate	131.100	306	0.936	2.894	-1.958
Futures and/or Options	3.595	16	0.074	0.045	0.029
Other Assets	72.632	249	0.500	0.582	-0.082
SUB-TOTAL SIFs	715.136	3,214	8.275	10.902	-2.627

SICARs

Public-to-Private	0.145	2	0.000	0.000	0.000
Mezzanine	1.110	12	0.000	0.000	0.000
Venture Capital	8.490	70	0.000	0.100	-0.100
Private Equity	70.090	249	0.000	0.099	-0.099
SUB-TOTAL SICARs	79.835	333	0.000	0.199	-0.199
TOTAL LUXEMBOURG UCIs	5,164.353	14,268	349.173	346.481	2.692

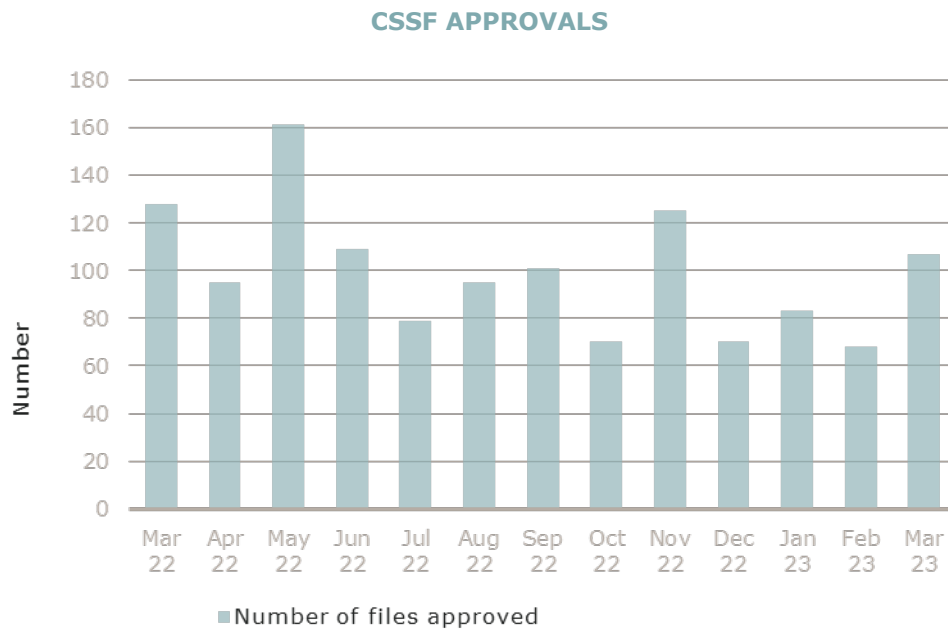
ORIGIN OF THE INITIATORS OF LUXEMBOURG UCIS

Country	Net assets (in bn EUR)	in %	Number of UCIs	in %	Number of fund units	in %
US	1,014.608	19.6%	160	4.8%	1,175	8.2%
GB	865.630	16.8%	238	7.1%	1,616	11.3%
DE	758.177	14.7%	1,079	32.2%	2,283	16.0%
CH	689.809	13.4%	522	15.6%	2,649	18.6%
FR	579.691	11.2%	248	7.4%	1,547	10.9%
IT	333.798	6.5%	113	3.4%	1,269	8.9%
BE	231.213	4.5%	128	3.8%	723	5.1%
LU	207.651	4.0%	276	8.2%	846	5.9%
NL	113.666	2.2%	39	1.2%	256	1.8%
DK	110.014	2.1%	19	0.6%	205	1.4%
OTHERS	260.096	5.0%	526	15.7%	1,699	11.9%
TOTAL	5,164.353	100.0%	3,348	100.0%	14,268	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	2.787	0.054%	15	0.105%
CAD	3.316	0.064%	16	0.112%
CHF	51.568	0.999%	244	1.710%
CNH	9.731	0.188%	27	0.189%
CNY	5.514	0.107%	6	0.042%
CZK	1.347	0.026%	55	0.386%
DKK	1.562	0.030%	12	0.084%
EUR	2,757.295	53.391%	8,801	61.684%
GBP	158.990	3.079%	281	1.970%
HKD	3.429	0.066%	8	0.056%
HUF	0.203	0.004%	17	0.119%
JPY	53.167	1.028%	153	1.072%
NOK	4.386	0.085%	29	0.203%
NZD	0.202	0.004%	1	0.007%
PLN	0.137	0.003%	3	0.021%
RON	0.526	0.011%	2	0.014%
SEK	37.324	0.723%	119	0.834%
SGD	1.372	0.027%	7	0.049%
USD	2,071.480	40.111%	4,471	31.336%
ZAR	0.017	0.000%	1	0.007%
TOTAL	5,164.353	100.000%	14,268	100.000%

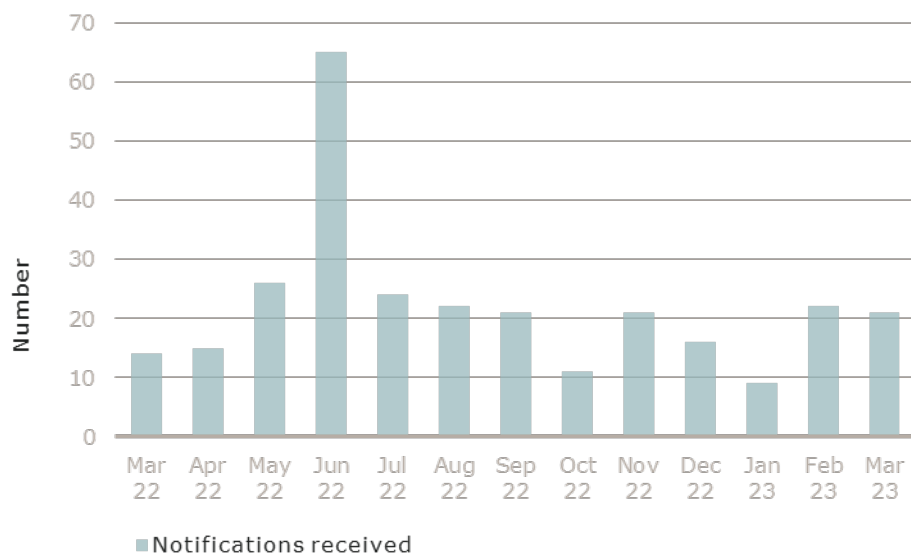
PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET



In March 2023, the CSSF approved a total of 107 documents pursuant to the Prospectus Regulation, which break down as follows:

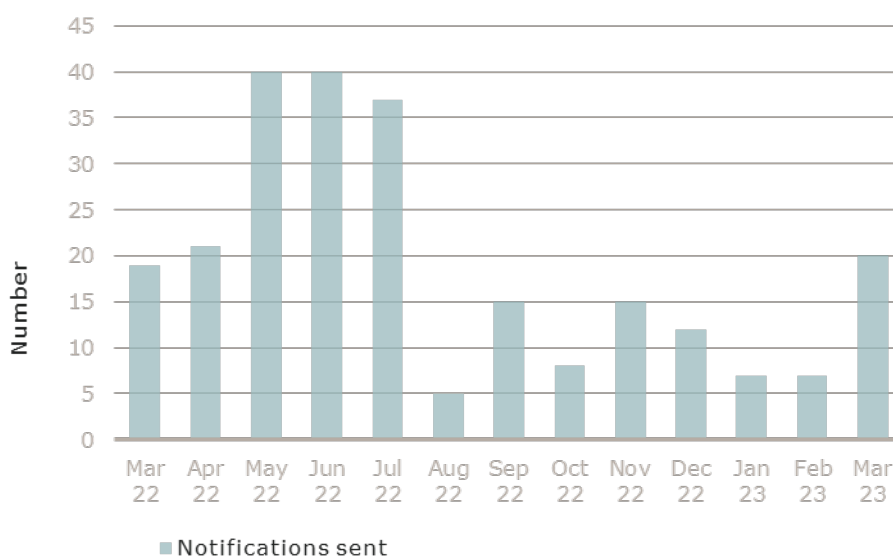
base prospectuses:	35 (32.71%)
other prospectuses:	14 (13.08%)
supplements:	58 (54.21%)

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



In March 2023, the CSSF received 20 notifications relating to prospectuses and base prospectuses, 1 notification relating to registration documents and 84 notifications relating to supplements from competent authorities of other EEA Member States.

NOTIFICATIONS SENT BY THE CSSF TO COMPETENT AUTHORITIES OF OTHER EEA MEMBER STATES



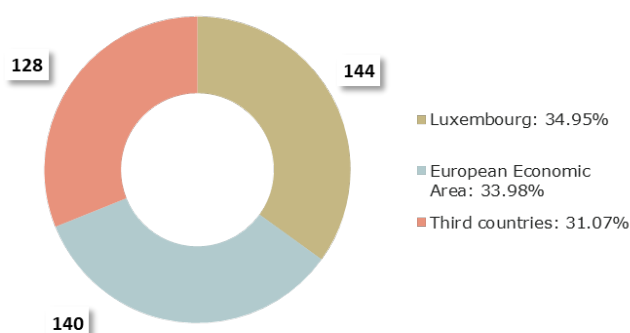
In March 2023, the CSSF sent 20 notifications relating to prospectuses and base prospectuses and 41 notifications relating to supplements to the competent authorities of other EEA Member States³.

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")

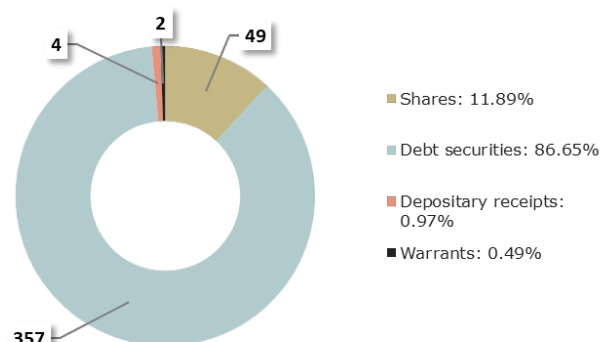
Since 28 February 2023, **no** issuer has chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, **two** issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 31 March 2023, **412** 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



³ 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 March 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 **28** entities as at 31 March 2023.

PUBLIC OVERSIGHT OF THE AUDIT PROFESSION

The public oversight of the audit profession covered **54 cabinets de révision agréés** (approved audit firms) and **363 réviseurs d'entreprises agréés** (approved statutory auditors) as at 31 March 2023. The oversight also included **22 third-country auditors and audit firms** duly registered in accordance with the Law of 23 July 2016 concerning the audit profession.



Human resources

The CSSF has hired 3 employees since the publication of the last Newsletter and counts, after the departure of 5 agents, 965 agents (535 men and 430 women). They have been assigned to the following departments:

- Supervision of Information Systems and Support PFS
- Department "Human Resources and Finance"
- Information Systems of the CSSF (IT)



European/International News in March 2023

European Parliament, European Commission and European Council

Date	Regulatory developments	Description
03/03/2023	Commission Delegated Regulation (EU) 2023/451 of 25 November 2022	Publication of Commission Delegated Regulation (EU) 2023/451 of 25 November 2022 specifying the factors to be taken into consideration by the competent authority and the supervisory college when assessing the recovery plan of central counterparties.

16/03/2023	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.
22/03/2023	Commission Delegated Regulation (EU) 2023/662 of 20 January 2023	Publication of Commission Delegated Regulation (EU) 2023/662 of 20 January 2023 amending Delegated Regulation (EU) 2015/63 as regards the methodology for the calculation of liabilities arising from derivatives.

European Supervisory Authorities (ESAs)

Date	Consultation	Description
13/03/2023	ECB and the ESAs call for enhanced climate-related disclosure for structured finance products	The ESAs, together with the ECB, published a Joint Statement on climate-related disclosure for structured finance products. The statement encourages the development of disclosure standards for securitised assets through harmonised climate-related data requirements.

European Banking Authority (EBA)

Date	Publications	Description
07/03/2023	Women's representation on boards has gradually improved, but imbalances remain	The EBA published its report on diversity practices and the gender pay gap at the level of the management body.
10/03/2023	EBA publishes annual assessment of banks' internal approaches for the calculation of capital requirements	The EBA published its reports on the annual market and credit risk benchmarking exercises conducted in 2022. These exercises aim at monitoring the consistency of risk weighted assets (RWAs) across all EU institutions authorised to use internal approaches for the calculation of capital requirements. Regarding market risk, for the majority of participating banks, the results confirm a relatively low dispersion in the initial market valuation (IMVs) of most of the instruments, and a decrease in the dispersion in the value at risk (VaR) submissions compared to the previous exercise. For credit risk, the variability of RWAs remained rather stable, despite the pandemic and the different banks' pace in complying with the policies set out in the EBA internal rating-based (IRB) roadmap. A particular focus has been put on analysing the impact of the pandemic and the compensating public measures on the IRB models.
10/03/2023	EBA issues revised list of validation rules	The EBA issued a revised list of validation rules for its reporting standards (Implementing Technical Standards, Regulatory Technical Standards and Guidelines), highlighting those which have been deactivated either for incorrectness or for triggering IT problems. Competent authorities throughout the EU are informed that data submitted in accordance with these reporting standards should not be formally validated against the set of deactivated rules.

Date	Publications	Description
16/03/2023	EBA publishes Handbook on data submission for supervisory benchmarking	The EBA published a Handbook on supervisory benchmarking of internal models. The handbook is an online tool that aims to provide guidance and links to relevant documents and information for the supervisory benchmarking to facilitate their accessibility. In particular, the handbook includes overviews for all applicable Q&As relevant to credit risk, market risk and IFRS9 benchmarking. More detailed information is also provided for the key credit risk elements of the data submission. The handbook will be regularly updated.
20/03/2023	SRB, EBA and ECB Banking Supervision statement on the announcement on 19 March 2023 by Swiss authorities	The Single Resolution Board, the European Banking Authority and ECB Banking Supervision welcome the comprehensive set of actions taken yesterday by the Swiss authorities in order to ensure financial stability.
28/03/2023	EBA publishes new set of indicators to identify potential causes of consumer harm	The EBA published, for the first time, a new set of indicators, which aim at identifying detriment to consumers arising from the misconduct of financial institutions offering retail banking products in the EU. The indicators show consumers' experience with financial services and will complement other sources of information that the EBA already uses to decide on its consumer protection priorities.
31/03/2023	EBA issues Guidelines to challenge unwarranted de-risking and safeguard access to financial services to vulnerable customers	The EBA published new guidelines aiming to ensure that customers have access to the financial services they need to fully participate in society and that they are not denied this access on unsubstantiated Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) grounds or without valid reason. These guidelines aim at contributing to foster a common understanding by institutions and AML/CFT supervisors of effective money laundering and terrorist financing (ML/TF) risk management practices in situations where access by customers to financial products and services should be safeguarded, in particular for the most vulnerable ones.

Date	Consultations	Description
21/03/2023	EBA consults on amendments to the reporting on the Fundamental Review of the Trading Book	The EBA launched a public consultation on its draft Implementing Technical Standards (ITS) amending the ITS on specific reporting requirements on market risks (FRTB reporting), aiming at providing supervisors with the necessary tools to monitor these risks. The consultation runs until 21 June 2023.
24/03/2023	EBA consults on standards for supervisors assessing the new market risk internal models under the Fundamental Review of the Trading Book	The EBA launched a public consultation on its draft Regulatory Technical Standards (RTS) on the assessment methodology under which competent authorities verify institutions' compliance with the requirements applicable to their internal models under the Fundamental Review of the Trading Book (FRTB) rules. These RTS are part of the phase 4 deliverables of the EBA roadmap for the new market and counterparty credit risk approaches. The consultation runs until 26 June 2023.
29/03/2023	EBA consults on amendments to Guidelines on risk-based AML/CFT supervision to include crypto-asset service providers	The EBA launched a public consultation on amendments to its Guidelines on risk-based anti-money laundering and countering the financing of terrorism (AML/CFT) supervision. The proposed changes extend the scope of these guidelines to AML/CFT supervisors of crypto-asset service providers (CASPs). The consultation runs until 29 June 2023.

European Securities and Markets Authority (ESMA)

Date	Publications	Description
01/03/2023	ESMA published the results of the annual transparency calculations for equity and equity-like instruments	ESMA published the results of the annual transparency calculations for equity and equity-like instruments, which will apply from 1 April 2023. The full list of assessed equity and equity-like instruments will be available through ESMA's FITRS in the XML files with publication date from 1 March 2023 (see here) and through the Register web interface (see here).
06/03/2023	ESMA and ACER updated Memorandum of Understanding to strengthen cooperation	ESMA and the EU Agency for the Cooperation of Energy Regulators have signed an updated Memorandum of Understanding (MoU) which strengthens collaboration between the two institutions. The MoU notably incorporates new cooperation areas under the Market Correction Mechanism (MCM) Regulation and benchmarks related to the energy sector. It also details the role of the recently established ACER-ESMA Task Force.
20/03/2023	ESMA raised concerns with the proposed changes to the insider list regime	ESMA sent a letter to the European Parliament and Council raising concerns with proposed changes to the insider list regime in the Market Abuse Regulation.
24/03/2023	ESMA fines S&P €1.11 million for failures related to the premature release of credit ratings to the public	ESMA has fined S&P Global Ratings Europe Limited (S&P) a total of EUR 1,110,000, and issued a public notice for breaches of the Credit Rating Agencies Regulation (CRA Regulation).
27/03/2023	ESMA updated its guidance on product governance	ESMA published its Final Report on Guidelines on MiFID II product governance guidelines.
28/03/2023	ESMA published guidance on fractional shares	ESMA issued a Public Statement addressing investor protection concerns raised by derivatives on fractions of shares.
29/03/2023	ESMA issued its 2022 Corporate Reporting Enforcement and Regulatory Activities Report	ESMA published its 2022 Corporate Reporting Enforcement and Regulatory Activities Report , providing an overview of activities carried out by ESMA and enforcers on financial and non-financial information and European Single Electronic Format (ESEF) reporting.
29/03/2023	ESMA withdrew the CRA registration of Scope Hamburg GmbH	ESMA has withdrawn the credit rating agency (CRA) registration of Scope Hamburg GmbH at the express request of the CRA. The withdrawal decisions follow the official notifications to ESMA by Scope Hamburg GmbH on 7 February 2023 of its intention to renounce the specific registrations under the conditions set out in Article 20(1)(a) of the CRA Regulation (CRAR). The list of registered and certified CRAs has been updated.
30/03/2023	ESMA provided guidance for supervision of copy trading services	ESMA published a supervisory briefing on firms offering copy trading services, in accordance with its objective of fostering investor protection and actively promoting supervisory convergence across the Union.
31/03/2023	New Q&As available	ESMA has updated the following Questions and Answers: <ul style="list-style-type: none"> • Benchmarks Regulation • EMIR implementation • DLT Pilot Regulation • MiFID II and MiFIR transparency topics • MiFIR data reporting • SFTR data reporting

Date	Consultations	Description
01/03/2023	ESMA consulted on position calculations for Trade Repositories	ESMA launched a consultation on amendments to its Guidelines for Trade Repositories (TRs) on position calculation under EMIR. The consultation runs until 9 May 2023.
28/03/2023	ESMA consulted on position calculations for Trade Repositories	ESMA launched a consultation on amendments to its Guidelines for Trade Repositories (TRs) on position calculation under EMIR. The consultation runs until 9 May 2023.

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

Date	Publications	Description
10/03/2023	Supervising the future of banking: navigating the digital transformation	Blog post by Elizabeth McCaul, Member of the Supervisory Board of the ECB.
21/03/2023	ECB Annual Report on supervisory activities 2022	Publication of the ECB Annual Report on supervisory activities 2022.

Date	Interviews and speeches	Description
09/03/2023	Andrea Enria: Interview with Verslo žinios	Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, conducted by Naglis Navakas on 3 March.
10/03/2023	Elizabeth McCaul: Supervising the future of banking: navigating the digital transformation	Speech by Elizabeth McCaul, Member of the Supervisory Board of the ECB, at "The New Frontiers of Digital Finance" conference organised by CONSOB.
21/03/2023	Andrea Enria: Hearing of the Committee on Economic and Monetary Affairs of the European Parliament	Introductory statement by Andrea Enria, Chair of the Supervisory Board of the ECB.
21/03/2023	Andrea Enria: Exchange of views of the Committee on Economic and Monetary Affairs of the European Parliament	Opening remarks by Andrea Enria, Chair of the Supervisory Board of the ECB on the failure of Silicon Valley Bank and its implications for financial stability in Europe.
27/03/2023	Frank Elderson: Urgent and vitally important: 2023 as a key milestone in stepping up the management of climate and environmental risks	Keynote speech by Frank Elderson, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, at the Foreign Bankers' Association (FBA) 30th anniversary.
28/03/2023	Andrea Enria: A new stage for European banking supervision	Keynote speech by Andrea Enria, Chair of the Supervisory Board of the ECB, 22nd Handelsblatt Annual Conference on Banking Supervision.

Basel Committee on Banking Supervision (BCBS)

Date	Publications	Description
23/03/2023	Basel Committee to review recent market developments, advances work on climate-related financial risks, and reviews Basel Core Principles	The BCBS met to take stock of recent market developments and risks to the global banking system and related vulnerabilities, and to discuss a range of policy and supervisory initiatives.
30/03/2023	Various technical amendments and FAQs	To help promote consistent interpretation of the Basel Framework, the BCBS periodically publishes proposals for technical amendments and answers to frequently asked questions. The set of interpretative issues addressed in this document relate to: (i) the standardised approach to operational risk; (ii) the disclosure standards for credit valuation adjustment (CVA) risk; (iii) the description of the calculation of indicator scores for global systemically important banks (G-SIBs); (iv) terminology used in the countercyclical capital buffer; and (v) the application of the liquidity standards to certain products.

Financial Stability Board (FSB)

Date	Publication	Description
30/03/2023	FSB Work Programme for 2023	This work programme details the FSB's planned work and provides an indicative timeline of main publications for 2023. The FSB's work priorities aim to address financial challenges that are global in nature and affect the financial system as a whole, including digitalisation, climate change, and the consequences of shifts in the macroeconomic and interest rate environment.

Macroprudential topics and fora

European Central Bank (ECB)

Date	Publications	Description
15/03/2023	The more the merrier? Macroprudential instrument interactions and effective policy implementation	Macroprudential policies since the global financial crisis have been central to safeguarding financial stability. Despite the increasing use of multiple policy instruments, a detailed understanding of interactions among them is still needed to assess how instrument combinations can enhance the effectiveness of macroprudential action. The paper finds that the combinations of capital and borrower-based instruments ensures a comprehensive coverage of different systemic risks and entail important synergies.
17/03/2023	The effectiveness of borrower-based macroprudential policies: a cross-country analysis using an integrated micro-macro simulation model	This paper evaluates the resilience benefits of borrower-based macroprudential policies—such as LTV, DSTI, or DTI caps—for households and banks in the EU. Findings suggest that (1) the resilience of households improves notably as a result of implementing individual and joint policy limits, with joint limits being more than additively effective; (2) borrower-based measures can visibly enhance the quality of bank mortgage portfolios over time, supporting bank solvency ratios; and (3) the policies' resilience benefits are more pronounced for households located at the lower end of the income and wealth distributions.

30/03/2023	Economic Bulletin Issue 2, 2023	The new ECB staff macroeconomic projections were finalised in early March before the recent emergence of financial market tensions. As such, these tensions imply additional uncertainty around the baseline assessments of inflation and growth. ECB staff see inflation averaging 5.3% in 2023, 2.9% in 2024 and 2.1% in 2025. At the same time, underlying price pressures remain strong. The baseline projections for growth in 2023 have been revised up to an average of 1.0% because of both the decline in energy prices and the economy's greater resilience to the challenging international environment. ECB staff expect growth to pick up further, to 1.6%, in both 2024 and 2025, underpinned by a robust labour market, improving confidence and a recovery in real incomes.
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European Systemic Risk Board (ESRB)

Date	Publications	Description
01/03/2023	The externalities of fire sales: evidence from collateralised loan obligations	This paper investigates how covenants, intrinsic to Collateralised Loan Obligation (CLO) indentures, may amplify idiosyncratic shocks, imposing negative externalities on unrelated firms in CLO portfolios. Following a negative shock to the oil & gas industry, CLOs with exposure to oil and gas loans are pushed closer to their covenant thresholds and fire-sell unrelated loans in the secondary loan market to alleviate these constraints. These fire sales exert price pressure on the securities of unrelated firms, creating market dislocations. The erosion in the liquidity positions of exposed firms spills over into real economic activity. The findings highlight the real effects from fire sales arising due to contracting frictions.
01/03/2023	Financial fragility in open-ended mutual funds: the role of liquidity management tools	The paper studies the role of liquidity management tools (LMTs) in mitigating financial fragility in investment funds during the COVID-19 market distress. The paper finds that funds with access to price-based tools such as redemption fees or anti-dilution levies experienced lower net outflows in March 2020, as compared to funds with only quantity-based tools such as redemption gates, temporary suspensions, or redemption in kind. Funds with price based LMTs also rebalance their portfolios towards less liquid bonds.
20/03/2023	Macro-financial scenario for the 2023 EU-wide banking sector stress test	This 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 EBA. Scenario variables include developments in real GDP, inflation, unemployment rates, real estate prices, stock prices, exchange rates, interest rates and real gross value added for selected economic sectors. The scenario covers the three years from 2023 to 2025 in line with the EBA methodology. The baseline macro-financial scenario for EU countries is based on the December 2022 projections from the EU national central banks. The adverse macro-financial scenario was designed by the ESRB's Task Force on Stress Testing in close collaboration with the ECB.

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	01.01.2023	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%
	05.03.2024	2.5%*
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%*
Slovenia	31.12.2023	0.5%*
Sweden	29.09.2022	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 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 (31/03/2023)	120	↘ 3 entities
	Balance sheet total (31/12/2022)	EUR 923.030 bn	↘ EUR 28.678 bn
	Profit before provisions and taxes (31/12/2022)	EUR 6.205 bn	↗ EUR 1.109 bn
Payment institutions	Number (31/03/2023)	17	↗ 1 entity
Electronic money institutions	Number (31/03/2023)	11	↗ 1 entity
UCIs	Number (31/03/2023)	Part I 2010 Law: 1,619	↘ 31 entities
		Part II 2010 Law: 234	no variation
		SIFs: 1,291	↘ 68 entities
		TOTAL: 3,144	↘ 99 entities
	Number (31/03/2023)	SICARs: 201	↘ 15 entities
	Total net assets (28/02/2023)	EUR 5,164.353 bn	↘ EUR 380.696 bn
Authorised Investment Fund Managers⁴	Number (31/03/2023)	300	↘ 5 entities
	Balance sheet total (31/12/2022)	EUR 23.796 bn	↘ EUR 1.453 bn
Pension funds	Number (31/03/2023)	13	↗ 1 entity
Authorised securitisation undertakings	Number (31/03/2023)	28	no variation
Investment firms	Number (31/03/2023)	94 (7 branches)	↘ 1 entity
	Balance sheet total (28/02/2023)	EUR 937.303 m	↘ EUR 140.697 m
	Provisional net profit (28/02/2023)	EUR 13.46 m	↘ EUR 8.08 m
Specialised PFS	Number (31/03/2023)	101	↗ 4 entities
	Balance sheet total (28/02/2023)	EUR 6.213 bn	↗ EUR 208 m
	Provisional net profit (28/02/2023)	EUR 27.68 m	↘ EUR 2.9 m
Support PFS	Number (31/03/2023)	65	↘ 4 entities
	Balance sheet total (28/02/2023)	EUR 1.699 bn	↗ EUR 55 m
	Provisional net profit (28/02/2023)	EUR 28.5 m	↘ EUR 11.94 m
Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law	Number (31/03/2023)	412	↘ 42 entities
Public oversight of the audit profession	Number (31/03/2023)	54 <i>cabinets de révision agréés</i>	↗ 1 entity
		363 <i>réviseurs d'entreprises agréés</i>	↗ 19 people
		22 third-country auditors and audit firms	no variation
Employment (31/12/2022)	Banks	26,012 people	↗ 47 people
	Authorised Investment Fund Managers ⁴	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 people⁵

⁴ 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.

⁵ This development does not mean a net creation or loss of jobs, but includes the transfer of existing jobs from the non-financial sector to the financial sector and vice versa.