



# Overview of the CSSF Annual Report 2022: Professionals of the Financial Sector (PFS)

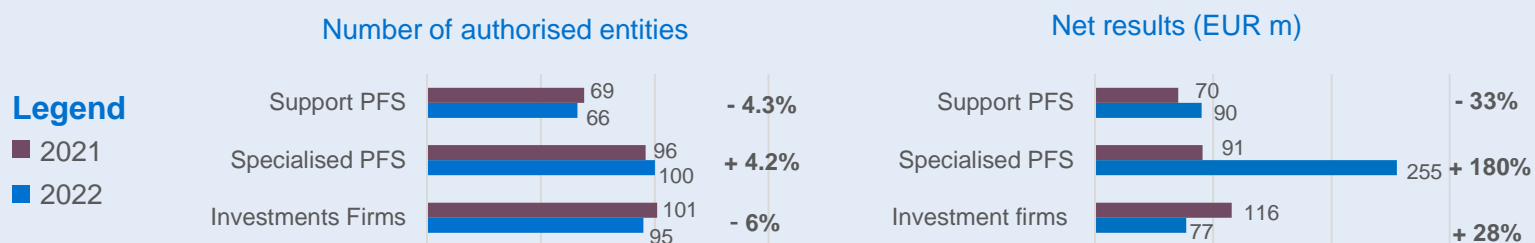
**This newsletter marks the fourth publications of a six-part series, offering an overview of the CSSF Annual Report for the year 2022. This edition of this series is dedicated to the key highlights for Professionals of the Financial Sector (PFS).**

On the 25 August 2023, the CSSF published its annual report focusing on the overview of the CSSF activities and initiatives in 2022. This publication aims to provide valuable information to assist relevant entities in gaining an understanding of areas requiring attention based on the CSSF observations.

In the first publication, we focused on highlighting the outcomes of on-site inspections.

In this, the previous and future publications, we provide an overview of the key institutions under CSSF's supervision, offering insights into various aspects of CSSF's supervisory practices. Additionally, we highlight significant past and forthcoming priorities, along with key findings from off-site inspections. Secondly, our focus will shift to the noteworthy regulatory changes that unfolded in 2022, providing a glimpse into anticipated developments for the years ahead.

## Professionals of the Financial Sector (PFS)



### CSSF Prudential Supervision

In the context of the prudential supervision of PFS, the CSSF verified compliance with the following requirements:

#### Capital base

The authorisation as investment firms / specialised PFSs / support PFSs necessitates the submission of proof validating the presence of a minimum capital foundation.

#### Introductory visits

Introductory visits are conducted at the physical locations of recently authorized investment firms / support PFSs, as well as, when relevant, at established investment firms / support PFSs that have acquired authorization for new activities in addition to their existing ones. The objective of these visits is to confirm the alignment of the planned business strategy with its actual execution and to check the proper implementation of systems and infrastructures.

#### I) Investment Firms

Compliance by investment firms with the quantitative standards

- **Capital ratios:** The implementation of the Investment Firms Directive (IFD) and Regulation (IFR) changed, among others, the capital ratio prerequisites for investment firms;
- **Concentration risk:** Since the IFD/IFR came into effect, investment firms have been under the concentration risk rules outlined in Part Four of the IFR;
- **Liquidity requirements:** Art. 43 Part V of the IFR requires for an adequate level of liquidity. Accordingly, investment firms are required to possess a minimum of one third of their fixed overheads requirement from the preceding financial year in the form of liquid assets.

### Specific audits

As per Article 54(2) of the Law of 5 April 1993, on the financial sector, the CSSF holds the authority to ask an approved statutory auditor (*Réviseur D'entreprises Agréé*) to conduct a dedicated audit at a financial professional. This audit pertains to particular facets of the Financial Professional's Activities and Operations.

#### II) Specialised PFS

In the prudential oversight of PFS, the CSSF checked that specialized PFS adhere to both the quantitative and qualitative benchmarks, such as capital base and **compliance of the day-to-day management and corporate governance**. The CSSF focused on insufficient presence and/or effective involvement of one of the two managers in the day-to-day management of the entity or to the need for reorganization of the entity's administrative or management body composition.

#### III) Support PFS

##### Main prudential findings

The CSSF underlined the importance of being compliant with the Law of 5 April 1993 on the financial sector with respect to the obligation to file a notification and obtain prior approval by the CSSF for certain types of changes during the life of the support PFS.



## Publication Timeline

This newsletter, the **fourth** in a series of 6 publications.



### On-site Inspections

Published 13/09/2023



### Credit Institutions

By 20/09/2023



### IFMs and UCIs

By 27/09/2023



### PFS

By 04/10/2023



### Payment, Electronic Money Institutions and VASPs

By 11/10/2023



### Challenges for the next years

By 18/10/2023

## Why Mazars for you?

### Joined-up Mazars engagement team



As a truly integrated partnership and firm, we operate seamlessly across borders. Our commitment to clients is absolute – we furnish you with a seasoned senior team well-versed in the intricacies of the field. You will benefit of senior leaders ‘on the ground’, poised to deliver not just insights but transformative, value-enhancing recommendations.



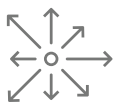
### Tailored, pragmatic, joined-up approach



In these challenging times, Mazars is committed to support you navigating the regulatory challenges. As a service provider, our work is practical, and our conclusions and action plans will be pragmatic and fine-tuned to our clients’ needs. We will tailor our approach to ensure our work meets each and every client's specific requirements.



### Personal and personable approach



We strongly believe that this sets us apart from the competition. Our commitment is to invest time and effort in truly understanding the unique environment of each entity we engage with. We approach every interaction with a willingness to listen, to empathize, and to adapt.

# Contacts



**Alice Aliquo**

Senior Manager – Regulatory Advisory

[alice.aliquo@mazars.lu](mailto:alice.aliquo@mazars.lu)

+352 27 114 434



**Claudio Orlando-Miele**

Manager – Privacy Specialist

[claudio.orlando-miele@mazars.lu](mailto:claudio.orlando-miele@mazars.lu)

+352 27 144 438



**Davis Maze Maze**

Director – Risk Advisory

[davis.maze-maze@mazars.lu](mailto:davis.maze-maze@mazars.lu)

+352 27 144 258



**Gianfranco Mei**

Partner – Regulatory Advisory Leader

[gianfranco.mei@mazars.lu](mailto:gianfranco.mei@mazars.lu)

+352 27 114 432



**Guillaume Brousse**

Partner – Sustainability Leader

[guillaume.brousse@mazars.lu](mailto:guillaume.brousse@mazars.lu)

+352 27 114 306



**Jean-Hubert Antoine**

Director – Cyber Security and Data Protection Advisory

[jean-hubert.antoine@mazars.lu](mailto:jean-hubert.antoine@mazars.lu)

+352 27 114 455



**Lucie Casadei**

Senior Manager – Internal Audit

[lucie.casadei@mazars.lu](mailto:lucie.casadei@mazars.lu)

+352 27 144 422



**Mathieu Brizard**

Partner – Internal Audit

[mathieu.brizard@mazars.lu](mailto:mathieu.brizard@mazars.lu)

+352 27 144 600

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 95 countries and territories around the world, we draw on the expertise of more than 47,000 professionals – 30,000+ in Mazars' integrated partnership and 17,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*Where permitted under applicable country laws

[www.mazars.lu](http://www.mazars.lu)

**mazars**