



Newsletter

No 189 - October 2016

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HUMAN RESOURCES

The CSSF has recruited 10 new agents who were assigned to the following departments:

Supervision of banks

Rositsa IVANOVA

On-site inspections

Fouad AZZI
Marjorie DEMAZY
Frank DENZER
Renaud MESTE

Resolution

Bertrand TOULMONDE

Information systems of the CSSF

André OTTAVINO
Fabrizio TARELLO

Supervision of securities markets departments

Elena KALAMBOKIS

Personnel, administration and finance

Jean-Michel VANDERVAEREN

Following the departure of two agents, the CSSF employs 669 agents on 10 October 2016: 349 men and 320 women.

NEWS

■ Publication of Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016

With the publication in the Official Journal of the European Union on 20 September 2016, the European Commission has adopted Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies with respect to the fight against money laundering and terrorist financing (AML/CFT).

In accordance with the provisions of Article 9 of the above-mentioned Directive (EU) 2015/849, the European Commission thus identified, whilst taking into consideration, notably, the existing work of the Financial Action Task Force on this subject, the third countries particularly vulnerable to money laundering and/or terrorist financing and whose poor standards for controlling money flows pose significant threats to the financial system of the European Union.

The European Commission requires therefore the application of enhanced due diligence measures in the relationship to natural and legal persons established in the third countries listed in the annex to said delegated regulation.

This list of high-risk third countries with strategic deficiencies will be subject to changes according to the situation found to exist in a given country.

This delegated regulation entered into force on 23 September 2016. It is binding in its entirety and directly applicable in all Member States of the European Union.

WARNINGS

■ Warnings published by the CSSF

A warning concerning an entity named **Corporate Loan Capital S.A.** was published on 30 September 2016 and a warning concerning an entity referred to as **Zidex Financials** was published on 18 October 2016. The warnings are available on the CSSF website at:

<http://www.cssf.lu/en/consumer/warnings/news-cat/90/>

■ Warnings published by IOSCO

Several warnings have been published on IOSCO's website at:

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

NATIONAL REGULATION

■ Circular CSSF-CPDI 16/03

The circular concerns the survey carried out by the CSSF on the volume of covered claims (instruments and money) in relation to investment business of the members of the *Système d'Indemnisation des Investisseurs Luxembourg*.

■ Circular CSSF-CPDI 16/02

The purpose of this circular is to clarify certain eligibility criteria with respect to the deposit guarantee and the investor compensation. The circular reiterates, inter alia, the exclusions defined in Circular CSSF 15/630 and extends them to the *Système d'Indemnisation des Investisseurs Luxembourg*.

■ Circular CSSF 16/644

On 11 October 2016, the CSSF published Circular CSSF 16/644 on the provisions applicable to credit institutions acting as UCITS depository subject to Part I of the Law of 17 December 2010 relating to undertakings for collective investment and to all UCITS, where appropriate, represented by their management company. This circular, which follows the entry into force of the Law of 10 May 2016 transposing Directive 2014/91/EU into Luxembourg law, specifies the organisational requirements applicable to depositaries of undertakings for collective investment in transferable securities subject to Part I of the Law of 17 December 2010 relating to undertakings for collective investment. Furthermore, the circular repeals and replaces Circular CSSF 14/587 as amended by Circular CSSF 15/608.

■ CSSF Regulation N° 16-06

CSSF Regulation N° 16-06 on ex ante contributions to be paid to the *Fonds de Résolution Luxembourg* was published in *Mémorial A*, No 208 of 10 October 2016 and on the CSSF website. The purpose of the regulation is to set the annual contributions for 2015 and 2016 to be collected from the institutions.

■ CSSF Regulation N° 16-05

CSSF Regulation N° 16-05 on the setting of the countercyclical buffer rate for the fourth quarter of 2016 was published in *Mémorial A*, No 205 of 4 October 2016 and on the CSSF website. The regulation sets the countercyclical buffer rate applicable to the relevant exposures located in Luxembourg at 0% for the fourth quarter of 2016.

BANKING REGULATION AND SINGLE SUPERVISORY MECHANISM**Single Supervisory Mechanism - European Central Bank (ECB)****■ Consultation**

12 September 2016 – [ECB launches public consultation on guidance to banks on non-performing loans](#)

The ECB has published for consultation its guidance to banks on non-performing loans (NPLs) and its first stocktake of national practices concerning NPLs. The NPL guidance recommends that banks with a high level of NPLs establish a clear strategy aligned with their business plan and risk management framework to effectively manage and ultimately reduce their NPL stock in a credible, feasible and timely manner. The bank's strategy should include the setting of quantitative targets by portfolio and a detailed implementation plan. The guidance urges banks to put in place appropriate governance and operations structures to deliver effective NPL workouts. This should be done by closely involving the bank's management, setting up dedicated NPL workout units and establishing clear policies linked to NPL workouts.

When implemented, banks will be expected to apply the guidance proportionately and with appropriate urgency, in line with the scale and severity of the challenges they face. The guidance will be finalised following the consultation process and the final document will be published in the upcoming months.

The Consultation period will run until 15 November 2016 and includes a public hearing on 7 November 2016.

For additional information, please click here:

(i) [Draft ECB guidance](#); (ii) [Key content of the guidance](#) and (iii) [Questions and Answers](#).

■ Interviews and Speeches

6 September 2016 – “[Interview with Eurofi Newsletter](#)” - Interview by Danièle Nouy, Chair of the Supervisory Board of the ECB.

7 September 2016 – “[The European banking sector in 2016: living in interesting times](#)” - Speech by Danièle Nouy, Chair of the Supervisory Board of the Single Supervisory Mechanism, at the Eurofi Financial Forum, Bratislava.

13 September 2016 – “[Monetary policy in uncertain times – the ECB and the crisis](#)” - Speech by Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, Parliamentary evening in Strasbourg.

20 September 2016 – “[Interview with Corriere della Sera](#)” - Interview with Ignazio Angeloni, member of the Supervisory Board of the ECB.

21 September 2016 – “[Interview with Helsingin Sanomat](#)” - Interview with Danièle Nouy, Chair of the Supervisory Board of the ECB, conducted by Anni Lassila on Monday 12 September 2016 and published on 21 September 2016.

26 September 2016 – “[Euro area banks after the 2016 Stress Test](#)” - Presentation by Ignazio Angeloni, member of the Supervisory Board of the ECB, at the Conference on “The Strengths and Weaknesses of European Banking”, Imperial College, London.

30 September 2016 – “[Interview with Börsen-Zeitung](#)” - Interview with Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB.

European Commission

■ Publications

CAPITAL REQUIREMENTS DIRECTIVE AND REGULATION

8 September 2016 — Publication of the [Commission Delegated Regulation \(EU\) 2016/1608 of 17 May 2016](#) amending Delegated Regulation (EU) No 1222/2014 with regard to regulatory technical standards for the specification of the methodology for the identification of global systemically important institutions and for the definition of subcategories of global systemically important institutions.

14 September 2016 — Publication of the [Commission Implementing Regulation \(EU\) 2016/1646 of 13 September 2016](#) laying down implementing technical standards with regard to main indices and recognised exchanges in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.

BANK RECOVERY AND RESOLUTION DIRECTIVE

3 September 2016 — Publication of the [Commission Delegated Regulation \(EU\) 2016/1450 of 23 May 2016](#) supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities.

24 September 2016 — Publication of the [Commission Delegated Regulation \(EU\) 2016/1712 of 7 June 2016](#) supplementing Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms with regard to regulatory technical standards specifying a minimum set of the information on financial contracts in relation to which termination rights may be temporarily suspended in accordance with article 71 of Directive 2014/59/EU.

European Banking Authority (EBA)

■ Publications

8 September 2016 - [EBA updates its CET1 list](#)

The European Banking Authority (EBA) has published its third updated list of capital instruments that Competent Authorities (CAs) across the EU have classified as Common Equity Tier 1 (CET1). Since the publication of the previous update in October 2015, some new CET1 instruments have been assessed and evaluated as compliant with the Capital Requirements Regulation (CRR). The list, which remains unchanged with respect to Luxembourg, will be maintained and updated on a regular basis.

8 September 2016 - [EBA says that core funding ratio cannot replace NSFR when assessing funding risk](#)

The EBA has published a Report analysing the core funding ratio across the EU. The Report is in response to a request from the European Commission to explore the possibilities of the core stable funding ratio (CFR) as a potential alternative metrics for the assessment of EU banks' funding risk, taking into account proportionality. The Report concludes that, overall, it would be misleading to rely only on the CFR to assess banks' funding needs because, unlike the Net Stable Funding Ratio (NSFR), the CFR does not look at the whole balance sheet of a bank and, therefore, cannot fully assess a potential funding gap. This Report is based on the same quantitative impact study (QIS) data used for the NSFR Report published in December 2015.

9 September 2016 - [EBA issues revised list of ITS validation rules](#)

The EBA has issued a revised list of validation rules in its Implementing Technical Standards (ITS) on supervisory reporting, highlighting those rules which have been deactivated either for incorrectness or for triggering IT problems.

13 September 2016 - [EBA publishes results of the CRDIV-CRR/Basel III monitoring exercise as of 31 December 2015](#)

The EBA has published its tenth report of the CRDIV-CRR/Basel III monitoring exercise on the European banking system. This exercise, run in parallel with the one conducted by the Basel Committee on Banking Supervision (BCBS) at a global level, presents aggregate data on capital ratios (both risk-based and non-risk-based (leverage)) and liquidity ratios (that is, the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR)) for banks across the EU. The report, summarizing the results using data as of 31 December 2015, shows a further improvement of European banks' capital positions, with a total average CET1 ratio of 12.7% at end December 2015 assuming full implementation of the CRD IV/CRR. The banks in the sample largely respect the future regulatory capital requirements, with only a very small number of institutions showing potential capital shortfalls.

22 September 2016 - [EBA publishes final draft technical standards on information exchange between authorities regarding qualifying holdings](#)

The EBA has published its final draft Implementing Technical Standards (ITS) on the procedures, forms and templates that competent authorities (CAs) in the EU should use when consulting each other on qualifying holdings. The objective of these ITS is to streamline information exchanges and ensure effective communications between concerned authorities, both on a cross-border basis and across sectors, consisting of a single notice to send an information request and respond to it, when CAs across the EU consult each other on acquisitions and increases of qualifying holdings in credit institutions. The same applies to consultations between CAs in relation to the assessment of shareholders and members with qualifying holdings before granting a license to a credit institution.

28 September 2016 - [EBA harmonises the definition of default across the EU](#)

On the basis of Article 178(7) of the CRR, the EBA has published its final Guidelines specifying the application of the definition of default across the EU and its final draft Regulatory Technical Standards (RTS) on the materiality threshold of past due credit obligations. The EBA also released the results of a quantitative and qualitative impact study (QIS) aimed at assessing the impact on the regulatory capital requirements of selected policy options to harmonise the definition of default used by EU institutions. Both the Guidelines and the final draft RTS will harmonise the definition of default across the EU, thus contributing to improving consistency and comparability of capital requirements. The implementation of the Guidelines and of the RTS is expected at the latest by end-2020.

28 September 2016 - [EBA publishes final guidelines on the remuneration of sales staff](#)

The EBA has published its final Guidelines on remuneration policies and practices related to the provision and sale of retail banking products and services. The Guidelines apply to remuneration paid to staff employed by credit institutions, creditors, credit intermediaries, payment institutions and electronic money institutions, when providing deposits, payment accounts, payment services, electronic money, residential mortgages, and other forms of credit to consumers and, as such, give effect to specific provisions laid down in applicable EU Directives, such as Directive 2013/36/EU, Directive 2014/17/EU, Directive (EU) 2015/2366 and Directive 2009/110/EC. They provide a framework for these institutions to implement remuneration policies and practices that will improve links between the remuneration of sales staff and the fair treatment of consumers, thus reducing the risk of mis-selling and related conduct costs for firms. The Guidelines aim, therefore, to protect consumers from related risks and to reduce conduct costs for financial institutions.

The Guidelines will apply from 18 January 2018.

30 September 2016 - [EBA updated Risk Dashboard shows that low profitability and the high level of NPLs remain a concern for EU banks](#)

The EBA has published the periodic update of its Risk Dashboard. This report summarises the main risks and vulnerabilities in the banking sector by the evolution of a set of Risk Indicators (RI) across the EU in Q2 2016. The update shows an increase in EU banks' capital ratios, while the low profitability and the high level of non-performing loans remain a concern.

■ Consultations**PAYMENT SERVICES DIRECTIVE****22 September 2016** - [EBA consults on Guidelines on professional indemnity insurance or comparable guarantee for payment initiation and account information services providers](#)

On the basis of Article 5(4) of Directive (EU) 2015/2366 on payment services in the internal market (PSD2), the EBA has launched a consultation on its draft Guidelines on the criteria competent authorities should consider when stipulating the minimum monetary amount of the professional indemnity insurance (PII) or comparable guarantee for payment initiation and account information service providers under the revised PSD2.

The consultation will run until 30 November 2016.

PAYMENT ACCOUNTS DIRECTIVE**22 September 2016** - [EBA consults on technical standards on fee terminology and disclosure documents under the Payment Accounts Directive](#)

The EBA has published, in accordance with Articles 3(4), 4(6) and 5(4) of the Payment Accounts Directive (PAD), a consultation paper on draft technical standards setting out the standardised terminology for services linked to a payment account, the standardised format and common symbol of both the fee information document (FID) and the statement of fees (SoF).

The consultation will run until 22 December 2016.

Joint Committee of the European Supervisory Authorities (ESAs)**■ Publications****7 September 2016** - [ESAs highlight main risks for the EU financial system](#)

The Joint Committee of the European Supervisory Authorities (ESAs) has published its September 2016 Report on Risks and Vulnerabilities in the EU Financial System.

9 September 2016 - [ESAs reject proposed amendments from the European Commission to technical standards on non-centrally cleared OTC derivatives](#)

The ESAs has published their Opinion addressed to the European Commission expressing disagreement with its proposed amendments to the final draft RTS on risk mitigation techniques for OTC derivatives not cleared by a central counterparty, which were originally submitted to the European Commission for endorsement on 8 March 2016.

Single Resolution Board (SRB)**■ Publication****22 September 2016** - [Single Resolution Board presented its introduction to resolution planning](#)

The publication highlights: (i) description of banks under the remit of the SRB and the Single Resolution Mechanism, (ii) tasks of the SRB, (iii) resolution planning (strategic business analysis, preferred resolution strategy, financial and operational continuity in resolution, information and communication plan, conclusion of the assessment of resolvability, opinion of the bank), and (iv) management summary.

European Systemic Risk Board (ESRB)

■ Publications

5 September 2016 - [ESRB response to the ESMA Consultation Paper on the clearing obligation for financial counterparties with a limited volume of activity](#)

As provided for in Article 5(2) of the European Market Infrastructure Regulation (EMIR), the ESMA is required to consult with the ESRB on the clearing obligation for financial counterparties with a limited volume of activity. This document presents the ESRB's view on the proposed Regulatory Technical Standard regarding over-the-counter (OTC) derivatives that should be subject to a clearing obligation under EMIR.

29 September 2016 - [ESRB Risk Dashboard, September 2016 \(Issue 17\)](#)

The ESRB Risk Dashboard presents a set of quantitative and qualitative indicators of systemic risk in the EU financial system. Unless otherwise indicated, all EU indicators relate to the 28 Member States of the EU and all data series relate to the 19 countries of the euro zone.

29 September 2016 - [Occasional paper no. 11: Shedding light on dark markets: First insights from the new EU-wide OTC derivatives dataset](#)

This paper represents a first analysis of the EU-wide data collected under EMIR. It starts by describing the structure of the dataset, drawing comparisons with existing survey-based evidence on derivatives markets. The rest of the paper is divided into three sections, focusing on the three largest derivatives markets (interest rates, foreign exchange and credit).

Countercyclical Capital buffer (CCyB)

As provided for in [CSSF Regulation No 16-05](#), the CCyB in Luxembourg is maintained at 0% for the last quarter of 2016, i.e. from 1 October 2016 to 31 December 2016.

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

Country	CCyB rate	Application date
Czech Republic	0,5 %	01/01/2017
Norway	1.5%	30/06/2016
Slovakia	0.5%	01/08/2017
Sweden	1.5%	27/06/2016
	2%	19/03/2017
United Kingdom	0.5%	29/03/2017

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

Basel Committee on Banking Supervision (BCBS)

11 September 2016 - [Governors and Heads of Supervision \(GHoS\) announced progress in finalising post-crisis regulatory reforms](#)

The GHoS endorsed the broad direction of the Basel Committee's reforms and confirmed that progress is being made in finalising post-crisis regulatory reforms to reduce excessive variability in risk-weighted assets. The GHoS discussed the Basel Committee's ongoing cumulative impact assessment and reaffirmed that, as a result of this assessment, the BCBS should focus on not significantly increasing overall capital requirements.

13 September 2016 - [Basel Committee published latest Basel III monitoring results](#)

All large internationally active banks meet the Basel III risk-based capital minimum CET1 requirements as well as the target level of 7.0% (plus the surcharges on global systemically important banks (G-SIBs) as applicable). Between 30 June 2015 and 31 December 2015, Group 1 banks continued to reduce their capital shortfalls relative to the higher Tier 1 and Total capital target levels; in particular, the Tier 2 capital shortfall has decreased from €12.8 billion to €5.5 billion. The report also analyses the liquidity requirements. Basel III's Liquidity Coverage Ratio (LCR) was set at 60% in 2015, increased to 70% in 2016 and will continue to rise in equal annual steps to reach 100% in 2019. The results assume that the final Basel III package is fully in force, and are based on data as of 31 December 2015.

27 September 2016 - [BCBS issued Guidance on the application of the Core Principles for Effective Banking Supervision to the regulation and supervision of institutions relevant to financial inclusion](#)

The document identifies 19 out of the 29 Basel Core Principles where additional guidance is needed in the application of the Core Principles to the supervision of financial institutions engaged in serving the financially unserved and underserved. The Guidance also specifies the "Essential Criteria" and "Additional Criteria" associated with the Core Principles that have specific relevance to financial inclusion.

28 September 2016 - [BCBS presented FAQs on "Supervisory framework for measuring and controlling large exposures"](#)

The document contains frequently asked questions on the global supervisory framework for measuring and controlling large exposures. The publication reviews the appropriateness of setting a large exposure limit for exposures to qualifying central counterparties (QCCPs) related to clearing activities. It also covers the impact of the large exposures framework on interbank exposures to ensure there are no unavoidable adverse consequences for the implementation of monetary policy. The new framework, which will take effect from 1 January 2019, will exempt from the large exposure limit exposures to QCCPs related to central clearing; as well as apply the large exposure limit to interbank exposures (i.e. no exemption will apply).

Financial Stability Board (FSB)

1 September 2016 - [FSB released second progress report on measures to reduce misconduct risk](#)

This progress report provides an update on the FSB's misconduct workplan launched in May 2015. Ethical conduct, and compliance with both the letter and spirit of applicable laws and regulations, is critical to public trust and confidence in the financial system. Misconduct is also relevant to prudential oversight as it can potentially affect the safety and soundness of a particular financial institutions.

The FSB's workplan covers: (1) examining whether reforms to incentives, for instance to governance and compensation structures, are having sufficient effect on reducing misconduct; (2) improving global standards of conduct in the fixed income, commodities and currency (FICC) markets; and (3) reforming major benchmarks.

The report provides an update on work to date and future actions for the different workstreams that are part of the workplan.

The FSB will publish a third progress report on its workplan in advance of the next G20 Leaders' meeting in July 2017.

PENALTIES

■ Specialised investment funds (SIFs)

In accordance with Article 51(1) of the Law of 13 February 2007 relating to specialised investment funds, the CSSF imposed an administrative fine on the *dirigeants* (directors) of 14 specialised investment funds for non-filing of the annual financial report.

In accordance with Article 51(1) of the Law of 13 February 2007 relating to specialised investment funds, the CSSF imposed an administrative fine on the *dirigeants* (directors) of 14 specialised investment funds for non-filing of the management letter.

In accordance with Article 51(1) of the Law of 13 February 2007 relating to specialised investment funds, the CSSF imposed an administrative fine on a natural person for filing of an incomplete declaration of honour.

■ Investment companies in risk capital (SICARs)

In accordance with Article 17(1) of the Law of 15 June 2004 relating to the investment company in risk capital (SICAR), the CSSF imposed an administrative fine on the *dirigeants* (directors) of three investment companies in risk capital for non-filing of the annual financial report.

In accordance with Article 17(1) of the Law of 15 June 2004 relating to the investment company in risk capital (SICAR), the CSSF imposed an administrative fine on the *dirigeants* (directors) of three investment companies in risk capital for non-filing of the management letter.

■ Issuers of securities

Since the publication of the last Newsletter, the CSSF imposed an administrative fine on an issuer which failed to act in response to an order as regards the publication of the financial report under the Law of 11 January 2008 on transparency requirements for issuers (“Transparency Law”).

In accordance with Article 25(1) of the Transparency Law, the CSSF imposed an administrative fine on two issuers that failed to act in response to the CSSF's requests in the context of its mission to control the financial information as provided for in Article 22(2)(h) of that same law.

COMMUNIQUÉS

■ Suspension of payments: VALOR CAPITAL S.A. - appointment of an administrator

Press release 16/37 of 11 October 2016

This press release follows up on Press Release 16/36 of 4 October 2016.

Following the withdrawal of the authorisation of VALOR CAPITAL S.A. by the Minister of Finance on 30 September 2016, a request for the suspension of payments of VALOR CAPITAL S.A. has been filed by the CSSF with the Luxembourg *Tribunal d'Arrondissement* (District Court) dealing with commercial matters, on 3 October 2016.

In accordance with Article 122 of the Law of 18 December 2015 on the failure of credit institutions and certain investment firms, the Luxembourg *Tribunal d'arrondissement* (District Court) dealing with commercial matters, decided, at its public hearing of 11 October 2016, to allow VALOR CAPITAL S.A. to qualify under the suspension of payments procedure.

The same judgement appointed Maître Laurent Fisch as administrator in order to control the management of the assets of VALOR CAPITAL S.A..

This stabilisation regime implies the suspension of all payments by this company and the prohibition, on pain of nullification, of all acts other than precautionary and protective measures, unless authorised by the administrator.

■ Important information about Circular CSSF 08/338

Communiqué of 7 October 2016

Important information about Circular CSSF 08/338 (as amended by Circular CSSF 16/642) regarding the implementation of a stress test in order to assess the interest rate risk arising from non trading book activities

The CSSF draws the attention of the addressees of Circular CSSF 08/338 (as amended by Circular CSSF 16/642) to the fact that in order to transmit the results of the stress test to the CSSF, the new electronic reporting tables to be used as from 1 December 2016 are now included in the annexe to this circular and available using the links provided below:

- for credit institutions, table ESPREP-BNNNN-YYYY-MM-STT.xls available at www.cssf.lu/fileadmin/files/ESPREP-BNNNN-YYYY-MM-STT.xls and,
- for investment firms, table ESPREP-PNNNN-YYYY-MM-STT.xls available at www.cssf.lu/fileadmin/files/ESPREP-PNNNN-YYYY-MM-STT.xls.

■ Application for suspension of payments: VALOR CAPITAL S.A.

Press release 16/36 of 4 October 2016

In accordance with Article 122 of the Law of 18 December 2015 on the failure of credit institutions and certain investment firms and following the withdrawal of the authorisation of VALOR CAPITAL S.A. by the Minister of Finance on 30 September 2016, a request for the suspension of payments of VALOR CAPITAL S.A. has been filed by the CSSF with the *Tribunal d'Arrondissement de et à Luxembourg* (Luxembourg District Court) dealing with commercial matters, on 3 October 2016.

The decision of the Minister of Finance to withdraw the authorisation of VALOR CAPITAL S.A. may be referred to the *Tribunal Administratif* (Administrative Tribunal) by an attorney-at-law (*avocat à la Cour*) registered either with the Bar of Luxembourg or with the Bar of Diekirch. The case must be filed within one month from the date of notification of the decision to withdraw the authorisation, or else shall be time-barred.

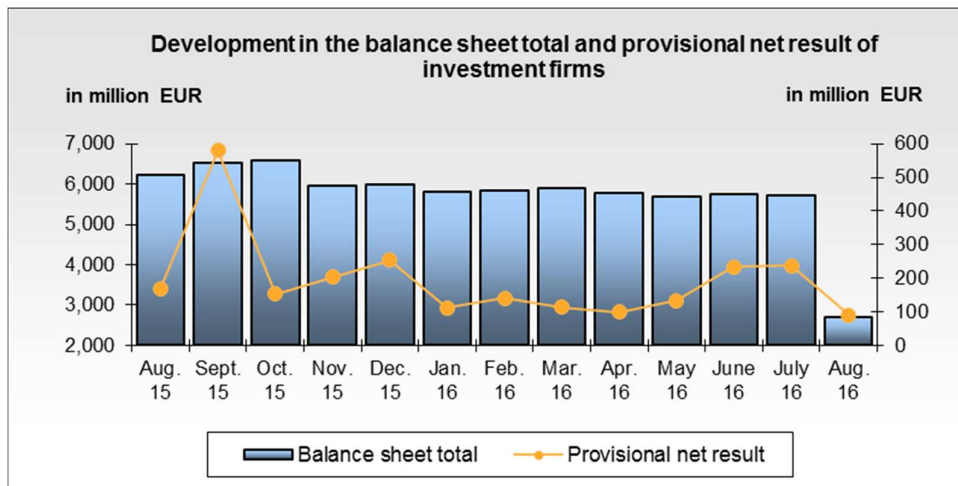
VALOR CAPITAL S.A. is an investment firm within the meaning of Article 1 of the Law of 5 April 1993 on the financial sector and carries out activities as investment adviser, broker in financial instruments, commission agent, private portfolio manager, corporate domiciliation agent and professional providing company incorporation and management services pursuant to Articles 24, 24-1, 24-2, 24-3, 28-9 and 28-10 of this law.

The notification of the CSSF's application to VALOR CAPITAL S.A. by way of a bailiff's writ dated 3 October 2016 will automatically operate to bring about, in favour of VALOR CAPITAL S.A. and pending a final decision on the request, a suspension of all payments by VALOR CAPITAL S.A. and the prohibition, on pain of nullification, of all acts other than precautionary and protective measures unless authorised by the CSSF or by any contrary legal provision.

STATISTICS

■ Investment firms

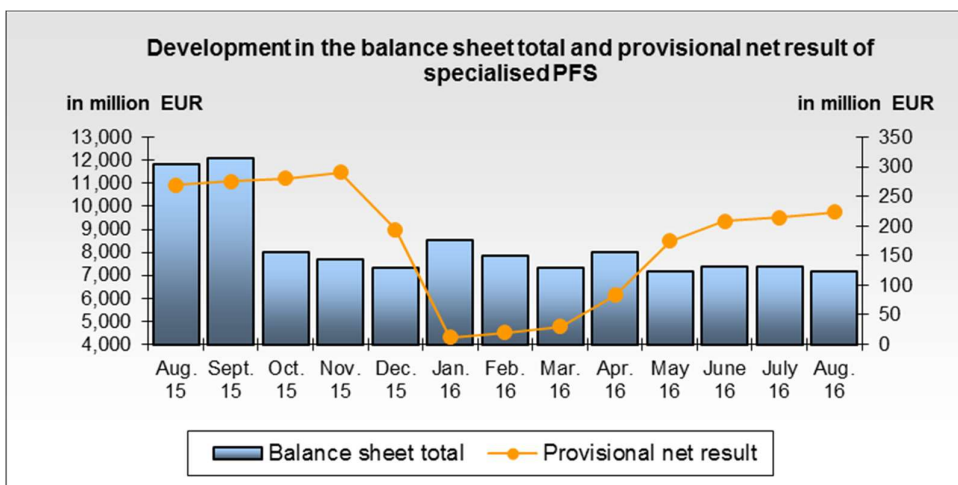
Decrease in the investment firms' balance sheet total as at 31 August 2016



This significant decrease is due to the cessation of the activities of an investment firm reporting a high balance sheet.

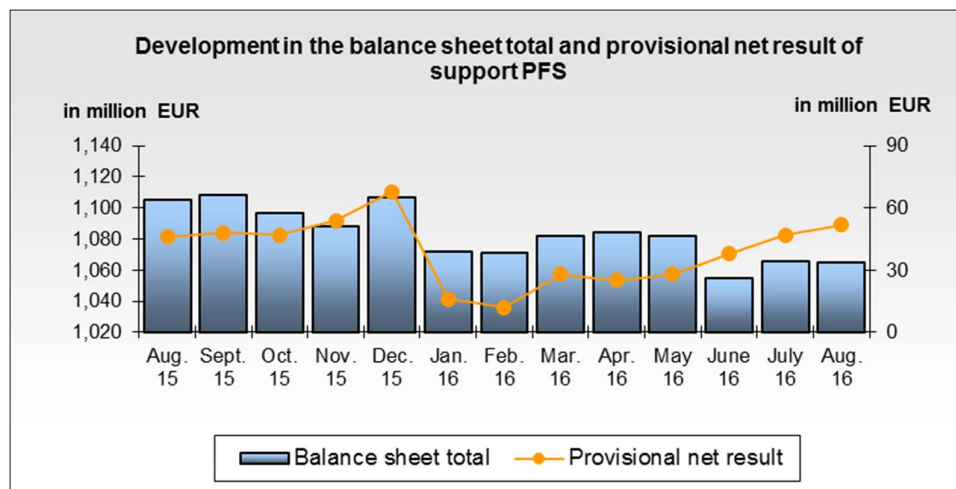
■ Specialised PFS

Decrease in the specialised PFS' balance sheet total as at 31 August 2016



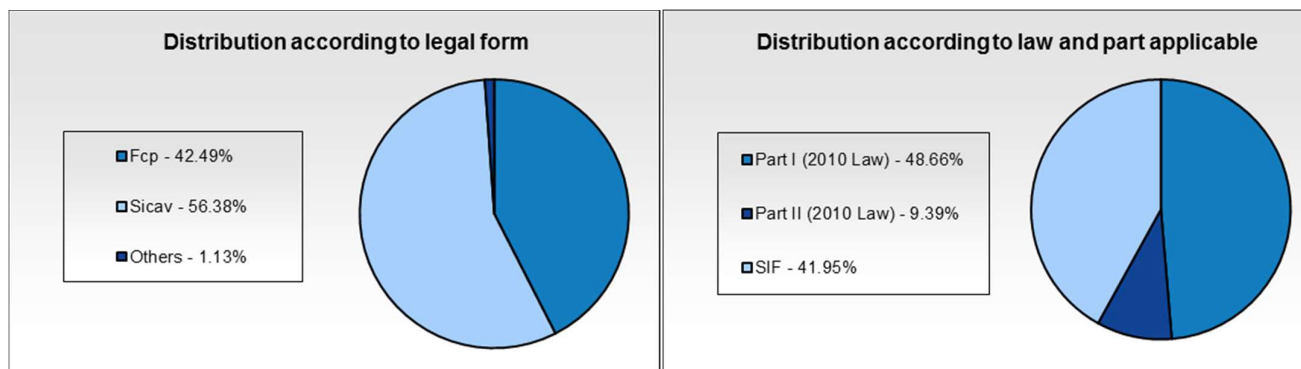
■ Support PFS

Slight decrease in the support PFS' balance sheet total as at 31 August 2016



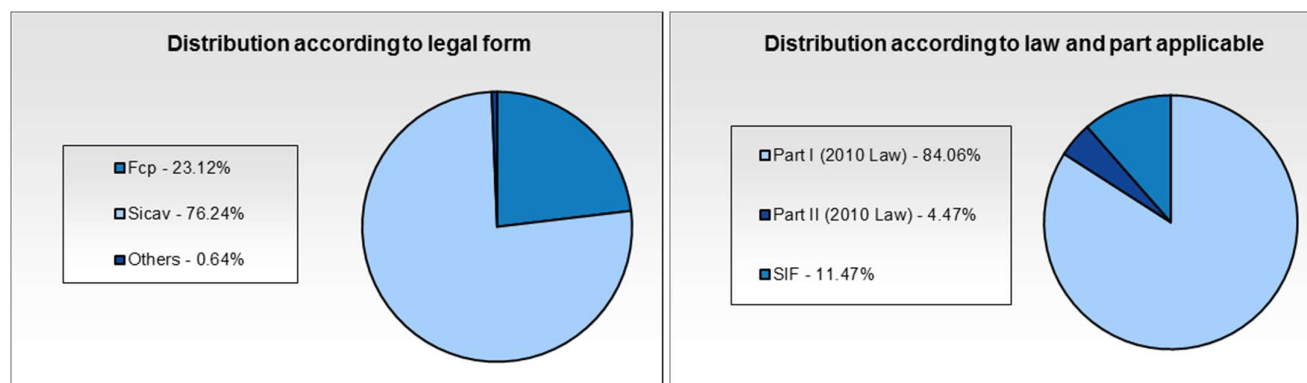
■ UCIs (Situation as at 31 July 2016)

Number of UCIs



Law, part/legal form	FCPs	SICAVs	Others	Total
Part I (2010 Law)	1,035	857	0	1,892
Part II (2010 Law)	184	178	3	365
SIFs	433	1,157	41	1,631
TOTAL	1,652	2,192	44	3,888

Net assets of UCIs



Law, part/legal form (in bn EUR)	FCPs	SICAVs	Others	Total
Part I (2010 Law)	610.047	2,387.504	0.000	2,997.551
Part II (2010 Law)	62.192	96.590	0.574	159.356
SIFs	152.059	234.386	22.404	408.849
TOTAL	824.298	2,718.480	22.978	3,565.756

Breakdown according to investment policy

Breakdown according to investment policy	Net assets (in bn €)	Number of fund units ¹
Fixed-income transferable securities	1,104.296	3,087
Variable-yield transferable securities	1,045.226	3,790
Mixed transferable securities	787.207	4,177
Funds of funds	215.218	2,154
Money market instruments and other short-term securities	299.641	254
Cash	2.142	22
Private equity	12.763	73
Venture capital	0.391	19
Real estate	49.069	331
Futures and/or options	12.220	135
Other assets	37.583	200
Total	3,565.756	14,242

¹ "Fund units" refers to both traditionally structured UCIs and sub-funds of umbrella funds.

Breakdown of net assets according to investment policy

Breakdown according to investment policy	Net assets (in bn €)	Number of fund units ¹	Subscriptions (in bn €)	Redemptions (in bn €)	Net subscriptions (in bn €)
PART I					
Fixed-income transferable securities	1,001.494	2,432	53.372	41.426	11.946
Variable-yield transferable securities	981.032	3,376	40.466	41.720	-1.254
Mixed transferable securities	604.378	2,784	22.550	23.321	-0.771
Funds of funds	123.059	949	3.675	3.558	0.117
Money market instruments and other short-term securities	276.965	190	156.698	136.759	19.939
Cash	1.387	11	0.064	0.170	-0.106
Futures and/or options	5.804	57	0.309	0.273	0.036
Other assets	3.432	10	0.211	0.096	0.115
TOTAL PART I:	2,997.551	9,809	277.345	247.323	30.022
PART II					
Fixed-income transferable securities	23.400	138	0.231	0.246	-0.015
Variable-yield transferable securities	17.873	83	0.126	0.481	-0.355
Mixed transferable securities	53.963	264	2.327	1.829	0.498
Funds of funds	33.363	350	0.446	0.773	-0.327
Money market instruments and other short-term securities	19.365	51	1.427	1.141	0.286
Cash	0.738	9	0.003	0.016	-0.013
Private equity	3.225	15	0.095	0.047	0.048
Venture capital	0.025	2	0.000	0.000	0.000
Real estate	1.000	20	0.000	0.000	0.000
Futures and/or options	3.555	34	0.048	0.052	-0.004
Other assets	2.849	13	0.122	0.193	-0.071
TOTAL PART II:	159.356	979	4.825	4.778	0.047
SIFs					
Fixed-income transferable securities	79.402	517	3.725	2.601	1.124
Variable-yield transferable securities	46.321	331	0.377	0.744	-0.367
Mixed transferable securities	120.148	1,068	2.825	2.259	0.566
Funds of funds	55.993	809	1.037	0.649	0.388
Money market instruments and other short-term securities	3.311	13	0.479	0.092	0.387
Cash	0.017	2	0.000	0.000	0.000
Private equity	20.271	155	0.161	0.110	0.051
Venture capital	1.425	28	0.038	0.012	0.026
Real estate	48.069	311	0.601	0.287	0.314
Futures and/or options	2.861	44	0.156	0.121	0.035
Other assets	31.031	176	1.415	0.265	1.150
TOTAL SIFs:	408.849	3,454	10.814	7.140	3.674
TOTAL LUXEMBOURG UCIs	3,565.756	14,242	292.984	259.241	33.743

Origin of the initiators of Luxembourg UCIs

Country	Net assets (in bn €)	in %	Number of UCIs	in %
United States	732.999	20.5%	166	4.3%
United Kingdom	613.801	17.2%	271	7.0%
Germany	519.646	14.6%	1,453	37.4%
Switzerland	496.182	13.9%	523	13.4%
Italy	313.449	8.8%	144	3.7%
France	280.973	7.9%	276	7.1%
Belgium	151.607	4.2%	168	4.3%
Netherlands	86.324	2.4%	50	1.3%
Luxembourg	73.465	2.1%	207	5.3%
Denmark	70.287	2.0%	24	0.6%
Others	227.023	6.4%	606	15.6%
Total	3,565.756	100%	3,888	100%

Breakdown of UCI fund units registered in Luxembourg by reference currency

Currency	Net assets (in bn €)	in %	Number of fund units ¹	in %
AUD	6.297	0.177%	29	0.204%
CAD	1.764	0.050%	29	0.204%
CHF	53.186	1.492%	301	2.114%
CNH	1.112	0.031%	17	0.119%
CNY	0.088	0.003%	2	0.014%
CZK	1.351	0.038%	65	0.456%
DKK	3.042	0.085%	10	0.070%
EUR	1,963.186	55.057%	9,114	63.994%
GBP	98.895	2.774%	322	2.261%
HKD	4.210	0.118%	9	0.063%
HUF	0.269	0.008%	32	0.225%
ILS	0.001	0.000%	1	0.007%
JPY	67.298	1.887%	223	1.566%
NOK	3.921	0.110%	28	0.197%
NZD	0.888	0.025%	5	0.035%
PLN	0.456	0.013%	25	0.176%
RON	0.470	0.013%	6	0.042%
SEK	46.851	1.314%	192	1.348%
SGD	0.586	0.016%	7	0.049%
TRY	0.056	0.002%	3	0.021%
USD	1,311.806	36.789%	3,820	26.822%
ZAR	0.023	0.001%	2	0.014%
Total	3,565.756	100.000%	14,242	100.000%

■ SICAR

Since the publication of the last Newsletter, the following **SICARs** have been **registered** on the official list of SICARs governed by the Law of 15 June 2004 relating to the investment company in risk capital (SICAR):

- C-QUADRAT ALTERNATIVE INVESTMENTS, SICAR, 60, avenue J. F. Kennedy, L-1855 Luxembourg;
- MGE REAL ESTATE FUND S.À R.L. SICAR, 19, rue Eugène Ruppert, L-2453 Luxembourg;
- AFRICAN MINERALS EXPLORATION & DEVELOPMENT FUND III SICAR, 12F, rue Guillaume Kroll, L-1882 Luxembourg.

The following SICAR was **deregistered** from the official list:

MANGROVE II S.C.A. SICAR, 20, boulevard Emmanuel Servais, L-2535 Luxembourg.

As at 6 October 2016, the number of SICARs registered on the official list amounted to **283** entities.

■ Pension funds

As at 10 October 2016, **15 pension funds** in the form of pension savings companies with variable capital (SEPCAVs) and pension savings associations (ASSEPs) were registered on the official list of pension funds subject to the Law of 13 July 2005.

On 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 **17**.

■ Securitisation undertakings

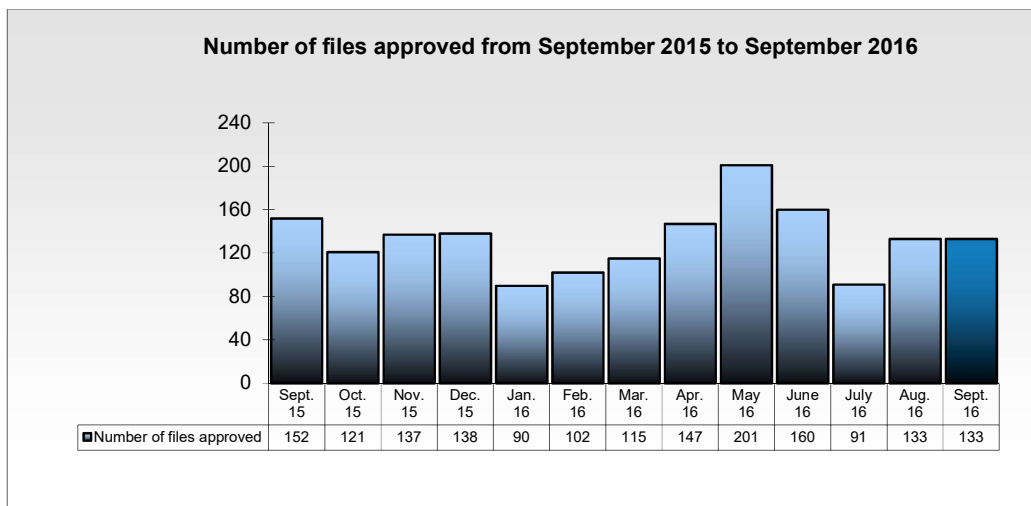
The number of **securitisation undertakings authorised** by the CSSF in accordance with the Law of 22 March 2004 on securitisation amounted to **34 entities** as at 10 October 2016.

■ Public oversight of the audit profession

The public oversight of the audit profession covered **66 cabinets de révision agréés (approved audit firms)** and **286 réviseurs d'entreprises agréés (approved statutory auditors)** as at 30 September 2016. The oversight also included **41 third-country auditors and audit firms** duly registered in accordance with the Law of 23 July 2009 concerning the audit profession.

■ Prospectuses for securities in the event of an offer to the public or admission to trading on a regulated market (Part II and Part III, Chapter 1 of the Law on prospectuses for securities)

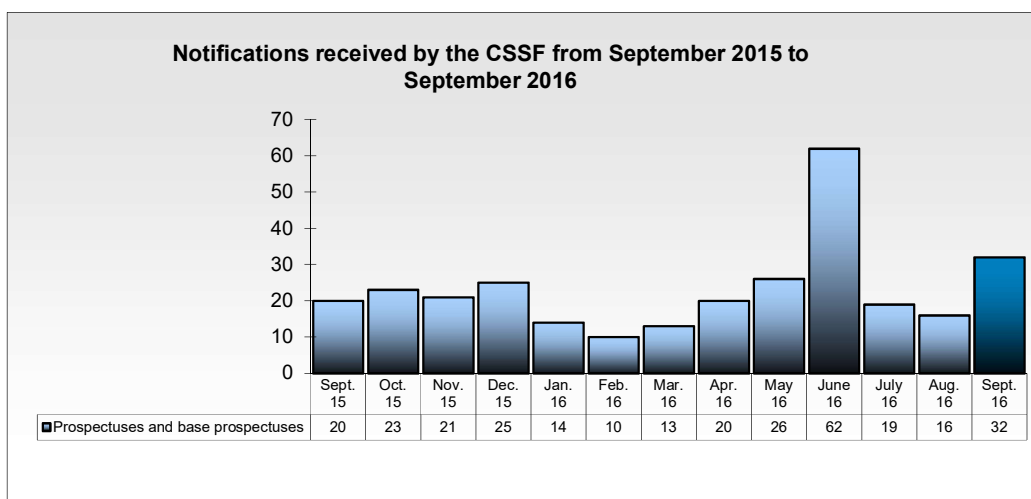
1. CSSF approvals



In September 2016, the CSSF approved a total of 133 documents pursuant to the Prospectus Law, which break down as follows:

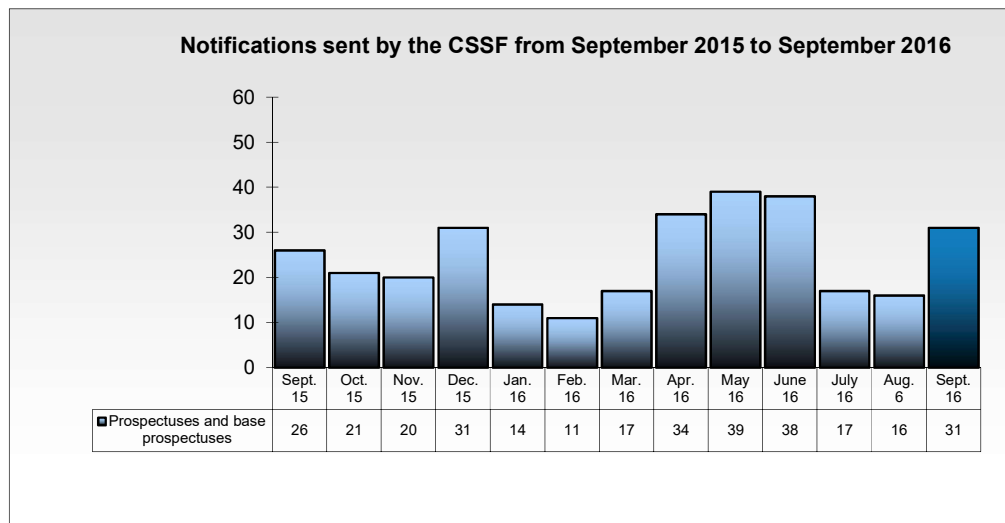
base prospectuses:	18	(13.53%)
other prospectuses:	40	(30.08%)
supplements:	75	(56.39%)

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



In September 2016, the CSSF received 32 notifications relating to prospectuses and base prospectuses and 86 notifications relating to supplements from the competent authorities of other EEA Member States.

3. Notifications sent by the CSSF to the competent authorities of other EEA Member States

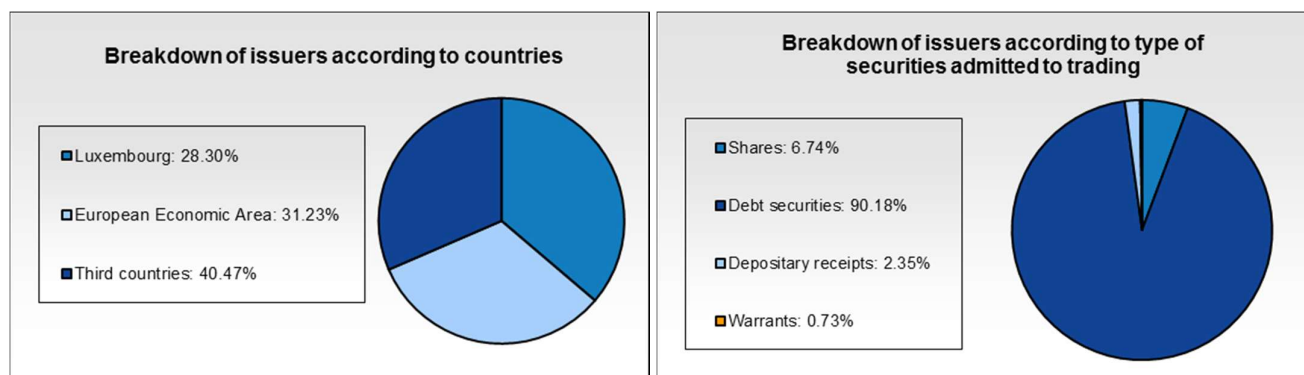


In September 2016, the CSSF sent 31 notifications relating to prospectuses and base prospectuses and 50 notifications relating to supplements to the competent authorities of other EEA Member States².

■ 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 13 September 2016, **three** issuers have chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, **three** issuers were deregistered from the list due to the fact that they do no longer fall within the scope of the Transparency Law.

As at 11 October 2016, **682** issuers, subject to the supervision of the CSSF, were included on the list of issuers for which Luxembourg is the home Member State pursuant to the Transparency Law.



² These figures reflect the number of prospectuses, base prospectuses and supplements for which the CSSF sent one or several notifications. Where notifications have been sent at different dates and/or in several Member States, only the first notification is included in the statistical calculations. Each document notified in one or several Member States is thus only counted once.

FINANCIAL CENTRE

Main updated figures regarding the financial centre:

			Annual comparison
Banks	Number (17/10/2016)	141 ³	↘ 2 entities
	Balance sheet total (30/06/2016)	EUR 773.267 bn	↗ EUR 21.54 bn
	Profit before provisions (30/06/2016)	EUR 3.053 bn	↗ EUR 63 m
Payment institutions	Number (17/10/2016)	9 including 1 branch	no variation
Electronic money institutions	Number (17/10/2016)	4	↘ 1 entity
UCIs	Number (17/10/2016)	Part I 2010 Law: 1,891	↘ 10 entities
		Part II 2010 Law: 361	↘ 31 entities
		SIFs: 1,649	↗ 45 entities
		TOTAL: 3,901	↗ 4 entities
	Total net assets (31/07/2016)	EUR 3,565.756 bn	↘ EUR 17.354 bn
Management companies (Chapter 15)	Number (30/09/2016)	204	↘ 3 entities
	Balance sheet total (30/06/2016)	EUR 12.597 bn	↘ 163 m
Management companies (Chapter 16)	Number (30/09/2016)	169	↘ 10 entities
AIFMs	Number (17/10/2016)	214	↗ 20 entities
SICARs	Number (06/10/2016)	283	↘ 9 entities
Pension funds	Number (10/10/2016)	15	↗ 1 entity
Authorised securitisation undertakings	Number (10/10/2016)	34	↗ 1 entity
Investment firms	Number (17/10/2016)	109 of which 10 branches	↗ 4 entities
	Balance sheet total (31/08/2016)	EUR 2.685 bn	↘ EUR 3.541 bn
	Provisional net profit (31/08/2016)	EUR 90.18 m	↘ EUR 77.929 m
Specialised PFS	Number (17/10/2016)	126	no variation
	Balance sheet total (31/08/2016)	EUR 7.148 bn	↘ EUR 4.67 bn
	Provisional net profit (31/08/2016)	EUR 223.258 m	↘ EUR 46.686 m
Support PFS	Number (17/10/2016)	79	↘ 1 entity
	Balance sheet total (31/08/2016)	EUR 1.065 bn	↘ EUR 40 m
	Provisional net profit (31/08/2016)	EUR 52.86 m	↗ EUR 6.63 m
Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law	Number (11/10/2016)	682	↗ 87 entities
Public oversight of the audit profession	Number (30/09/2016)	66 <i>cabinets de révision agréés</i>	↗ 1 entity
		286 <i>réviseurs d'entreprises agréés</i>	↗ 26 people
		41 third-country auditors and audit firms	↘ 5 entities
Employment (30/06/2016)	Banks	26,233 people	↗ 564 people
	Management companies (Chapter 15)	3,874 people	↗ 206 people
	Investment firms	2,263 people	↘ 30 people
	Specialised PFS	3,831 people	↗ 204 people
	Support PFS	8,896 people	↘ 162 people
	Total	45,097 people	↗ 782 people ⁴

³ A difference with the number stated in the application "Supervised entities" may occur. This difference is due to the fact that the list in the application includes the banks that are already closed, but whose closure has not yet been confirmed by the ECB.

⁴ 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.