



Newsletter

N° 190 - November 2016

General Secretariat of the CSSF
283, route d'Arlon, L-1150 Luxembourg
Postal address: L-2991 Luxembourg
Tel.: (+352) 26 251-2560
E-mail: direction@cssf.lu
Website: www.cssf.lu/en/



Human Resources

CSSF staff evolution

Since the publication of the last Newsletter, the CSSF has recruited nine new agents who were assigned to the following departments:

UCI departments

Caroline ANDLAUER
Florian COLLIGNON
Lucas DEHANDSCHUTTER
Peter WHALE

On-site inspection

Arnaud BERVAS
Anne-Sophie GRASMUCK

Personnel, administration and finance

Jerry BECKER

Public oversight of the audit profession

Pedro DA COSTA

Resolution

Alexander HUMMEL

Following the departure of four agents, the CSSF counts 674 agents of whom 354 are men and 320 are women as at 7 November 2016.

NEWS

Update of the section “Customer complaints” of the CSSF website

In accordance with the Law of 17 February 2016 introducing the alternative dispute resolution for consumer disputes into the Consumer Code and amending certain other legal provisions of the Consumer Code, the Ministry of Economy recognised the following entities as qualified entities and which are now registered on the list of the Ministry of Economy:

- [Commission de Surveillance du Secteur Financier \(CSSF\)](#)
- [Commission Luxembourgeoise des Litiges de Voyages \(CLLV\)](#) (Luxembourg board for travel disputes)
- [Service national du Médiateur de la consommation](#) (National service of the Mediator of consumption)

The CSSF is the qualified entity for the out-of-court dispute settlement between the professionals subject to its supervision and their customers. The qualified entities must fulfil quality criteria (independence, impartiality, transparency, effectiveness, speed and fairness) required in all EU Member States in accordance with Directive 2013/11/EU. To this end, the CSSF updated the section “Customer complaints” on its website, available at:

<http://www.cssf.lu/en/consumer/complaints/>.

Correspondent Banking Services - Financial Action Task Force (FATF) Guidance - October 2016

Following concerns about the on-going issue of “de-risking” (i.e. situations where financial institutions terminate or restrict business relationships with entire countries or classes of customers in order to avoid, rather than manage, risks in line with the FATF’s risk-based approach), the FATF has published in October guidance on its requirements in the correspondent banking context. Indeed, the FATF considers that de-risking may drive financial transactions into less/non regulated channels which would especially reduce transparency of financial flows and increase exposure to ML/TF risks.

Since differing prudential and other regulatory requirements as well as differing national sanctions’ regimes and their applicability to financial institutions may be a potential driver for de-risking, the FATF Guidance aims to address this problem by clarifying the application of the FATF standards in the context of correspondent banking relationships and relationships with money or value transfer services (MVTs) providers acting as intermediaries for the transfer of funds or value.

The FATF thus clarifies that the FATF Recommendations do not require correspondent financial institutions to conduct customer due diligence on each individual customer of their correspondent institution customers. The FATF Recommendations require financial institutions to identify, assess and understand their ML/TF risks and implement AML/CFT measures that are commensurate with the risks identified.

Please read the FATF Guidance on correspondent banking services of October 2016:

<http://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-Correspondent-Banking-Services.pdf>.

WARNINGS

Warnings published by the CSSF

A warning concerning an entity named **Millionet Investment Management Limited** was published on 20 October 2016 and a warning concerning an entity named **Algebra Investments S.A.** was published on 27 October 2016. The warnings are available on the CSSF website at:

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

Warning published by the FMA

A warning was published by the Austrian authority FMA concerning the activities of an entity named **Eaglebright Holding AG**, which claims to be established in Luxembourg at rue de Trèves, L-2632 Findel. This warning is available at:

<https://www.fma.gv.at/en/12181/>.

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-CODERES 16/02

By means of this circular, the Single Resolution Board gathers information for the calculation of the 2017 *ex-ante* contributions according to Articles 4 and 14 of the Commission Delegated Regulation (EU) 2015/63. All the documents are available on the CSSF website at: <http://www.cssf.lu/en/eu-international/banking-union/srm/calculation-of-contributions/>.

CSSF Regulation N° 16-07

On 26 October 2016, the Executive Board of the CSSF adopted CSSF Regulation N° 16-07 relating to the out-of-court resolution of complaints which repealed and replaced CSSF Regulation N° 13-02 relating to the out-of-court resolution of complaints.

CSSF Regulation N° 16-07 came into force on 11 November 2016, the day of its publication in Mémorial A No 228.

CSSF Regulation N° 16-07 consolidates the CSSF's previous position as regards out-of-court resolution of complaints while providing for the adaptations needed to comply with the Law of 17 February 2016 introducing the alternative dispute resolution for consumer disputes into the Consumer Code and amending certain other legal provisions of the Consumer Code.

Circular CSSF 16/645

The purpose of Circular CSSF 16/645 is to inform the persons concerned of the FATF statements issued during its Plenary of October 2016 and which concerned jurisdictions whose anti-money laundering and combating the financing of terrorism regime has substantial and strategic deficiencies, jurisdictions whose anti-money laundering and combating the financing of terrorism regime requires the application of enhanced due diligence measures proportionate to the risks arising from these jurisdictions and jurisdictions whose anti-money laundering and combating the financing of terrorism regime is not satisfactory.

BANKING REGULATION AND SINGLE SUPERVISORY MECHANISM

Single Supervisory Mechanism - European Central Bank (ECB)

Interviews and Speeches

6 October 2016 – "[Challenges facing the Single Supervisory Mechanism](#)" - Speech by Ignazio Angeloni, Member of the Supervisory Board of the ECB, at De Nederlandsche Bank's 'Netherlands Day', Amsterdam.

19 October 2016 – [“The shifting ground of banking – A supervisor’s perspective”](#) - Speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, at the European Financial Round Table, Frankfurt am Main.

24 October 2016 – [“Safe and sound banks for a strong economy – The benefits and challenges of European banking supervision”](#) - Speech by Danièle Nouy, Chair of the Supervisory Board of the ECB, at the 2016 Banking Conference, Bocconi University, Milan.

European Commission

Publications

12 October 2016 – Publication of the [Commission Implementing Regulation \(EU\) 2016/1799 of 7 October 2016](#) laying down implementing technical standards with regard to the mapping of credit assessments of external credit assessment institutions for credit risk in accordance with Articles 136(1) and 136(3) of Regulation (EU) No 575/2013 of the European Parliament and of the Council.

12 October 2016 – Publication of the [Commission Implementing Regulation \(EU\) 2016/1801 of 11 October 2016](#) on laying down implementing technical standards with regard to the mapping of credit assessments of external credit assessment institutions for securitisation in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council.

European Banking Authority (EBA)

Publications

Capital Requirements Directive and Regulation

3 October 2016 - [EBA publishes final Guidelines on implicit support for securitisation transactions.](#)

The European Banking Authority (EBA) has published its final Guidelines on implicit support for securitisation transactions. The objective of these Guidelines, which have been developed on the basis of Article 248(2) of the CRR, is to clarify what constitutes arm’s length conditions and to specify when a transaction is not structured to provide support for securitisations.

10 October 2016 - [EBA updates on monitoring of Additional Tier 1 instruments.](#)

The EBA has published its updated report on the monitoring of Additional Tier 1 (AT1) instruments and proposed standardised templates for such instruments. This second update of the report is based on the review of 33 AT1 issuances from EU institutions, which took place between August 2013 and December 2015, for a total amount of EUR 35.5 bn.

11 October 2016 - [EBA updates list of correlated currencies.](#)

The EBA has updated the list of closely correlated currencies that was originally published in December 2013 and updated in May 2015. This list is part of the implementing technical standards (ITS) that were drafted for the purposes of calculating the capital requirements for foreign-exchange risk according to the standardised rules.

11 October 2016 - [EBA publishes final guidelines on corrections to modified duration for debt instruments.](#)

The EBA has published its final Guidelines on corrections to modified duration for debt instruments in relation to market risk. The objective of these Guidelines, which have been developed in accordance with Article 340(3) of the CRR, is to establish what type of adjustments to the modified duration (MD) -

as defined according to the formulas in the CRR - have to be performed in order to appropriately reflect the effect of the prepayment risk.

12 October 2016 - [EBA recalls key deadlines for data submission for the 2017 benchmarking exercise of internal approaches.](#)

The EBA has published a reminder to competent authorities of the key dates for the submission of data for the 2017 benchmarking exercise for internal approaches for credit and market risk. This would ensure a smooth and timely start of the exercise although the Commission's endorsement of the amended version of the ITS on benchmarking of internal approaches for running the 2017 exercise is still pending. All EU institutions using internal approaches to calculate capital requirements will be subject to an assessment of their internal approaches and are required to submit to their respective competent authority the data on those portfolios according to the set deadlines.

20 October 2016 - [EBA recommends that only investment firms identified as GSIIIs and OSIIIs be subject to the full CRDIV/CRR.](#)

The EBA has published its response to the European Commission's call for technical advice on the criteria to identify the class of investment firms for which the prudential regime laid down in the CRD and CRR is applicable. In general, the EBA recommends in its opinion that only those investment firms that are currently identified as Global Systemically Important Institutions (GSIIIs) and Other Systemically Important Institutions (OSIIIs) remain subject to the full CRD/CRR regime. The EBA encourages using the following criteria to identify those investment firms that should continue to be subject to the CRD/CRR framework: (i) systemic importance; (ii) interconnectedness with the financial system; (iii) complexity; and (iv) bank-like activities. In the EU, nine investment firms are currently classified as OSIIIs and none as GSIIIs).

24 October 2016 - [EBA calls for a simplified and more harmonised large exposures regime.](#)

The EBA has published its response to the European Commission's call for advice on the review of the large exposures framework laid down in the CRR. The EBA's response has been provided in the form of a report divided in three different sections: (i) analysis of the impact of aligning certain aspects of the EU large exposures regime with the standards on large exposures produced by BCBS; (ii) review of five exemptions currently in the CRR and identified in the call for advice; and (iii) consideration of other aspects that could be aligned to the BCBS standards. It also includes recommendations to the European Commission to entrust the EBA with additional mandates to further simplify and harmonise the large exposures regime. This report will support the Commission in its review of the large exposures framework as part of the overall CRR review.

Bank Recovery and Resolution Directive (BRRD)

31 October 2016 - [EBA recommends a measure based on total liabilities as the target level of resolution financing arrangements.](#)

In accordance with Article 102(4) of the BRRD, the EBA has published its final report on the reference point for the target level of national resolution financing arrangements. The EBA recommends changing the basis from covered deposits to a total liabilities-based measure and, in particular, total liabilities (excluding own funds) less covered deposits. The proposed methodology would align the target level basis with the reference base used for the calculation of individual contributions to national resolution financing arrangements.

Others

12 October 2016 - [EBA publishes work programme for 2017.](#)

The EBA has published its detailed annual work programme for 2017, describing the specific activities and tasks for the coming year, as well as a multiannual work programme, highlighting the key strategic areas of work in the coming years (from 2017 to 2020). As to the priorities for 2017, the EBA will focus

on liquidity and leverage ratio, credit risk and credit risk modelling, recovery planning and early intervention, promoting convergence, and improving the framework for the protection of consumers and the monitoring of financial innovation.

Consultations

Capital Requirements Directive and Regulation

6 October 2016 - [EBA consults on ICT risk](#).

The EBA has launched a consultation on its draft Guidelines on the assessment of the Information and Communication Technology (ICT) risk in the context of the Supervisory Review and Evaluation Process (SREP). These draft Guidelines are addressed to competent authorities and aim at promoting common procedures and methodologies for the assessment of ICT risk.

The consultation will run until 6 January 2017.

28 October 2016 - [EBA reviews its guidelines on internal governance](#).

The EBA has launched a public consultation on its revised Guidelines on internal governance. These draft Guidelines, which have been developed on the basis of Article 74 of the CRD, aim at further harmonising institutions' internal governance arrangements, processes and mechanisms across the EU, in line with the new requirements in this area introduced in the CRD and also taking into account the proportionality principle.

The consultation will run until 28 January 2017.

Bank Recovery and Resolution Directive

24 October 2016 - [EBA consults on technical standards on MREL reporting by Resolution Authorities](#).

The EBA has launched a public consultation on draft ITS on the procedures and templates which resolution authorities should use when informing the EBA of the minimum requirements for own funds and eligible liabilities (MREL) that have been set for each institution under their jurisdiction. These standards will enable the EBA to monitor on a consistent basis the implementation of MREL across the Union.

The consultation will run until 21 November 2016.

Joint EBA/ESMA

Consultation

28 October 2016 – [Joint EBA and ESMA Guidelines on suitability: EBA and ESMA consult on assessing the suitability of banks and investment firms members of the management body and key function holders](#).

The EBA and the European Securities and Markets Authority (ESMA) have launched a consultation on Guidelines on the Assessment of the Suitability of the Members of Management Body and Key Function Holders. The draft Guidelines, which have been developed on the basis of Article 91(12) of the CRD, aim at further improving and harmonising suitability assessments within the EU financial sectors and so ensure sound governance arrangements in financial institutions.

The consultation will run until 28 January 2017.

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. This report focusses on recent developments concerning the low growth and low yield environment and its potential effects on financial institutions' profitability and asset quality, and highlights concerns related to the interconnectedness 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.](#)

Following the European Commission's communication on 28 July 2016, of its intention to endorse with certain amendments the ESAs' final draft regulatory technical standards (RTS) on risk mitigation techniques for OTC derivatives not cleared by a central counterparty, the ESAs have published their opinion expressing disagreement with the European Commission's proposed amendments.

Single Resolution Board (SRB)

Publication

22 September 2016 - [Single Resolution Board presented its introduction to resolution planning.](#)

This publication describes the Single Resolution Mechanism (SRM) and its work on resolution planning. It highlights: (i) the description of banks under the remit of the SRB and the SRM, (ii) the tasks of the SRB, (iii) the 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) the management summary.

European Systemic Risk Board (ESRB)

Publications

4 October 2016 - [ESRB opinion to ESMA on securities financing transactions and leverage under Article 29 of Regulation \(EU\) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse \(SFTR\).](#)

The ESRB opinion forms the ESRB's contribution to ESMA's report which assesses (a) whether the use of securities financing transactions (SFTs) leads to the build-up of significant leverage that is not addressed by existing regulation; (b) where appropriate, the options available to tackle such a build-up and (c) whether further measures to reduce the procyclicality of that leverage are required. Overall, the ESRB considers that SFTs can give rise to the build-up of significant leverage inside and outside the banking system. Therefore, a prudent framework for minimum haircuts should limit the build-up of significant leverage. The imposition of minimum system-wide margin and haircut levels would help to reduce the build-up of excessive leverage in periods of upswing, but it may not be fully effective in preventing all instances of procyclical behaviour.

6 October 2016 - [Preliminary investigation into the potential impact of a ratio requirement on market liquidity.](#)

The ESRB has publicly stated that it considers the state of market liquidity to be relevant from a systemic risk perspective and has been investigating the topic since 2015. In this context, this ESRB report summarises the findings of its investigation on the potential positive and negative effects of the leverage ratio requirement on market liquidity. Although preliminary, the ESRB hopes that these findings will be

useful to the EBA and the European Commission when they come to consider the costs and benefits of introducing a leverage ratio requirement in the EU.

6 October 2016 - [Market liquidity and market-making](#).

This ESRB report analyses the supply of liquidity services by market-makers in Europe based on an ESRB data collection. The data collection exercise covers 13 significant market-making banks in Europe and includes both a quantitative and a qualitative part. The quantitative data covers market-makers' inventories, average trade size and volume of market-making activity. The qualitative part contains questions on the participants' perception of market shares and potential impediments to their market-making activities.

24 October 2016 - [ESRB response to the European Commission's Consultation Document on the Review of the EU Macro-prudential Policy Framework](#).

In this response, the ESRB General Board considers, among others things, that: (i) the ESRB should remain closely linked with the ECB/ESCB; (ii) the ESRB should continue to play a central role in the dialogue among macroprudential authorities and in the assessment of their macroprudential measures; (iii) several microprudential instruments applicable to banks are also usable as macroprudential tools, and vice versa; (iv) simplification of the activation procedures for the tools, compared with the current situation, is warranted; and (v) there is a general need to establish a comprehensive macroprudential toolkit beyond banking.

Basel Committee on Banking Supervision (BCBS)

Publications

12 October 2016 - [BCBS published total loss-absorbing capacity \(TLAC\) holdings standard](#).

The document is the final standard on the regulatory capital treatment of banks' investments in instruments that comprise TLAC for global systemically important banks (G-SIBs). The standard aims to reduce the risk of contagion within the financial system should a G-SIB enter resolution. It applies to internationally active banks, both G-SIBs and non-G-SIBs.

11 October 2016 - [BCBS released a consultative document and a discussion paper on regulatory treatment of expected credit loss \(ECL\) accounting provisions](#).

In the document, the BCBS supports the use of ECL approaches and encourages their application in a manner that will achieve earlier recognition of credit losses than incurred loss models while also providing incentives for banks to follow sound credit risk management practices. Nevertheless, the Committee is considering the implications for regulatory capital, as the new ECL accounting provisioning models introduce fundamental changes to banks' provisioning practices.

See also the [discussion paper](#) issued for comments by 13 January 2017.

19 October 2016 - [BCBS presented the eleventh progress report on adoption of Basel III standards](#).

The report, containing data as of end-September 2016 shows that: (i) all 27 member jurisdictions have final risk-based capital rules, LCR regulations and capital conservation buffers in force; (ii) 26 member jurisdictions have issued final rules for the countercyclical capital buffers; (iii) 25 have issued final or draft rules for their domestic systemically important banks framework; and (iv) 18 have issued final or draft rules for margin requirements for non-centrally cleared derivatives.

Financial Stability Board (FSB)

Publications

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 sets out actions and next steps to reduce misconduct risk.

19 October 2016 - [FSB published methodology for assessing the implementation of the key attributes of effective resolution regimes in the banking sector.](#)

The methodology sets out essential criteria to guide the assessment of the compliance of a jurisdiction's bank resolution frameworks with the FSB's key attributes of effective resolution regimes for financial institutions (Key Attributes). It is designed to promote consistent assessments across jurisdictions and provide guidance to jurisdictions when adopting or reforming bank resolution regimes to implement the Key Attributes.

To access the press release, click [here](#).

SANCTIONS

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 seven 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 seven specialised investment funds for non-filing of the management letter.

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 one investment company 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 one investment company in risk capital for non-filing of the management letter.

COMMUNIQUÉS

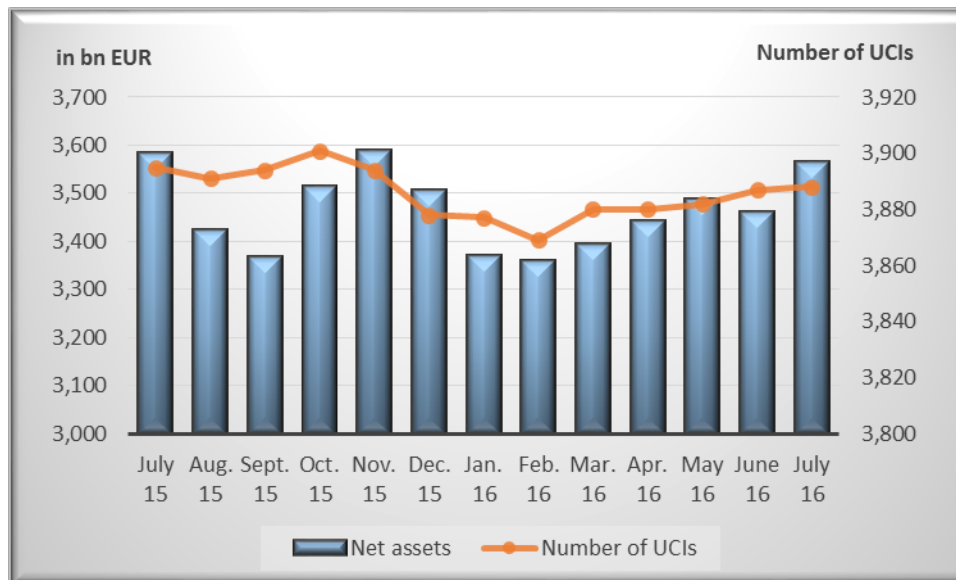
Global situation of undertakings for collective investment and specialised investment funds at the end of July 2016

Press release 16/38 of 27 October 2016

I. Overall situation

As at 31 July 2016, total net assets of undertakings for collective investment and specialised investment funds amounted to EUR 3,565.756 billion compared to EUR 3,461.904 billion as at 30 June 2016, i.e. a 3.00% increase over one month. Over the last twelve months, the volume of net assets decreased by 0.48%.

The Luxembourg UCI industry thus registered a positive variation amounting to EUR 103.852 billion in July. This increase represents the balance of positive net issues of EUR 33.743 billion (0.97%) and of the positive development in the financial markets amounting to EUR 70.109 billion (2.03%).



The number of undertakings for collective investment (UCIs) and specialised investment funds (SIFs) taken into consideration totalled 3,888 as against 3,887 in the previous month. 2,578 entities have adopted an umbrella structure, which represents 12,932 sub-funds. When adding the 1,310 entities with a traditional structure to that figure, a total of 14,242 fund units are active in the financial centre.

As regards the impact of financial markets on Luxembourg UCIs and SIFs (hereafter “UCIs”) on the one hand and the net capital investment in these UCIs on the other hand, the following can be said about July 2016.

All the categories of equity UCIs registered price increases in the month under review, despite the persistent uncertainty about Great Britain leaving the European Union.

As regards developed countries, European and US equity UCIs realised a positive performance in a context, notably, of sound economic data on both sides of the Atlantic.

The announcement of a fiscal stimulus package sustained Japanese equity UCIs while economic indicators remain mixed.

As regards emerging countries, the Asian equity UCI category developed positively notably in relation to mostly positive economic indicators for the region. Sustained by encouraging economic forecasts for Russia, Eastern European equity UCIs saw a positive development, as the attempted coup d'état in Turkey did not impact the equity markets of the other Eastern European countries. In a context of reforms in many countries of the region and a general upward trend in commodity prices, the Latin American UCI category improved.

In July, equity UCI categories registered an overall negative net capital investment.

Development of equity UCIs during the month of July 2016*

	Market variation in %	Net issues in %
Global market equities	3.48%	1.09%
European equities	3.38%	-2.33%
US equities	4.27%	-1.04%
Japanese equities	4.68%	-2.73%
Eastern European equities	1.55%	-0.98%
Asian equities	5.00%	0.05%
Latin American equities	4.91%	2.15%
Other equities	4.23%	1.06%

* Variation in % of Net Assets in EUR as compared to the previous month

Overall, bond yields fell on both sides of the Atlantic in the period under review.

Under the effect of persistently weak inflation in Europe, the result of the British referendum and the expansive monetary policy of the European Central Bank (ECB), the yields of EUR-denominated government and corporate bonds fell, entailing an increase of EUR-denominated bond UCIs.

The USD-denominated bond UCIs, for their part, profited from the wait-and-see attitude of the Fed as regards the rise of key interest rates which resulted in a fall in US bond yields.

The persisting interest of investors in emerging market bonds, despite uncertainties at a global level, resulted in a decrease in risk premiums and, as a consequence, allowed emerging bond UCIs to close the month in positive territory.

In July, the category of fixed-income UCIs registered an overall positive net capital investment.

Development of fixed-income UCIs during the month of July 2016*

	Market variation in %	Net issues in %
EUR money market	-0.01%	-3.66%
USD money market	-0.09%	0.87%
Global market money market	-0.60%	27.48%**
EUR-denominated bonds	1.01%	1.29%
USD-denominated bonds	1.02%	4.34%
Global market bonds	0.80%	0.64%
Emerging market bonds	1.24%	5.20%

High Yield bonds	1.91%	-0.81%
Others	1.23%	1.36%

* Variation in % of Net Assets in EUR as compared to the previous month.

** Significant variation relating to a merger of several foreign UCITS into a Luxembourg UCITS.

The development of net assets of diversified Luxembourg UCIs and of funds of funds is illustrated in the table below:

Diversified income UCIs and funds of funds during the month of July 2016*

	Market variation in %	Net issues in %
Diversified UCIs	1.90%	0.02%
Funds of funds	2.21%	0.41%

* Variation in % of Net Assets in EUR as compared to the previous month.

II. Breakdown of the number and the net assets of UCIs according to Parts I and II of the 2010 Law and of SIFs, respectively, according to the 2007 Law

	PART I UCITS		PART II UCIs		SIFs		TOTAL	
	NUMBER	NET ASSETS (in bn EUR)	NUMBER	NET ASSETS (in bn EUR)	NUMBER	NET ASSETS (in bn EUR)	NUMBER	NET ASSETS (in bn EUR)
31/12/2013	1,817	2,121.458 €	523	187.380 €	1,562	306.525 €	3,902	2,615.363 €
31/01/2014	1,817	2,128.746 €	518	186.766 €	1,550	308.324 €	3,885	2,623.836 €
28/02/2014	1,823	2,182.477 €	515	186.477 €	1,543	310.557 €	3,881	2,679.511 €
31/03/2014	1,824	2,216.005 €	510	181.493 €	1,551	311.703 €	3,885	2,709.201 €
30/04/2014	1,831	2,250.792 €	509	179.885 €	1,558	311.531 €	3,898	2,742.208 €
31/05/2014	1,829	2,318.076 €	502	181.248 €	1,569	316.545 €	3,900	2,815.869 €
30/06/2014	1,824	2,355.462 €	490	179.083 €	1,570	320.095 €	3,884	2,854.640 €
31/07/2014	1,868	2,405.883 €	452	170.630 €	1,571	327.623 €	3,891	2,904.136 €
31/08/2014	1,884	2,461.916 €	446	171.092 €	1,566	337.512 €	3,896	2,970.520 €
30/09/2014	1,887	2,497.035 €	441	172.581 €	1,572	337.146 €	3,900	3,006.762 €
31/10/2014	1,883	2,525.079 €	436	169.371 €	1,585	340.008 €	3,904	3,034.458 €
30/11/2014	1,895	2,567.847 €	433	169.526 €	1,585	345.981 €	3,913	3,083.354 €
31/12/2014	1,893	2,578.423 €	422	168.915 €	1,590	347.649 €	3,905	3,094.987 €
31/01/2015	1,896	2,734.590 €	412	178.286 €	1,577	364.137 €	3,885	3,277.013 €
28/02/2015	1,896	2,851.312 €	409	181.463 €	1,588	371.091 €	3,893	3,403.866 €
31/03/2015	1,891	2,955.916 €	405	186.664 €	1,592	382.213 €	3,888	3,524.793 €
30/04/2015	1,895	2,970.878 €	403	185.177 €	1,596	382.531 €	3,894	3,538.586 €
31/05/2015	1,900	3,027.262 €	401	187.084 €	1,600	387.179 €	3,901	3,601.525 €
30/06/2015	1,903	2,962.778 €	399	182.163 €	1,599	383.190 €	3,901	3,528.131 €

31/07/2015	1,901	3,015.582 €	392	181.228 €	1,602	386.300 €	3,895	3,583.110 €
31/08/2015	1,899	2,871.083 €	391	173.038 €	1,601	378.866 €	3,891	3,422.987 €
30/09/2015	1,900	2,820.370 €	391	169.729 €	1,603	376.727 €	3,894	3,366.826 €
31/10/2015	1,903	2,952.296 €	391	173.421 €	1,607	387.676 €	3,901	3,513.393 €
30/11/2015	1,895	3,019.572 €	386	175.406 €	1,613	394.693 €	3,894	3,589.671 €
31/12/2015	1,892	2,946.860 €	384	169.896 €	1,602	389.445 €	3,878	3,506.201 €
31/01/2016	1,903	2,819.861 €	378	164.531 €	1,596	386.607 €	3,877	3,370.999 €
29/02/2016	1,904	2,813.421 €	373	157.278 €	1,592	387.785 €	3,869	3,358.484 €
31/03/2016	1,905	2,847.418 €	371	157.047 €	1,603	390.939 €	3,879	3,395.404 €
30/04/2016	1,904	2,888.262 €	370	159.477 €	1,606	394.341 €	3,880	3,442.080 €
31/05/2016	1,902	2,928.461 €	371	159.174 €	1,609	400.345 €	3,882	3,487.980 €
30/06/2016	1,899	2,906.498 €	367	156.893 €	1,621	398.513 €	3,887	3,461.904 €
31/07/2016	1,892	2,997.551 €	365	159.356 €	1,631	408.849 €	3,888	3,565.756 €

During the month of July, the following 27 undertakings for collective investment and specialised investment funds have been registered on the official list:

1) UCITS Part I 2010 Law:

- ALICANTO SICAV I, 5, allée Scheffer, L-2520 Luxembourg
- AXXION REVOLUTION FUND, 15, rue de Flaxweiler, L-6776 Grevenmacher
- BETHMANN VERMÖGENSVERWALTUNG DEFENSIV AUSGEWOGEN, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- DEKA-INSTITUTIONELL LIQUIDITÄTSPLAN, 5, rue des Labours, L-1912 Luxembourg
- ICBC CREDIT SUISSE UCITS ETF SICAV, 49, avenue J-F Kennedy, L-1855 Luxembourg
- LVR STIFTUNGSFONDS, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- STANDARD LIFE INVESTMENTS GLOBAL SICAV II, 2-4, rue Eugène Ruppert, L-2453 Luxembourg
- VALUE TREE UMBRELLA SICAV, 11, rue Aldringen, L-1118 Luxembourg

2) UCIs Part II 2010 Law:

- MPF SINO, 534, rue de Neudorf, L-2220 Luxembourg

3) SIFs:

- ANLAGE EUROPA GARANTIE, 5, rue des Labours, L-1912 Luxembourg
- ANLAGE WELT GARANTIE, 5, rue des Labours, L-1912 Luxembourg
- BERENBERG ALTERNATIVE ASSETS FUND S. A., SICAV-FIS, 15, rue de Flaxweiler, L-6776 Grevenmacher
- BVK-RESIDENTIAL EUROPE-IMMOBILIENFONDS, 15, rue de Flaxweiler, L-6776 Grevenmacher
- CEE TIMBA USA FUND S.C.S., SICAV-FIS, 15, rue de Flaxweiler, L-6776 Grevenmacher
- EUROPEAN IMPACT INVESTING PLATFORM S.C.A. SICAV-SIF, 11-13, boulevard de la Foire, L-1528 Luxembourg
- GEODETICA S.C.A. SICAV-SIF, 11-13, boulevard de la Foire, L-1528 Luxembourg
- LO GLOBAL PRIVATE EQUITY, 291, route d'Arlon, L-1150 Luxembourg
- LO GLOBAL REAL ESTATE FUND, 291, route d'Arlon, L-1150 Luxembourg
- LYNX CG SICAV SIF, 1B, rue Jean Piret, L-2350 Luxembourg
- MAIN UNIVERSAL SCSP, SICAV-SIF, 15, rue de Flaxweiler, L-6776 Grevenmacher
- MH FUND S.C.A., SICAV-SIF, 58, rue Charles Martel, L-2134 Luxembourg
- PFA INVESTMENT FUND, 2, rue Jean Monnet, L-2180 Luxembourg
- PRELIOS GERMAN RETAIL PROPERTY FUND, 11, rue Beaumont, L-1219 Luxembourg
- PRIVATE MARKETS FUND SCSP-SIF, 5, rue Heienhaff, L-1736 Senningerberg

- SEGETIA FUND, 20, boulevard Emmanuel Servais, L-2535 Luxembourg
- SWISS REAL ESTATE PERFORMANCE S.C.A. SICAV-SIF, 42, rue de la Vallée, L-2661 Luxembourg
- UOI REAL ESTATE SICAV-SIF, 6A, rue Gabriel Lippmann, L-5365 Munsbach

The following 26 undertakings for collective investment and specialised investment funds have been deregistered from the official list during the month of July:

1) UCITS Part I 2010 Law:

- ASIA REAL, 1C, rue Gabriel Lippmann, L-5365 Munsbach
- CAM, 4, rue Thomas Edison, L-1445 Luxembourg-Strassen
- DEKALUX-INSTITUTIONELL RENTEN EUROPA, 5, rue des Labours, L-1912 Luxembourg
- DEKA-TREASURY AKTIENSTRATEGIE, 5, rue des Labours, L-1912 Luxembourg
- EURIZON STRATEGIA FLESSIBILE, 8, avenue de la Liberté, L-1930 Luxembourg
- INTELLIGENT RECOMMENDATIONS, 15, rue de Flaxweiler, L-6776 Grevenmacher
- JULIUS BAER SPECIAL FUNDS, 25, Grand-rue, L-1661 Luxembourg
- LUX-EURO-STOCKS, 1, place de Metz, L-1930 Luxembourg
- LUX-INDEX US, 1, place de Metz, L-1930 Luxembourg
- LUX-SECTORS, 1, place de Metz, L-1930 Luxembourg
- LUX-TOP 50, 1, place de Metz, L-1930 Luxembourg
- POSTBANK STRATEGIE, 2, boulevard Konrad Adenauer, L-1115 Luxembourg
- SMART-INVEST GLOBAL, 15, rue de Flaxweiler, L-6776 Grevenmacher
- TRITON STOCKPICKER WORLD, 534, rue de Neudorf, L-2220 Luxembourg
- UMF, 15, rue de Flaxweiler, L-6776 Grevenmacher

2) UCIs Part II 2010 Law:

- LUX-AVANTAGE, 1, place de Metz, L-1930 Luxembourg
- LUX-PROTECT FUND, 1, place de Metz, L-1930 Luxembourg
- PETERCAM CAPITAL, 5, allée Scheffer, L-2520 Luxembourg

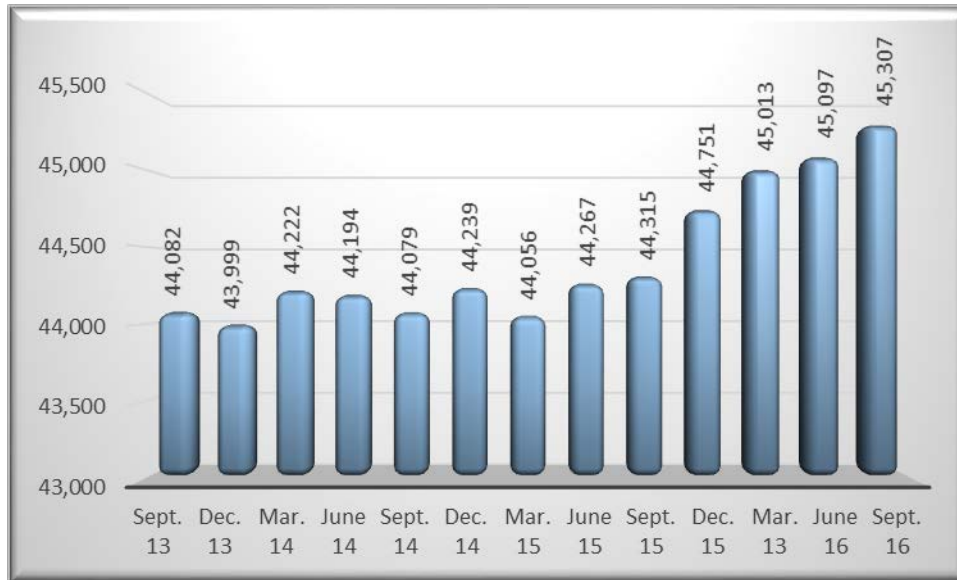
3) SIFs:

- ALTERNA DIVERSIFIED S.A. SICAF SIF, 5, place de la Gare, L-1616 Luxembourg
- BELTONE MIDCAP S.C.A., SICAV-SIF, 5, allée Scheffer, L-2520 Luxembourg
- BNP PARIBAS FLEXI IV, 33, rue de Gasperich, L-5826 Howald-Hesperange
- CHURCHGATE CAPITAL SCA-SICAV-SIF, 2, boulevard de la Foire, L-1528 Luxembourg
- FOLEA S.A. SICAV-FIS I, 44, avenue J-F Kennedy, L-1855 Luxembourg
- LEO CAPITAL (LUX) FCP-FIS, 23, avenue Monterey, L-2163 Luxembourg
- NAEV-IMMOBILIEN S.A., SICAV-FIS, 15, rue de Flaxweiler, L-6776 Grevenmacher
- SEB ALTERNATIVE INVESTMENT FUND S.C.A. SICAV-SIF, 4, rue Peternelchen, L-2370 Howald

STATISTICS

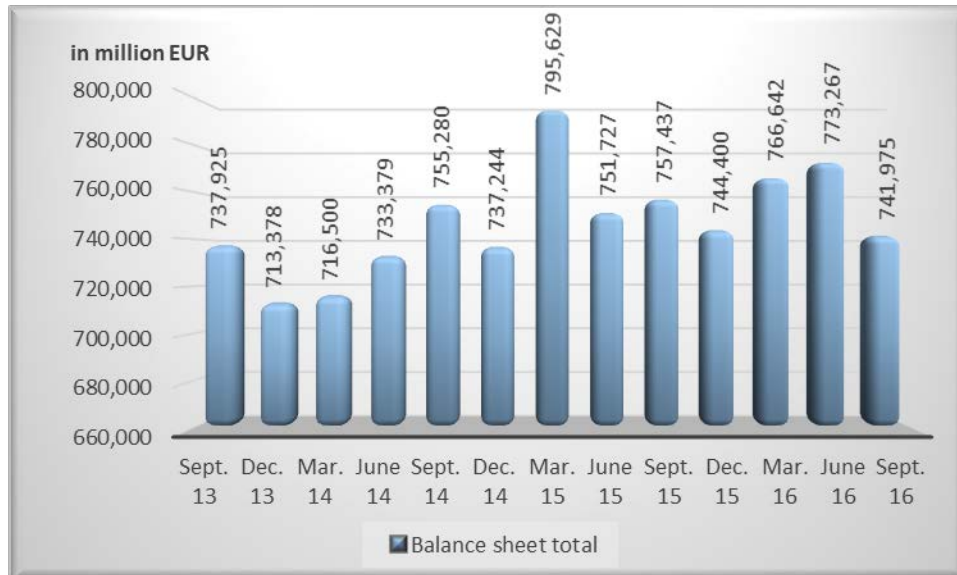
Total employment in banks, PFS and management companies

Increase in total employment as at 30 September 2016



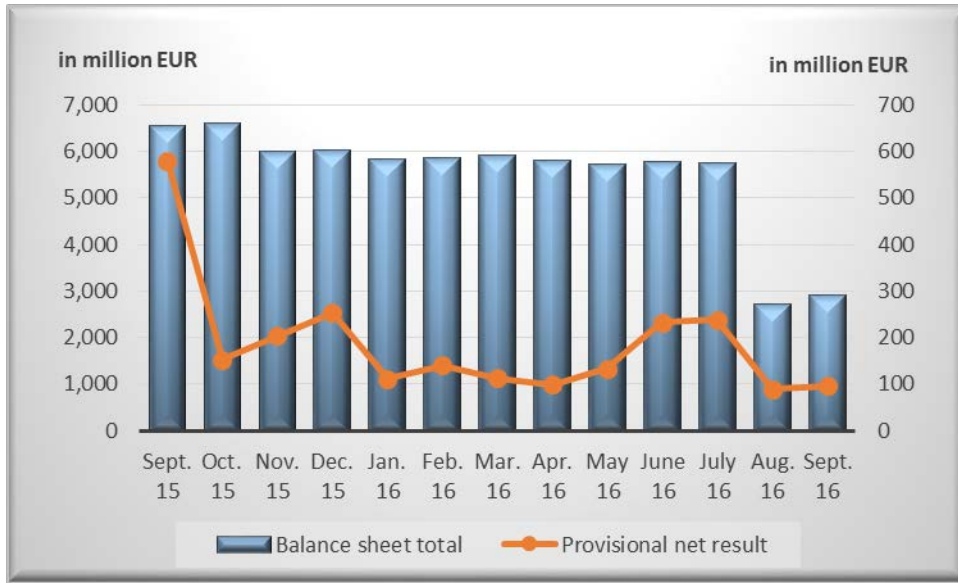
Banks

Decrease in the banks' balance sheet total as at 30 September 2016



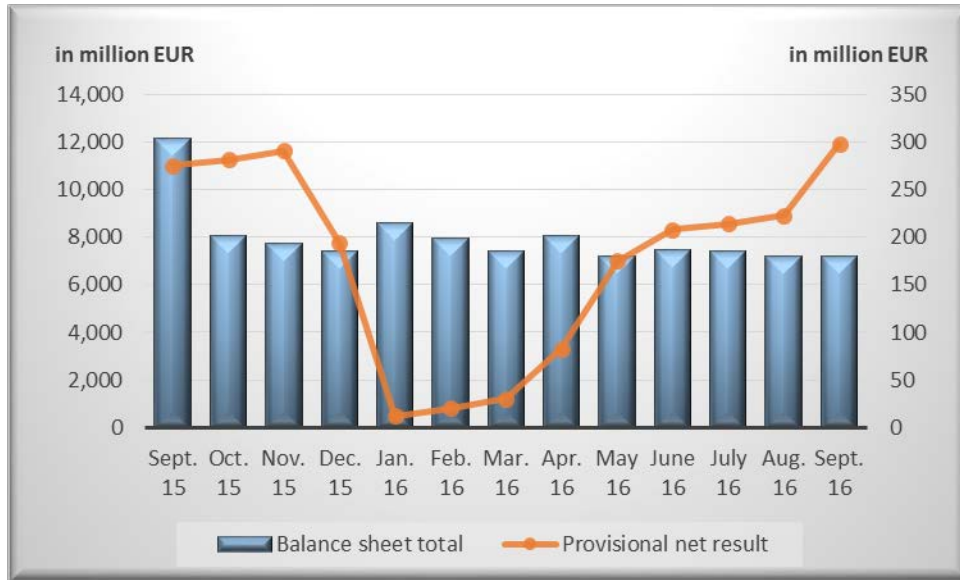
Investment firms

Increase in the investment firms' balance sheet total as at 30 September 2016



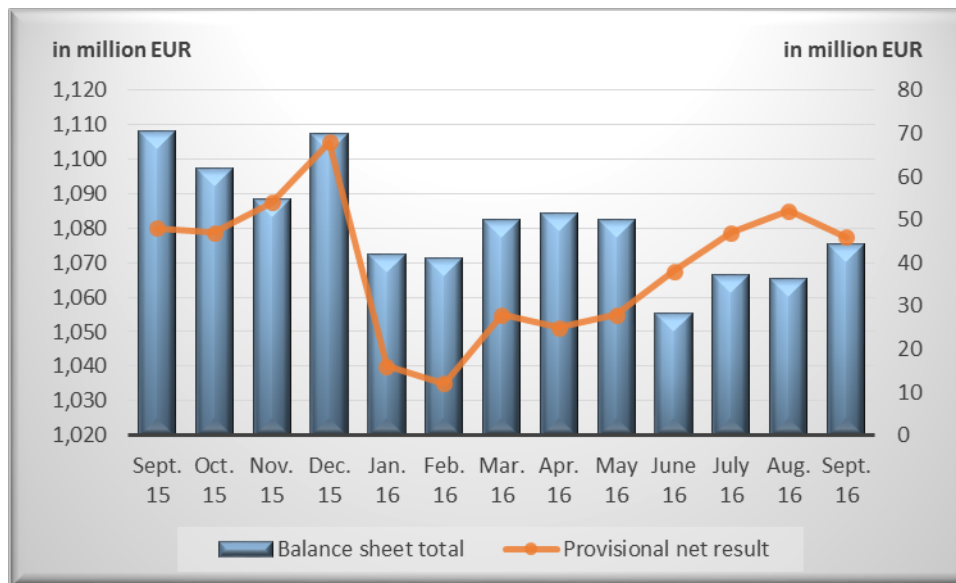
Specialised PFS

Slight increase in the specialised PFS' balance sheet total as at 30 September 2016



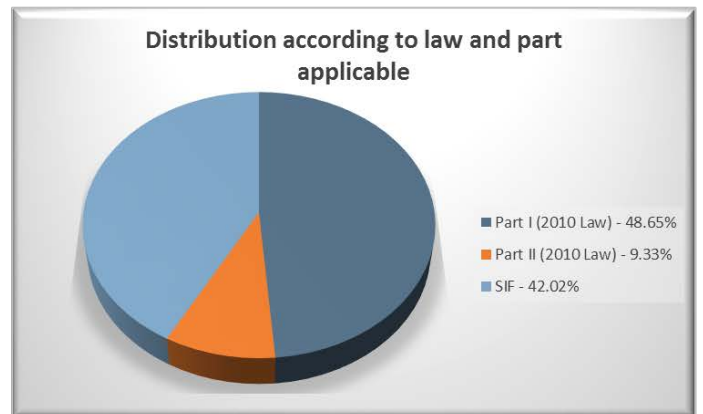
Support PFS

Increase in the support PFS' balance sheet total as at 30 September 2016



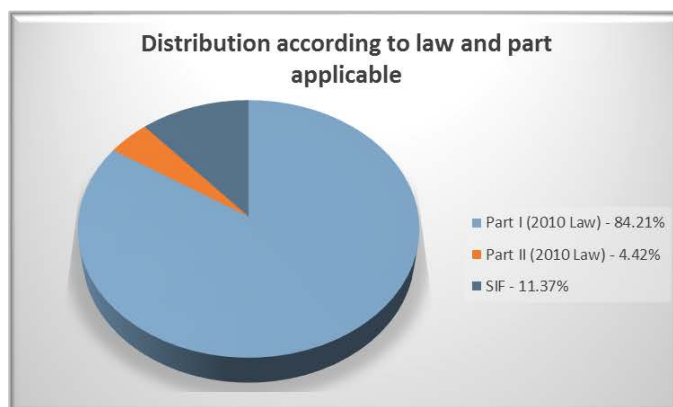
UCIs (Situation as at 31 August 2016)

Number of UCIs



Law, part/legal form	FCPs	SICAVs	Others	Total
Part I (2010 Law)	1,032	862	0	1,894
Part II (2010 Law)	184	176	3	363
SIFs	432	1,162	42	1,636
TOTAL	1,648	2,200	45	3,893

Net assets of UCIs



Law, Part/legal form (in bn EUR)	FCPs	SICAVs	Others	Total
Part I (2010 Law)	611.984	2,421.429	0.000	3,033.413
Part II (2010 Law)	61.937	96.632	0.572	159.141
SIFs	155.529	231.707	22.372	409.608
TOTAL	829.450	2,749.768	22.944	3,602.162

Breakdown according to investment policy

Breakdown according to investment policy	Net assets (in bn EUR)	Number of fund units ¹
Fixed-income securities	1,122.072	3,083
Variable-yield transferable securities	1,049.455	3,787
Mixed transferable securities	782.585	4,108
Funds of funds	212.948	2,115
Money market instruments and other short-term securities	307.842	255
Cash	2.160	22
Private equity	23.792	172
Venture capital	1.450	32
Real estate	49.327	332
Futures and/or options	12.121	134
Other assets	38.410	204
Total	3,602.162	14,244

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 EUR)	NUMBER OF FUND UNITS	SUBSCRIPTIONS (in bn EUR)	REDEMPTIONS (in bn EUR)	NET SUBSCRIPTIONS (in bn EUR)
PART I					
Fixed-income transferable securities	1,016.665	2,430	42.463	32.305	10.158
Variable-yield transferable securities	987.880	3,372	33.210	31.969	1.241
Mixed transferable securities	608.929	2,786	23.151	21.361	1.790
Funds of funds	124.379	946	2.489	1.701	0.788
Money market instruments and other short-term securities	284.979	191	142.067	133.691	8.376
Cash	1.409	11	0.053	0.033	0.020
Futures and/or options	5.803	56	0.258	0.234	0.024
Other assets	3.369	10	0.050	0.075	-0.025
TOTAL PART I:	3,033.413	9,802	243.741	221.369	22.372
PART II					
Fixed-income transferable securities	23.521	140	0.350	0.230	0.120
Variable-yield transferable securities	17.256	82	0.077	0.267	-0.190
Mixed transferable securities	54.325	261	1.633	1.477	0.156
Funds of funds	33.122	345	0.288	0.546	-0.258
Money market instruments and other short-term securities	19.469	51	1.425	1.309	0.116
Cash	0.734	9	0.013	0.017	-0.004
Private equity	3.264	15	0.060	0.023	0.037
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	3.494	34	0.024	0.034	-0.010
Other assets	2.931	13	0.130	0.042	0.088
TOTAL PART II:	159.141	972	4.000	3.945	0.055
SIFs					
Fixed-income transferable securities	81.886	513	2.093	1.285	0.808
Variable-yield transferable securities	44.319	333	0.261	2.461	-2.200
Mixed transferable securities	119.331	1,061	3.739	5.655	-1.916
Funds of funds	55.447	824	0.621	1.190	-0.569
Money market instruments and other short-term securities	3.394	13	0.149	0.064	0.085
Cash	0.017	2	0.000	0.000	0.000
Private equity	20.528	157	0.222	0.064	0.158
Venture capital	1.425	30	0.002	0.000	0.002
Real estate	48.327	312	0.123	0.169	-0.046
Futures and/or options	2.824	44	0.050	0.036	0.014
Other assets	32.110	181	0.589	0.076	0.513
TOTAL SIFs:	409.608	3,470	7.849	11.000	-3.151
TOTAL LUXEMBOURG UCIs	3,602.162	14,244	255.590	236.314	19.276

Origin of the initiators of Luxembourg UCIs

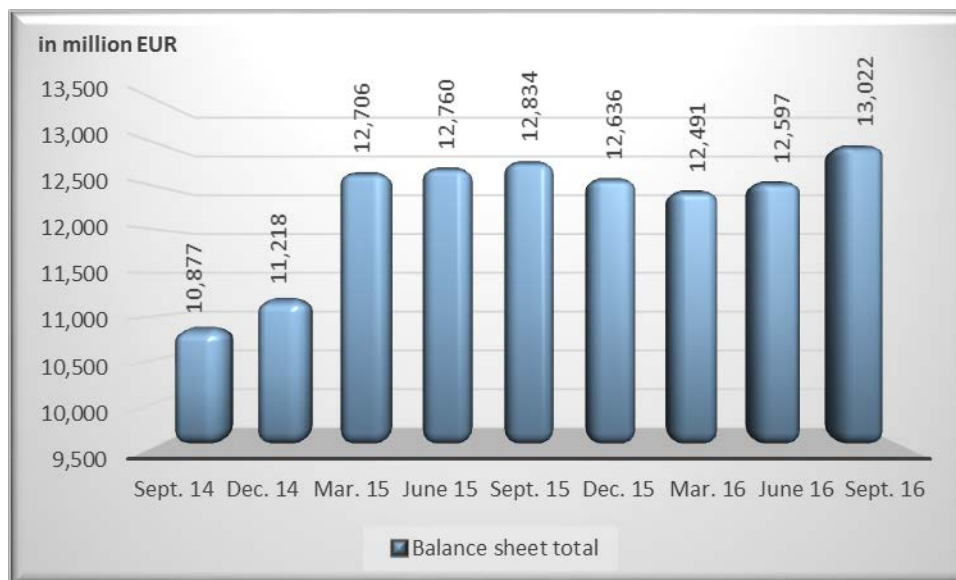
Country	Net assets (in bn EUR)	in %	Number of UCIs	in %	Number of fund units	in %
United States	744.221	20.7%	167	4.3%	1,057	7.4%
United Kingdom	624.786	17.3%	271	7.0%	1,515	10.6%
Germany	523.026	14.5%	1,445	37.1%	2,762	19.4%
Switzerland	496.688	13.8%	525	13.5%	2,667	18.7%
Italy	314.726	8.7%	148	3.8%	1,261	8.9%
France	284.792	7.9%	276	7.1%	1,294	9.1%
Belgium	155.234	4.3%	168	4.3%	1,003	7.1%
Netherlands	82.705	2.3%	50	1.3%	226	1.6%
Luxembourg	74.580	2.1%	207	5.3%	575	4.0%
Denmark	72.787	2.0%	24	0.6%	175	1.2%
Others	228.617	6.4%	612	15.7%	1,709	12.0%
Total	3,602.162	100.0%	3,893	100.0%	14,244	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	6.442	0.179%	29	0.204%
CAD	1.686	0.047%	28	0.197%
CHF	52.587	1.460%	299	2.099%
CNH	1.219	0.034%	17	0.119%
CNY	0.084	0.002%	2	0.014%
CZK	1.356	0.038%	64	0.449%
DKK	3.048	0.084%	10	0.070%
EUR	1,975.584	54.844%	9,116	63.999%
GBP	102.447	2.844%	325	2.282%
HKD	4.328	0.120%	9	0.063%
HUF	0.269	0.007%	31	0.218%
ILS	0.001	0.000%	1	0.007%
JPY	66.610	1.849%	224	1.573%
NOK	3.987	0.111%	28	0.197%
NZD	0.900	0.025%	5	0.035%
PLN	0.457	0.013%	25	0.175%
RON	0.483	0.013%	6	0.042%
SEK	46.860	1.301%	196	1.376%
SGD	0.561	0.016%	7	0.049%
TRY	0.057	0.002%	3	0.021%
USD	1,333.173	37.010%	3,817	26.797%
ZAR	0.023	0.001%	2	0.014%
Total	3,602.162	100.000%	14,244	100.000%

Management companies authorised according to Chapter 15 of the 2010 Law

Increase in the balance sheet total of management companies (Chapter 15) as at 30 September 2016



SICARs

Since the publication of the last Newsletter, no **SICAR** has 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).

The following SICARs were **deregistered** from the official list:

- CEP III CO-INVESTMENT S.A R.L. SICAR, 2, avenue Charles de Gaulle, L-1653 Luxembourg
- REDALPINE CAPITAL I S.C.S., SICAR, 1C, rue Gabriel Lippmann, L-5365 Munsbach.

As at 8 November 2016, the number of SICARs registered on the official list amounted to **281** entities.

Pension funds

As at 15 November 2016, **15 pension funds** in the form of pension savings companies with variable capital (SEPCAV) and pension savings associations (ASSEP) 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

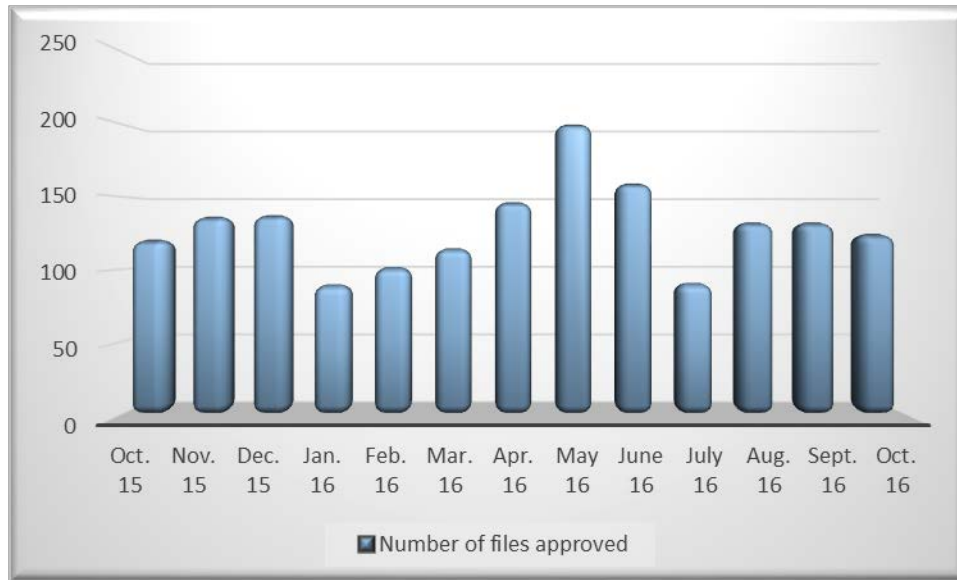
The number of **securitisation undertakings authorised** by the CSSF in accordance with the Law of 22 March 2004 on securitisation amounted to **34** entities as at 7 November 2016.

Public oversight of the audit profession

The public oversight of the audit profession covered **66 cabinets de révision agréés** (approved audit firms) and **292 réviseurs d'entreprises agréés** (approved statutory auditors) as at 31 October 2016. The oversight also included **41 third-country auditors and audit firms** duly registered in accordance with the Law of 23 July 2016 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)

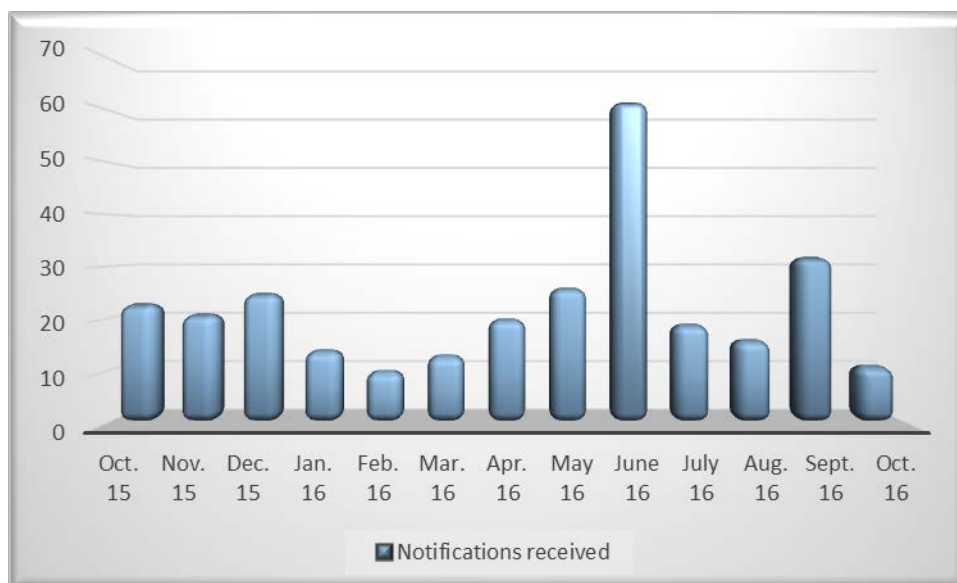
CSSF approvals



In October 2016, the CSSF approved a total of 125 documents pursuant to the Prospectus Law, which break down as follows:

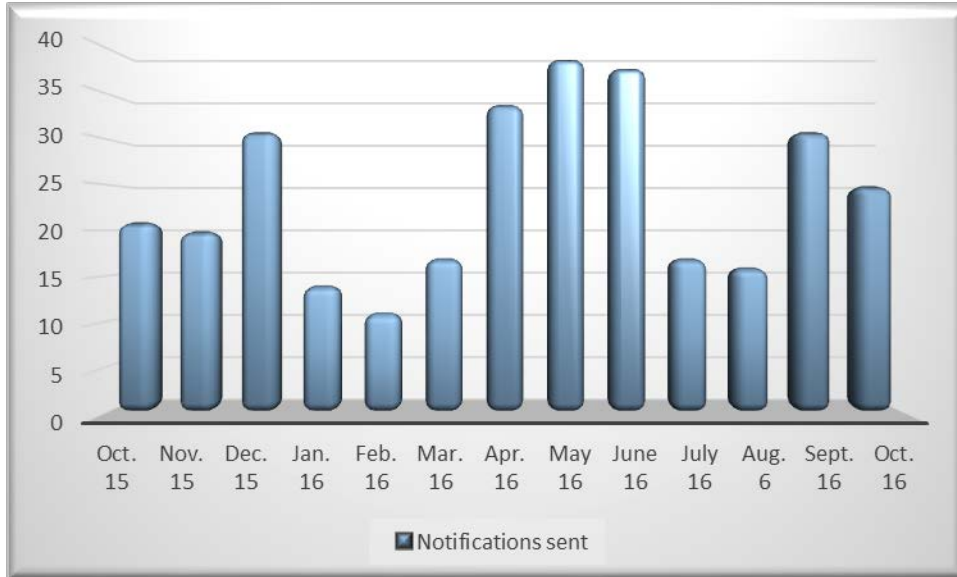
base prospectuses:	21	(16.80 %)
other prospectuses:	37	(29.60 %)
supplements:	67	(53.60 %)

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



In October 2016, the CSSF received 11 notifications relating to prospectuses and base prospectuses and 52 notifications relating to supplements from the competent authorities of other EEA Member States.

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

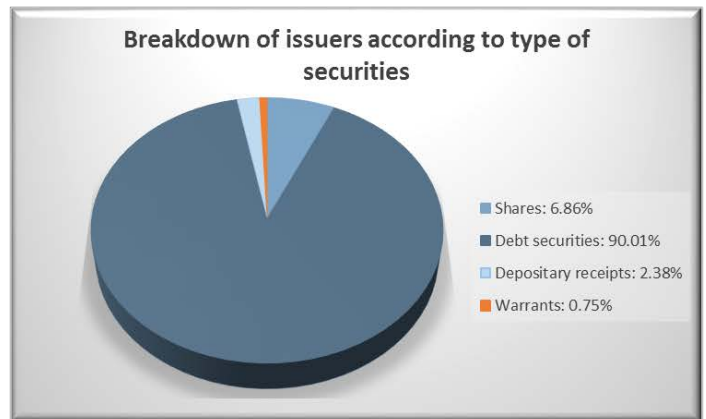
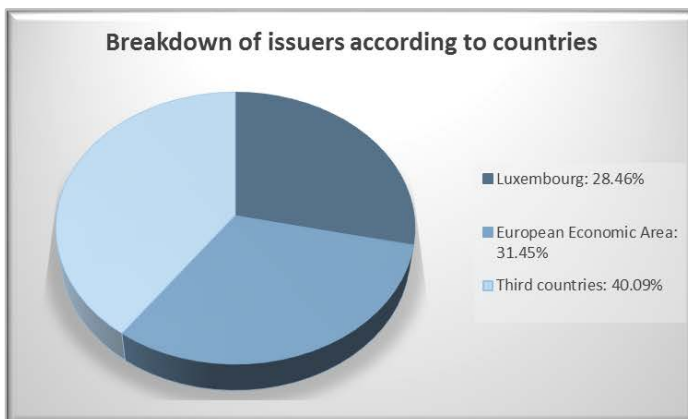


In October 2016, the CSSF sent 25 notifications relating to prospectuses and base prospectuses and 40 notifications relating to supplements to the competent authorities of other EEA Member States².

Issuers of securities whose home Member State is Luxembourg pursuant to the Law of 11 January 2008 on transparency requirements for issuers of securities (the "Transparency Law")

Since 11 October 2016, two issuers have chosen Luxembourg as home Member State for the purposes of the Transparency Law. Moreover, 13 issuers were deregistered from the list due to the fact that they no longer fall within the scope of the Transparency Law.

As at 14 November 2016, 671 issuers were included in the list of issuers whose home Member State is Luxembourg pursuant to the Transparency Law and are thus subject to the supervision of the CSSF.



² These figures reflect the number of prospectuses, base prospectuses 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.

FINANCIAL CENTRE

Main updated figures regarding the financial centre:

			Annual comparison
Banks	Number (18/11/2016)	141 ³	↗ 2 entities
	Balance sheet total (30/09/2016)	EUR 741.975 bn	↘ EUR 15.462 bn
	Profit before provisions (30/09/2016)	EUR 4.408 bn	↗ EUR 34 m
Payment institutions	Number (18/11/2016)	10 including 1 branch	no variation
Electronic money institutions	Number (18/11/2016)	4	↘ 1 entity
UCIs	Number (16/11/2016)	Part I 2010 Law: 1,895	↘ 8 entities
		Part II 2010 Law: 355	↘ 35 entities
		SIFs: 1,647	↗ 40 entities
		TOTAL: 3,897	↘ 3 entities
	Total net assets (31/07/2016)	EUR 3,565.756 bn	↘ EUR 101.07 bn
Management companies (Chapter 15)	Number (31/10/2016)	204	↘ 2 entities
	Balance sheet total (30/09/2016)	EUR 13.022 bn	↗ 188 million
Management companies (Chapter 16)	Number (31/10/2016)	171	↘ 7 entities
AIFMs	Number (16/11/2016)	214	↗ 18 entities
SICARs	Number (08/11/2016)	281	↘ 9 entities
Pension funds	Number (15/11/2016)	15	↗ 1 entity
Authorised securitisation undertakings	Number (07/11/2016)	34	↗ 1 entity
Investment firms	Number (18/11/2016)	109 of which 10 branches	↗ 3 entities
	Balance sheet total (30/09/2016)	EUR 2.887 bn	↘ EUR 3.638 bn
	Provisional net profit (30/09/2016)	EUR 96.08 m	↘ EUR 484,723 m
Specialised PFS	Number (18/11/2016)	125	↘ 1 entity
	Balance sheet total (30/09/2016)	EUR 7.159 bn	↘ EUR 4.916 bn
	Provisional net profit (30/09/2016)	EUR 298.329 m	↗ EUR 23.076 m
Support PFS	Number (18/11/2016)	77	↘ 3 entities
	Balance sheet total (30/09/2016)	EUR 1.075 bn	↘ EUR 33 m
	Provisional net profit (30/09/2016)	EUR 46.33 m	↘ EUR 2.27 m
Issuers of securities whose home Member State is Luxembourg pursuant to the Transparency Law	Number (14/11/2016)	671	↗ 75 entities
Public oversight of the audit profession	Number (31/10/2016)	66 <i>cabinets de révision agréés</i>	no variation
		292 <i>réviseurs d'entreprises agréés</i>	↗ 26 people
		41 third-country auditors and audit firms	↘ 5 entities
Employment (30/09/2016)	Banks	26,132 people	↗ 288 people
	Management companies (Chapter 15)	3,965 people	↗ 222 people
	Investment firms	2,274 people	↘ 12 people
	Specialised PFS	3,950 people	↗ 220 people
	Support PFS	8,986 people	↘ 162 people
	Total	45,307 people	↗ 556 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.