

Template for notifying the ESRB on the intended use of O-SII buffer

1. Notifying national authority (If several designated authorities, please mention all of them)			
1.1 Name of the notifying authority	Commission de Surveillance du Secteur Financier (CSSF)		
2. Buffer levels and the institution to which they apply			
2.1 Categorisation of measures	Introduction of an O-SII buffer.		
2.2 Concerned institution or group of institutions		Phase-in of O-SII buffer starting 1/1/2016	Fully phased-in buffer rate as of 1/1/2019
2.3 Level of the buffer applied	Institutions		
	Deutsche Bank Luxembourg S.A.	0.25%	1.0%
	Société Générale Bank & Trust S.A.	0.25%	1.0%
	Banque et Caisse d'Epargne de l'Etat Luxembourg	0.125%	0.5%
	BGL BNP Paribas S.A.	0.125%	0.5%
	CACEIS Bank Luxembourg S.A.	0.125%	0.5%
	Banque Internationale à Luxembourg S.A.	0.125%	0.5%
2.4 Firm level at which the buffer is applied	The O-SII buffer requirement applied to the institutions listed above is to be held in the form of CET1 capital and shall be maintained at the institutions' sub-consolidated respectively solo level.		
2.5 Information on other buffers already in application	<p>The capital conservation buffer of 2.5% was implemented in Luxembourg as of 1st January 2014 (without phase-in).</p> <p>From 1st January 2016 onwards, a Countercyclical Capital Buffer (CCyB) of 0% will be applicable in Luxembourg. The CCyB is designed to ensure that credit institutions accumulate, during periods of economic growth, a sufficient capital base to absorb losses in stressed periods.</p>		
2.6 Annual review of the O-SII (Articles 131.6 and 131.12)	Both, the list of identified O-SIIs and the O-SII buffer will be reviewed on an annual basis.		

3. Rational for activation of the G-SII and O-SII buffer	
3.1 Description of the O-SII (Article 131.3)	As provided for in the EBA guidelines (EBA/GL/2014/10), the CSSF and the BCL have jointly performed an assessment of the systemic importance of institutions using the criteria specified in Article 131-3 of Directive 2013/36/EU.
3.2 Indicators used for designation of the O-SII (Article 131.3)	The CSSF and the BCL applied the scoring methodology provided for in the EBA guidelines (EBA/2014/10). In line with this scoring methodology, the systemic importance of institutions was assessed using mandatory and optional indicators.
3.3 In case of O-SII: Suitability, effectiveness and proportionality of measure (Article 131.7)	As a key contributor to the domestic economy and for the purpose of maintaining the stability of the financial system, the Luxembourg's banking sector soundness is key. The application of the O-SII buffer in line with the EBA Guidelines will contribute to the objective of strengthening the resilience of institutions and increase the stability of the financial system. The O-SII buffers imposed will reduce the probability of default of the identified institutions and the impact of such default on the real economy.
3.6 In Case of O-SII, Assessment of likely impact on the internal market (Article 131.6)	While contributing to a sound financial system, the O-SII buffer to be maintained by designated institutions, will contribute to increase the resilience of the sector. The activation of the O-SII buffer is not expected to have a disproportionately negative effect on designated banks given the sufficiently high overall level of regulatory capital available. Therefore, the O-SII buffer requirement is not expected to hamper activity of the designated O-SIIs.
4. Combinations and timing of the G-SII or O-SII notified	
4.1 combinations between G-SII and OSII buffers (Article 131.14)	No CRR institution in Luxembourg has been identified as globally systemically important.
4.2 Combinations with SRB buffers (Article 131.14 + Article 133.5)	To date, the SRB has not been implemented in Luxembourg. For subsidiaries of G-SIBs, Art. 131(8) CRD IV is respected.
4.3 Combined buffer requirement (Article 131.16 and Article 131.17)	<p>a. Does the combined buffer requirement apply to the institution? Yes</p> <p>b. Is the combined buffer requirement above the sum of the buffers described in Article 131-16 and Article 131-17? N/A</p>
4.4 Timing of the measure	Starting January 2016, the buffers will be phased in four equal steps in order to reach the final O-SII buffer level as of 1 January 2019.
4.5 Review of the measure	<p>What is the envisaged duration of the measure? What are conditions for its deactivation?</p> <p>a. How often will the O-SII buffer be reviewed (maximal periodicity of 1</p>

	<p>year)?</p> <p>The list of O-SIIS and the applicable O-SII buffer will be reviewed on an annual basis.</p>
<p>5. Miscellaneous</p>	
<p>5.1 Disclosure</p>	<p>As required by the Guidelines, the list of designated O-SIIs, applicable buffer rates and an outline of the O-SII buffer calibration methodology will be disclosed to the public on the CSSF's website.</p>
<p>5.2 Contact person(s) at notifying authority</p>	<p>Contact person(s) for further inquiries (name, phone number and e-mail address)</p> <p>Michael Rademacher (michael.rademacher@cssf.lu)</p> <p>Jean-François Carpentier (jean-francois.carpantier@cssf.lu)</p>
<p>5.3 Any other relevant information</p>	<p>N/A</p>