

## NOTICE

This notice is submitted by the *Commission de Surveillance du Secteur Financier* (CSSF), in its capacity as designated authority which administers the Luxembourg deposit guarantee scheme, *Fonds de Garantie des Dépôts Luxembourg* (FGDL), in accordance with the Decision of the European Banking Authority on notifications relating to Directive 2014/49/EU on deposit guarantee schemes (EBA BC 173).

The notification is made in relation to the pay-out procedure by the FGDL as a consequence of the determination of the unavailability of deposits at ABLV Bank Luxembourg S.A. by the CSSF on 24 February 2018.

### Summary of events

On 19 February 2018, following a request by the European Central Bank (ECB), the Financial and Capital Markets Commission (FCMC) of Latvia imposed a moratorium on ABLV Bank AS. This included a prohibition of all payments by ABLV Bank on its financial liabilities in view of a sharp deterioration of the bank's financial position.<sup>1</sup>

At the same date of 19 February 2018, the CSSF informed the public that it filed an application with the Tribunal d'Arrondissement de Luxembourg (Luxembourg District Court) dealing with commercial matters on 19 February 2018, for the suspension of payments by the Luxembourg subsidiary of ABLV Bank AS, ABLV Bank Luxembourg S.A., established and having its registered office at 26a, Boulevard Royal, L-2449 Luxembourg, registered with the Registre de Commerce et des Sociétés de Luxembourg under number B162048.<sup>2</sup>

In accordance with Article 122(6) of the Law of 18 December 2015 on the failure of credit institutions and certain investment firms (hereinafter "Law of 2015"), the service of the application on a credit institution automatically brings about, in favour of the institution and pending a final decision on the application, a suspension of all payments by that institution and a prohibition, under penalty of nullification, of all acts other than precautionary measures unless authorised by the CSSF or by any contrary legal provision.

In this context, the CSSF acted in accordance with a letter of the ECB dated 18 February 2018 inviting it to consider a moratorium and safeguards similar to those imposed by the FCMC, the competent authority of Latvia, on instruction by the ECB, regarding the Latvian company ABLV Bank AS, which is the parent company of the Luxembourg entity. Both entities were under the direct supervision of the ECB.

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<sup>1</sup> <https://www.bankingsupervision.europa.eu/press/pr/date/2018/html/ssm.pr180219.en.html>

<sup>2</sup> [http://www.cssf.lu/fileadmin/files/Publications/Communiqués/Communiqués\\_2018/PR1807\\_ABLV\\_BANK\\_190218.pdf](http://www.cssf.lu/fileadmin/files/Publications/Communiqués/Communiqués_2018/PR1807_ABLV_BANK_190218.pdf)

On 24 February 2018, the CSSF determined that deposits at ABLV Bank Luxembourg S.A. were unavailable<sup>3</sup>. This determination followed the Single Resolution Board's decision<sup>4</sup> dated 23 February 2018 that resolution action is not necessary as not being in the public interest for ABLV Bank AS and ABLV Bank Luxembourg S.A.

In addition, in accordance with Article 122 of the Law of 2015, the Luxembourg District Court, sitting in commercial matters, confirmed by judgment of 9 March 2018 the suspension of payments for ABLV Bank Luxembourg S.A. in force since 19 February 2018<sup>5</sup>. New administrators for ABLV Bank Luxembourg S.A. were appointed by this judgment in order to control the management of the bank's assets.

In the context of the pay-out event, ABLV Bank Luxembourg S.A. has the responsibility to transmit to the FGDL all the information required for the calculation of the reimbursement, including the eligible depositor's contact data, without the depositor having to intervene. On 29 February 2018, each eligible depositor received an information letter accompanied by a form in order to provide the FGDL with the details of a new bank account for reimbursement. Depositors were instructed to return the completed and signed form to the FGDL. Cross-border cooperation between the FGDL and other Deposit Guarantee Schemes is not of concern as there were no branches established by ABLV Bank Luxembourg S.A. in other countries at the date of the determination of the unavailability of deposits.

### **Pay-out arrangements**

The FGDL initiated the pay-out procedure after seven working days following the determination of the unavailability of deposits by the CSSF on 24 February 2018. In accordance with Article 176(3) of the Law of 2015, the FGDL shall make the reimbursement of covered deposits by bank transfer in euros, provided that the depositor has communicated a new account number to the FGDL and that the entitlement to the reimbursement has been established. At the date of this notice the repayment process is ongoing. The amount of covered deposits as reported by the bank is less than EUR 14 million.

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Luxembourg, 27 March 2018

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<sup>3</sup> [http://www.cssf.lu/fileadmin/files/Publications/Communiqués/Communiqués\\_2018/FGDL\\_PR1801\\_ABLV\\_BANK\\_250218.pdf](http://www.cssf.lu/fileadmin/files/Publications/Communiqués/Communiqués_2018/FGDL_PR1801_ABLV_BANK_250218.pdf)

<sup>4</sup> <https://srb.europa.eu/en/node/495>

<sup>5</sup> [http://www.cssf.lu/fileadmin/files/Publications/Communiqués/Communiqués\\_2018/PR1809\\_ABLV\\_administrators\\_090318.pdf](http://www.cssf.lu/fileadmin/files/Publications/Communiqués/Communiqués_2018/PR1809_ABLV_administrators_090318.pdf)