

In case of discrepancies between the French and the English text, the French text shall prevail

Luxembourg, 5 August 2016

To all credit institutions, investment firms,
asset management companies and alternative
investment fund managers

CIRCULAR CSSF 16/641

Re: Update of Circular CSSF 15/629 relating to the supplementary supervision to be applied to financial conglomerates and definition of structure coefficients to be observed by the regulated entities belonging to these financial conglomerates pursuant to Article 56 of the law of 5 April 1993 on the financial sector, as amended

Ladies and Gentlemen,

This circular amends Circular CSSF 15/629 on the supplementary supervision to be applied to financial conglomerates and definition of structure coefficients to be observed by the regulated entities belonging to these financial conglomerates, pursuant to Article 56 of the law of 5 April 1993 on the financial sector, as amended.

For clarification purposes, the amendment aims to transpose the first subparagraph of Article 6(4) of Directive 2002/87/EC¹ as amended, by incorporating the provision of Article 2(5) of Directive 2011/89/EU². Thus, the following paragraph is added to section 2 (Supplementary supervision of capital adequacy), point (a) (Technical method for calculating the supplementary requirements), point (1) (*Accounting consolidation method*) of Circular CSSF 15/629:

"When applying this method, the supplementary capital adequacy requirements of a financial conglomerate, the own funds and solvency requirements of the group's entities shall be calculated by applying the corresponding sectoral rules relating to the form and extent of the

¹ Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.

² Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate.

consolidation, as laid down, in particular, in Article 18 of Regulation (EU) No 575/2013³ ⁴ and in Article 221 of Directive 2009/138/EC⁵".

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Françoise KAUTHEN

Director

Claude SIMON

Director

Simone DELCOURT

Director

³ Article 18 of Regulation (EU) No 575/2013 restates the provisions of Articles 133 and 134 of the repealed Directive 2006/48/EC.

⁴ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

⁵ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).