Centre of Risk & Regulatory Excellence

www.frsglobal.com

Reports: Luxembourg

local knowledge global solutions

This factsheet describes the reporting solutions that FRSGlobal provides to financial institutions or OPC that need to meet Luxembourg's regulatory requirements

Introduction

Luxembourg financial institutions need to report to two regulators:

1. Banque Centrale du Luxembourg (BCL) - responsible for compiling statistics on bank/OPC data

2. Commission de Surveillance du Secteur Financier (CSSF) - responsible for compiling statistics on bank/OPC data

Bank reporting

Reports for the BCL

The Banque Central de Luxembourg (BCL) is in charge of collection of data as well as compilation of monetary and financial statistics and the balance of payments.

Reports covered

FRSGlobal covers the following BCL reports:

- S 1.1 Monthly statistical Balance sheet
- S 2.5 Quarterly statistical Balance sheet
- S 1.4 Statistics on adjustments due to valuation effects
- S 1.5 Statistical interest rate report
- S1.8 Information on securitisation transactions launched by credit institutions
- S 2.8 Real estate credits authorized for buildings located at Luxembourg
- S 2.9 Manpower
- S 3.1 Operations on gold and securities
- Balance of payments
- Security-by-Security (SBS)

What is coming up?

BCL issued the circular 2009/225 modifying the statistical reports collection. Some reports will be updated in the coming months like S1.1, S1.4, S1.5 and S2.5 or added like S1.8 and S4.1.

Reports for the CSSF

The Commission de Surveillance du Secteur Financier (CSSF) requires COREP, FINREP and MiFID reporting, which are all covered by FRSGlobal.

COREP reports

The prudential reporting scheme regarding **capital adequacy** applicable as of 1 January 2008 is derived from the European solvency ratio reporting framework (**CO**mmon **REP**orting, **COREP**) developed by the Committee of European Banking Supervisors (CEBS).

The CSSF uses COREP for collecting periodic solvency-related information as part of its prudential supervision. This reporting is split in two parts, both of which are supported by FRSGlobal: n**on-consolidated**, based on reports **B 1.4** (required quarterly); and **consolidated**, based on reports **B 6.4**.

- B 1.4 CR SA or B 6.4 CR SA Credit Risk Standardised Approach. FRSGlobal solution includes an automatic credit risk mitigation module.
- B 1.4 CR SEC SA or B 6.4 CR SEC SA Credit Risk Securitisation Standardised Approach
- B 1.4 CR TB SETT or B 6.4 CR TB SETT Credit Risk Trading Book Settlement Risk
- B 1.4 CR IRB or B 6.4 CR IRB Credit Risk Internal Ratings Based Approach
- B 1.4 CR EQU IRB or B 6.4 CR EQU IRB Credit Risk Equities Internal Ratings Based Approach
- B 1.4 CR SEC IRB or B 6.4 CR SEC IRB Credit Risk Securitisation IRB Approach
- B 1.4 MKR SA TDI or B 6.4 MKR SA TDI Market Risk Standardised Approach Traded Debt Instruments
- B 1.4 MKR SA EQU or B 6.4 MKR SA EQU Market Risk Standardised Approach Equities
- B 1.4 MKR SA FX or B 6.4 MKR SA FX Market Risk Standardised Approach Foreign Exchange
- B 1.4 MKR SA COM or B 6.4 MKR SA COM Market Risk Standardised Approach Commodities
- B 1.4 MKR IM or B 6.4 MKR IM Market Risk Internal Model Approach
- B 1.4 OPR or B 6.4 OPR Operational Risk
- B 1.4 CA – SRO or B 6.4 OPR – SRO Capital Adequacy - Solvency Ratio Overview

FINREP reports

The prudential financial reporting scheme applicable as from 1 January 2008 is derived from the Common European financial reporting framework (**FIN**ancial **REP**orting, **FINREP**) developed by the Committee of European Banking Supervisors (CEBS), as amended on 24 July 2007.

FINREP is used for the largest part of the periodic financial information the CSSF gathers for its prudential supervision. FINREP requires both consolidated and non-consolidated reporting. For non-consolidated reporting, the balance sheet needs to be reported monthly, and the income statement quarterly.

The consolidated and non-consolidated reports are as follows:

- B 1.1 Balance sheet statement
- B 1.6 Additional information relating to the balance sheet statement
- B 2.1 Income statement
- B 2.5 Additional information relating to the income statement
- B 6.1 Consolidated balance sheet statement
- B 6.6 Additional information relating to the consolidated balance sheet statement
- B 6.2 Consolidated income statement
- B 6.7 Additional information relating to the consolidated income statement

There is also some other prudential reporting that is required:

- B 1.2 Currency positions
- B 1.5 Liquidity ratio
- B 2.4 Information on participating interests and subordinated loans
- B 2.3 Information on large exposures
- B 6.3 Information on large exposures on a consolidated basis

MiFID reporting

Firms that execute transactions in any financial instruments admitted to trading on a regulated market are required to report details of such transactions to the competent authority no later than the close of business the following working day. This obligation also applies whether or not such transactions were carried out on a regulated market.

This relates to the provision of information about the details of trading to regulatory authorities, in order to help them fight financial crime including market abuse.

For all non-ISIN futures and options, FRSGlobal supports the use of all (alternative instrument identifier) codes in MiFID reporting since September 2008.

What is coming up?

CSSF is expected to issue a new Large Exposure and an updated FINREP report.

CSSF issued the circular 09/410 introducing the table B 2.5 E Additional information relating to the tax.

Fund reporting

A new fund reporting module that includes the new BCL fund reports is available from FRSGlobal. **These reports include:**

Reports for the BCL

- S1.3 Statistical monthly balance sheet of UCIs
- S1.6 Information on the effects of valorisation on the assessment of the nonmonetary UCI
- S2.13 Quarterly statistical Assessment of UCIs
- Security-by-Security (SBS)

Reports for the CSSF

- 01.1 Monthly financial information
- 04.1 Annual financial information
- 04.2 Futures and options actions / events

FRSGlobal develops solutions to cover the reports requested by both regulators in <u>two</u> ways:

1. By direct capture

The customer delivers a flat file with the necessary fund information that is uploaded into DataFoundation database. The FRSGlobal RegPro ReportGenerator validates the data, generates the fund reports and creates the necessary delivery files for the BCL and

CSSF. This is a **user friendly and easy to install solution** able to cope with all banks environment.

2. Using FRSGlobal DataFoundation

This solution is an extension of the Direct Capture. Specific BCL and CSSF codes are calculated automatically. In the event that the customer also has to do bank reporting, the same data can be re-used without any additional interface.

Securitisation vehicles

A new Securitisation Vehicles reporting module that includes the new BCL securitisation vehicles reports is available from FRSGlobal. **These reports include:**

Reports for the BCL

- S 2.14 Quarterly statistical balance sheet of securitisation vehicles
- S 2.15 Information on transactions made by securitisation vehicles

Data delivery

The reporting formats covered are:

- **CSSF**: XBRL, Edifact, and (for MiFID reporting only) XML
- **BCL**: XML, Edifact.

The encryption is handled via Bourse de Luxembourg or CETREL encryption channels.

The CSSF/BCL allows reporting files to be transmitted by the following channels:

- E-file from Bourse de Luxembourg
- SOFiE SORT from CETRELSecurities.

All reporting files transmitted to the CSSF must be encrypted according to the standards defined in circular CSSF 08/334. Before sending any files, the **Luxtrust** SSL certificate used by the reporting entity to generate its electronic signature must be registered with the CSSF according to the procedure described in that circular. (FRSGlobal is not encrypting data in the case of e.g. mifid xml file.

From a common record type and common mapping FRSGlobal produces two countries' reports from the same application (without DataFoundation country tables and so producing 2 xml files).

FRSGlobal reporting capability

FRSGlobal's reporting solution, RegPro, provides comprehensive support for regulatory reporting to Luxembourg's regulators.

RegPro can receive information that is similar in granularity to a trade ticket, and combine it into the formats required for regulatory reports. The final output is fully auditable, with a range of drill-down and drill-up functions. Users can identify exactly which trades or positions are included in the detailed calculation steps that make up a regulatory report. The system can be configured to allow data editing, but all changes are logged and tracked, and supervisor sign-off is fully supported.

The information stored and generated by RegPro is available for use outside of our application. That is, credit risk, market risk, operational risk and liquidity risk data can all be ordered and consistently stored. You can create variance reporting, to compare different reporting periods or instances of the same report.

RegPro can also take higher-level information and successfully produce the required reports. For our customers who employ more advanced approaches, our solution provides a robust method of storing reported data in a way that can be interrogated and is secure. It also provides a full set of up-to-date templates that include validations and a transmission mechanism. RegPro supports mixtures of standard and advanced reporting, supplementing modelled approaches with its own calculation engine to create a single source for firm-wide reporting.

Another feature of our reporting is the ability to run reporting by business unit. Some of our clients use this information as part of their internal limits and controls processes.

For more information on FRSGlobal solutions visit www.frsglobal.com www.frsglobal.com

FRSGlobal's offering and guarantee

This document is produced by the FRSGlobal Centre of Risk and Regulatory Excellence (CoR^{2}E) team.

FRSGlobal is the only supplier of regulatory risk and compliance reporting, with coverage for 40+ countries. We provide over 1500 financial organisations – including 41 of the top 50 banking institutions – with enterprise risk and regulatory compliance reporting solutions that enable them to increase operational efficiency reduce costs and mitigate risks.

FRSGlobal customers receive software and rich regulatory content that is fully supported by the FRSGlobal Guarantee. This ensures that the regulatory reports under subscription are kept fully up-to-date with regulators' requirements. The Guarantee is facilitated by the FRSGlobal Centre of Risk and Regulatory Excellence (CoR^{2}E) which monitors the changes that affect reporting requirements in more than 100 countries

The CoR^{2}E group publishes a newsletter describing the latest regulatory developments. To subscribe, please register at www.frsglobal.com.