Association des Banques et Banquiers, Luxembourg
The Luxembourg Bankers' Association
Luxemburger Bankenvereinigung

2019 ANNUAL REPORT

Table of Contents

Foreword from our Chairman

Much of this Annual Report was written before the COVID-19 pandemic reached Europe. Looking back to 2019, we now see the year with very different eyes: a year when we could meet colleagues in person, travel freely, and visit our friends and family whenever we liked. And now we must look ahead to a very different 2020 to the one we had planned.

Nevertheless, as this report demonstrates, 2019 was a busy year, not least for the financial sector. When I took on the mandate of Chairman of the ABBL in April 2018, I had a clear vision of what I wanted to achieve. Areas of focus for the association lie in four key areas: sustainable finance, digital transformation; financial education; and supervision and compliance, all of which underpin my personal preoccupation with protecting the reputation of the banking sector.

Sustainable finance offers a considerable potential for our financial centre and the ABBL will continue to build on our existing activities, fostering strategic public-private partnerships in the field, and investing in education at all levels.

Digital transformation is no longer news, but I think that the last few months have revealed exactly how important technology is for our customers and for our business. It has been, and will continue to be, a concern of utmost importance to us to safeguard the integrity of the financial system. To protect customers, we will continue to raise our voice to make sure digital change takes place in secure and fair conditions. New players, payment systems and infrastructures must be supervised and regulated in the same way that established financial institutions are, in order to maintain a level playing field and to ensure that customers benefit from fair competition.

Financial education is a vast topic, and one where we are particularly active. The ABBL works tirelessly to promote applied research in the fields of economy and finance through a reinforced dialogue with the University of Luxembourg, the CSSF, the House of Training and the Chamber of Commerce, as well as the Ministry of Education and our local schools and colleges.

We want to see that all financial service providers and products are adequately regulated and consistently supervised. We provide our members with the intelligence, resources and services they need in order to operate in a dynamic financial market and in an increasingly complex regulatory environment. We also facilitate an open platform to discuss key industry issues and to define common positions for the entire sector.

The banking sector plays such an important role in the economy, and our recent actions to support businesses and help them navigate the current economic difficulties demonstrate our shared responsibility and willingness to step up. Short-term measures are helpful, but now it is time to start thinking long-term, adapting to a new way of working, and planning ahead to ensure growth for future generations. I believe that the ABBL is the perfect platform to enable us to work together and come out of this crisis stronger than ever.

Guy Hoffmann, Chairman of the ABBL

“The ABBL is as relevant now as it was when it was founded in 1939”

Guy Hoffmann, Chairman of the ABBL

Introduction from the CEO

The ABBL celebrated 80 years of existence in 2019. Since 1939, we have been representing the banking sector, and we continue to go from strength to strength. Today, almost 40 employees work hard to support over 150 member organisations, giving a single voice to a diverse group with multiple viewpoints and agendas.

This diversity is one of our main challenges, and like all representative organisations, we must take care to remain relevant and change with the times. Luxembourg has been successful as a financial centre because of its ability to anticipate and to adapt, and this is mirrored in our association.

As we look towards 2020, we are even more determined to put our members' interests firmly at the forefront of our activities. We have made some internal changes to our organisation, to reflect what we see as the future of the financial sector, namely sustainability and digitalisation, underpinned by a group of experts in regulatory affairs, at both local and European level, with a strength and breadth of expertise that is second to none.

We aim to remain focused on the most important topics which matter to our members, and which will have the greatest impact on their business in the years to come, and we will devote our time and effort, together with our members to achieve this.

Our priorities remain:

Shaping and representing the voice of our industry

We will give our industry one voice and ensure that this voice is heard at every level, while, at the same time, shaping the narrative and maintaining a coherent message.

Fostering collaboration with and amongst our members

We will continue to serve as a forum for discussion, debate and the exchange of knowledge on issues and projects that are common to our members.

Providing industry and regulatory expertise

We will keep abreast of developments and trends and will deliver analysis and positions on a wide range of topics that are important to our industry.

Offering research, thought leadership and financial education

We will conduct surveys amongst our members, deliver opinion papers and comments on future trends, ensure the development of vocational training for our members and future talents of our sector and will foster financial literacy as part of our responsibility towards society.

Collaborating with other economic actors and relevant authorities

We will continue to deal with our partners and peers in an open and transparent spirit, working together to achieve the common goal of safeguarding the stability and competitiveness of the financial sector in Luxembourg.

Representing members for the purpose of collective employment relations

We will continue to represent our members in the social dialogue, always with the goal of making Luxembourg a great place to work and a great place to conduct business, now and in the future.

The aftermath of the COVID-19 pandemic will occupy everyone in the coming months, and the financial sector has a critical role to play. I believe that we have the strength and the willingness in the industry to drive the economy, to adapt to the new normal, and to provide all the support that will be required to ensure that good businesses continue to be successful, and that Luxembourg remains a key financial sector with an excellent reputation.

Yves Maas, CEO

“The banking sector must show resilience, working together to help the economy surmount the COVID-19 crisis”

Yves Maas, Chief Executive Officer

About the ABBL

Established in 1939, the Luxembourg Bankers' Association is the oldest and largest professional association in the financial sector, representing the majority of financial institutions as well as regulated financial intermediaries and other professionals in Luxembourg, including law firms, consultancies, auditors, market infrastructures, electronic-money and payment institutions. This makes us truly representative of the diversity of the Luxembourg financial centre, placing us in a unique position, able to give the entire sector a voice at both national and international level.

We provide our members with the intelligence, resources and services they need in order to operate in a dynamic financial market and in an increasingly complex regulatory environment. We also facilitate an open platform to discuss key industry issues and to define common positions for the entire sector.

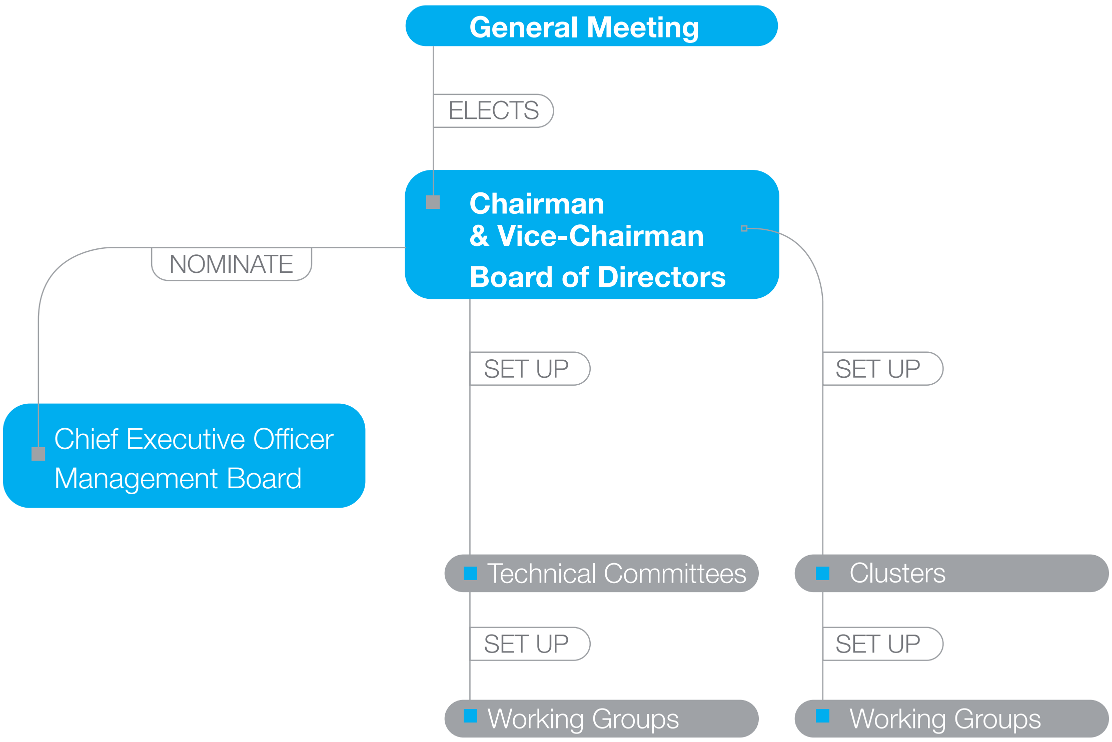
We are organised around four main pillars, dedicated to the banking sector of today and of the future: Sustainability & Conduct, Digital & Innovation, Member Relations and Regulatory Affairs. With this structure, we facilitate a transversal approach, with our Member Relations team acting as the interface between the ABBL experts and ABBL members, ensuring that efforts are always focused on issues that have the biggest impact on the sector, today and tomorrow.

The ABBL is also part of a much larger eco system, and we work closely with partner associations in the wider economic environment, as well as national and international bodies and committees, including the *Haut Comité de la Place Financière (HCPF)*, the Luxembourg Financial Supervisory Authority (CSSF), the Luxembourg Central Bank (BCL), the Luxembourg Employers' Federation (UEL), the Luxembourg Stock Exchange, the Economic and Social Council, the European Banking Federation (EBF), the European Covered Bond Council and the European Payments Council (EPC).

In order to ensure close monitoring of EU regulatory developments, and to support our sectors' EU lobbying efforts, we have a Representative Office in Brussels, where our European Affairs team closely follows regulatory developments, interacts with policy makers and represents the interests of ABBL members in Brussels.

> *"Our collective ambition, for and on behalf of our members, is to promote the sustainable development of regulated, innovative and responsible banking services in Luxembourg"*

Governance



Members, Clusters, Committees, Events

The ABBL is made up of over 150 member organisations, (banks, PSFs and ancilliary service providers). To serve the varied interests and priorities of such a wide range of members, the ABBL is organised around business lines, via its Clusters, of which there are currently 9, and around areas of expertise via its Technical Committees, of which there are currently 10.

Clusters and Committees are made up of senior specialists from the member organisations, and meet regularly throughout the year to discuss topical matters relevant to their industry segment or area of competence. The aim is to have a broad range of expertise and contributions to the subject at hand, and to encourage sharing of knowledge, ideas and opinions transversally within the ABBL and with all members.

The Clusters and Committees are able to create cross-functional Working Groups on ad hoc topics which require specific research or actions. In 2019, around 2,200 individuals devoted their time and expertise to these different bodies.

The Clusters and Committees organise events, either on behalf of their respective body, or together with partners from the membership or outside the ABBL, such as the CSSF or other industry associations. In 2019, 25 such events were held, ranging from small technical workshops on very specific topics impacting our members, to major industry conferences attracting expert audiences. Our events are aimed at supporting our members in a constantly evolving environment.

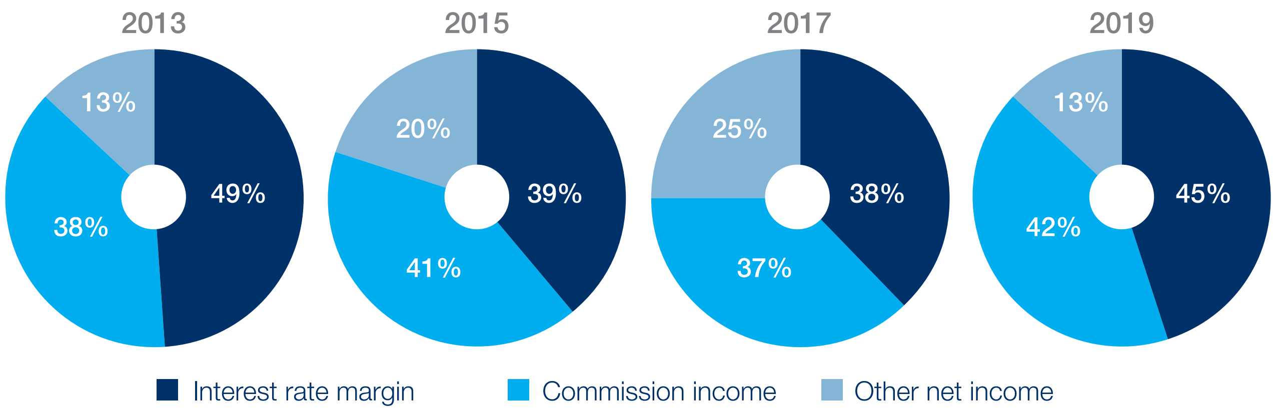
Financial Sector Facts & Figures

Banks in Luxembourg by country of origin

Europe	Total	Rest of world
80	**127**	**47**
Andorra	2	
Belgium	2	
	3	Brazil
	1	Canada
	14	China
Cyprus	1	
Denmark	1	
Finland	1	
France	14	
Germany	24	
Greece	1	
Ireland	2	
	1	Israel
Italy	5	
	6	Japan
Jersey	2	
Liechtenstein	1	
Luxembourg	8	
Netherlands	2	
Norway	2	
Portugal	2	
	2	Qatar
	2	Russia
Spain	3	
Sweden	4	
	13	Switzerland
United Kingdom	3	
	5	United States of America

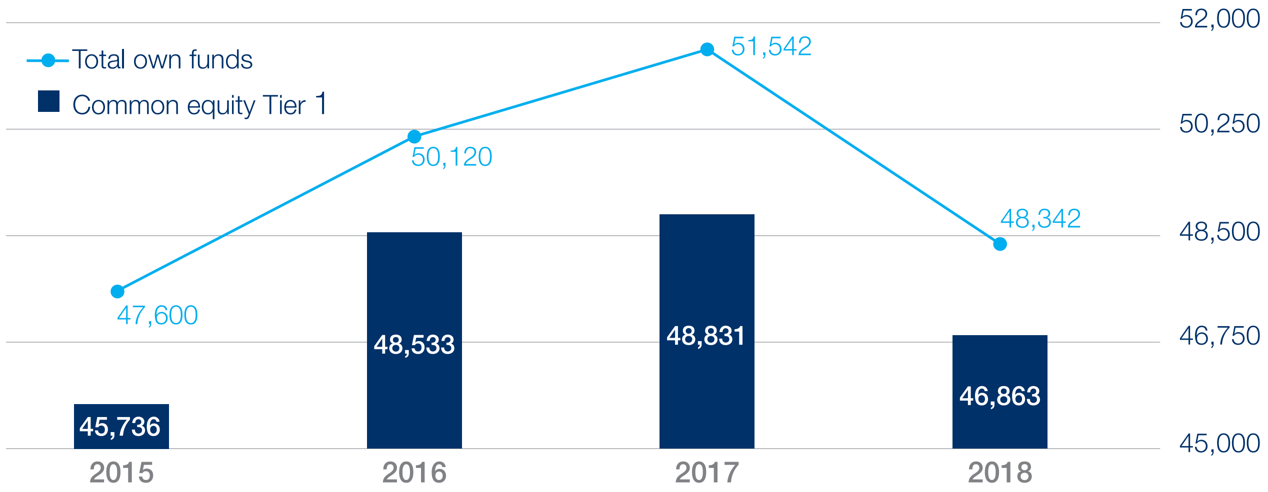
Source: CSSF, as at 31.12.2019

Sources of banking income



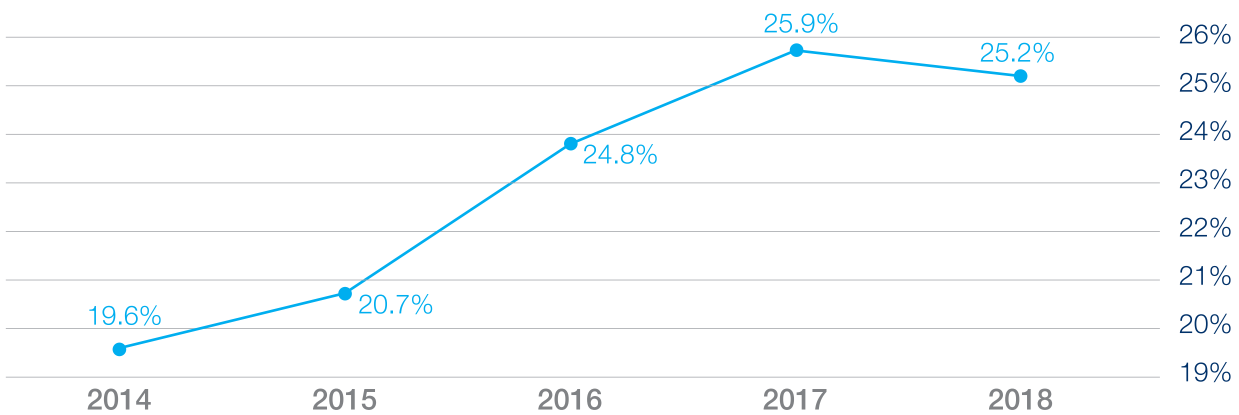
Source: CSSF

Own funds (of which Tier 1) in million EUR



Source: CSSF

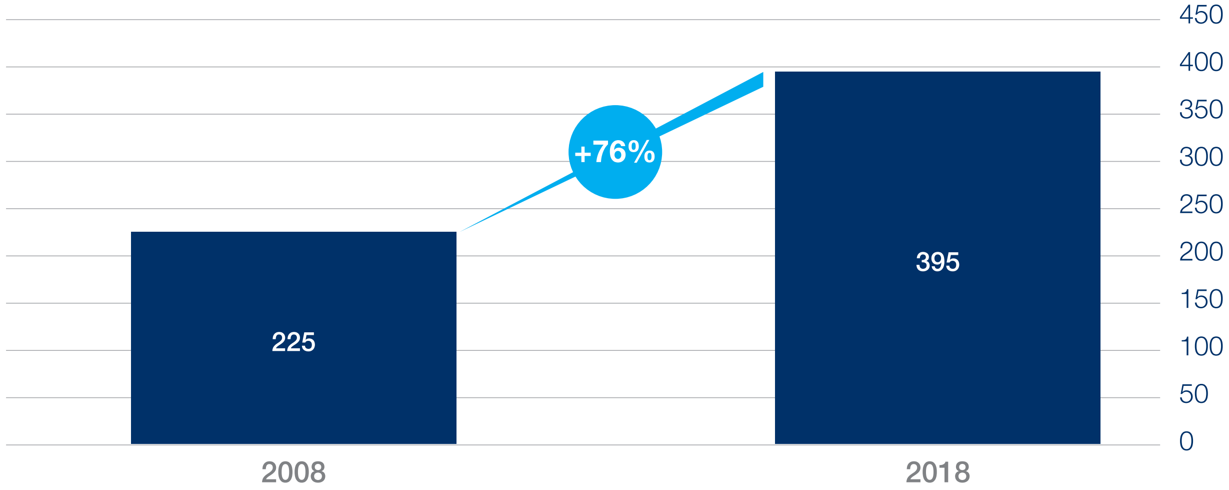
Solvency ratio



Source: CSSF

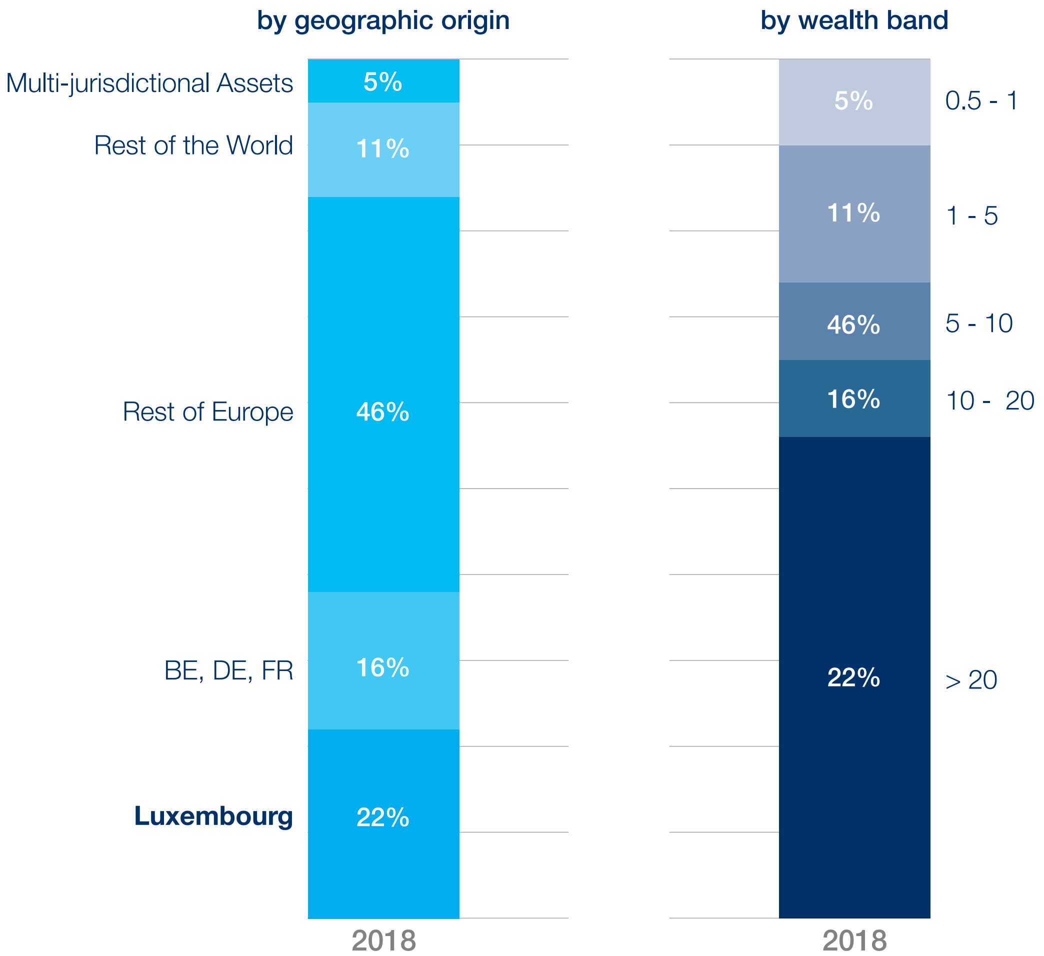
Private Banking

Assets under management in billion EUR



Source: CSSF

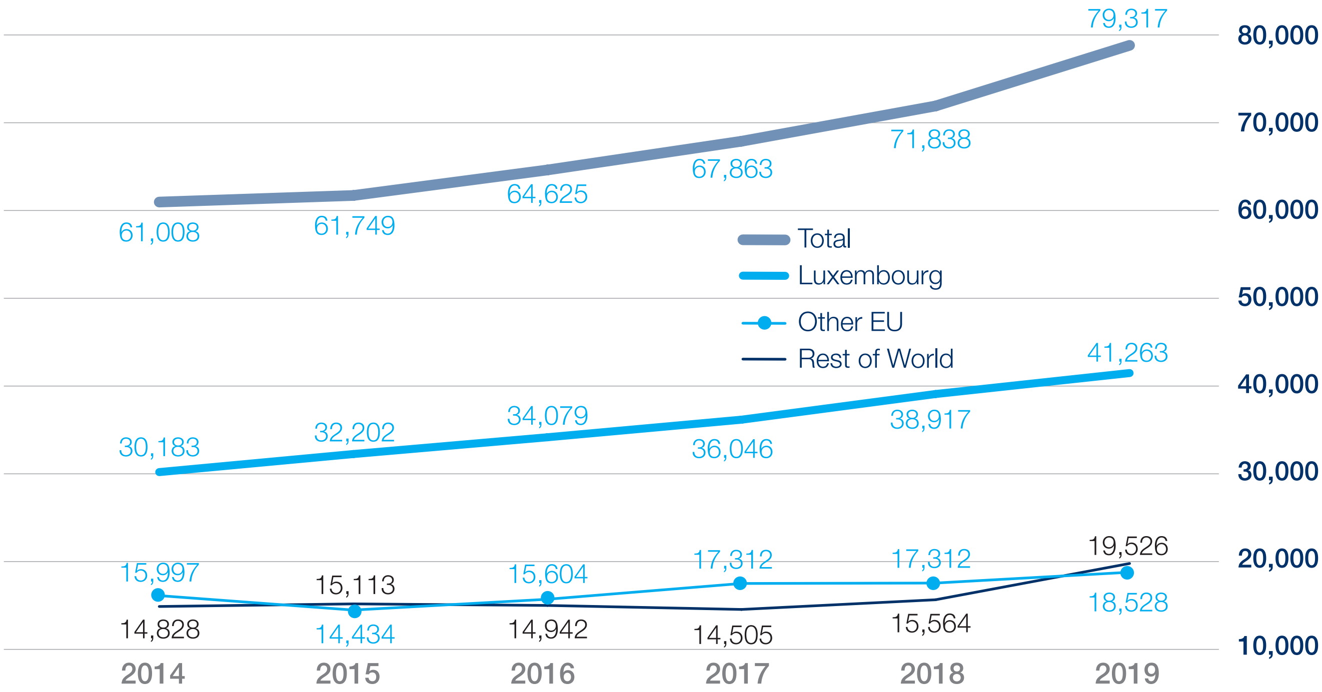
Client segments & geographic origin of assets in million EUR



Source CSSF / ABBL Private Banking Survey 2018

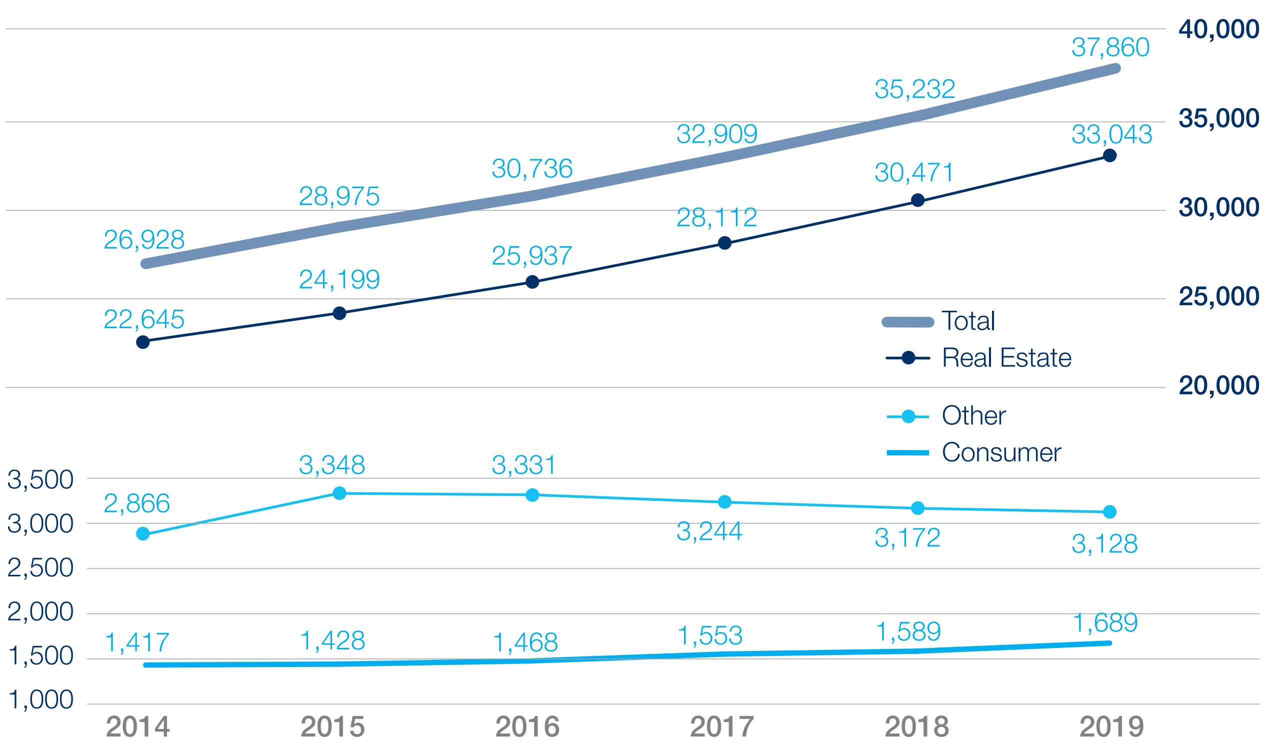
Retail Banking

Household deposits in million EUR



Source: BCL

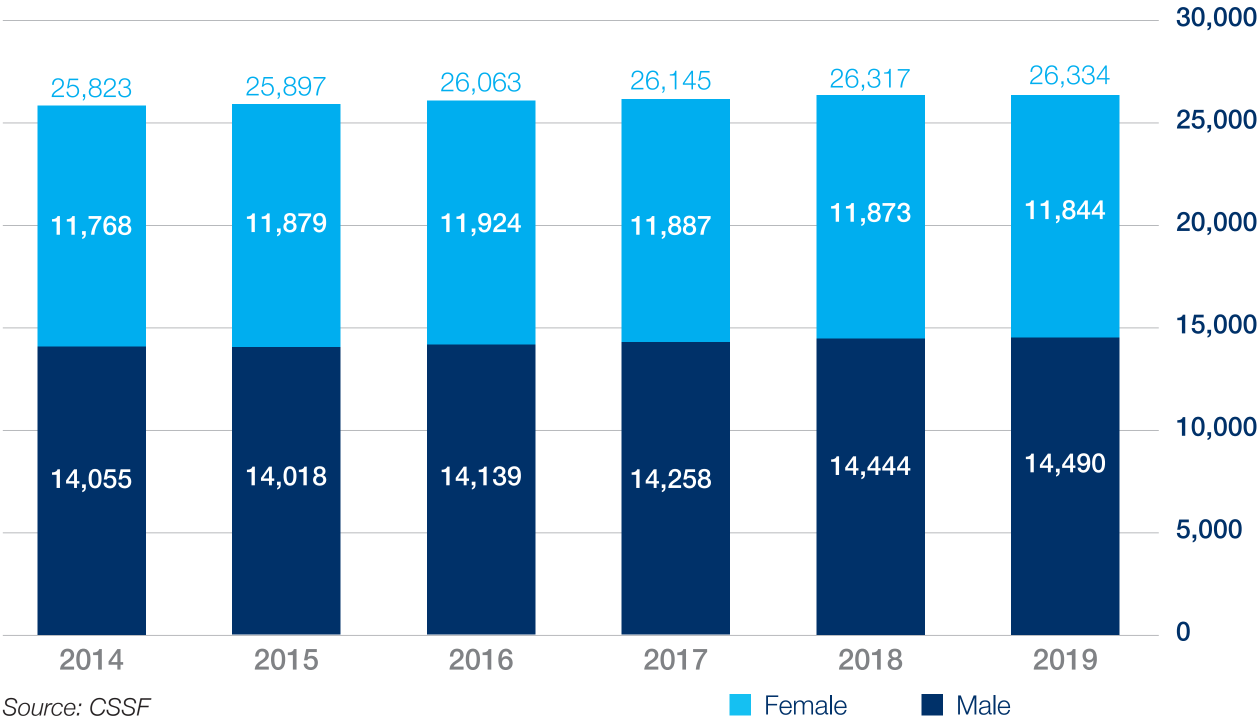
Household loans in million EUR



Source: BCL

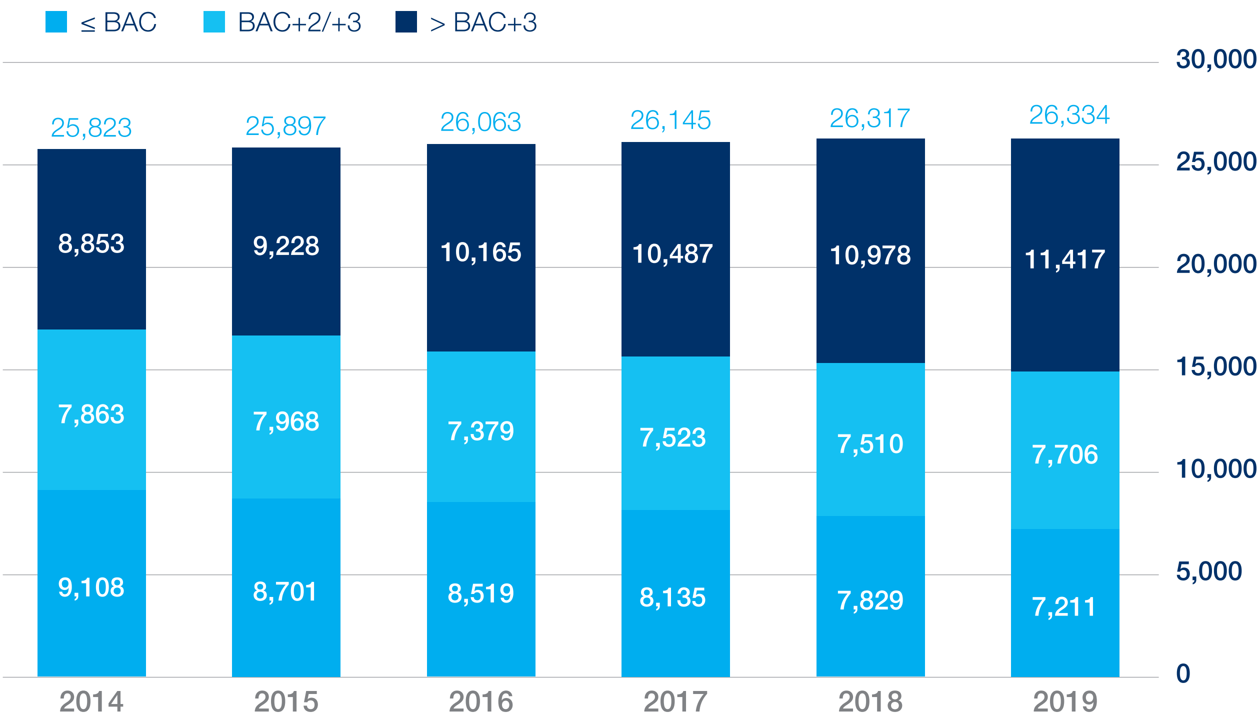
Employment

Total employment (by gender)



Source: CSSF

Total employment (by education level)



Source: CSSF

Sustainability & Conduct

As part of the transformation of the ABBL, launched at the end of 2019, and being rolled out during 2020, topics relating to responsible finance and ethical conduct were grouped together under the umbrella of Sustainability & Conduct.

This newly created unit looks at the role of the sector in upholding the highest standards and safeguarding the hard-won reputation of Luxembourg as an irreproachable financial centre. The team includes the Professional Obligations Committee, which handles all aspects of anti-money laundering and countering terrorist financing laws, directives and regulations and provides guidance for the implementation of said regulations; the Social Affairs Committee deals with all aspects of labour law, and looks at employment issues and trends in the sector. Application of ethical standards and the application of a responsible finance framework are dealt with by a team working on Sustainable Finance matters. The unit also houses the Financial Education section of the ABBL, which, in close collaboration with the *Fondation ABBL pour l'éducation financière* and other education bodies in Luxembourg, works on the development of adequate training in financial literacy in schools, colleges, higher education as well as companies and life-long learning organisations.

Grouping these areas together fosters an holistic view of the growing area of business ethics, social responsibility and reputational risk, with the ultimate aim of being able to provide input to each section of our membership on these topics, adapted to their particular needs and specificities.

Sustainable Finance

On 16 January 2019, the ABBL Board of Directors unanimously approved the association's endorsement of the UNEP FI Principles for responsible banking.

The United Nations Environment Programme – Finance Initiative (UNEP FI) is a partnership between the United Nations Environment and the global financial sector created in the wake of the 1992 Rio Earth Summit with a mission to promote sustainable finance. The ABBL is one of the first banking associations to endorse the 6 UNEP FI principles for responsible banking.

As endorser, the ABBL aspires to align its business strategy with the UN Sustainable Development Goals thereby demonstrating its commitment to a more sustainable banking system.

A dedicated working group on sustainable finance was set up in 2018, in order to address this very wide topic in a centralised forum, looking particularly at the regulatory framework, education, market analysis and clients' needs.

During 2019, particular efforts were devoted to market analysis, where a survey was conducted together with PWC entitled "Feel the pulse of banking CEOs", focused on attitudes towards responsible finance and plans for sustainable products and services.

On the education front, together with the House of Training and Forethix, the ABBL created a foundation course in sustainable finance, which was successfully launched during the year. The module can be completed as a stand alone, and will soon be complemented by advanced modules.

ABBL Advisers: **Prune Delvalle, Fabienne Lang**

Professional Obligations

The Professional Obligations Committee handles topics related to the prevention of the use of the financial system for the purposes of money laundering or terrorist financing. The international nature of the Luxembourg banking sector means that products, service and activities offered by financial institutions are inherently cross-border in character, demanding a high level of vigilance in the area of combatting abuse.

The Committee has several Working Groups dealing with specific topics, and provides information to the Compliance Forum and the Data Protection Forum.

In 2019, the ABBL issued a comprehensive handbook on anti-money laundering and combating the financing of terrorism in digital form, published exclusively for members, via the ABBL MemberNet. The aim of the handbook, created with the contribution of over 50 industry experts, is to enable compliance officers throughout the sector to uniformly apply AML/CFT obligations, with the help of links to all the relevant regulations, directives, guidelines and circulars, supported by case studies and best practice examples. The Ministry of Finance, the Ministry of Justice, the Financial Intelligence Unit as well as the General Prosecutor and the CSSF all acknowledge the quality and merits of this tool.

Other activities during 2019 included participation in the CSSF anti-money laundering committee, where essential amendments were made to the core CSSF circular 19/732 clarifying the identification and verification of the Ultimate Beneficial Owner(s) for due diligence purposes.

We worked closely with the Luxembourg Business Register, the Ministry of Justice and the Ministry of Finance on, amongst others, the explanatory guide on declaring BOs, draft laws transposing the 4th and 5th anti-money laundering Directives. These tasks have at their core practical and textual clarifications to help members implement laws and regulations efficiently.

Looking ahead to 2020, preparation of the FATF mutual assessment of Luxembourg will be a key priority. A dedicated WG has been created to update and maintain the AML Handbook, and the Committee will continue to work on both EU and Luxembourg regulatory matters pertaining to AML/CFT. These include:

- Transposition of AMLD V (bank/payment accounts registry, trust register)
- Asset management and recovery office for criminal seizures
- CSSF regulation 12-02 overhaul
- Review of the AML/CFT EU supervisory architecture
- EU public consultation on a regulatory framework for crypto-assets

The Professional Obligations Committee sees the increased pace of AML/CFT rules stemming from the European Commission as particular challenges for the sector, and will continue to work towards practical outcomes for its members.

Chair: **Tim Geyens** (Pictet & Cie),
Vice-Chair: **Nancy Carabin** (Quintet Private Bank),
ABBL Adviser: **Julien Leroy**

"The role of banks is to help shape the future, and the ABBL is committed to a positive contribution to our environment, economy and society. We have therefore endorsed UNEP FI principles, paving the way for a sustainable banking system of the future"

Guy Hoffmann, Chairman of the ABBL

Social Affairs

As an employers' association, one of the key roles of the ABBL is to assist our members in all social and labour matters. We represent the financial sector in the Tripartite, the Luxembourg Economic and Social Council (CES), the Luxembourg social security institutions and in the Luxembourg Employers' Federation (UEL).

During 2019, the Social Affairs Committee provided guidelines for the implementation of the 2019 collective bargaining agreement, particularly with regard to new classification of roles applicable from January 2020. The Committee works on social elections, and conducts an annual study of the employment market. Draft laws concerning statutory leave, supplementary holidays and internships *(stages)* were monitored, as well as the CRD5 directive on remuneration policy.

Looking ahead to 2020, the Social Affairs Committee will continue to monitor legal and regulatory developments affecting employment, guiding ABBL members and providing support with the interpretation and implementation of laws related to labour matters.

Chair: **Florence Navarro** (Banque de Luxembourg),
Vice-Chair: **Stéphane Leydet** (Pictet & Cie),
ABBL Adviser: **Cristelle Cervellati-Bretnacher**.

Financial Education

Financial literacy is a fundamental skill for everyone. The ABBL recognises that better financial education is good for the financial sector and good for society and the economy as a whole. We also recognise our responsibility as the banking and bankers' association to actively promote financial literacy across a wide audience, from school age children, young adults and vulnerable members of society as well as to professionals in our sector. We work with actors from all sectors to support and develop a whole range of activities throughout the year, and are active in many activities in different areas.

The *Fondation ABBL pour l'éducation financière* is specifically mandated to provide leadership and financing in the areas of training, education and research in cooperation with organisations such as the University of Luxembourg, the Chamber of Commerce, the House of Training and the Ministry of Education.

Young people

For the fifth consecutive year, the "Woch vun de Suen" organised by the *Fondation ABBL pour l'éducation financière*, with the support of the Chamber of Commerce, was held in March 2019.

The "Woch vun de Suen" aims to teach pupils in the 4th cycle of Luxembourg primary schools (pupils aged 10 to 12) the basic rules of responsible money management, skills which will serve them throughout their life.

During the educational activities provided in the classroom in an age-appropriate way, the initiative's volunteers (members, employees of our association and representatives from the CSSF) guide pupils to make informed purchasing decisions by explaining basic financial concepts such as saving up for a purchase, deciding what to spend and what to save, how to set short and long term goals and how to reach them.

The 2019 edition of "Woch vun de Suen" reached 1,102 children thanks to the commitment of 80 volunteers. The initiative is supported by the Ministry of National Education, Children and Youth, as well as the Ministry of Finance.

"Vulnerable" adults

In September 2019, a pilot project, the "Zuumer Academy", dedicated to financial education for adults was initiated thanks to the commitment of ABBL employees, on behalf of the ABBL Foundation. This initiative is a continuation of the Foundation's commitment to financial literacy by promoting the social inclusion of socially vulnerable people.

The project was selected by the Luxembourg Ministry of Family Affairs, Integration and the Greater Region as part of its national action plan in collaboration with the former entity called OLAI (now ONA - Office National de l'Accueil).

The aim of the Zuumer Academy is to provide financial education courses, given by committed volunteers, through 8 modules set up specifically for this purpose (e.g. "my bank", "my account", "using different payment methods", "managing my budget") to help participants manage their personal finances confidently and understand the relationship with their bank.

12 people have already benefited from these training courses, which have been validated by a certificate and which will allow them to progress in their integration process.

This project was positively received by the participants and all the involved partners. The ABBL Foundation therefore decided to continue this project in 2020, with our employees and also with volunteers of ABBL members.

ABCs of Financial Education

To support the efforts of the Zuumer Academy, teaching materials were developed to support the students, and a new series of publications was launched. The firsts ABCs of financial education were released in parallel to the academy and further editions will be published in 2020.

Lëtzfin

In order to strengthen consumer protection through financial education tools, the CSSF launched its first digital tools to promote financial education in Luxembourg in November 2019 with the support of the *Fondation ABBL pour l'éducation financière*.

The tools have been developed in collaboration with the Committee for the Protection of Financial Consumers, where our association is an active member.

In 2020, we will build on the success of these initiatives, with the aim of increasing the number of people able to benefit from the various programmes.

ABBL Adviser: **Jessica Thyrion**

Digital & Innovation

The adoption of disruptive technologies and Fintech innovation is of high importance for the future of banks and other incumbents of the financial sector. The ABBL believes in the ever-growing importance of technology and its innovative use in making financial institutions in Luxembourg more customer-centric, technologically advanced, data-driven, and highly competitive by adopting new business models and technologies.

Digital Banking and Fintech Innovation

The Digital Banking and Fintech Innovation Cluster's main objective is to support ABBL's members in achieving digital transformation of their business.

For 2019, the Cluster agreed three main priorities: to disseminate knowledge, to cooperate with regulators and to be an impactful actor in the Fintech ecosystem.

The Cluster has organised multiple conferences and workshops, on topics such as cloud computing, regulatory reporting, distributed ledger technology as well as other digital banking and Fintech topics. The Cluster has also significantly increased the ABBL MemberNet database with relevant white papers, reports and survey useful to ABBL members, and publishes a weekly Global Fintech Briefing. The Cluster also reviewed and extended the Digital Banking training courses provided by the House of Training.

Working Groups on cloud computing, distributed ledger technology and stablecoins (together with the Payments Cluster) are dedicated to monitoring trends and representing ABBL members in these areas. The group also contribute to Fintech working groups of the *Haut Comité de la Place Financière* (HCPF).

The Cluster brings together members with various research bodies in Luxembourg, and during the year conducted:

- Feasibility study on setting up a Luxembourg Regulatory Reporting Hub
- Research project "Application of Distributed Ledger Technology to KYC Processes" (jointly with the SnT – Interdisciplinary Centre for Security, Reliability and Trust of the University of Luxembourg and interested ABBL members)
- Launch of a research project "Trustworthy Artificial Intelligence for instant AML due diligence" (jointly with the SnT and interested ABBL members)

The DBFI Cluster's main focus in 2020 will be on improving the way ABBL communicates with its members, reinforcing the value offer of ABBL's MemberNet, connecting ABBL members with digital banking and Fintech solution providers, continuation of lobbying actions at national and European levels and launching innovative projects in the interest of ABBL members.

Publications: **Cloud outsourcing adoption in Luxembourg's financial sector** (survey); **Mutualisation of business functions in Luxembourg's financial sector** (survey).

Chair: **Jean Hilger** (Spuerkeess),
Vice-Chairs: **Jean Diederich** (Wavestone),
Raoul Mulheims (Finologee),
ABBL Adviser: **Andrey Martovoy**.

Payments

The Payments Cluster aims to be the Luxembourg payments market's voice and a partner of choice for the stakeholders in the payments domain. The Cluster helps ABBL members to address current and future challenges as well as to seize opportunities by ensuring an appropriate level of technology and regulatory watch. This is achieved by monitoring the supply as well as demand sides of the payments business and by studying possible impacts of identified changes on the payments business.

The Cluster contributes to making Luxembourg an international centre of excellence for payments by setting up and supporting an innovative payments eco-system and helping attract regulated payment service providers (i.e. banks, payment institutions, electronic money institutions, etc.) as well as payments related support service providers (i.e. law firms, consultants, technology providers) to the Luxembourg financial sector.

The Payments Cluster represents the Luxembourg payments eco-system in relevant national, European and international associations, organisations and working bodies. The Cluster contributes to the development and maintenance of the SEPA payments schemes and provides through the ABBL secretariat, the SEPA national adherence support services to interested payment service providers.

During 2019, the Cluster prioritised:

- PSD2/RTS implementation and compliance of LuxTrust solutions
- Within the framework of the ABBL, positions around PSD2 and RTS have been defined and shared with the CSSF
- An SCT based Instant Payments Roll-Out Task Force was created, whose task was to examine technical, operational and regulatory issues linked to the providing of instant payment services

The Payments Cluster is committed to being an ambitious, internationally-visible platform, and to foster Luxembourg as an international payments hub and as a leading financial centre for innovative payments.

Payments is now a strategic matter for Europe not least for geopolitical and economic reasons. In line with this mindset, the European Commission tries to speed up the development of pan-European instant payment solutions in euro (regulatory pressure may be expected in the near future in addition to the current political pressure).

The ECB fully supports market-based initiatives that are working towards such a pan-European payment solution for point-of-sale and online payments.

In this spirit, a new such pan-European payment initiative is probably emerging (e.g. PEPS-I), which Luxembourg must participate in.

Major changes are planned for the next 2 years with the migration of market infrastructures (TARGET2 (T2), EURO1, STEP1) and new market practices (e.g. migration from SWIFT MT to ISO20022 messages.)

New technologies (DLT, IoT, Tokenisation, AI, APIs, CBDC) and new regulations are transforming the payments ecosystem and boosting competition in the European market.

Customers need a seamless payment experience that must be balanced against security and risks.

Chair: **Claire Alexandre** (PayPal),
Vice-Chairs: **Alexandre Havard** (Deloitte),
Serge Wagener (Spuerkeess),
ABBL Adviser: **Antoine van den Bulcke**.

Trust & Cybersecurity

The Trust & Cybersecurity Committee has three broad objectives:

- Facilitate the exchange of information, in a confidential and trusted environment, concerning threats, vulnerabilities and incidents of Cyber-attacks on financial services
- Support ABBL members to implement technical solutions and operational processes in the domain of trust and cybersecurity and to be compliant with international standards and requirements
- Decide on common actions, when appropriate, following threats or attacks discovered and coordinate the execution of such actions

During 2019, the Committee worked to develop the following 3 dimensions:

- Collaboration (Work together within our committee)
- Cooperation (Work together with third parties)
- Representation (Speak with one voice & single point of contact)

Particular achievements for the Committee were:

- Information sharing on cyber threats and incidents
- Implementation of an advance notification solution (Finalert) to receive and send cyber alerts
- Implementation of an ABBL Malware Information Sharing Platform (MISP)
- Identifying the barriers and the maturity level of ICT Risk Management of the community in order to enhance the management of Cyber Risks.

Cybersecurity is more than ever vital for all organisations of any size. Their reputation can be greatly affected, in addition to significant financial losses. Motives for a cyber-attack are multiple (financial gain, data theft, reputation damage etc.) and the means of cyber-attacks are more accessible even for “amateurs”.

Cybersecurity is not only an IT matter; it should be a strategic business priority taking into account people, processes, and technologies.

In 2020, the Committee will continue with the work already done, with particular focus on:

- Identify how the TCS committee can assist ABBL members in managing Cyber Risks.
- Implement an ABBL Malware Information Sharing Platform
- Information sharing on cyber threats and incidents
- Information sharing on technical solutions, processes and other relevant cyber related topics to better address cyber risks & attacks.

Chair: **Lars Weber** (Spuerkeess),
Vice-Chair: **Thomas Koch** (EY),
ABBL Adviser: **Antoine van den Bulcke**.

Member Relations

As part of the transformation of the ABBL and in order to enable us to effectively help and support our members in their strategic needs, challenges and expectations, the Member Relations unit was recently created.

The Member Relations unit is the main interface between members and ABBL experts, ensuring that efforts are always focused on issues that have the biggest impact on the sector, today and tomorrow for our members.

The Member Relations unit oversees the organisational aspects of the ABBL Banking Clusters, which represent the main business lines of the Luxembourg financial sector and thus channel the common issues and challenges of each area to the legal, regulatory and technical specialisations of the three other units of the ABBL. The ABBL Banking Clusters help identifying common issues and challenges, providing a holistic view of the market.

The Member Relations unit also manages a range of conferences and expert events for and on behalf of members, to support them in a constantly evolving environment and to foster collaboration with, and amongst, our membership.

The Member Relations unit also promotes the ABBL to the Luxembourg financial sector's actors and facilitates the on-boarding of new members, offering them an effective integration into the Luxembourg banking and financial community.

Retail Banking

The Retail Banking Cluster aims to defend the professional interests of ABBL members active in retail banking, and to foster an exchange of ideas on a range of topics relevant to the sector.

In particular, the Cluster works hard to ensure that any proposed legislation will really create benefit for the consumer, either through better protection, wider choice, or increased competition to improve the quality of banking products and services.

During 2019, the Cluster prioritised:

- Proposed directive on collective redress
- EU eco-label for financial products
- EC review of directive on consumer credit, payment accounts and mortgage loans
- EBA Guidelines on loan origination and monitoring

The Cluster also performed a Retail Banking Survey, together with the CSSF, which collates data on the sector, providing insight into issues and trends in retail banking, and ensuring a factual analysis of data affecting consumers, such as the digitalisation of banking services. The survey will be completed on an annual basis, with almost all retail banks participating, thus providing representative data.

The topics of collective redress, EU eco-loabelling and consumer credit, payment accounts and mortgage loans will continue to occupy the Retail Banking Cluster in 2020, although it is clear that the role of retail banks in particular in the stability of the economy post-COVID-19 will take top priority.

The continuing digitalisation of financial services will most certainly occupy the Cluster in 2020. It is clear that the need to continue with the level-playing field mantra of "same services, same rules, same supervision" is indispensable to guarantee the same level of protection for consumers and to ensure fair competition between new and existing banking service providers.

Chair: **Colette Dierick** (ING),
Vice-Chair: **Claude Hirtzig** (Spuerkeess),
ABBL Adviser: **Simone Kayser**.

Private Banking

The Private Banking Group brings together members of the ABBL who are active in private banking in order to represent the specific interests of this business line and define the initiatives and actions to be taken in the interest, and for the defence and promotion, of the activities of operators in private banking.

Priorities in 2019 were to:

- Enhance the qualifications and professionalism of members active in private banking by promoting standards, practices and ethical norms
- Link with relevant actors that may support its goals inside and outside of Luxembourg
- Develop training appropriate for the profession

The Cluster strives to promote private banking industry positions on key banking developments and issues within Luxembourg and internationally, such as client privacy, international mobility for clients and the future of private banking in a fast-changing market and regulatory environment, and will continue to do so in 2020.

Chair: **Pierre Etienne** (Pictet & Cie),
Vice-Chairs: **François Dacquin** (BGL BNP Paribas), **Sandrine de Vuyst** (ING),
ABBL Adviser: **Fabio Mandorino**.

Corporate & Commercial Banking

In Luxembourg, banks and other financial market intermediaries play an essential role in the international corporate and wholesale markets. The Grand Duchy is a prime location for Eurobonds and international loans. Financing of all types is available, including acquisition finance, project finance and green loans.

This area of banking is served by the Corporate Finance, Capital Markets and Cash Management Cluster, CCube for short.

- Corporate Finance (also including ESG finance and loan agency), where the focus is on risk and maturity transformation, multipartite intermediation, governance and safeguards
- Capital Markets (also including covered and green bonds, and ESG investing), where the focus is on format conversion and fungibility, eligibility assessment, risk management (including hedging), and information intermediation
- Cash Management (also including payments and treasury), where the focus is on liquidity management and funding, liquidity and payment intermediation

In 2019 the CCube Cluster, in its continued transformation over the past 2 years, recognised the importance of trusted partnerships locally and abroad, allowing to harness strengths and abilities from different corners of the Luxembourg financial ecosystem. Such partnerships are key in solving complex challenges but also in identifying commercial opportunities and driving innovation.

As incubator and main sponsor of the ABBL working group dedicated to sustainable finance activities, the CCube Cluster played a pivotal role in the positioning of the Luxembourg Financial Centre as an international hub for sustainable finance and drove ESG momentum. CCube members were directly involved with and contribute to specific activities and initiatives, such as:

- Endorsement of the UNEPFI principles of Responsible Banking by the ABBL Board of Directors
- Establishment of a foundation certificate in sustainable finance in cooperation with House of Training (HoT)
- Contribution to the UNEP FI Luxembourg Sustainable Finance Roadmap
- ABBL sustainable finance market study: CEO Pulse Study 2019 (in cooperation with PwC)
- International Impact Banking Conference (in cooperation with PwC)

In parallel, ABBL and CCube members ensured consistent advocacy in relation to the intended harmonisation by the European Commission of covered bond activities across Europe.

Chair: **Frank Krings** (Deutsche Bank),
Vice-Chairs: **Damien Degros** (ING),
Thorsten Schmidt (NordLB),
ABBL Adviser: **Fabio Mandorino**.

Depositary Banking

The Depositary Banking Cluster fosters and defends the professional and strategic interests of members active in depositary banking and custody services, as well as developing policy and market guidelines for those industries.

The Cluster serves as the main reference point for interactions on depositary and custody activities with authorities. As such, the DBCL is, inter alia, represented in various working groups within the Luxembourg financial sector supervisory authority, Commission de Surveillance du Secteur Financier (CSSF) as well as the European Trust and Depositary Forum (ETDF).

The DBCL closely cooperates with the ABBL/ALFI Depositary Bank Forum (DBF), of which the DBCL is also a member. The DBF is a platform composed of ABBL and ALFI members specialising in custody and/or depositary activities. During 2019 the DBF held the presidency of the EDTF. The Cluster also works with the Institut des Réviseurs d'Entreprises (IRE) on guidelines regarding the end-of-year fund auditing process.

2019 highlights included the publication of several guidelines for depositary banking, development of training courses in cooperation with the House of Training, and publication of business intelligence and statistics for the depositary function in Luxembourg. The Cluster also actively lobbied for delegated regulations regarding the depositary function for UCITs and AIFs, and assisted members with the implementation of CSSF circular 18/697 on fund depositaries.

Looking ahead to 2020, further guidelines on assets not held in custody and look-through and control for depositaries will be published, and work will continue on monitoring regulatory developments, building a meaningful set of industry statistics and further education measures.

Depositary banks are facing an ever-increasing range of legal obligations as the rulebook continues to expand on topics such as due diligence on their sub-custody network, management of conflicts of interest, establishment of branches, qualification of assets, and adherence to safekeeping obligations. The platform offered by the ABBL DBCL is vital to share best practices and discuss the most pressing issues.

Publications: **Guidelines on the depositary function, Guidelines on assets held in custody**

Chair: **David Claus** (BNY Mellon),
Vice-Chairs: **Frédéric Perard** (BNP Paribas Securities Services), **Eric Guerrier** (Pictet & Cie),
ABBL Adviser: **Gilles Walers**.

Conferences & Expert Events

The ABBL organises a broad range of conferences and expert events throughout the year, together with partner organisations, members or on behalf of the various Clusters and Technical Committees of the ABBL. Events can be for 30 or 300 people, depending on the topic, the audience and the nature of the event - but always with the focus on attracting quality high-ranking speakers (policymakers, regulators, EU representatives, business leaders) to provide insights into relevant and topical subjects of interest to our members.

Conferences / Events held in 2019

- Trustworthy Artificial Intelligence in Banking: Opportunities, governance & control for and with AI applications
- The new Register of Beneficial Owners
- FATF Methodology: technical compliance and effectiveness of the AML/CFT systems
- DBCL Members Meeting
- Benchmarks Reform: The Transition to risk-free Rates and the Impact on the Luxembourg Financial Sector
- ABBL General Assembly
- Cloud Outsourcing Regulation: Updates and implications
- Instant Payments
- Payments Cluster Meeting
- ABBL Chairman's Dinner
- EMIR 360 – everything you need to know (in collaboration with Allen & Overy)
- What AML Framework for crypto? (with ABBL support)
- Luxembourg Financial Reporting Hub: Leveraging on the growing burden of compliance
- Second Annual ABBL & CSSF Compliance Conference
- Anti-money laundering and combating the financing of terrorism
- Cybersecurity Week Luxembourg: Cybersecurity for today & tomorrow (in collaboration with EY)
- LuxFLAG Sustainable Investment Week: ABBL & Forethix session on Education in Sustainable Finance
- The Second Shareholders' Rights Directive and its impacts for transparency and on investment mechanisms (in collaboration with Deloitte)
- Payments Cluster Meeting (in collaboration with the Luxembourg Central Bank)
- PBGL Annual Members' Meeting
- Distributed Ledger Technology Adoption (DBFI Cluster)
- ABBL / KPMG: FinTech Speed Dating
- ALMUS / SWIFT: CSP (with ABBL support)
- ABBL & ALRiM Risk Management Conference


Policies
Rules
Standards
Regulations
Compliance
Law

Regulatory Affairs

The regulatory landscape in the financial sector is complex and constantly changing. In order to operate in this sector, banks and financial institutions have to be able to shape regulatory change and to understand the implications for their business before the changes come into force. The ABBL has a team of advisers who closely monitor regulations, directives and laws as they are created. The ABBL acts to give a voice to the different interests amongst our members, with the aim of articulating a balanced, measured view towards law-makers and regulators alike.

From banking regulation to taxation, from securities directives to investor protection, from responsible finance to digitalisation, the ABBL provides a platform for discussion, excellent subject matter experts to collate and present position papers, to develop implementation guidelines and to support our members with advice and best practices in an increasingly complex environment.

Banking Supervision

The Banking Supervision Committee is responsible for steering the development and delivery of ABBL's policy and strategy on banking prudential regulation and on supervisory practices.

Priorites and achievements in 2019 for this Committee were in five areas: risk reduction, outsourcing, governance, proportionality, and Basel IV.

Risk reduction measures

The risk reduction measures (new legislative package amending both the current banking prudential and resolution frameworks) were adopted in June 2019 and encompass the CRR2, CRD5 and the BRRD2. The ABBL welcomes positive developments with regard to increasing proportionality in prudential rules, the enhancement of the SME supporting factor, the calibration of the new regime of Intermediate Parent Undertakings (IPUs) and the recognition of the specificities of deposit-funded banks for the purpose of banking resolution.

EBA Guidelines on outsourcing

The EBA released its final Guidelines on outsourcing, which entered into force in September 2019. Compared to the draft Guidelines submitted to public consultation, several improvements were made with respect to the ABBL priorities, e.g. the definition of outsourcing, intra-group outsourcing and outsourcing of banking activities to third-countries.

Review of the European Supervisory Authorities

The ESAs Review, proposed by the European Commission in September 2017, was formally endorsed by the EU legislators on 18 April 2019. The ABBL welcomes that the ESAs' governance pattern remains broadly unchanged and that the controversial provisions on outsourcing/delegation were removed to be replaced by an internal coordination network.

Proportionality in banking regulation

The ABBL, together with 8 other European banking associations (Austria, Croatia, Denmark, Germany, Italy, Poland, Slovakia and Slovenia) have launched an initiative to promote the debate on proportionality in banking regulation taking the form of joint public statements, media campaign and advocacy towards the EU Commission.

Measuring the impact of final Basel III reforms

Further to various preparatory steps (preliminary public consultation in spring 2018, EBA impact assessment and policy advices in 2019), in October 2019 the EU Commission launched a comprehensive public consultation on "Implementing the final Basel III reforms in the EU". In order to underpin its response to the consultation, the ABBL performed a targeted Quantitative Impact Study to assess the impact of the final Basel III framework on a representative sample of member banks. The QIS was conducted with the support of the CSSF, which provided methodological and operational support. The most significant areas for Luxembourg banks were tested in the QIS, i.e. the new standardised approach for operational and credit risk.

Looking ahead to 2020, the main topic will be Basel IV. The publication of the EU Commission proposal implementing Basel IV in the CRR is expected in Q2 2020.

The ABBL will advocate towards the EU Parliament and the EU Council the areas relevant for ABBL members:

- Credit risk, standardised approach (including real estate financing)
- Operational risk
- CVA risk

The Quantitative Impact Study conducted in 2019 shows that, overall, Luxembourg banks are highly capitalised and therefore have the capacity to absorb the impact of the final Basel III framework. However, it should be noted that this impact is not evenly distributed among individual banks, which may be more or less impacted according to their business model, their structure or their size. Ultimately, the final Basel III framework represents constraints that will come on top of the numerous regulatory requirements banks have to face and, in this respect, Luxembourg banks will also be affected.

On the topic of Sustainable Finance, the EBA has been mandated to assess the feasibility to incorporate ESG risks in banks' risk management and supervision. The ABBL will respond to the EBA discussion paper to be published in Q2-Q3 2020.

The ABBL will actively monitor the implementation of the EBA guidelines on outsourcing by the CSSF, which will issue a specific circular.

Chair: **Thierry López** (Northern Trust Global Services),
Vice-Chair: **Elisa Alonso Sanz** (State Street International),
ABBL Adviser: **Gilles Pierre**

Financial Markets

The Financial Markets Committee deals with financial markets regulation in the wider sense, covering the regulatory framework for financial services and products as well as market infrastructure.

The scope of work of the Committee encompasses regulatory issues relating to all market-based banking activities, including infrastructure and product regulations. This includes work streams on EMIR, PRIIPS, PEPP, MiFID II / MiFIR, as well as prospectus-related issues, Target2 and Target2 securities, funds regulations, short selling and shadow banking activities. Additional important topics discussed within the Committee relate to the Capital Markets Union, CSDs, market abuse, short selling as well as post-trade considerations.

The Committee serves as a tool for members to exchange best practices in the various areas of concern and advocates for a genuine level-playing field in the area of financial markets regulation, so as to ensure that underlying regulations do not constitute a source of competitive distortion for members. One of the main priorities of the Committee is to lobby for efficient standards and regulations, which are proportionate and in the investors' interest.

One of the main work projects of the Committee is the ABBL MiFID II Guidelines, which serve as an industry-reference document for members when implementing and working with MiFID II.

During 2019, the Committee worked on the following topics:

- ABBL-ICMA-LFMA-EMMI conference on benchmarks reform
- ABBL participation in the Markets4Europe campaign lobbying for more integrated European capital markets
- ABBL participation to the Euro Treasury Working Group initiated by LFMA and the European Central Bank
- Update of the MiFID II training and the setup of the yearly revision course required under MiFID II

In a risky and unstable market environment, the fundamental analysis and understanding of regulation will ensure stable business – embracing new technologies and a sustainable culture as driving factors of financial markets will ensure growing business. In 2020, the Committee will focus on:

More granular focus on specific topics:

- Capital Markets Union
- MiFID review
- Funds' legislation review
- Shadow banking

Chair: vacant,
Vice-Chair: **Neil Bradford** (Internaxx),
ABBL Adviser: **Gilles Walers**

Securities

The Securities Committee deals with securities regulation in the wider sense of the notion, covering the regulatory framework for financial services related to all types of securities and custody services.

This Committee is a pivotal Technical Committee within the ABBL, as it operates ex-ante or ex-post of the work of other Technical Committees within the ABBL. This Committee covers a large amount of different work streams and topics, as it encompasses at the same time pre-trade and post-trade banking activities. Important topics covered include clearing & settlement, custody, transparency, market abuse, as well as general securities regulations, such as MiFID II and MiFIR.

The Committee advocates for a genuine level-playing field in the area of securities regulation, so as to ensure that underlying regulations do not constitute a source of competitive distortion for ABBL members. One of the priorities of the Committee is to lobby for standards and regulations that are proportionate and can be implemented in a cost-efficient manner.

During 2019, the main focus was on:

- Regulatory watch on securities regulation
- Regulatory watch on infrastructure regulation
- Implementation of the Second Shareholders' Rights Directive (SRD2)
- Implementation of EMIR refit
- Ownership, finality and applicable law issues
- Collateral management
- Brexit

Looking ahead, with the commoditisation of securities services, the value creation for securities is even more critical, with a focus on secure, yet flexible services to efficiently manage all securities-related activities, from full middle and back office outsourcing to straight through global execution-to-settlement solutions. The Committee will in particular be looking at:

- Regulatory watch on key securities and infrastructure regulation
- Strategic and operational discussions on digital solutions, operational efficiency and securities servicing
- Transversal discussions on Brexit for securities and infrastructures as well as the Capital Markets Union

Chair: **Patrick Georg** (LuxCSD),
Vice-Chairs: **Sandrine Renauld** (Quintet Private Bank), **Philippe Prussen** (Elvinger Hoff Prussen),
ABBL Adviser: **Gilles Walers**

Market Infrastructures

Market infrastructures are key actors behind-the-scenes of financial markets, ensuring security, resilience and efficiency in financial market transactions. The Market Infrastructures Cluster, Luxembourg (MICL) brings together the key market infrastructures present on the Luxembourg market, representing the professional interests of these infrastructures alongside those ABBL members that are active in the securities settlement and post-trade chain.

The MICL develops policy and market guidelines on specific areas of interest and encourages the dialogue with other ABBL members.

The MICL is also the main point of contact for representing the market infrastructures' interests with the relevant national, European and international authorities. The MICL is represented in several working groups within national financial sector authorities, the European Banking Federation as well as the Federation of European Stock Markets and the European Central Securities Depositories Association.

During 2019 and looking ahead to 2020, the Cluster will focus on the regulatory environment with particular attention to:

- Prospectus regulation
- Capital Markets Union
- Central Securities Depositories Regulation
- MiFIR implementation
- Second Shareholders Rights Directive
- Evolution of the Target2 environment
- Green bonds
- E-MIG on corporate actions
- Digitalisation of market infrastructures

Chair: **Robert Scharfe** (Luxembourg Stock Exchange), Vice-Chair: **Marc Robert-Nicoud** (Clearstream International), ABBL Adviser: **Gilles Walers**.

Fiscal Affairs

The Fiscal Affairs Committee deals with tax matters that are relevant to the Luxembourg financial community. Banks in Luxembourg, as businesses and employers, generate a substantial portion of public revenue. Several ABBL members are amongst the nations top taxpayers. In the context of increasing regulatory and operational costs, the effective level of taxation for financial institutions needs to remain stable and predictable.

The involvement of banks in tax processes has increased significantly over the last decade. Tax authorities rely extensively on financial institutions for the purpose of tax collection and the reporting of tax-related information. The Committee's priority is to ensure that relevant standards and regulations remain proportionate and can be implemented in a cost-effective manner. The ABBL consistently advocates for a genuine level-playing field in the area of tax transparency so as to ensure that the underlying regulations do not constitute a source of competitive distortion.

In accordance with the priorities set for the year 2019, the Committee was active in the following areas:

Guidance on DAC 6

Tax transparency standards was one of the main topics of 2019, with the transposition into domestic legislation of DAC 6 Directive. This Directive requires "intermediaries" (including in some cases financial institutions), or where applicable relevant taxpayers, to report information on certain cross-border arrangements. The ABBL Tax Reporting Standards working group developed guidance to facilitate its implementation from a banking perspective. This guidance also aims to foster among ABBL members a common understanding and practice of DAC 6. Other concerned Committees and Clusters (Legal Affairs Committee, Professional Obligation Committee, Securities Committee and Private Banking Group) have been involved in this work. In parallel, we provided our comments on the draft law n°7465 (draft law aiming to transpose DAC 6 into domestic law), which is not yet adopted, and shared our points of attention on this topic with the Luxembourg Ministry of Finance and with the Luxembourg tax authorities.

Review of the VAT rules on financial services

In 2019 the European Commission launched a study to evaluate the functioning of the current VAT rules on financial and insurance services to feed into an EC impact assessment. As Luxembourg is one of the 10 countries selected by the EU Commission for the purpose of a survey on the VAT rules applicable to financial and insurance services, ABBL members were solicited to provide their input in this matter and some were interviewed by the consultants mandated by the EC for this purpose. Views were exchanged with our peers at the EBF level and with the Luxembourg Ministry of Finance and with other trade associations.

Support for the UEL tax strategy

At the beginning of 2019, UEL dedicated WGs were created to discuss multi-sectorial and transversal tax topics and issues that are of common interest to UEL members, with a view to achieving a common view. The ABBL was fully involved into the UEL tax work streams (i.e. work streams on transposition of ATAD 1 and 2, on tax incentives to foster innovation and investments, on tax certainty, on talent attraction and retention and on taxation of cross-border workers). With our preliminary work and deliverables, we drove the discussion on the taxation of French cross-border workers under the new Treaty Luxembourg – France, on talent attraction and retention and on tax incentives to foster innovation and investments. We are actively participating in the exchanges on ATAD 1 and ATAD 2 to ensure that the interest of our members is considered.

Taxation of the digital economy

OECD work on the taxation of the digital economy is followed at the IBFed level. We closely monitor the developments in this matter from a Luxembourg perspective as the current OECD work focuses on the value generated by users and consumers. In this respect, in our capacity as Chair of EBF Fiscal Committee, ABBL participated in meetings with the OECD to discuss the taxation of international banking groups under the newly defined OECD standards.

TIn 2020 we anticipate a focus in the following areas:

- Luxembourg tax reform
- Tax transparency standards (DAC 6, CRS, FATCA)
- Withholding tax procedures
- Taxation of the digial economy

Chair: **Catherine Poças** (Société Générale Luxembourg),
Vice-Chair, **Thierry Lesage** (Arendt & Medernach),
ABBL Adviser: **Laétitia Carroz**

Legal Affairs

The Legal Affairs Committee provides members with insight on upcoming European and Luxembourg legislation. The body puts forward comments and lobbying actions to represent members' interests in the respective legal process.

Our mission is to always represent our members to the best of our abilities, whenever new legislation is discussed, developed or enacted. The Committee comprises banks, law firms and other professionals of the financial sector, with the sole aim of being able to have a comprehensive view on any specific topic.

During 2019, several key pieces of legislation were prioritised by the Committee:

- Draft bill on inactive accounts
- Draft directive on whistleblowers (which has since been passed)
- Draft directive on non-performing loans (notably on the extrajudicial collateral enforcement mechanism)
- Draft directive on collective redress

The Committee was particularly involved in lobbying for modifications to the draft bill on inactive accounts, including consulting with the Ministry of Finance to outline proposed improvements to the draft bill, and close liaison with the State Treasury on operational questions related to the implementation of the law and the consignment process.

The Ministry of Finance also adopted the Committee's proposal, on behalf of the ABBL, of a draft bill on professional payment guarantees, which will become a draft bill to be presented to parliament.

The Committee has a seat on the EBF Legal Committee, where it ensures awareness of Luxembourg legal issues with other banking federations and raises awareness of Luxembourg banking issues at the European level.

Looking ahead to 2020, we expect the implementation of the draft bill on inactive accounts to have a significant impact on the operational side of banking, whilst the EU has presented its Action Plan for digitalisation, which will need to be monitored closely, and which has the potential for a wide-reaching impact over the next few years.

In addition to the post-COVID-19 challenges, we will continue to focus our efforts on:

- Cost of compliance with new pieces of legislation
- Impact of digitalisation on the financial sector
- Ensuring that calls for a level-playing field are heard
- Including sustainable and responsible financing concerns in existing products

We will continue working in the framework of the Committee and with our two Working Groups (WG inactive accounts and WG fair consumer protection rules) and also plan to develop our collaborative efforts with the Chamber of Notaries.

Chair: **Joseph Delhaye** (Spuerkeess),
Vice-Chair: **Chantal Hagen-de Mulder** (Banque Degroof Petercam),
ABBL Adviser: **Jonathan Hug**

"We provide our members with the intelligence, resources and services needed to operate in an increasingly complex regulatory environment"

Guy Hoffmann, Chairman of the ABBL

European Affairs

The European Affairs team, based in Brussels, represents the interests of the ABBL towards the EU institutions and monitors developments at EU level of importance to ABBL members.

The office was set up in 2006, and is shared with the Luxembourg fund industry association, ALFI. Both associations joined the Transparency Register in the year of its creation in 2008.

2019 priorities were in two main areas, lobbying and monitoring. Topics for which we were actively involved in the lobbying process were:

- Review of the European Supervisory Authorities
- European Deposit Insurance Scheme
- Basel IV (transposition into EU law)
- Sustainable Finance (disclosure, benchmarks, taxonomy)
- MiFID (preparation of the review)
- Covered Bonds Framework, Brexit (third country equivalence)

Active monitoring was in the areas of:

- Financial Transaction Tax (FTT)
- Common Consolidated Tax Base (CC(C)TB)
- VAT on financial services
- Use of the QMV in taxation matters
- Fintech
- Cross-border distribution of funds within the EU (trilogue)
- UCITS review (preparation)
- Collective redress
- EU sovereign bond backed securities
- Secondary market for non-performing loans
- Crowdfunding
- The incoming European Parliament and Commission formation process.

2019 was a transition year, with one EU legislative cycle closing and a new one in the making. This meant intensive work in the last phase of a number of legislative initiatives that the outgoing bodies wanted to finalise, and preparation of relations with new representatives in both the Parliament and the Commission.

Looking towards 2020, the new Commission President has already set out a clear agenda, and the following topics are on our priority list:

Lobbying:

- Basel IV and its transposition into EU law
- Capital Markets Union version 2.0
- Sustainable Finance - EU Ecolabel and the Green Finance Strategy
- MiFID - review
- Brexit and third country equivalence
- Anti Money Laundering - AML 6
- VAT on financial services
- Payment Account Directive - review

Monitoring:

- Banking union developments
- Deposit Guarantee Schemes Directive - review
- FTT, CC(C)TB
- Code of Conduct for Withholding Tax Procedures - review
- Consumer Credit Directive - review
- Mortgage Credit Directive - review
- Fintech
- PRIPs
- AIFMD - review preparation
- UCITS review - preparation
- Collective redress
- Business insolvency
- Distance marketing of financial services
- Secondary market for NPLs
- GDPR - evaluation and review

ABBL Advisers: **Antoine Kremer**, **Aurélie Cassou**

2019 Activity Report

At 31 December 2019, the ABBL was made up of 148 members, with 20 new members joining us during the year. We held 23 events and conferences on behalf of our members.

Business Clusters

ABBL Clusters are groupings of major banking and financial business lines in Luxembourg. They provide a forum for the exchange of ideas and discussion of key topics. Composed of high-level representatives from the relevant sectors, they provided input to the Board of Directors to drive the prioritisation of topics at the ABBL. They set up working groups or task forces to deal with specific topics in more detail.

Cluster	Mission	Key activities	ABBL Secretariat
Corporate Finance, Capital Markets and Cash Management (CCube)	Central financial and non-financial intermediation role of banks and other financial market intermediaries in the international corporate and wholesale markets	Support efforts toward Capital Markets Union Act as incubator and sponsor of the ABBL Sustainable Finance Working Group Support efforts in relation to harmonisation of covered bonds activities **5 meetings**	**Fabio Mandorino**
Depositary Banking	Banks active in depositary and custodian businesses, primarily serving the Luxembourg fund industry. Represents ABBL members in the Depositary Bank Forum, which regroups stakeholders from the ABBL and ALFI (the Luxembourg Fund Industry Association)	Publication of several guidelines for depositary banking, development training courses in cooperation with the House of Training, and publication of business intelligence and statistics for the depositary function in Luxembourg Active lobbying for delegated regulations regarding the depositary function for UCITs and AIFs, and assistance with the implementation of CSSF circular 18/697 on fund depositaries **15 meetings**	**Gilles Walers**

Cluster	Mission	Key activities	ABBL Secretariat
Digital Banking & FinTech Innovation	To support ABBL members in achieving digital transformation of their business. The adoption of disruptive technologies and Fintech innovation is of high importance for the future of banks and other incumbents of the financial sector	Feasibility study on Luxembourg regulatory reporting hub Research project on the application of DLT to KYC processes Research project on trustworthy artificial intelligence for AML due diligence Publications on Cloud sourcing and Mutualisation of business functions **14 meetings**	**Andrey Martovoy**
Market Infrastructures	To foster and represent the professional interests of members. To defend and promote the specific activities of operators in this area. To develop policy guidelines and training, standards and practices norms	Prospectus regulation Capital Markets Union Central Securities Depositories Regulation MiFIR implementation Second Shareholders Rights Directive Evolution of the Target2 environment Green bonds E-MIG on corporate actions Digitalisation of market infrastructures **2 meetings**	**Gilles Walers**

Cluster	Mission	Key activities	ABBL Secretariat
Retail Banking	To represent the professional interests of its members, defending and promoting the specific activities of operators in the areas concerned. To enhance the qualifications and professionalism of members active in retail banking by promoting standards, practices, ethical and deontological norms	Proposed directive on collective redress EU eco-label for financial products EC review of directive on consumer credit, payment accounts and mortgage loans EBA Guidelines on loan origination and monitoring Carried out a Retail Banking Survey, together with the CSSF **11 meetings**	**Simone Kayser**
Payments	To be the Luxembourg payments market's voice in the payments domain. To help members to address current and future challenges and identify opportunities by ensuring an appropriate level of technology and regulatory watch, by studying possible impacts of identified changes on the payments business	PSD2/RTS Compliance of LuxTrust solutions Instant Payments (SCT Inst – SEPA Instant payments) Within the framework of the ABBL, several consensus around PSD2 and RTS have been defined and shared with the CSSF An SCT based Instant Payments Roll-Out Task Force was created, whose task was to examine technical, operational and regulatory issues linked to the providing of instant payment services **9 meetings**	**Antoine van den Bulcke**
Private Banking Group	To promote private banking industry positions on key banking developments and issues within Luxembourg and internationally, such as client privacy, international mobility for clients and the future of private banking in a fast-changing market and regulatory environment. To enhance the qualifications and professionalism of members by promoting standards, practices, ethical and deontological norms	Enhance the qualifications and professionalism of members by promoting standards, practices and ethical norms Link with relevant actors that may support its goals inside and outside of Luxembourg Develop training appropriate for the profession Private Banking Survey (with PWC) **15 meetings**	**Fabio Mandorino**

Technical Committees

Technical Committees handle issues related to their relevant area of expertise and submit recommendations to the Management Board and the Board of Directors. Technical Committees are composed of highly qualified and experienced representatives of our members.

Committee	Mission	Key activities	ABBL Secretariat
Banking Supervision	Responsible for steering the development and delivery of ABBL's policy and strategy on banking prudential regulation and on supervisory practices	Risk reduction measures (new legislative package amending both the current banking prudential and resolution frameworks) were adopted in June 2019 and encompass the CRR2, CRD5 and the BRRD2. EBA Guidelines on outsourcing Review of the European Supervisory Authorities Proportionality in banking regulation Measuring the impact of final Basel III reforms (QIS with CSSF) **12 meetings**	**Gilles Pierre**
Communication	Share best practices and align messaging around the Luxembourg financial sector and the reputation of the banking sector	Support to the "One Minute in Finance" video series **1 meeting**	**Judith Gledhill**
Financial Markets	Regulatory issues relating to infrastructure and products regulations. Includes EMIR, PRIIPS, PEPP, MiFID II / MiFIR, as well as prospectus related issues, Target2 and Target2 Securities, funds regulations, short selling and shadow banking activities	ABBL MiFID II Guidelines, which serve as an industry-reference document for members when implementing and working with MiFID II ABBL-ICMA-LFMA-EMMI conference on benchmarks reform Participation in the Markets4Europe campaign lobbying for more integrated European capital markets **7 meetings**	**Gilles Walers**

Committee	Mission	Key activities	ABBL Secretariat
Fiscal Affairs	Tax matters that are relevant to the Luxembourg financial community. Banks in Luxembourg, as businesses and employers, generate a substantial portion of public revenue. In the context of increasing regulatory and operational costs, the effective level of taxation for financial institutions needs to remain stable and predictable	Guidance on DAC6 Review of the VAT rules on financial services Support for the UEL tax strategy Taxation of the digital economy **19 meetings**	**Laétitia Carroz**
Legal Affairs	Provides insight on upcoming European and Luxembourg legislation. Puts forward comments and lobbying actions to represent members' interests in the respective legal process The Committee has a seat on the EBF Legal Committee, where it ensures awareness of Luxembourg legal issues with other banking federations and at the European level	Draft bill on inactive accounts Draft directive on whistleblowers (which has since been passed) Draft directive on non-performing loans (notably on the extrajudicial collateral enforcement mechanism) Draft directive on collective redress **10 meetings**	**Jonathan Hug**

Committee	Mission	Key activities	ABBL Secretariat
Professional Obligations	Topics related to the prevention of the use of the financial system for the purposes of money laundering or terrorist financing	Publication of an online AML Handbook Participation in the CSSF AML committee on amendments to circular 19/732 on verification of UBOs Amendments to the explanatory guide on declaring BOs **10 meetings**	**Julien Leroy**
Securities	The Securities Committee deals with securities regulation in the wider sense of the notion, covering the regulatory framework for financial services related to all types of securities and custody services	Regulatory watch on securities regulation Regulatory watch on infrastructure regulation Implementation of the Second Shareholders' Rights Directive (SRD2) Implementation of EMIR refit Ownership, finality and applicable law issues Collateral management Brexit **5 meetings**	**Gilles Walers**

Committee	Mission	Key activities	ABBL Secretariat
Social Affairs	Assist our members in all social and labour matters. We represent the financial sector in the Tripartite, the Luxembourg Economic and Social Council (CES), the Luxembourg social security institutions and in the Luxembourg Employers' Federation (UEL)	Provided guidelines for the implementation of the 2019 collective bargaining agreement, particularly with regard to new classification of roles applicable from January 2020. The Committee works on social elections, and conducts an annual study of the emploement market. Draft laws concerning statutory leave, supplementary holidays and internships (stages) were monitored, as well as the CRD5 directive on remuneration policy **14 meetings**	**Cristelle Cervellati**
Sustainable Finance	A centralised forum, looking particularly at the regulatory framework, education, market analysis and clients' needs in order to provide insight and information to the various business clusters and the ABBL membership	A survey was conducted together with PWC entitled "Feel the pulse of banking CEOs", focused on attitudes towards responsible finance and plans for sustainable products and services Together with the House of Training and Forethix, the ABBL created a foundation course in sustainable finance. The module is available as a stand alone, but is also part of the Masters courses available through the Chamber of Commerce **3 meetings**	**Prune Delvalle, Fabienne Lang**
Trust & Cybersecurity	Facilitate the exchange of information, in a confidential and trusted environment, concerning threats, vulnerabilities and incidents of Cyber-attacks on Financial services Support ABBL members to implement technical solutions and operational processes in the domain of trust and cybersecurity and to stay compliant with international standards and requirements Decide on common actions, when appropriate, following threats or attacks discovered and coordinate the execution of such actions	Information sharing on cyber threats and incidents Implementation of an advance notification solution (Finalert) to receive and send cyber alerts Implementation of an ABBL Malware Information Sharing Platform (MISP) Identifying the barriers and the maturity level of ICT Risk Management of the community in order to enhance the management of Cyber Risks **10 meetings**	**Antoine van den Bulcke**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M
L
K
J
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H
G
F
E

Membership Directory

Category A - Financial institutions

Advanzia Bank Luxembourg S.A.

Agricultural Bank of China (Luxembourg) S.A.

Allfunds Bank International S.A.

Andbank Luxembourg

Banca March, S.A., Luxembourg Branch

Banco Bradesco Europa S.A.

Banco Santander (Brasil) S.A., Luxembourg

Bank GPB International S.A.

Bank Julius Baer Europe S.A.

Bank of China Limited Luxembourg Branch

Bank of Communications (Luxembourg) S.A.

Banking Circle S.A.

Bankinter Luxembourg S.A.

Banque BCP S.A.

Banque de Commerce et de Placements S.A.

Banque de Luxembourg

Banque de Patrimoines Privés

Banque Degroof Petercam Luxembourg S.A.

Banque Hapoalim (Luxembourg) S.A.

Banque Havilland S.A.

Banque Internationale à Luxembourg S.A.

Banque J. Safra Sarasin (Luxembourg) S.A.

Banque Raiffeisen

Banque Transatlantique Luxembourg S.A.

BEMO Europe - Banque Privée

BGL BNP Paribas S.A.

BPER Bank Luxembourg S.A.

Brown Brothers Harriman (Luxembourg) S.C.A.

CA Indosuez Wealth (Europe)

Caixa Geral de Depósitos, Luxembourg

Catella Bank S.A.

China Construction Bank (Europe) S.A.

China Everbright Bank (Europe) S.A.

China Merchants Bank Co., Ltd., Luxembourg

CIBC Capital Markets (Europe) S.A.

Citco Bank Nederland N.V., Luxembourg Branch

Citibank Europe plc, Luxembourg Branch

Clearstream Banking

Commerzbank Finance & Covered Bond S.A.

Compagnie de Banque Privée Quilvest S.A.

Credit Suisse (Luxembourg) S.A.

Danske Bank International S.A.

DekaBank Deutsche Girozentrale, Luxembourg

Delen Private Bank Luxembourg S.A.

Deutsche Bank Luxembourg S.A.

DNB Luxembourg S.A.

DZ Privatbank S.A.

East-West United Bank S.A.

Edmond de Rothschild (Europe)

EFG Bank (Luxembourg) S.A.

Eurobank Private Bank Luxembourg S.A.

European Depositary Bank S.A.

Fideuram Bank (Luxembourg) S.A.

Fortuna Banque s.c.

Freie Internationale Sparkasse S.A.

Hauck & Aufhäuser Privatbankiers AG

HCOB Securities S.A.

HSBC France, Luxembourg Branch

Industrial and Commercial Bank of China S.A.

ING Luxembourg

Internaxx Bank S.A.

Intesa Sanpaolo Bank Luxembourg S.A.

J.P. Morgan Bank Luxembourg S.A.

John Deere Bank S.A.

Keytrade Bank Luxembourg S.A.

Landesbank Baden-Württemberg, Luxembourg

Lombard Odier (Europe) S.A.

Mediobanca International (Luxembourg) S.A.

Mirabaud & Cie (Europe) S.A.

Mitsubishi UFJ Investor Services & Banking S.A.

Mizuho Trust & Banking (Luxembourg) S.A.

Natixis Wealth Management Luxembourg

Nomura Bank (Luxembourg) S.A.

NordLB Luxembourg S.A. Covered Bond Bank

Northern Trust Global Services SE

Novo Banco S.A., Succursale de Luxembourg

Öhman Bank S.A.

PayPal (Europe) S.à r.l. et Cie, S.C.A.

Pictet & Cie (Europe) S.A.

Post Finance

Quintet Private Bank (Europe) S.A.

Rakuten Europe Bank S.A.

RBC Investor Services Bank S.A.

RCB Bank Ltd, Luxembourg Branch

Royal Bank of Scotland International Limited

Skandinaviska Enskilda Banken AB

SMBC Nikko Bank (Luxembourg) S.A.

Société Générale Luxembourg

Spuerkeess

State Street Bank International GmbH

Sumitomo Mitsui Trust Bank (Luxembourg) S.A.

Svenska Handelsbanken AB,Luxembourg

The Bank of New York Mellon S.A./N.V.

UBS Europe SE, Luxembourg Branch

UniCredit Bank AG Luxembourg Branch

UniCredit International Bank (Luxembourg) S.A.

Union Bancaire Privée (Europe) S.A.

VP Bank (Luxembourg) S.A.

Wüstenrot Bausparkasse AG, Luxemburg

Category B - Financial sector professionals (PSF)

Accenture (Luxembourg) S.à r.l.

Airbnb Payments Luxembourg S.A.

Amazon Payments Europe S.C.A.

BOS Wealth Management Europe S.A.

Bourse de Luxembourg

CapitalatWork Foyer Group S.A.

Eurizon Capital S.A.

Finologee S.A.

IBKR Europe S.à r.l.

LuxCSD S.A.

Luxembourg Chamber of Commerce

LuxHub S.A.

LuxTrust S.A.

Payconiq International S.A.

Radices VBK+CO (Luxembourg) S.A.

Satispay Europe S.A.

SIX Payment Services (Europe) S.A.

Sopra Banking Software Luxembourg

Union Investment Luxembourg S.A.

Category C - Ancilliary service providers

Allen & Overy S.C.S.

Arendt & Medernach S.A.

ATOZ S.A.

Avaloq Luxembourg S.à r.l.

Avantage Reply (Luxembourg) S.à r.l.

Baker & McKenzie Luxembourg

BDO

BearingPoint Luxembourg S.à r.l.

Bonn & Schmitt

Brucher Thieltgen & Partners

Castegnaro S.à r.l.

Clifford Chance S.C.S.

CMS Luxembourg

Deloitte General Services S.à r.l.

DLA Piper Luxembourg S.à r.l.

Elvinger Hoss Prussen, S.A.

EY

Forethix S.à r.l.

Grant Thornton Tax & Accounting S.A.

GSK Stockmann S.A.

Kleyr Grasso S.C.S.

KPMG Luxembourg, Société Coopérative

Linklaters LLP

Loyens & Loeff Luxembourg S.à r.l.

Mazars Financial Advisory Services S.A.

NautaDutilh Avocats Luxembourg S.à.r.l.

Norton Rose Fulbright Luxembourg S.C.S.

NSI (Luxembourg) S.à r.l.

PricewaterhouseCoopers, Société coopérative

Schiltz & Schiltz S.A.

Simmons & Simmons Luxembourg LLP

Stibbe Avocats

Temenos Luxembourg S.A.

Wavestone Luxembourg

Wildgen S.A.

Zeb

Fintech Service Pack beneficiaries

Crosslend S.à r.l.

EPPF

Have-a-Portfolio S.à r.l.

HQLAx

Seccouriel S.A.

Seventy Nine Three

Tokeny S.à r.l.

VNX

The ABBL Leadership

Guy Hoffmann, Chairman

Guy Hoffmann holds a Master of Business Administration (MBA) from Sheffield Hallam University and honed his skills by completing various academic and executive education programs including courses at IMD (Lausanne) and the Chartered Institute of Bankers (London). In 1987, he began his professional career at Banque Générale du Luxembourg until 2007, where he held various senior positions including Director of Commercial Banking and Head of International Risk Management.

In 2007, Hoffmann joined Banque Raiffeisen Luxembourg as Adviser to the Management Board. After having become a Member of the Management Board in 2007 and Member of the Board of Directors in 2008, he was appointed CEO in 2011.

Hoffmann has been a Member of the ABBL Board of Directors since 2016 and was elected ABBL Chairman in April 2018.

Yves Maas, Chief Executive Officer

Yves Maas holds a language degree from Universität des Saarlandes. In 1989, he embarked on his professional career at Cedelbank Luxembourg (now Clearstream) where he remained until 1999 and held various senior positions including Director for Product Development and Member of the Executive Management Board.

In 1999, Maas joined Credit Suisse Private Banking as Head of Securities & Treasury, IT & Operations and Member of the Executive Board.

In 2001, he became Member of the Management Committee Technology & Operations and Head of Private Banking Operations Switzerland.

In April 2012, Maas returned to Luxembourg to become CEO and Member of the Board of Credit Suisse Luxembourg S.A. and Country Head Credit Suisse Luxembourg. Since March 2017, Maas has held the position of Chairman of the Board of Credit Suisse Luxembourg.

Maas served as Chairman of the ABBL from 2014 to 2018. He was elected Vice-Chairman on 20 April 2018. He took on the role of CEO in December 2019.

Catherine Bourin, Member of the Management Board

Catherine Bourin holds a Doctorate in European Law from the University of Rennes and a Masters' degree in European Law from the University of Exeter (UK). She joined the ABBL in 1999 as legal adviser. In 2011, she became Head of Legal Affairs.

In 2013, she became a member of the Management Board and now leads the Sustainability & Conduct unit of the ABBL.

She represents the ABBL in a number of Committees at the Luxembourg Central Bank (BCL), the Commission de Surveillance du Secteur Financier (CSSF), the European Banking Federation (EBF), the Luxembourg Federation of Employers (UEL), the Ministry of Finance, the Ministry of Justice as well as the Ministry of Economy. Furthermore, she is President of the Association pour la santé au travail dans les secteurs tertiaire et financier (ASTF). Bourin is a Board member of the Association Luxembourgeoise des Juristes de Droit Bancaire (ALJB), the Association Européenne des Juristes de Droit Bancaire (AEDBF) and LuxFLAG. Bourin is also a lecturer at the University of Luxembourg.

Camille Seillès, Secretary General and Member of the Management Board

Camille Seillès is Secretary General of the ABBL since 2017 and a member of its Management Board since 2018. He is in charge of Regulatory Affairs at the ABBL.

Seillès holds a Master of Laws (LL.M.) in international business law from King's College London and a Masters' Degree in business taxation from the University of Paris-Dauphine. He received his initial legal training at the University of Cologne and the University of Paris I Panthéon-Sorbonne. He was admitted as Avocat à la Cour in Luxembourg in 2008 (on hold since 2012). He joined the ABBL in 2012 as legal and tax adviser.

A recognised expert in the field of taxation, Seillès is Chair of the Fiscal Committee of the European Banking Federation (EBF) and a member of the Committee on Taxation and Fiscal Policy at the Business and Industry Advisory Group to the OECD (BIAC). He is also involved in the work of the International Banking Federation (IBFed) with regard to taxation. Until June 2017, he was a member of the European Commission's Expert Group on automatic exchange of financial account information. In Luxembourg, Seillès is on the panel of tax experts advising the Economic and Social Council and the Luxembourg Federation of Employers (UEL).

The ABBL Team

Communication

Head: **Judith Gledhill**
Benoît Cerfontaine, Laurence d'haeyere

Digital & Innovation

Head: **Marc Hemmerling**
Andrey Martovoy, Antoine van den Bulcke

European Affairs

Head: **Antoine Kremer**
Aurélie Cassou, Silvia De Iacovo

Human Resources

Head: **Myriam Sibenaler**
Judith Dias, Chantal Hoffmann, Ghislaine Mercatoris

Member Relations

Head: **Sarah Odru**
Simone Kayser, Lana Kupusovic, Fabio Mandorino

Regulatory Affairs

Head: **Camille Seillès**
Laétitia Carroz, Jonathan Hug, Gilles Pierre, Gilles Walers

Secretariat General

Head: **Camille Seillès**
Doris Cavallaro, Carlo Fonseca, Elisângela Furtado, Olivier Pemmers, Nadja Pfleger, Sophie Poekes, Annick Rollinger, Pierro Ruscitti, Perrine Schuler.

Sustainability & Conduct

Head: **Catherine Bourin**
Cristelle Cervellati-Bretnacher, Prune Delvalle, Fabienne Lang, Julien Leroy, Jessica Thyrion

Join the ABBL

Why become a member of the ABBL?

- timely and privileged access to critical information via our Clusters, Technical Committees and related Working Groups
- access to relevant authorities and stakeholders in Luxembourg and Brussels via our network and EU representative office
- access to the assistance and technical expertise of a strong in-house team
- exclusive access to the ABBL MemberNet, providing relevant reference documents and expert handbooks and guidelines on technical subjects
- enhanced visibility via our media and internet presence
- access to our JobsNet for financial sector professionals
- an effective integration into the banking and financial community in Luxembourg

ABBL Member

The ABBL aims to unite the many voices of the financial centre, to defend your interests and support the continued success of the sector. If you are active in Luxembourg, then membership provides an opportunity to have your voice heard.

The ABBL is open to banks, regulated financial intermediaries, and professionals working in or for the financial sector in Luxembourg, such as lawyers, consultants, payments or service providers and auditors.

Applications for membership must be submitted in writing to the Chair, and admission is decided by the ABBL Board of Directors on a quarterly basis. To start the application process, please contact our Member Relations team or complete the contact form on our website.

Fintech Service Pack

If you are interested in connecting with ABBL members, want to exchange with established actors and peers, and are eager to contribute to the shaping of the future banking and financial services, you can join the ABBL via our Fintech Service Pack.

Any entity operating in Financial Technology (Fintech) sector, legally present in Luxembourg employing no more than 10 employees and having no more than EUR 2 million revenues annually can apply for the Service Pack.

Applications for ABBL's Fintech Service Pack are submitted in writing and electronically to the Head of Digital Innovation of the ABBL. The DBFI Executive Board approves the application. To start the application process, please contact our Member Relations team or complete the contact form on our website.

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