

Regulators: Luxembourg

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This factsheet describes the key features of financial regulations in Luxembourg

The regulators

Luxembourg has two regulatory bodies for the financial industry:

- Commission de Surveillance du Secteur Financier (CSSF)
- Banque centrale du Luxembourg (BCL)

The primary difference between the two bodies is that whereas the CSSF alone regulates financial institutions, the Banque centrale du Luxembourg (as the central bank for Luxembourg) is responsible for implementing monetary policy. Firms are required to provide statistics to the Banque centrale du Luxembourg and more detailed prudential and accounting data to the CSSF. Both institutions share and cross-validate data received from reporting institutions.

The Commission de Surveillance du Secteur Financier (CSSF)

The [CSSF](#) describes its responsibilities as follows:

“The Commission de Surveillance du Secteur Financier is responsible for the prudential supervision of credit institutions, other professionals of the financial sector, undertakings for collective investment, pension funds, SICARs, securitisation vehicles issuing securities to the public on a continuous basis, stock exchanges, payment and securities settlement systems, operators of payment or securities settlement systems. It also supervises the securities markets.”

The goals of the CSSF's supervision are to:

- Promote a considered and prudent business policy in compliance with the regulatory requirements
- Protect the financial stability of the supervised companies and of the financial sector as a whole
- Supervise the quality of the organisation and internal control systems
- Strengthen the quality of risk management

Legal reporting encompasses all the periodic information to be transmitted to the CSSF by the entities under its supervision:

- [TAF/MiFID reporting](#) (Markets on Financial Instruments Directives). This daily reporting is required for supervising markets in financial instruments. MiFID came into force in November 2007 and drastically changed the former TAF reporting. In December 2008, MiFID was modified to integrate all logic for Options and Futures. Credit institutions and investment firms must report to the CSSF all transactions in financial instruments admitted to trading on a regulated market in the European Economic Area, whether or not these transactions have been made on a regulated market.
- [Periodic reporting](#): This reporting is for prudential supervisory purposes. The supervised entities must transmit to the CSSF financial data relating to their activities on a monthly, quarterly, half-yearly or annual basis, depending on the object.
- The [Recueil des instructions](#) includes all the prudential and accounting instructions for periodic reporting that banks must submit to the CSSF, including instructions on what accounts they must publish.
- The [schedule of conditions](#) contains the technical instructions for the electronic periodic reporting of banks and UCIs that are supervised by the CSSF.
- A new prudential financial reporting scheme, derived from the Common European financial reporting framework (*FIN*ancial *REP*orting, [FINREP](#)), was developed by the Committee of European Banking Supervisors (CEBS). It came into force on 1 January 2008.
- A new prudential reporting scheme regarding capital adequacy, derived from the European solvency ratio reporting framework (*CO*mmon *REP*orting, [COREP](#)), was developed by the Committee of European Banking Supervisors (CEBS). It came into force on 1st January 2008.
- [Other prudential reporting tables](#) adapted to the new IFRS accounting framework and to the new capital adequacy framework.

The Banque centrale du Luxembourg (BCL)

The BCL describes its primary objective as to fulfil the [tasks](#) assigned to the European System of Central Banks (ESCB), as laid down by the Maastricht Treaty, namely:

- To define and implement the monetary policy of the Community
- To conduct foreign exchange operations consistent with the provisions of Article 109 of this Treaty
- To hold and manage the official foreign reserves of the Member States
- To promote the smooth operation of payment systems

Key points to note:

- The BCL is in charge of collecting data as well as compiling monetary and financial statistics and the balance of payments. The data for compiling monetary and financial statistics is collected directly from [banks](#), [money market funds](#) and [investment funds](#).
- The BCL and the Service Central de la Statistique et des Etudes Economiques (STATEC, the national statistical institute of Luxembourg) are jointly in charge of establishing a balance of payments and an international investment position for Luxembourg. This requirement comes from the [grand-ducal decree](#) in its modified version of 10 November 1944, regarding exchange rate control and its execution decrees. The BCL collects the statistical data from all [banks](#) and [non-bank enterprises](#) that maintain operational accounts outside Luxembourg. The BCL uses the results to instruct the financial sector.

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