# Table of contents

1. EU internal market for financial services 8  
   - Building the house of EU legislation 2011-2012: Looking back, looking ahead

2. Financial markets regulation 11  
   - Markets and product regulation  
   - Post-trade regulation

3. Banking supervision 14  
   - Basel III / CRD IV  
   - EU Crisis management framework

4. Legal & Tax 18  
   - US: Foreign Account Tax Compliance Act (FATCA)  
   - Financial Transaction Tax  
   - Towards improved consumer protection  
   - AGDL: Deposit guarantee and investor compensation  
   - The Private Banking Group, Luxembourg

5. Banking technologies and Payments 36  
   - Payments  
   - SEPA  
   - Payment Services Directive  
   - e-Invoicing  
   - Security of payment systems and payment instruments  
   - Operational crisis prevention group and other security related issues  
   - Cloud computing and electronic archiving  
   - Innovation and finance  
   - XBRL

6. Social affairs & Employers’ representation 40  
   - Collective bargaining agreement for bank employees 2011-2013  
   - Survey on the social situation in the banking sector for the year 2010  
   - Governmental decision on the automatic indexation of salaries  
   - Remuneration policies under the control of the supervisory authority  
   - Gender quota at the level of the board of directors  
   - Senior workers  
   - The sustainability of the Luxembourg social security system

7. Communication & Events 50

8. IFBL 54

9. Luxembourg for Finance 58

10. Appendices 61
The international context

Europe has been standing on the brink of disaster for the better part of 2011 – and it is still staring into the abyss as I’m writing this.

While the Euro crisis is not a banking crisis, but a crisis of over-indebted States and of fundamental economic imbalances amongst countries that share a single currency, banks nevertheless took centre stage in public discussions of the crisis for several reasons.

Because banks are by far the biggest holders of sovereign debt, they will have to shoulder a lion’s share of a potential sovereign default or a restructuring of sovereign debt. In the wake of the subprime crisis, politicians and the general public had become used to laying blame on banks; so when the sovereign debt crisis reared its ugly head, banks were once again an easy scapegoat. The truth of the matter, however, is that banks did their job of financing governments by buying up state debt. Indeed, banks were massively encouraged by governments and regulators to do so, since sovereign bonds were believed to be virtually risk free and thus considered as high quality assets.
Considering their exposure to these bonds, it was thus only a logical consequence that banks would eventually be caught in the maelstrom of the debt crisis. For the same reason, banks and other private creditors also played and continue to play an important role in finding solutions to this crisis. Thus, banks accepted to adapt to additional, onerous capital buffers and have made an enormous effort by a considerable write-down on Greek debt, for example.

The financial crisis, the economic recession and the sovereign debt crisis have fundamentally affected the financial sector, most likely in a permanent manner. The financial sector that will emerge from the turmoil will not be the same than the one in the decades leading up to the Lehman collapse. Some of these changes will be for the better. A financial sector with less short-term thinking, fewer excesses and a more realistic appreciation of risks can only be a good thing, both for the financial sector itself as well as for the larger economy.

We should thus welcome a certain degree of back-to-basics banking. While it may be difficult to convey a positive message on the financial professions amidst the current cacophony of masked crusaders and moralisers blaming banks for all the evils of this world, the truth is that banking remains a worthy and vital profession. Using the various tools at their disposal, bankers move capital from where it is in excess to where it is most needed, thus allowing individuals, companies and nations to develop and prosper.
In light of the crucial role the financial sector plays in our economies, regulation thus becomes a delicate balancing act. Excesses and harmful practices need to be reined in without harming banks’ ability to provide credit to the economy. Unfortunately, the regulatory zeal we are currently experiencing could mean that we end up throwing out the baby with the bathwater.

As it stands, banking is already one of the most highly regulated business sectors in the world. Improving existing regulation is about fine-tuning with the chisel not about smashing with the hammer. Unfortunately, many recent regulatory proposals will end up harming benign financial products and practices in an effort to hinder harmful ones. A great number of adopted and proposed rules fail to take into account the specificities of certain business models, activities or products. Such a one-size-fits-all approach can have a number of unintended negative consequences. In addition, there is a real danger that costly regulation will seriously hamper banks’ ability to finance the real economy. This is in no one’s best interest.

In the coming years, banks will indeed need to comply with a wave of new regulatory texts and laws, something that will require considerable investment in human resources and IT without any discernible gains in terms of profitability or productivity. In order to comply with new capital requirements, for instance, banks will be forced to either raise new capital at a time when the value of bank shares has hit historical lows, or shrink their balance sheet by reducing their activities, which will in turn result in job losses, shrinking income and a reduced ability to provide credit. On a positive note, the new capital requirement rules will likely curb excessive bonus payments, since reducing bonuses is another means of raising own funds.
At home

Relying on exporting products and services across Europe and beyond, Luxembourg will continue to be the defender of the fundamental European rights of free movement of people, capital, goods and services. This is especially important at a time when countries, faced with recession and budget deficits, seek the coward’s path of renationalisation and protectionism.

It is in this difficult climate that Luxembourg has to prepare a sustainable future for its economic and social model.

The Luxembourg social and economic model cannot survive without some considerable re-adjustment and reform.

The current proposal for pension reform is a start, albeit one that is over a decade late. The bad news, however, is that it does not go far enough to right the problem. The government bases its calculations on an expected 3% GDP growth per year. Sadly, such growth rates are hopelessly optimistic. For the past 5 years, that is half a decade, Luxembourg has seen an average growth rate of only 0.3%. A more fundamental reform is direly needed.

Luxembourg also needs to show some form of wage moderation. Wages have grown much faster in Luxembourg than elsewhere, largely down to two main reasons: disproportionally high salaries in the public sector, which forces private sector employers to keep up to keep talent, and automatic wage indexation.

In December 2011, after the trade unions had boycotted the latest round of tripartite discussions on social and economic measures, the government took a number of decisions without the prior consensus between trade unions and employers. Unfortunately, these measures are simply not enough. Our companies need to be able to compete on an international scale. In this context, increasing wages without a corresponding return in terms of productivity can only be harmful in the long run.
Our social system needs to reflect fundamental economic realities. It is the only means to ensure that we can safeguard a social model that is unique in Europe.

With foresight and by taking the right decisions in a timely manner, Luxembourg can overcome the challenges it is facing. Wallowing in undue pessimism is clearly not the right way to go about things. Yet, in order to move forward, all stakeholders need to have the courage to first admit that these problems exist. We cannot hope to tackle them simply by ignoring them or by postponing difficult decisions.

I can only urge the government to reduce its spending. Every euro spent needs to be earned first, and in the case of Luxembourg a large chunk of every euro the State earns comes from the financial sector. Considering that this sector will most likely see reduced revenues for the foreseeable future, a prudent management of the state budget is a prerequisite to put Luxembourg on a sustainable path.

What happens at the micro-level of Luxembourg is also true for Europe as a whole. Europe is the biggest economy in the world. Unfortunately, Europe too often ends up being nothing more than a collection of countries that prefer to defend their national interests rather than get together to take decisions in the best interest of Europe as a whole. Looking ahead at 2012, I can only hope that our leaders will have the courage to look beyond short-term gains, election points and quick fixes in order to seek sustainable solutions that are in the best interest of Europe and of our country.

Luxembourg, 12 February 2012
Building the house of EU legislation 2011-2012: Looking back, looking ahead

The EU’s internal market for financial services is like an impressive building that has been hit in 2008 by a devastating earthquake and successive after quakes. It got damaged but it still stands. It needs fixing, reinforcement of the foundations in view to better withstand the next earthquake and a plan for dealing with future crisis situations. The construction company is back, took stock of the damage and tries to adapt the building to a tougher than initially planned environment.

Banking supervision and crisis management

A crucial step in the process is the strengthening of the foundations. The presentation of the Basel III package on capital requirements for credit institutions is indeed the most fundamental response to the 2008 crisis. The European Union transposes it via the fourth directive on capital requirements (CRD IV) as well as via a regulation of the same name (CRR). Both documents date back to last summer and have since been discussed by the EU’s legislators, the European Parliament and the Council. An agreement is to be expected by the summer of 2012.

If the capital requirements directive is preventative by nature, the European Commission has also been working on an instrument that is meant to address crisis resolution in the banking sector. In short: how to deal with future earthquakes and have an evacuation plan in such an event. A proposal for a directive is currently expected in February 2012 or even later. Negotiations between the legislators are likely to take up the whole of 2012 and possibly extend into 2013.

Financial markets

The main hall and forum of the common edifice is where people meet and gather. Unsurprisingly, it catches the builders’ attention and its pillars and cupola get significantly reinforced. The Commission has presented in autumn a proposal for a directive revising the Markets in Financial Instruments Directive (MiFID), as well as a proposal for a regulation. Negotiations are expected to last until the second half of 2012. The same holds true for the market abuse directive. A new proposal on credit rating agencies is on the table as well, which also will keep the legislators busy for the better part of this year. On the issue of short-selling, an agreement has been found in late 2011 and progress has been made on the European markets infrastructure regulation (EMIR). Legislative proposals are also expected in 2012 on central securities depositaries and on a securities law. On the front of financial stability, shadow banking has been identified by the G20, the Financial Stability Board and the European institutions as a further priority. Works on both levels are to be intensified with a proposal to be expected by the end of the year.
Consumer protection

Next to looking after the building, the security of its inhabitants is paramount. Indeed, since the financial crisis, consumer protection, next to financial stability, has become a key concern for legislators. Legislative activity is in full swing with revisions of existing directives and new ones expected as well. Regarding deposit guarantee schemes, the guaranteed amount has been raised to 100 000 Euros while the pay-out period is to be reduced. Similar works are ongoing on the investor compensation schemes directive. The negotiations on both directives are expected to be concluded later this year. The UCITS V proposal is expected in April 2012 and should, amongst others, significantly increase the liability of the depositary. Furthermore, the PRIPs initiative is to improve the comparability among packaged retail investment products via an extension of the key investor information document from UCITS to other comparable products.

The internal market

Although making financial institutions and banks safer has been the main focus of activity in the last few years, the internal market, and efforts to deepen it, is still the most tangible raison d’être of the European Union. Part of the EU house has been built and needs constant maintenance, and new parts are still under construction or planned.

Regarding payment services, after intensive negotiations during the best part of last year, an agreement has been found in December on the SEPA end date regulation. But already the payment services directive is expected to get a review in 2012 just as the regulation on cross-border payments and the one on information on the payer accompanying transfers. In retail banking, both the Council and the European Parliament are currently working on the mortgage directive and the Parliament is considering an own initiative report on access to basic bank accounts after judging the mere recommendation of the Commission as not going far enough. On bank account fees, the Commission is expected to come out with a legislative proposal in 2012 and it might consider doing the same thing on collective redress.

01 January 2011

Besides the European Systemic Risk Council, the three new European financial supervisory authorities begin their work: the European Banking Authority (EBA); the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA).

New tax regime for employers of highly qualified expats enters into force.
On the legal affairs side, the European Commission has put on the table a proposal for a European sales law with implications for the banking side and the money laundering directive is to see a proposal for a revision later in 2012. A proposal for a directive on a European account preservation order is currently making its way through the EU legislators’ decision-making process and in January 2012 the Commission has presented a revision of the data protection directive.

Finally on taxation, the savings tax directive has been a building site where for years several building companies have unsuccessfully tried to bring works to an end. The Commission architects in DG TAXUD have nevertheless not been discouraged and opened in March 2011 a new building site called the common consolidated corporate tax base (CCCTB) and in September a further one in the financial transaction tax area. Both are expected to be undertakings that go beyond 2012. Finally, it has to be mentioned that the US neighbour’s extension of their tax building by a room called FATCA that reaches into the EU garden has resulted into month long negotiations over the common fence that have lasted for the better part of 2011 and will continue in 2012.

11 January 2011
The European Insurance and Occupational Pensions Authority (EIOPA), the new pan-European insurance supervisor, elects Victor Rod, director of the Commissariat aux Assurances, Luxembourg, as acting chairperson.

12 January 2011
The European Securities and Markets Authority (ESMA) becomes operational: Carlos Tavares becomes Vice-Chairman and Jean Guill, Director General of the CSSF (Luxembourg Supervisory Authority), is elected on the Management Board.
2. Financial markets regulation

Markets and product regulation

After the difficult period 2008-2010, 2011 was marked by the publication of some key regulations. The year started with an extensive consultation from the EU Commission on the review of MiFID. It was triggered by a review clause in the 2004/39/EC Directive, or the MiFID I, and was extended in its scope because of market developments. The ABBL took part in the exercise, which resulted in the publication of a dual text in October. The proposal was split into two instruments: the MiFID and the MiFIR (respectively a directive and a regulation). While the former deals with licensing rules, governance structures and client relations, the latter is on market structure and organisation, with the notable introduction of a new trading platform category, the so-called OTF (Organised Trading Facilities), as well as a broad extension of the Systematic Internalisation rules to all financial instruments (except non-listed ones). The process marks the beginning of a long road to implementation of the new regulation, expected probably somewhere around the end of 2014 or early 2015, preceded by a long year of negotiation at EU level to agree upon a final text. The EU parliament took the new regulation to heart and the Rapporteur ended the year with the publication of a questionnaire for stakeholders to assess the “appropriateness” of the EU Commission proposal. At the end of 2011, the ABBL organised a conference on MiFID and set up a Steering Committee to ensure a sound representation of the industry. More information is available on the ABBL website (www.abbl.lu/dossiers/mifid).

2011 also saw the publication of the AIFMD, the hedge funds and private equity directive, as well as the start of the level 2 work by ESMA (European Securities Market Agency). The output of that agency, built on the former CESR (Committee of European Securities Regulators), was impressive with the first publication of a consultation weighing in at about 500 pages, followed, after market comments, by advice to the EU Commission worth another 400 or so pages of detailed regulations on alternative investment fund managers, alternative investment funds and their depositaries. A large part of this work was, in fact, spent on the latter.

2011 was also the year of renewal of the Prospectus Directive, which involved detailed work by ESMA, notably to refine the level of information and details expected by issuers.
Regarding market regulation, we should not forget to mention the revision of the MAD (Market Abuse Directive). The draft regulation was introduced at the same time as the MiFID rules and followed the same structure, i.e. two legal instruments. The MAD (directive) will seek harmonisation of penalties and sanctions whereas the MAR (regulation) will define and extend the current rules both in terms of details and scope of products or negotiation platforms concerned. There are two major elements to bear in mind. As is the case for MiFID, the text is at the beginning of the regulatory process and the fact that rules are now in a regulation means that they will be directly applicable across the EU without intervention by Member States.
The last instrument to be published was the draft rules on the review of the Transparency directive, which will begin its journey through the EU regulatory process one month after the MiFID and MAD.

The past year should also have been the year of UCITS V and PRIPs (Packaged Retail Investment Products), but given the work overload at the EU Commission both regulations where postponed until 2012.

Post-trade regulation

During the year 2011, the negotiation on the EMIR (European Market Infrastructures Regulation) to create a pan-EU status for clearing houses and force derivatives onto these clearing houses (as well as introducing trade repositories) progressed until they hit a roadblock on the question of the relation with non-EU countries (3rd country). The issue concerned the question of how to handle firms that provide these services to EU based entities or handle EU products. By the end of the year the text was still under negotiation and trilogues between the European Commission, the European Parliament and the Council of Ministers ongoing, with a view to close in the first quarter of 2012. There are, however, several elements that can be considered for granted: the scope of products will be very broad, the rules will be costly (in terms of collateral at least) and a lot of aspects still remain to be addressed by ESMA (notably which products will be eligible as well as risk management criteria). Finally, the ABBL still has some doubts over the likelihood of a reduction of systemic risks, which was actually the trigger for the regulation. Indeed, on this latter point, going from OTC (Over-The-Counter, or bilateral trade) to clearing houses may concentrate risk onto a handful of players instead of spreading it across many.

The year gone by should also have been the year of two other major texts: one to regulate the right of securities with the SLD (Securities Law Directive) and the other to regulate Central Securities Depositories (CSD). The SLD turned out to be quite a subject of contention at EU level and was thus postponed until sometime in 2012 (most likely late 2012). The CSD regulation was also postponed into early 2012. This last text will create an EU-wide status for CSDs so that the European Central Bank’s Target 2 Securities project (again delayed to 2015) can work.

17 January 2011

The Industrial and Commercial Bank of China sets up its European headquarters in Luxembourg.
Basel III / CRD IV

The European Commission published on 20 July 2011 the official proposal of the “CRD IV package” transposing the Basel III framework into EU legislation.

The CRD IV proposal consists of a Regulation and of a Directive, both of which will replace the existing CRD. The Regulation constitutes the major part of the proposal as it contains the technical rules directly addressed to institutions. As a regulation, it will be directly applicable in all EU Member States without any transposition from the national supervisors. The Directive mainly contains rules addressed to Member States, needing transposition into national law (taking up of business, cooperation among authorities in the EU, etc.) as well as the pillar II requirements and the new capital buffers. It has to be noted that for quite a number of provisions in the Directive there are no substantial changes compared to the existing rules (taking up of business, supervisory arrangements) so that no new transposition of these provisions is needed.

As regards the timeline, the bulk of the new requirements are to be applied by 1 January 2013. Considering the substantial issues at stake, this will leave very little time for the industry to prepare and for authorities to adapt their laws and regulations at the national level.

The top priorities of the ABBL concern the timetable of implementation of CRD IV, the new liquidity rules and the new capital requirement for the Credit Valuation Adjustment risk (the CVA risk).

Timetable of implementation

The tight deadline for applying CRD 4 (1 January 2013), coupled with the huge number of technical standards (150) to be issued by the European Banking Authority (the EBA) over the next years, might jeopardize the proper implementation and the quality of the new rules.

New liquidity rules: Liquidity Coverage Ratio / Net Stable Funding Ratio

The Liquidity Coverage Ratio (LCR) will become binding on 1 January 2015, and will be observed by national regulators from 1 January 2012 to 31 December 2014. We draw attention to the fact that this observation period should not be
a transitory phase, triggering market expectations to abide by the LCR before 2015. On the contrary, the observation period must be used to identify the unintended consequences of the LCR. Maintaining the specificities of the European legal and economic framework is also a matter of concern during the observation period: for example, the effect of the cap on inflows at solo level and the situation of covered bonds should be carefully analysed. The Net Stable Funding Ratio (NSFR), which will become binding on 1 January 2018, will also be observed, pending substantial modifications to be decided by the Basel Committee.

In order to assess the impact of the new liquidity standards on Luxembourg banks, two Quantitative Impact Studies (QIS) were conducted in 2011 jointly by the BCL and the CSSF. The QIS has proven to be useful for identifying any unintended consequences resulting from the introduction of the liquidity standards at local level, raising awareness of the new liquidity standards among the Luxembourg banking community at an early stage of the observation period, and providing input to Luxembourg authorities’ position in international discussions.

The main issues from the ABBL’s perspective are the following:

- With regards to the ability to grant waivers for applying the LCR at the consolidated level only, the ABBL believes that the European Commission’s proposal is acceptable from a prudential and from a political perspective, because it provides appropriate safeguards to the supervisors of the groups’ subsidiaries (the host supervisors);

- The mandatory limitation of the inflows to 75% of the outflows (the cap on inflows) is not relevant from a prudential point of view. In order to mitigate the impact of the cap, the cap should be removed at the level of the group’s subsidiaries (i.e. at the solo level);

- The composition of the buffer of high quality and liquid assets should be rebalanced in order to avoid excessive concentration on sovereign debts. In that regard, a bank part of a cross-border group should be allowed to include in its buffer covered bonds issued by another entity of its group (the parent, a subsidiary, etc.), and units of investment funds;

- The delegated act proposed by the Commission on the final LCR calibration and on the definition of liquid assets should be removed in favour of the co-decision procedure.
Credit Value Adjustment risk

CRD IV requires financial institutions to calculate an additional capital requirement for the so-called Credit Valuation Adjustment (“CVA”) for all Over-the-Counter (“OTC”) derivative instruments in respect of all of business activities. We believe that the consequences on the “real economy” have not been properly anticipated.

Such rules are not adapted to the EU reality, where a majority of banks perform OTC derivatives on behalf of their customers (corporate customers, private customers, etc.) for hedging purposes. Such transactions are non-speculative banking services that prove to be crucial for the well functioning of the “real economy”: customers usually initiate with their banks tailor-made foreign exchange transactions to hedge their risk exposures in foreign currencies, or interest rate swaps to hedge their interest rate risk.

We are concerned that, in the future, the cost of these hedging OTC transactions becomes prohibitive, thereby hampering the competitiveness of the EU economy. The impact is likely to be the most severe on clients / banks using long term hedging strategies, e.g. pension funds, investment funds, corporate, mortgage banks, banks issuing covered bonds.

At the very least, the new CVA rule should be subject to an impact assessment conducted by the EBA.

EU Crisis Management Framework

The EU Crisis Management Framework is, apart from CRD IV, the most important piece of financial reform in the field of banking supervision. The European Commission has issued in early January 2011 a consultation document proposing that:

- National authorities are equipped with the tools to intervene in a troubled institution at a sufficiently early stage to address developing problems;
Firms and authorities make adequate preparation for crises;

National authorities have common resolution tools and powers to take rapid and effective action when bank failure cannot be avoided;

Authorities cooperate effectively when dealing with the failure of a cross-border bank;

Financing mechanisms avoiding the use of taxpayer monies are in place.

The ABBL supports the creation of a EU framework minimising the cost of bank failures for the society, and has emphasized its key concerns in its response to the European Commission’s consultation:

In the case of cross-border banking groups, the framework must not change the allocation of supervisory powers between the home and the host supervisors enshrined in the CRD and in the EBA regulation;

At the time when resolution plans are drafted, i.e. in a going concern situation, resolution authorities must not interfere in the business model of banks, or to require changing their legal or operational structure. It is not the role and not the responsibility of the authorities to shape ex ante, through resolution plans, the organisation of healthy banking institutions;

Decisions related to group resolution (i.e. resolution plans, implementing resolution tools, etc.) must be taken based on a joint agreement. In case of disagreement with the decision of the home resolution authority, the host resolution authority should be able to take its own decision on resolution measures affecting a subsidiary located in its jurisdiction.

A legislative proposal is expected early 2012.
4. Legal & Tax

Foreign Account Tax Compliance Act (FATCA)

The ABBL, like other European and worldwide Banking Federations, has spent a significant amount of time and energy in providing the U.S. Department of the Treasury and the Internal Revenue Service (IRS) with extensive comments and recommendations to facilitate the effective delivery of FATCA’s goals. Nevertheless, one has to wonder if the discretion available to the U.S. Department of the Treasury and the IRS has not been fully exhausted and, therefore, a workable solution on certain of the legal and implementation challenges created by FATCA rules (as currently drafted) cannot be delivered. The following issues remain to be resolved:

- **Legal Issues** – it appears to be a widespread problem that foreign financial intermediaries (FFIs) will be unable to comply with FATCA due to conflicts of laws. Without significant changes in their domestic law, FFIs are often not allowed to report directly to the U.S., withhold on non-US source income or unilaterally close accounts. It seems evident that the large scope of FATCA requires intergovernmental solutions (contrary to its predecessor, the qualified intermediary or QI rules, which were based on private law contracts between the IRS and FFIs). As a global problem, we believe that the prevention of tax evasion is best pursued on a multi-lateral basis (EU-US or OECD).

- **Passthru withholding** – “passes” the qualification of income as US source income “through” the legal entity, which is the FFI. The disproportional complexity and the impracticalities of the currently proposed rules are widely considered unworkable. Besides creating sovereignty issues (the same income will be considered as taxable by different countries), these provisions would also cause substantial disruption to the global financial system and could even have a significant effect on financial stability. If FFIs were to comply with these requirements, many of them would face legal challenges by customers all over the world with regards to the validity of FATCA withholding, resulting in an untenable legal risk for foreign banks.
- **Proportionality and efficiency** – The scale of FATCA has to be addressed. Care must be taken to ensure that the burdens imposed on FFIs are targeted and proportional to the derived benefits, including for the US Government/Treasury itself. Making FATCA proportionate and efficient by taking into account (or merging it with) existing legislation in other parts of the world (e.g. the EU) and ensuring a commercial level playing field between US based FIs and FFIs would encourage widespread uptake among FFIs. From a purely banking perspective (other FFIs may have other issues), we suggest the following:

  - **Definition of FFIs:** The regulation should reconsider the approach to the definition of FFIs, as the current definition could generate millions of entries in the US database (hundreds of thousands of funds, trusts, property holding structures, etc.) and the collection of large amounts of withholding by default (which often must be reimbursed later) would require the US to put in place systems and personnel to handle tax reclams filed by non-resident investors.

  - **Small FFIs:** Conditions to apply for the so-called *deemed-compliant status* should be significantly reviewed, to allow exemption of the vast majority of small local FFIs, who may occasionally open low-value accounts for US residents or double-nationals.

  - The rules to be used to identify US substantial owners should be based on domestic Anti-Money Laundering (AML) laws (i.e. EU Directive).

  - Further refinement of the definition of "private banking accounts" to enable better focus on customer segments that are truly high net worth (raising of the threshold from $500,000 to $1 million).

  - Restricting annual reporting of US accounts to personal information and account balances (as under the QI regime): including transactional information will be very costly and impractical for FFIs to implement, whereas excluding transactional reporting will make FATCA compliance much more easily achievable by FFIs, whilst still ensuring that the IRS receives the information that it needs.

---

02 March 2011

The Financial Action Task Force commends progress achieved by Luxembourg in reinforcing its legislative arsenal to combat money laundering. Luxembourg is taken off the “grey” list.
Disinvestments from the US? - Application of FATCA could encourage - potentially large scale - disinvestment from the U.S. ahead of the effective date, artificially depressing the market at a time when it is already highly volatile. This market impact would be felt particularly by those, predominantly US-based, investors (such as pension funds, mutual funds etc.) likely to stay in the market. It would also be felt by other market participants such as brokers and custodians and new security issuers, including the U.S. Treasury. The application of unmodified FATCA rules could be understood as a message that the U.S. is against foreign investment at a time when the current administration is endeavoring to attract and maintain foreign investment. Foreign financial institutions inject billions of dollars each year into the US economy. The application of FATCA as intended will create a disincentive to invest in the United States and will result in a two tier system in which some banks in other countries will actively limit their exposure to U.S. markets so as to be able to ignore FATCA entirely. Consequently, this intentionally non-compliant tier of banks will become an attractive home for investors wishing to evade US tax. Such an outcome cannot be the intended goal of FATCA.

Recent evolutions at political level seem to indicate that the U.S. is finally ready to deviate from its purely unilateral approach, which hurts sovereignty rights of many other governments across the world, and to discuss bi- or multilateral reciprocal Government agreements (or an agreement with the EU) to find a workable solution.

Financial Transaction Tax (FTT)

The ABBL was very actively involved in the elaboration of the position paper of the European Banking Federation (EBF) on this sensitive issue.

Three important points need to be taken into consideration when discussing this tax:

- It is evident that many EU member states need additional resources to overcome the debt crisis. The FTT has been chosen by politicians amongst other proposals (financial activity tax or FAT, bank levies, application of VAT to financial services) to help overcome financial crisis probably because of its large scope and its capacity to raise important amounts of money with a very low tax rate;

---

1 As at 30 June, 2011, $958,201 million assets, $95,130 million of commercial and industrial loans, $486,104 million of total loans and $699,390 million of deposits were held by foreign owned banks in the U.S.
The EU Commission certainly made an impact assessment for the introduction of an FTT, but simulations were based on numbers for the whole EU, without analysing the impact on individual member states. The potential impact may, however, largely differ from one member state to the other;

Additional taxes introduced by individual governments will, at least within the EU, raise issues with double taxation and distortion of competition. Luxembourg, as an open economy mainly exporting and importing financial services not only to/from its European neighbors but also to/from the whole world, is particularly vulnerable to distortions of competition.

Consequently, the ABBL insisted on the following points in its contributions to the EBF position paper:

- The impact assessment of the EU Commission needs to be redone. It seems barely acceptable to promote a new EU wide tax without taking into account the economic impact on individual member states. Limiting the simulations to global EU wide numbers seems to be somewhat hazardous, when taking into account that up to now the EU had no competencies at all in (direct) tax matters;

- The impact (per member state) of an FTT also needs to be measured with reference to its adverse effects. No fine-tuned analysis is available as far as impact on growth, market liquidity, jobs and even abandoning of activities is concerned;

- It is very likely that some kind of new tax will be imposed on the financial sector. When considering the FTT, one must also look at the alternatives proposed and analyze the consequences for banks in case one of the other taxes would replace the FTT. These other taxes could affect banks even worse;

- If taxes already introduced by some member states would then be abandoned, an EU wide FTT would avoid distortions of competition resulting from the fact that the taxable base of purely national measures might largely diverge.

The ABBL, however, fully subscribed to the EBF position paper, which clearly rejected the FTT.

16 March 2011
Common consolidated corporate tax base: The European Commission proposes a common system for calculating the tax base of businesses operating in the EU.
Towards improved consumer protection

Throughout 2011, various legislative initiatives have contributed to increasing consumer protection, both at national and European level. While the origins of the majority of national legislation on consumer protection can be traced back to European directives, the Luxembourg government has demonstrated a certain degree of originality and an effort to summarize by drafting a Consumer Code. At the European level, the various initiatives aim to establish a supranational framework to increase consumer protection, in particular across borders.

1. Luxembourg: A new Consumer Code

The Law of 8 April 2011 introducing a Consumer Code abrogated a number of laws in order to bring them together in a single text: the Consumer Code.

Drafting a consumer code is an initiative that inevitably leads to improved clarity of consumer law, both for consumers themselves and professionals. The proliferation of rules in this field has made these efforts of codification indispensable. Easing access to the numerous rules undoubtedly represents a step towards a better understanding of consumer protection. Nevertheless, bringing together as established law in a single Code the majority of texts relating to consumer law does not simplify the law as such. As a consequence of the complexity of the rules, consumers themselves are unfamiliar with their rights.

Better consumer information

National and European legislators believe to have found a solution to better informing consumers. Thus, with the idea in mind that consumers must be informed, the various EU directives respond with an endless list of pre-contractual information that must be provided at the various stages of the relationship between consumer and professional. The new Consumer Code is thus not exempt from this flaw.

Article L.111-1 of the Consumer Code outlines a general obligation on behalf of the professional to inform. Articles L.221-1 and L.221-2 establish an obligation to inform in advance for a certain number of specific contracts. Such an obligation to inform, expressly worded in the Consumer Code, appears to be a novelty. In reality, however, this obligation already existed in the Civil Code, article 1602 of which lays down that “The vendor is required to clearly explain that to which he has committed himself. Any equivocal agreement will be construed against the vendor.”
Concerning distance contracts related to financial services, article L.222-14 draws up an entire catalogue of prior information to be provided to consumers. Although faithfully transposing Directive 2002/65/EC and incorporating the text of the Law of 18 December 2006 on financial services at a distance, the law is difficult to apply by professionals and above all very “indigestible” for consumers. Certain items of information are indeed useful since they may influence consumers’ decisions. Thus, the pre-contractual obligation to inform does indeed fulfil its role, which is to guarantee, in a preventive manner, the integrity of the agreement. Other elements of information, on the other hand, appear to be superfluous, at a preliminary stage, and only end up increasing the administrative burden of professionals while overburdening consumers with information that is far from indispensible to reach an informed consent. In the end, pre-contractual information no longer differs from the actual contract, given the extremely detailed information that must be communicated to consumers before concluding a contract. By imposing such an obligation to inform on professionals, one ends up drowning consumers under a pile of overly technical information. In reality, excessive information dilutes the information that is truly useful to consumers. In this instance, too much information kills the information. Consumer protection is here erring on the side of over-meticulousness.

Consumer credit framework


One of the main new features of the text is the obligation to inform consumers during the pre-contractual phase. Before concluding a credit agreement, consumers must have the necessary information elements that will allow them to make an informed choice. The text refers to a Grand-Ducal regulation which includes the form published as Annex II of Directive 2008/48 entitled “Standard European Consumer Credit Information”. This standardised presentation of pre-contractual information aims to facilitate offer comparison for consumers regardless of the institution or the country of origin. For the credit institution, providing consumers with the form in question constitutes evidence that it has performed its duty of informing the consumer. If the credit institution wishes to provide further information to consumers, it must to do so in a separate document that may be annexed to this standard form.
Lastly, the credit institution must give consumers explanations enabling them to compare the different offers and determine whether the proposed credit agreement is appropriate to their needs and financial situation. It will draw the attention of the consumer to the principal characteristics of the products which are proposed and the particular effects which they may have on them, including the consequences of payment default.

Assessment of the consumer’s creditworthiness is now a legal obligation: before concluding the credit agreement, credit institutions must assess consumers’ creditworthiness on the basis of a sufficient number of items of information. The law places obligations on consumers who must notify their current financial commitments and recurring income to the banker.

If the consumer resides in a different Member State, the banker will, if necessary, consult the databases of the State in which the consumer is resident. If the professional turns down the credit application after consulting the database, he or she must inform the consumer of the outcome of such consultation and disclose the name of the database consulted. Finally, in the event of a significant increase in the total amount of the credit, the professional must first update the financial information at his disposal about the consumer and review the consumer’s creditworthiness again.

The consumer has a right of withdrawal, which constitutes a major innovation: the consumer will in future be allowed fourteen calendar days to withdraw from the credit agreement without stating any reason.

If the borrowing rate is to be changed, the consumer must be duly informed before the change takes effect. This information shall state the amount of the payments to be made after the entry into force of the new borrowing rate and indicate whether the number or frequency of the payments is to change. However, the parties may stipulate in the credit agreement that this information is to be given to the consumer pe-
periodically and that the new reference rate is also available on the creditor’s premises.

In addition to transposing the EU directive into Luxembourg law, the Consumer Code introduces original provisions concerning consumer credit advertising. Thus, any offer comprising the indication “free credit” is prohibited. The following are similarly prohibited:

- Advertising designed specifically to encourage the consumer to resort to the credit although he or she is unable to meet his or her debts;
- Advertising indicating that a credit or a credit transaction which consists in grouping together previous credits can be granted without any item of information enabling the financial situation of the borrower to be assessed;
- Advertising which quotes advantageous rates without stating the particular or restrictive conditions by which the advantage of such rates is governed.

These rules aim to prevent consumers’ accumulating debts, which may deteriorate into overindebtedness.

2. Developments at the European level

Credit agreements relating to residential property

In its review of the European mortgage market, the European Commission has identified several obstacles to a well functioning single mortgage market. The European mortgage market is characterised by substantially different regulatory frameworks in the Member States, limited cross-border activity, lack of competition and some irresponsible lending and borrowing practices.

Against this background, the European Commission published in March 2011 a proposal for a directive on credit agreements relating to residential property. The aim is to create an integrated and competitive European mortgage market for consumers, creditors and credit intermediaries and to ensure a high level of consumer protection.

1 July 2011

As foreseen by the European Savings Directive, the withholding tax rate on non-residents’ income from savings is increased to 35%.

The Alternative Investment Fund Managers Directive (AIFMD) enters into force.
The current text sets out rules covering the information requirements for creditors and credit intermediaries before the conclusion of the contract as well as rules concerning responsible lending behaviour.

The text introduces general standard information to be included in advertising. However, the information required is so detailed that TV or radio advertising will be very difficult. Besides, some of the information is only relevant for the consumer at the pre-contractual stage and should remain at that level to avoid creating an overload of information for him or her.

Creditors must provide personalised information to consumers through a European Standardised Information Sheet (ESIS). The ESIS which was first developed in the European Voluntary Code of Conduct on Home Loans has been updated. It aims to make it easier for consumers to compare loan products available from different lenders and to allow them to make an informed choice.

Consumers will benefit from a harmonised Annual Percentage Rate of Charge (APRC). For the calculation basis of the APRC, third-party costs, such as for instance insurances, should be excluded as creditors have no influence on these costs and will often not be aware of the amount involved at the time of the conclusion of the contract. This narrow scope will ensure that consumers will be able to compare the different offers, which is one of the aims of providing them with the APRC.

Furthermore, creditors have to provide consumers with adequate explanations on the proposed credit agreement determined by the level of their knowledge and experience with credit and have to identify products that are unsuitable for consumers. This obligation bears a high legal risk for the creditors as consumers may state that the products offered were unsuitable. The final decision on which products best fit their needs should be left to consumers.

20 July 2011

Capital Requirements Directive (CRD IV): The European Commission publishes a proposal for a directive and a regulation.

The European Commission publishes a draft regulation on a European account preservation order.
Additionally, creditors must meet certain standards when providing advice. It should be clearly stated that advice remains a separate service to be provided only on demand of the consumer.

Creditors have to verify the borrower’s ability to repay before granting a loan, and in case of a negative creditworthiness assessment, they have to deny it and provide the reasons for rejection. Borrowers, for their part, are obliged to provide complete and accurate information on their financial situation.

Creditworthiness assessments are a core element of the mortgage credit business and are already undertaken in practice by banks. The introduction of a legal obligation to deny a credit would be inconsistent with the principle of “freedom of contract”. It could also lead to an increase in litigation.

Besides, a narrow definition of the creditworthiness assessment could result in the unjustified exclusion of several categories of borrowers from access to credit.

Consumers have the right to repay their credit before the end of the credit agreement subject to certain conditions to be determined by Member States. The proposal should ensure that creditors have a right for fair and objective compensation.

The proposed directive also provides for a legal framework for credit intermediaries. They must be subject to adequate authorisation, registration and supervision and the same rules of business conduct and consumer protection rules for creditors apply to credit intermediaries.

The ABBL agrees that consumers should receive clear, comprehensive, complete and comparable information and should benefit from a high level of protection, but it is important to ensure that the quality of information prevails over the quantity and to avoid creating legal uncertainty for the parties and risk of litigation. It should not end up in an increase of administrative burden for the creditors without any benefit for the consumers.
Basic payment account

In July 2011, the European Commission presented a recommendation aiming to ensure that consumers have access to a basic payment account, at a reasonable cost, regardless of their country of residence in the EU and independently of their financial situation.

This initiative is part of the fight against social and financial exclusion. With the use of cash becoming less and less frequent and with the majority of banking services now being electronic, holding a bank account has today become an indispensable aspect of day-to-day life and is often a precondition to receiving a salary, social security benefits and other services.

This basic account should allow its user to use, to receive, to deposit, to transfer and to withdraw funds, to authorise direct debits and transfers, and to make payments using a payment card, yet without an overdraft facility.

In Luxembourg, the law of 15 December 2000 on the postal services and financial services of the postal company foresees that all physical or legal persons have the right to open a current account with the postal company, regardless of their nationality.

European contract law

In line with the European council of Stockholm in December 2009, the European Commission presented an action plan with the objective to set up a European area of freedom, security and justice. Amongst the initiatives foreseen feature the Commission’s proposals on European contract law as well as the Common Frame of Reference. The aim of these instruments is primarily to facilitate cross-border transactions. Due to the size and the structure of its economy and its limited geographical surface, Luxembourg is almost exclusively orientated towards foreign countries and is thus particularly concerned by the questions addressed in the Green Book the European Commission presented in July 2010.

21 July 2011

Euro zone leaders agree to a second rescue package for Greece worth 109 billion euros, on top of the 110 billion euros already granted a year ago. Banks and other private investors will contribute some 37 billion euros to the rescue.
Following this consultation, the European Commission presented, in October 2011, a draft proposal for a regulation on Common European Sales Law. The Common European Sales Law will be a second (optional) regime of contract law within the national law of each member state. When parties agree to use Common European Sales Law, its provisions will be the only rules applicable for the matters falling under its scope of application. As the Common European Sales Law does not cover all aspects of a contract, existing provisions in national civil law that are applicable to the contract will continue to govern these residual issues.

While focusing on rules applicable in sales law, the Commission’s proposal contains a significant number of provisions relating to general principles of contract law (sections I to III), such as good faith and loyalty. The principle of contractual freedom also guarantees that parties can derogate from Common European Sales Law, except from rules expressly qualified as imperatives, such as those relating to consumer protection. The text also contains rules regarding contractual formation, pre-contractual information, and the consumer’s right of withdrawal concerning the conclusion of distance contracts or off-premises contracts. Moreover, provisions regarding contract cancellation because of error, fraud, threat or unfair use are included. Besides these, general rules of interpretation of contractual clauses, provisions relating to content and effects of contracts, as well as criteria according to which clauses can be considered as being abusive and therefore null and void, are also foreseen. Sections IV to VII specifically deal with sales contracts. Finally, a last section is reserved for limitation rules.

The rules thus established are necessarily the result of a compromise between continental civil law and common law, and will presumably involve a great deal of linguistic arbitrage. In order for such a regime to be used and become an international template for contract law, it will have to take into account the fundamental principles of national laws, and its rules must be simple in order to be easily accepted by economic actors. Such an instrument can only become successful the day it will actually be used by the latter.

10 August 2011

Switzerland and Germany initial an agreement on a new cross-border tax system whereby Swiss banks will levy a final withholding tax according to German tax law.
AGDL: Deposit guarantee and investor compensation

The AGDL (Association pour la Garantie des Dépôts Luxembourg) was established in 1989. Its purpose is to set up a mutual guarantee scheme covering cash deposits of the customers of credit institutions and, since the European Directive 1997/9/EC, claims arising out of investment transactions in favour of investors with credit institutions and investment firms.

Although the ABBL and the AGDL are two separate and independent organisations, there is a service level agreement by which the day-to-day administrative work of the AGDL is carried out by the ABBL Secretariat.

On 8 and 9 October 2008, the Tribunal d'Arrondissement of Luxembourg declared Glitnir Bank Luxembourg S.A., Landsbanki Luxembourg S.A. and Kaupthing Bank Luxembourg S.A. in suspension of payments. The AGDL had to intervene for the customers of these three credit institutions, who were members of the AGDL. Only the guarantee scheme covering the cash deposits was set in motion, since the investment instruments were available in the three banks, allowing the clients to recover their entire portfolios.

The process of compensation of the clients was successfully managed by the AGDL on the basis of a long-standing outsourcing contract with a consultant firm and thanks to the fully efficient computerised system, developed in cooperation with this consultant and the substantial efforts made by its staff.

The Glitnir case was closed in 2009 and the AGDL recovered its debt due to a restructuring plan.

Through a restructuring plan approved in July 2009, Kaupthing, was split in two parts: 1) creation of Pillar Securitisation S.à r.l., which took over the debts (among others AGDL) of Kaupthing and 2) creation of a new Bank “Banque Havillard SA” which took over the customers of Kaupthing with their deposits, while the customers of the Belgian branch were taken over by Keytrade Bank. The recovering process began in August 2009. In 2011, the AGDL received the four scheduled instalments. This will continue in 2012.

26 August 2011

Switzerland and the UK initial an agreement on a new cross-border tax system whereby Swiss banks will levy a final withholding tax according to UK tax law.
The Landsbanki case was closed in 2011 and the AGDL also recovered its debt due to the consent by the Luxembourg Central Bank and Landsbanki Islands to restructure their claims against the estate of Landsbanki Luxembourg, which granted seniority to the claims of the other creditors of Landsbanki Luxembourg.

No failure was registered in 2009, 2010 and 2011.

The outstanding and most time consuming event of the year 2011 was, like in the year 2010, the work in relation to the draft of a new Directive for Deposit Guarantee Schemes (DGSD) and a new Directive for Investor Compensation Schemes (ICSD). In order to have both these texts improved, the AGDL participated in many Working Groups at the European Forum of Deposit Insurers (EFDI), the European Banking Federation, and the European Commission. The President and the Secretary of the AGDL met some members of the European Parliament in order to voice their concerns about these two projects. This work will continue in 2012.

Currently there are three different papers on the table for both draft directives. The negotiations led to a trialogue between the European Commission, the European Parliament and the Council. The Polish and the Hungarian Presidencies have published compromise papers, but it seems that there will be no conclusion before many months.

The main points of opposition are the funding and the payout delay.

The AGDL is also working with the CSSF and the consultant firm to improve the computerised system and to adapt it to the 20 day payout delay. This will only be possible if the AGDL receives a “Single Customer View” from the member declared in insolvency. Therefore, one of the main points of the work of the AGDL in 2012 will be to get a regulation that will allow members of the AGDL to produce a single view of the assets of their clients.

Due to the publication of these draft directives, the Luxembourg authorities have postponed the Luxembourg draft law for a “new” AGDL.

12 September 2011

The OECD Global Forum on Transparency and Exchange of Information approves the peer review report of Luxembourg, acknowledging that Luxembourg was very active and swift in adopting information exchange mechanisms in line with the international standard.
The Private Banking Group, Luxembourg

The PBGL Members’ Meeting held in June validated the PBGL’s achievements and encouraged the Executive Board to continue its efforts. Mr Luc Rodesch (Banque de Luxembourg) was reconfirmed as Head of the PBGL and Mr Dirk Adriaenssens (ING Luxembourg S.A.), as well as Mr Patrice Crochet (BGL BNP Paribas S.A.) were elected Vice-Heads of the PBGL.

Further to the Members’ Meeting, two PBGL Meets Members sessions were held in 2011. The second one of these events was organised in the form of a conference on the 2020 landscape of Luxembourg Private Banking and attracted a broad public. The keynote speech by Minister Luc Frieden was followed by a panel discussion between national and international wealth management executives, who exchanged their views on potential answers to the challenges lying ahead.

Besides closely following and accompanying developments on the regulatory front, Luxembourg Private Bankers took further steps with regards to strategic priorities identified in the strategic plan for Luxembourg private banking. PBGL members are in fact convinced that a constant adaptation of available solutions to the needs of increasingly sophisticated and international clients is necessary to remain recognized as an international private banking centre of excellence. Some developments can be conducted at individual bank level, others need joint moves at financial centre level. In this context, the ABBL Board confirmed for example

---

**LUXEMBOURG MARKET SHARE IN INTERNATIONAL PRIVATE BANKING**

- **Luxembourg**: 27%
- **Asia** (Hong Kong & Singapore): 19%
- **Others**: 10%
- **United States & Caribbean** (Florida, New York, Delaware, Caribbean countries & Panama): 14%
- **United Kingdom & dependencies** (Isle of Man, Ireland, Jersey, Guernsey): 6%
- **Switzerland**: 6%

* International Private Banking centers predominantly serve a non-resident clientele.

its private banking cluster’s position with regards to privacy: A “Rubik-type-of-solution” protecting client privacy, resolving the past, as well as granting tax levying along local rules in place in clients’ country of residence, which would also grant a level playing field with Switzerland.

Since the beginning of 2011, the PBGL disposes of a newly created, multi-lateral reflection forum on strategic Luxembourg private banking issues: the Advisory panel. Subjects covered include, for example:

- The execution of a Voice of the Customer study at financial centre level;
- Reflection groups with regards to bilateral Rubik agreements;
- A working group aiming at upgrading the availability of private banking business intelligence at expert and financial centre levels;
- A working group aiming at drafting a client-centric quality statement for Luxembourg private banking.

Furthermore, the development of the Luxembourg residence remains one of the identified priorities. This is why the “Welcome to Luxembourg” task-force was put into place in 2010. A guide entitled “Welcome to Luxembourg – A land of International Opportunity” is available in English and French language via the ABBL Secretariat. The recommendations of the working group have since then been submitted to the “Haut Comité de la Place Financière” (HCPF), which mandated the PBGL.
to further develop its ideas. A draft law on Family Offices has been elaborated and deposited with the Parliament since, and draft laws on a private foundation and a Luxembourg Trust are developed by different working groups. The expatriate regime in place since the end of 2010 may also be mentioned in this context.

On the other hand, Luxembourg private bankers continued to invest in public relation and promotion efforts during 2011. In this context:

- The PBGL intensified its cooperation with Luxembourg for Finance (LFF) and contributed to the definition and execution of private banking promotion efforts (choice of geographies for economic missions, speakers, subjects and messages);
- A promotional film on Luxembourg Wealth Management was produced. It includes testimonials from a broad range of international wealth management clients banking in Luxembourg;
- In partnership with “Savoirs Partagés asbl”, the PBGL held and organised a series of 6 conferences on Luxembourg Wealth Management.

Getting a better understanding of Luxembourg private banking business intelligence continued to be a major focus in 2011. The Statistics working group repeated its yearly data collection exercise in cooperation with the “Commission de Surveillance du Secteur Financier” (CSSF) and PBGL member banks. This yearly exercise is conducted in order to obtain reliable statistics on the weight of the Luxembourg private banking indus-

---

**Table:**

<table>
<thead>
<tr>
<th><strong>Indicator</strong></th>
<th><strong>Value</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AuM</strong></td>
<td>EUR 300 bn</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>EUR 3.4 bn*</td>
</tr>
<tr>
<td><strong>Contribution to tax revenues</strong></td>
<td>EUR 424 m*</td>
</tr>
<tr>
<td><strong>FTEs</strong></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>7,236 *</td>
</tr>
<tr>
<td>Direct &amp; indirect</td>
<td>10,369 *</td>
</tr>
<tr>
<td>Client facing staff</td>
<td>1,500 **</td>
</tr>
</tbody>
</table>

* Sources: PBGL calculations based on CSSF data end 2009; except:
  * Codeplafi 2009,  ** PwC 2009
try. Two upgraded editions of the Luxembourg Private Banking Cockpit were furthermore published in 2011.

In the area of training, the PBGL continued to invest itself in its preferred relationship with the IFBL. Tax planning modules focusing on Belgium and France, certifications for junior private bankers and assistants are available. In order to complement the training programmes of the IFBL, the PBGL initiated a cooperation with the Luxembourg School of Finance (LSF) in view of establishing an internationally recognised Master in Wealth Management. Working groups composed of industry representatives and academic professionals are currently working on detailed programme design. Two complementary programmes are to be launched during 2013. An executive diploma in international wealth management shall be offered as of Q1 to experienced professionals, whereas a part-time Master II programme shall be open as of Q3 to international talents aiming at starting a promising career in cross-border wealth management.

Finally, a mutualisation initiative on “cross-border business guidelines” was initiated in 2011. Some 25 private banks agreed to participate in the initiative. Delivery is expected for February 2012 and the output will provide relationship managers with rules and regulations to respect when serving clients living in some 20 EU and non-EU countries. Supplementary markets will be included at an attractive, pre-negotiated, pricing on simple demand of banks.
Payments

Throughout 2011, the Payments, Information Systems and Standardisation Committee, together with its different working groups, dealt with a large number of issues covering a broad scope of banking activities.

SEPA

The main objective the Luxembourg banking community tried to achieve in 2011 was the fulfilment of SEPA. The ABBL in its role as NASO (National Adherence Support Organisation) accompanied and supported a number of Luxembourg based banks that decided in 2011 to adhere to SEPA payment schemes SCT - SEPA Credit Transfers and/or to SDD - SEPA Direct Debit (Core / B2B). The number of new participants has been quite low despite the continuous effort of the European Payments Council (EPC), ABBL/NASO and the Payments, ICT and Standardisation Committee (PISC), on the banking side, and the EU on the public side.

In 2011, the ABBL continued to offer some non-commercial operational services to run and monitor the various SEPA systems. The creditor identification attribution services operated by the ABBL, and which is continuously used by creditors, should be mentioned. Due to the high quality of the SEPA payment solutions implemented by banks and the high level of compliance, no major operational or technical incidents have been detected throughout 2011.

One of the major tasks of the ABBL and its working bodies has been the follow-up of the legal procedure initiated by the European Commission to put a SEPA end date regulation in place. This piece of legislation – which could not be voted during 2011 as initially expected – is to bring certainty as to when legacy Credit Transfers and Direct Debit have to be replaced by SEPA compliant solutions. Once the regulation is entering into force, ABBL/NASO will have to support the numerous banks that have been waiting for this legal constraint to come into force and especially will have to migrate the current Direct Debit solutions to SEPA compliant solutions following a migration plan initiated in 2011.

28 September 2011
The European Commission publishes a proposal for a financial transaction tax.
Legal actions taken by the European Commission at the end of 2011 against the European Payments Council will force banks throughout Europe to review, reposition and adapt the governance of this banking decision body in charge of SEPA, SEPA rulebook based schemes and SEPA card-framework as well as the SEPA e-payment framework.

**Payment Services Directive**

The ongoing monitoring of operational issues with regards to the Payment Services Directive has continued in 2011 and several specific topics have been discussed with member banks.

**e-Invoicing**

In September 2011, the European Multi-stakeholders Forum on e-invoicing held its first meeting and started to structure its work in order to achieve the ambitious political and economic objectives suggested by the European Commission. The ABBL is holding one of the two national chairs in this forum.

To comply with the EU decisions, Luxembourg set up its national multi-stakeholders forum on e-invoicing in December 2011. The eifL (electronic invoice forum Luxembourg) is composed of representatives of every sector of the Luxembourg economy, including the Luxembourg banking sector via the ABBL. If this national forum is to be understood as a mirror group of the European forum and is hence handling the manifold aspects of e-invoicing, the ABBL e-Invoicing WG will specifically deal with payment and other financial services specific issues linked to invoices.

**Security of payment systems and payment instruments**

During 2011, the ABBL WG dealing with this issue continued to monitor the various threats and attacks detected. Regular exchanges of information and knowledge sharing within the WG, on the one hand, and with the CSSF, law enforcement teams and public support organisations such as SMILE (Security made in Lëtzebuerg), on the other, took place all throughout 2011. Security issues have also been discussed within the ABBL Finance ICT Forum (FiFo) and other relevant working parties.

10 October 2011

The royal family of Qatar announces that it intends to buy Luxembourg’s Dexia BIL and KBL European Private Bankers.
Operational crisis prevention group and other security related issues

The ABBL supported the Luxembourg Central Bank in its efforts to increase the preparedness of banks regarding operational crisis situations which arise due to major technical breakdowns, health issues, criminal deeds and terrorist attacks. Certain incidents that occurred at the end of 2011 showed a need for continuous vigilance and increased efforts to be made in the near future.

Cloud computing and electronic archiving

These two topics are of high relevance to banks as they may offer new opportunities to improve the efficiency of overall operations. The ABBL participated in various working groups that were set up by the HCPF (Haut Comité de la Place Financière), the Ministry of Economy and Foreign Trade as well as by the trade associations EuroCloud Luxembourg and FEDISA, which examined, besides operational issues, existing and future legal frameworks that should provide legal certainty to banks when adopting these new technologies.

Innovation and finance

In 2011, the ABBL also took an active part in several initiatives aiming to get banks interested in innovation in financial services. The ongoing pressure resulting from regulation that is increasingly pushing for harmonisation of products and towards opening the market to new entrants is a strong incentive for banks to launch innovative products that will give them a competitive advantage. In this context, the ABBL continued to liaise with international and national entities such as Luxinnovation and CFIR (Copenhagen Finance IT Region).

XBRL

In September 2011, XBRL Luxembourg, with the support of the ABBL, ALFI and the Luxembourg Stock Exchange, organised the traditional “XBRL Europe Day”, which brought together over 60 participants from all the European XBRL jurisdictions as well as representatives from XBRL International.
On this occasion, delegates took stock of ongoing developments in the various countries and economic sectors. The conference in Luxembourg also represented an opportunity to strengthen networking ties between delegates from different institutions, jurisdictions, authorities, IT solution providers as well as consultants and other service providers.

The Luxembourg delegation presented a study it undertook in collaboration with KPMG on the degree of knowledge and future use of the XBRL standard for internal reporting and reporting to authorities. While the banking sector is already familiar with regulatory reportings in a series of EU Member States, the insurance sector will have to prepare for a new dimension of reporting with the entry into force of the Solvency II directive. Thus, the European supervisory authority for the insurance sector EIOPA (European Insurance and Occupational Pensions Authority) took a decision in principle to use the XBRL standard for the new reporting under Solvency II.

20 October 2011

The European Commission publishes two proposals to extend the existing Markets in Financial Instruments Directive: a directive (MiFID 2) and a regulation (MiFIR).
Collective bargaining agreement for bank employees 2011-2013

In March 2011, after five months of negotiations, the ABBL and the trade unions agreed, in principle, on the terms of a collective bargaining agreement for the years 2011 to 2013.

The parties agreed on the following items:

**Duration:** 3 years

**Salaries:**

**2011 - 2013**

Maintenance of the present remuneration system:
- payment of seniority steps for groups I and II
- guarantee linked to seniority for groups III to VI

**2011**
- no increase of scales, no individual linear increase and no overall envelope for merit-based increases
- all other payments (seniority steps and guarantee) have already been made following the ABBL recommendation of 9 December 2010

**2012**
- no individual linear increase
- increase of the scales of 1% (impact on start of scale and thresholds)
- overall envelope for merit-based increases of 1%

**2013**
- individual linear increase of 1%
- increase of the scales of 1%
- overall envelope for merit-based increases of 1%

No one-shot bonus was foreseen for the signature of the collective bargaining agreement.

**Conjonctural bonus:**

For the years 2011 and 2012, the conjunctural bonus will be maintained together with the seniority-based advancements.
For the year 2013, the conjunctural bonus will be changed; a transitional year introducing an intermediate amount will be newly created for the year of recruitment 2011:

<table>
<thead>
<tr>
<th>Year of recruitment</th>
<th>Duty group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
</tr>
<tr>
<td>2012</td>
<td>124</td>
</tr>
<tr>
<td>2011</td>
<td>496</td>
</tr>
<tr>
<td>2010</td>
<td>868</td>
</tr>
<tr>
<td>2009</td>
<td>992</td>
</tr>
<tr>
<td>2008</td>
<td>1,240</td>
</tr>
<tr>
<td>2004 - 2007</td>
<td>1,736</td>
</tr>
<tr>
<td>1994 - 1998</td>
<td>2,479</td>
</tr>
<tr>
<td>before 1994</td>
<td>2,851</td>
</tr>
</tbody>
</table>

Seniority allowance: no changes

Main other provisions:

- Art. 2: duration of the collective bargaining agreement of 3 years (1 January 2011 - 31 December 2013) and a minimum notice of termination of 1 month
- Art. 5: economic dismissal: increase of the monthly payments as of 18 years of seniority
- Art. 8: payment of hours worked on bank holidays (clarification only)
- Art. 14: special leave: integrate the references to the legislations on partnership and end-of-life care leave (congé d’accompagnement en fin de vie) in the collective bargaining agreement

27 October 2011

European leaders agree on a rescue deal with a view to stem the sovereign debt crisis. The deal’s three pillars are a 50% haircut on Greece’s debt, the leveraging of the European Financial Stability Facility (EFSF) to 1 trillion Euros and a requirement for banks to reach 9% core capital reserves by June, 2012.
Survey on the social situation in the banking sector for the year 2010

Like every year, the ABBL once again collected data amongst its members on the social situation in the banking sector and has come to the following results for the year 2010:

- Increase of the participation rate from 55.6% to 67.6%; this rate covers 85.6% of the employees of member banks of the ABBL;
- The average seniority of all employees has slightly decreased;
- The average age of men and women remains unchanged;
- The percentage of people working part time increases slowly but steadily;
- Resignations represent the highest percentage of reasons for job departures and are continuing to gain ground;
- Among all employees, the number of Luxembourgers and German residents is decreasing, while the number of employees from France and Belgium is increasing;
- The French have overtaken Luxembourgers and are now, together with the Germans and Belgians, the most represented nationalities in the sector; the percentage of Scandinavians is also increasing;
- Regarding the distribution of employees by group and function, it is worth noting that the percentage of employees in the higher groups IV to VI has increased.

<table>
<thead>
<tr>
<th>COUNTRY OF RESIDENCE</th>
<th>MEN</th>
<th>WOMEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTHERS</td>
<td>0.18%</td>
<td>0.09%</td>
</tr>
<tr>
<td>GERMANY</td>
<td>6.75%</td>
<td>5.01%</td>
</tr>
<tr>
<td>FRANCE</td>
<td>11.27%</td>
<td>12.16%</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>9.99%</td>
<td>8.13%</td>
</tr>
<tr>
<td>LUXEMBOURG</td>
<td>25.02%</td>
<td>21.41%</td>
</tr>
</tbody>
</table>
22 November 2011
Russia and Luxembourg sign protocol to amend the double tax treaty between
the two countries.

Luxembourg opens embassy in Abu Dhabi, its first embassy in an Arab country.
Governmental decision on the automatic indexation of salaries

After long and fruitless discussions between the social partners on the question of the necessity of structural reforms in Luxembourg and the categorical refusal of the trade unions to take part at a tripartite meeting in December 2011, the government decided to take its responsibility and issued a draft proposal modulating the automatic indexation of salaries for the next 3 years, that is until the year 2014. The draft proposal states that a period of at least 12 months is necessary between each automatic increase of salaries, beginning on 1 October 2012.

After 1 October 2014, the scale for the automatic indexation of salaries will be set to zero.

Remuneration policies under the control of the supervisory authority

2011 has been another busy year regarding the recent CSSF circulars 10/496, 10/497 and 10/437 on remuneration policies.

An ABBL working group composed of labour lawyers and directors of human resources analysed the conflicts between labour law and the CSSF circulars. The working group drafted a vademecum explaining how to safeguard the employer’s interests, considering both sets of legislations. The vademecum was addressed to all ABBL members.

In March 2011, after discussions between the ABBL and the CSSF, the latter issued a new circular 11/505 in March with the aim of providing clarification regarding the principle of proportionality for the application of the remuneration policies. According to this circular, it is notably unlikely for a person with a variable remuneration of less than 100,000 Euro to be considered as a risk taker with a material impact on the company. This explanatory circular has helped ABBL members considerably in their implementation of the remuneration policies’ principles.

24 November 2011

STATEC revises Luxembourg growth for 2011 down to 2% (previously 4%) and to 1.4% (previously 3.8%) for 2012.
In November 2011, the ABBL, together with the Employment Law Specialists Association (ELSA), held a conference, which was well attended, on the achievements and perspectives of remuneration policies in the financial sector.

Gender quota at the level of the board of directors

In May 2011, ABBL representatives met with the Minister for Equal Opportunities, Françoise Hetto-Gaasch, to discuss the issue of compulsory quotas of women at the board of directors for companies employing more than 500 employees.

The ABBL firmly defended the position that a gender quota at the level of the board of directors is not the right option.

However, the ABBL is fully aware of the benefits of diversity in companies and is conscious that further efforts have to be undertaken in the financial sector to increase the number of women in higher positions.

By letter, the ABBL has therefore made a commitment to Minister Hetto-Gaasch to launch an awareness-raising campaign on equal opportunities at work, by holding a survey and by proposing a Charta on diversity to its members.

The ABBL enquired among companies with over 500 employees on the rate of women at the different hierarchical levels within the financial sector. The figures from this enquiry have been officially given to Minister Hetto-Gaasch. The survey will be repeated in 3 years time to see whether in the meantime any evolution has occurred regarding the position of women within companies of the financial sector.

Another ABBL initiative to raise awareness on the matter of equal opportunities at work is the elaboration of a model Charta on diversity for the financial sector.

The Charta was established in a working group composed of equal opportunities managers from the financial sector. Diversity and equal opportunities at work being important elements of the sustainability and competitiveness of companies, this Charta should incite ABBL members to question their existing procedures towards diversity and set up concrete and specific internal action plans.

29 November 2011
Luxembourg opens embassy in Turkey.
Senior workers

Throughout the year 2011, the social partners have been discussing the issue of senior workers at the Permanent Labour Committee of the Ministry of Labour. As a matter of fact, figures on Luxembourg show that the average employee stops working at the age of 57. In light of the reform of the pension system, the departure from active life should be postponed.

However, the Luxembourg pension system being extremely generous, with a replacement percentage of around 85% of salaries, there is at present little incentive for persons to remain in employment.

If no solution has yet been found regarding senior workers, the discussions are nevertheless still ongoing and deal with working conditions, compulsory annual discussions between employers and senior workers, professional training and the progressive reduction of activity.

The sustainability of the Luxembourg social security system

While social security systems in most European Union countries, including Luxembourg, have amply demonstrated their efficiency when it comes to improving the population’s well-being and social cohesion, they have increasingly come under fire for being too unwieldy, damaging companies’ competitiveness, causing unemployment and excessively burdening State budgets.

The ABBL, as an organisation representing employers and as a co-responsible party in the tripartite or even quadripartite management of the social security bodies in Luxembourg, invites interested readers to consult the Competitiveness Yearbook 2011, which is supported by the employers associations represented in the UEL (www.uel.lu).

The analyses in the above publication clearly illustrate that Luxembourg ranks at the top of the league in terms of social benefits across all branches of social security. Currently, the sole advantage is that these social benefits are financed by bearable contribution rates.

Faced with growing expenses due to excessive benefits, the need to reform, however, is becoming increasingly inevitable across all branches.

30 November 2011

Luxembourg ranks as safest city in the world in Mercer’s Personal Safety Index 2011.
While the different stakeholders, above all employers and the government, seem to unanimously agree in their analysis of the situation, the will to act on this analysis is still lacking. The measures put forward in the announced reforms are largely insufficient to tackle the problems.

The recent reform of health insurance, which was mainly debated in 2010 and certain elements of which were still in the process of being transposed in 2011, is admittedly a step in the right direction. It nevertheless lacks efficient and decisive measures to get to grips with exploding health costs.

In 2011, a reform long awaited by employers’ associations was finally submitted: the pension reform. Following brief exchanges with the social partners throughout the year, the Council of Ministers adopted the text of the reform in January 2012. The proposed text unfortunately fails to meet the requirements of a sustainable reform.

The general pension scheme in Luxembourg is based on a compulsory insurance system. It is a pay-as-you-go system with a mandatory establishment of reserves financed exclusively via contributions. The reserves must cover at least 1.5 times the annual expenditures.

The Luxembourg system thus constitutes an intergenerational contract: with their contributions the working population finances the benefits of current pensioners. The average replacement rate is 85% and thus exceeds the rate in other countries by a long margin. It should also be highlighted that Luxembourg’s prosperity has been largely created by a non-Luxembourg workforce, which means that the country will sooner or later be forced to settle its debts once these people go into retirement.

Faced with the numerous constraints of a system that requires continuous staggering growth of employment and faced with demographic realities, a deficit of the Luxembourg pension system is to be expected in the short term: without a fundamental reform, the ratio between contributions and benefits will no longer allow the maintenance of existing pension benefits.

Ignoring mathematical truth, the current government, already strained by disagreements within the coalition itself, seems to lack the courage to embark on an ambitious deep-reaching reform. This is partly the result of overly optimistic, even unrealistic assumptions regarding future economic growth and employment rates.

06 December 2011
Standard & Poor’s puts all Euro area AAA countries, including Luxembourg, on credit watch.
At best, the reform will only serve as a basis for an awareness raising campaign that does not at all call into question the principles of the existing pension system, such as:

- The pure pay-as-you-go pension scheme with financial reserves based on intergenerational solidarity;
- Financing on the basis of a joint three pillar system (insured, employers and State);
- Legal retirement age still at age 65;
- Early retirement at age 57 after 40 years of compulsory insurance;
- Early retirement at age 60 with 40 years of compulsory insurance and supplementary periods;
- Continuation of the pre-retirement system;
- Maintenance of high minimum pensions.

The reform in no way deals with the following essential problems:

- Cross-border indebtedness;
- The excessively high replacement rate;
- The untenable financial burden for the current and future working population;
- The need to increase the responsibilisation of the non-working population by abolishing social benefits that are too high.

As the UEL has indeed demonstrated in its recent publication on pensions (“Une retraite pour tous”), the announced reform has to be all the more ambitious the poorer the economic growth forecasts are.

---

16 December 2011
Following the boycott by the trade unions of the Tripartite negotiations, the government takes a number of decisions regarding social and economic measures.

20 December 2011
Dexia Group, Qatari investment group Precision Capital and the Luxembourg State reach an agreement on the sale of BIL. Precision capital agrees to buy 90%, while the Luxembourg State will buy the remaining 10% in a 730 million Euro transaction.
CURRENT EXPENDITURE, CURRENT REVENUES AND ANNUAL CURRENT DEFICIT/SURPLUS (IN GDP %) WITH A REAL GDP GROWTH RATE OF 3.0%

Total current expenditure (in GDP %)

Total current revenues (in GDP %)

Annual current deficit/surplus (in GDP %)

Sources: Statec and IGSS forecasts

EVOLUTION OF RESERVES BETWEEN 2011 AND 2050 (IN GDP %) WITH A REAL GDP GROWTH RATE OF 3.0%

Sources: IGSS, calculations UEL
ABBL EVENTS IN 2011

03/02/2011
PBBL meets members

22/03/2011
EMIR update and Trade Repository

19/04/2011
ABBL/ALFI Walking Dinner in Brussels

26/04/2011
Press conference on the collective bargaining agreement for banking sector employees

27/04/2011
ABBL Ordinary General Meeting

27/04/2011
ABBL meets press

03/05/2011
ICMA Retail Bonds Workshop, in association with the ABBL and the Luxembourg Stock Exchange

20/06/2011
Members’ Meeting of the Private Banking Group, Luxembourg

08/12/2011
Private Banking in 2020
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/05/2011</td>
<td>Basel III – New liquidity rules: Which impacts for Luxembourg?</td>
</tr>
<tr>
<td>14/09/2011</td>
<td>Conference on Securities Depositories in collaboration with the Japan Securities Depository Center (JASDEC)</td>
</tr>
<tr>
<td>15/09/2011</td>
<td>ABBL meets members: EMIR and Central Counterparties</td>
</tr>
<tr>
<td>22/09/2011</td>
<td>ABBL meets members: FATCA</td>
</tr>
<tr>
<td>10/11/2011</td>
<td>Remuneration policies in the financial sector: Achievements and perspectives (with the Employment Law Specialists Association, Luxembourg)</td>
</tr>
<tr>
<td>17/11/2011</td>
<td>ABBL Chairman’s Dinner</td>
</tr>
<tr>
<td>21/11/2011</td>
<td>ABBL meets members: MiFID II</td>
</tr>
<tr>
<td>08/12/2011</td>
<td>Private Banking 2020</td>
</tr>
</tbody>
</table>
A SELECTION OF PUBLICATIONS AVAILABLE FOR DOWNLOAD OR BUY ON OUR WEB PAGE

ABBL annual reports
Only available in English.

ABBL corporate brochure
Only available in English.

ABBL Facts & Figures
Only available in English.

Luxembourg Private Banking Cockpit
Only available in English.

Luxembourg Banking Quarterly
Only available in English.

ABBL Member Directory

Nouveautés de Droit Bancaire et Financier
Only available in French.

Regulation: What is its impact on the Luxembourg financial industry?
Available in English and French.

White paper - Impact of Target 2 Securities in Luxembourg
Only available in English.

Switching bank accounts in Luxembourg
Available in French, German, English and Portuguese.
A SELECTION OF PUBLICATIONS AVAILABLE FOR DOWNLOAD OR BUY ON OUR WEB PAGE

Make your career in the Luxembourg financial sector
Available in French and German.

CEDIES - Les métiers de la finance
Only available in French.

Private Banking in Luxembourg
Available in English, French, German, Italian, and Spanish.

Vade-mecum sur l’impact du statut unique sur le secteur financier
Only available in French.

Welcome to Luxembourg Guide
Available in English and French.

Strategic plan for private banking in Luxembourg: 2015
Only available in English.

Film on Private Banking 2020 event

Film – Luxembourg Private Banking: Simply International
Support material for presentations on private banking

L’échange automatique d’informations face au respect de la vie privée, le secret bancaire et aux principes de liberté du marché intérieur
In a difficult economic environment, the IFBL has continued to develop and diversify its offer. In close collaboration with its more than 250 expert trainers and with the support of professional associations of the financial centre, the Institute has updated its existing offer and has launched several new training programmes.

Developing the training offer in 2011

In 2011, a partnership with the insurance company association ACA resulted in the launch of a new training programme for the insurance sector. Faced with a legal environment and a product range that is constantly evolving, insurance companies of the financial centre felt the need to establish a common training offer that is open to employees of insurance companies and their agents as well as to any persons interested in getting to know the concepts and specificities of the insurance sector. The IFBL thus received the mandate to develop a complete structured training offer for the various business areas and branches of the Luxembourg insurance sector. Since its launch, this training offer has been a clear success and will be further extended in 2012.

Concerning the training offer in investment funds, the IFBL continued to update the training material in 2011, notably to integrate the new regulations. In order to adapt the training offer to current developments in the fund industry, a restructuring was initiated in 2011 that is set to conclude in 2012.

In order to meet the specific needs of professionals of the financial sector, a training cycle for PSFs was also set up in 2011.

Finally, in the field of anti-money laundering, an entirely new distance-learning tool has been developed and commercialised.
“Career and personal development”, a new branch

Training, however cutting-edge and useful it may be, frequently corresponds to a single, isolated need. Ideally, as part of a more global and sustainable approach, training should be integrated into a broader context and take into account the various facets of learners: their experience, their background, their ambitions, their competencies and know-how, as well as their life projects. With this in mind, the IFBL has launched a complementary offer to its training programmes. Under the banner “Career and personal development”, the IFBL has created a whole range of programmes, measures and tools to usefully complement a given training, either beforehand or afterwards. This new branch has a triple objective:

- To accompany and guide people in their professional careers as soon as they enter the job market;
- To assist employers, in particular our members, in accompanying and guiding their employees in their professional careers;
- To participate in social initiatives in the context of the national fight against unemployment.

In terms of graphic identity, the Institute opted for the colour green to discern the branch in question.

An overview of inscriptions

In 2011, the IFBL has given around 11,000 man-days of training. In other words, 11,000 people would theoretically have spent an 8-hour training day at the IFBL. Concretely, we have had 3000 individual participants, who have undertaken an average of 3.67 days of training. As regards the distribution of inscriptions, the à la carte training courses (a selection of 250 different training modules to be freely chosen) have seen a slight decrease, mostly as a result of low recruitment in the banking sector. Certifying training programmes, on the contrary, have significantly increased. This increase can be explained by employees’ desire to have their knowledge and skills certified and recognised, on the one hand, and by the widened range of training offers described above, on the other hand.
Partner associations of the IFBL

ABBL - The Luxembourg Bankers’ Association

Training organised in collaboration with ICMA

CAMFIN - Capital Markets and Financial Instruments Certificate

Training organised in collaboration with ACA

Les Assurances à Luxembourg: Insertion

Training organised in collaboration with ICMA Executive Education

FMFC - Financial Markets Foundation Course; Training in Islamic Finance

Training organised in collaboration with ADA: Microfinance et micro-assurance

Training organised in collaboration with PRiM: Training in Financial Risk Management

Training organised in collaboration with ALCO: Professional Certificate of Competency in Compliance

Training organised in collaboration with Private Banking Group Luxembourg: IFBL Certified Private Banker

Training organised in collaboration with ALFI: Organismes de placement collectif

Training organised in collaboration with the Retail Banking Group: Certified Retail Client Adviser
Structure of the Institute

Board of Directors

Fouad Edmond RATHLE (Chairman)
Garanti Bank Luxembourg Branch

Giovanni GIALLOMBARDO (1st Vice-Chairman),
UniCredit Luxembourg S.A.

Michel COPPA, (2nd Vice-Chairman)
Société Générale Bank & Trust

Serge DE CILLIA (Managing Director), ABBL
Massimo AMATO, UBI Banca International S.A.

Pierre BACK, Banque Raiffeisen

Monique BERNARD, Banque de Luxembourg
Françoise CAPRASSE, ING Luxembourg S.A.

Pierre-André DELEBECQUE, BGL BNP Paribas S.A.

Roland FÜRPASS,
Banque et Caisse d’Epargne de l’Etat, Luxembourg

Gerd MAUREN Nomura Bank (Luxembourg) S.A.

Carlo MOUSCHANG, Bourse de Luxembourg

Andreas NEUGEBAUER, DZ PRIVATBANK S.A.

Per Olov OERLING,
Skandinaviska Enskilda Banken S.A.

Alain PICHÉRIT, J.P. Morgan Bank Luxembourg S.A.

Etienne PLANCHARD, Banque de Luxembourg

Karín SCHOLTES, Pictet & Cie (Europe) S.A.

Bernard SIMONET, KBL European Private Bankers S.A.

Christian STRASSER,
Dexia Banque Internationale à Luxembourg

Markus THESEN, Nord/LB Covered Finance Bank S.A.

Management

Fouad E. RATHLE (Chairman)

Serge DE CILLIA (Managing Director)

Werner ECKES (General Manager)

Business Development

Robert BAST, Client Advisor, Project Manager

Marie-Laure FERSTER, Assistant Programme Manager

Ben LYON, Client Advisor, Project Manager

Ginette NIERENHAUSEN, Programme Manager,
Project Manager

Danièle SCHROEDER, Communication and Marketing

France VERDURE, Client Advisor, Project Manager

Operations

Gilles DAMMING, Head of Operations

Christiane HEILMANN, HR Administration & Secretariat

Caroline DRESSE, Customer Relation

Sandra GENET, Operations & Logistics

Florence MASSON, Customer Relation

Alma SKENDEROVIC, Customer Relation

Fabienne STANCATO, Training Material & Exams
From the beginning

Founded just before the onset of the financial crisis in 2008, the prevailing conditions for an agency whose aim is to contribute to the development of the Luxembourg financial centre, have not been ideal. Nevertheless, Luxembourg for Finance can now look back at a track record of four years conveying the message of expertise and innovation for which the Luxembourg financial centre stands.

LFF has a staff of thirteen. Under CEO Fernand Grulms, the team is in charge of organising promotional events and foreign roadshows, presenting the financial centre to potential investors and guest delegations, producing brochures and providing online services. Activities like the use of social media, that were not planned at the beginning, have opened additional channels for reaching various target groups. Thus, Luxembourg for Finance has positioned itself as one of the most active financial centre promotional agencies worldwide.

Luxembourg is resolutely outward looking and this is reflected in its policy of cooperation with other financial centres. Last year, the Grand Duchy signed a Memorandum of Understanding with the DIFC (Dubai Financial Centre), the QFC (Qatar Financial Centre) and MoscFin Agency (Moscow), and took part in the European Roundtable of Financial Centres, helping to co-ordinate messages and strategies with our comrades-in-arms.

Particularly noteworthy is the number of participants who attended our roadshows and seminars outside Europe. The high level of interest for Luxembourg financial services in Asia, for instance, reflects increasing demand for European regulated products and services based in a stable environment.
Apart from roadshows to more remote destinations, seminars in the neighbouring countries of France, Belgium and Germany as well as in Central and Southern Europe are on the LFF programme. Professionals from the financial sector take part in LFF’s events in order to represent the industry and to extend their professional network of clients.

A great deal of interest is also shown by students and other visitors to the financial centre such as journalists, financial associations and politicians. Since students represent the future of the industry, it is important to provide them with the information they need to evolve into a highly-qualified prospective work force, and to offer them the opportunity for networking with experienced professionals. For students visiting Luxembourg, LFF is assisted by its partners from the banking and fund industries to deliver informative presentations and speeches. Collaboration with international universities is also a natural part of LFF’s work.

Communication is supported by tactics such as partnering with news media to produce newspaper supplements that coincide with seminars and interviewing panellists at industry events. As one of the numerous means of information used by LFF, its quarterly newsletter enjoys great popularity and is available in local hotels and in the business lounge of the Luxembourg airport.

The social media strategy started in 2010 and quickly became a success. Networks like Facebook and LinkedIn now belong to LFF’s main communication platform. While Facebook is used to reach people of all ages interested in the financial centre and the country, LinkedIn is a platform not only for financial centre professionals, but also other professional groups, with lively debates at a qualitatively high level. LFF uses the most important social networks in different languages and countries. The figures speak for themselves:

---

**GROUP MEMBERS AND FOLLOWERS ON SOCIAL MEDIA (AS AT DECEMBER 2011)**

- **Facebook**: 42,000
- **LinkedIn**: 500
- **Twitter**: 3,300

---
Interviews with senior executives of LFF in the national and international press help to capture attention for the Luxembourg financial centre. It also helps to brand Luxembourg as an attractive country to live and do business. LFF takes part in the Nation Branding Roundtable of the SIP (Services Information et Presse du Gouvernement Luxembourgeois), because it is important to point out that Luxembourg is more than just a financial centre. To get this message across, a wide range of players are called upon.

In 2011, LFF widened its range of technical brochures to keep up with developments in the industry. Three new brochures, on Islamic Finance, insurance and outsourcing were produced to complete the printed support material offered by LFF. A brochure on microfinance will be released soon.

Looking ahead, the internal market intelligence function will be expanded to support our communication and business development functions. Thus road shows abroad can be tailored to the needs of each jurisdiction, based on an analysis of the target market. Furthermore, our road show participants will profit from informative factsheets in the run-up to the event.

The communication department is working on a new website and the delivery of a consistent corporate identity across all activities, to give the agency an unmistakable image. Meanwhile, upcoming events and communication initiatives will take into account Government guidelines to promote Luxembourg as a hub for Alternative Investment.

The dust kicked up by the financial storm has not yet settled. 2012 is set to be as exciting as the four previous years.
12. Appendices
# MEMBERSHIP OF THE BOARD OF DIRECTORS (AS AT 31 DECEMBER 2011)

**Chairman**
Ernst Wilhelm CONTZEN Deutsche Bank

**Vice-Chairman**
Carlo THILL BGL BNP Paribas

**Elected members**
- Pierre AHLBORN Banque de Luxembourg
- Gerard-Jan BAIS Erste Europäische Pfandbrief- und Kommunalkreditbank
- Michel BIREL Banque et Caisse d’Epargne de l’Etat
- Janine BIVER Linklaters LLP
- Georges BOCK KPMG Luxembourg
- Angelo BRIZI UniCredit Luxembourg
- Jean-Marc FANDEL CETREL
- Rafik FISCHER KBL European Private Bankers
- Frédéric GENET Société Générale Bank & Trust
- Hans-Ulrich HÜGLI Credit Suisse
- Michel MAQUIL Bourse de Luxembourg
- Eric MARTIN BGL BNP Paribas
- David MICALLEF The Bank of New York Mellon
- Bernard MOMMENS Dexia Banque Internationale à Luxembourg
- Jhon MORTENSEN Nordea Bank
- Andreas NEUGEBAUER DZ PRIVATBANK
- Francois PAULY Dexia Banque Internationale à Luxembourg
- Fouad E. RATHLE Garanti Bank
- Hajime USUKI Nomura Bank
- Rik VANDENBERGHE ING Luxembourg

**Co-opted members**
- On behalf of the ABBL/ALFI Depositary Bank Forum
  - Martin F. DOBBINS State Street Bank
- On behalf of the ABBL Retail Banking Group
  - Benoit HOLZEM Dexia Banque Internationale à Luxembourg
- On behalf of the ABBL Private Banking Group
  - Luc RODESCH Banque de Luxembourg
- On behalf of Clearstream Banking
  - Jeffrey TESSLER
- IFBL representative
  - Fouad E. RATHLE Garanti Bank
List of Members and Related Members

Association des Banques et Banquiers, Luxembourg
The Luxembourg Bankers’ Association
Luxemburger Bankenvereinigung
Section 1: all-purpose banks

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Bank Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABN AMRO Bank (Luxembourg) S.A.</td>
<td>Dalgarno S.A.</td>
</tr>
<tr>
<td>ABN AMRO Life S.A.</td>
<td>Delphinus Titri 2010 S.A.</td>
</tr>
<tr>
<td>Advanzia Bank S.A.</td>
<td>Delvino S.A.</td>
</tr>
<tr>
<td>Andibanc Luxembourg S.A.</td>
<td>Enis Investissements S.à r.l.</td>
</tr>
<tr>
<td>Andibanc Asset Management Luxembourg S.A.</td>
<td>Fidupar S.A.</td>
</tr>
<tr>
<td>Argentabank Luxembourg S.A.</td>
<td>Fortis L Capital S.A.</td>
</tr>
<tr>
<td>Banca popolare dell’Emilia Romagna (Europe) International S.A.</td>
<td>ImmoParibas Royal-Neuve S.A.</td>
</tr>
<tr>
<td>Banco Bradesco Europa S.A.</td>
<td>Paribas Trust Luxembourg S.A.</td>
</tr>
<tr>
<td>Banco Itaú Europa Luxembourg S.A.</td>
<td>Pattison S.à r.l.</td>
</tr>
<tr>
<td>Banco Popolare Luxembourg S.A.</td>
<td>Quainton Funding S.à r.l.</td>
</tr>
<tr>
<td>Bank Leumi (Luxembourg) S.A.</td>
<td>Rothesay S.à r.l.</td>
</tr>
<tr>
<td>Bank of China (Luxembourg) S.A.</td>
<td>Royale Neuve Investments S.à r.l.</td>
</tr>
<tr>
<td>Bank of China Limited Luxembourg Branch</td>
<td>Tabor Funding S.à r.l.</td>
</tr>
<tr>
<td>Banque BCP S.A.</td>
<td>BHF-BANK International S.A.</td>
</tr>
<tr>
<td>Banque BPP S.A.</td>
<td>Brown Brothers Harriman (Luxembourg) S.C.A.</td>
</tr>
<tr>
<td>Banque Carnegie Luxembourg S.A.</td>
<td>BSI Luxembourg S.A.</td>
</tr>
<tr>
<td>Carnegie Fund Services S.A.</td>
<td>CACEIS Bank Luxembourg</td>
</tr>
<tr>
<td>Banque de Commerce et de Placements S.A., Luxembourg Branch</td>
<td>Amundi Luxembourg S.A.</td>
</tr>
<tr>
<td>Banque de Luxembourg</td>
<td>Fund Channel S.A.</td>
</tr>
<tr>
<td>BLU - Banque de Luxembourg Investments S.A.</td>
<td>Luxcellence Management Company S.A.</td>
</tr>
<tr>
<td>Compagnie Financière de Gestion Luxembourg S.A.</td>
<td>Caixa Geral de Depósitos, Sucursale de Luxembourg</td>
</tr>
<tr>
<td>Conventum Asset Management</td>
<td>Citco Bank Nederland N.V., Luxembourg Branch</td>
</tr>
<tr>
<td>Banque Degroof Luxembourg S.A.</td>
<td>Citibank International plc., Luxembourg Branch</td>
</tr>
<tr>
<td>Degroof Gestion Institutionnelle Luxembourg S.A.</td>
<td>Clearstream Banking</td>
</tr>
<tr>
<td>D.S. Lux S.A.</td>
<td>Clearstream International S.A.</td>
</tr>
<tr>
<td>Banque Delin Luxembourg</td>
<td>Clearstream Services S.A.</td>
</tr>
<tr>
<td>Banque Hapoalim (Luxembourg) S.A.</td>
<td>Commerzbank International S.A.</td>
</tr>
<tr>
<td>Banque Haviland S.A.</td>
<td>Compagnie de Banque Privée Quilvest S.A.</td>
</tr>
<tr>
<td>Banque Invik S.A.</td>
<td>Cornèr Banque (Luxembourg) S.A.</td>
</tr>
<tr>
<td>Banque LBLux S.A.</td>
<td>Credem International (Lux) S.A.</td>
</tr>
<tr>
<td>Banque Privée Edmond de Rothschild Europe</td>
<td>Crédit Agricole Luxembourg</td>
</tr>
<tr>
<td>Edmond de Rothschild Investment Advisors</td>
<td>Crédit Agricole Family Office Iberia S.A.</td>
</tr>
<tr>
<td>Banque Raiffeisen</td>
<td>Crédit Agricole Luxembourg Conseil S.A.</td>
</tr>
<tr>
<td>Banque Safra-Luxembourg S.A.</td>
<td>S.G.A. Services S.A.</td>
</tr>
<tr>
<td>Banque Transatlantique Luxembourg S.A.</td>
<td>Credit Suisse (Luxembourg) S.A.</td>
</tr>
<tr>
<td>BGL BNP Paribas S.A.</td>
<td>Danske Bank International S.A.</td>
</tr>
<tr>
<td>Alleray S.à r.l.</td>
<td>DekaBank Deutsche Girozentrale Luxembourg S.A.</td>
</tr>
<tr>
<td>Argance S.à r.l.</td>
<td>Dealis Fund Operations S.A.</td>
</tr>
<tr>
<td>Aura Capital Invest S.A.</td>
<td>DekaBank Deutsche Girozentrale, Luxembourg Branch</td>
</tr>
<tr>
<td>BNP Paribas, Luxembourg Branch</td>
<td>Deka International S.A.</td>
</tr>
<tr>
<td>BNP Paribas Investment Partners Luxembourg S.A.</td>
<td>Deutsche Bank Luxembourg S.A.</td>
</tr>
<tr>
<td>BNP Paribas Lease Group Luxembourg S.A.</td>
<td>Deutsche Postbank International S.A.</td>
</tr>
<tr>
<td>BNP Paribas Leasing Solutions S.A.</td>
<td>Deutsche Postbank Finance Center Objekt GmbH</td>
</tr>
<tr>
<td>BNP Paribas Securities Services, Luxembourg Branch</td>
<td>Deutsche Postbank Vermögens-Management S.A.</td>
</tr>
<tr>
<td>Coffylux S.A.</td>
<td>Dexia Banque Internationale à Luxembourg S.A.</td>
</tr>
<tr>
<td>Compagnie Financière de la Porte Neuve S.A.</td>
<td>Associated Dexia Technology Services</td>
</tr>
<tr>
<td>BIL-Lease S.A.</td>
<td>Dexia Asset Management Luxembourg S.A.</td>
</tr>
<tr>
<td>Dexia LdG Banque S.A.</td>
<td>Dexia Corporate and Trust Services S.A.</td>
</tr>
<tr>
<td>Experta Corporate and Trust Services S.A.</td>
<td>RBC Dexia Investor Services Bank S.A.</td>
</tr>
<tr>
<td>Bank Name</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>DNB Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>DZ PRIVATBANK S.A.</td>
<td></td>
</tr>
<tr>
<td>East-West United Bank S.A.</td>
<td></td>
</tr>
<tr>
<td>EFG Bank (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>EFG Investment (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>European Financial Group EFG (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Eurobank EFG Private Bank Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Fideuram Bank (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Frankfurter Volksbank International S.A.</td>
<td></td>
</tr>
<tr>
<td>Freie Internationale Sparkasse S.A.</td>
<td></td>
</tr>
<tr>
<td>Garanti Bank Luxembourg Branch</td>
<td></td>
</tr>
<tr>
<td>Hauck &amp; Aufhäuser Banquiers Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Life Management S.à r.l.</td>
<td></td>
</tr>
<tr>
<td>HSBC Private Bank (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>HSBC Securities Services (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>HSBC Trinkaus &amp; Burkhardt (International) S.A.</td>
<td></td>
</tr>
<tr>
<td>HSH Nordbank Securities S.A.</td>
<td></td>
</tr>
<tr>
<td>HSH Nordbank AG, Luxembourg Branch</td>
<td></td>
</tr>
<tr>
<td>Industrial and Commercial Bank of China (Europe) S.A.</td>
<td></td>
</tr>
<tr>
<td>ING Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>ING Lease Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Internaxx Bank S.A.</td>
<td></td>
</tr>
<tr>
<td>J.P. Morgan Bank Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>John Deere Bank S.A.</td>
<td></td>
</tr>
<tr>
<td>KBL European Private Bankers S.A.</td>
<td></td>
</tr>
<tr>
<td>Banque Pulaetco Dewaay Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Krediettrust Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>La Française AM Private Bank</td>
<td></td>
</tr>
<tr>
<td>Landesbank Berlin International S.A.</td>
<td></td>
</tr>
<tr>
<td>LBBW Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Lloyds TSB Bank plc, Luxembourg Branch</td>
<td></td>
</tr>
<tr>
<td>Lombard Odier Darier Hentsch &amp; Cie (Belgique) S.A.,</td>
<td></td>
</tr>
<tr>
<td>Succursale de Luxembourg</td>
<td></td>
</tr>
<tr>
<td>M.M. Warburg &amp; CO Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Mediobanca International (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Mitsubishi UFJ Global Custody S.A.</td>
<td></td>
</tr>
<tr>
<td>Mizuho Trust &amp; Banking (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Natixis Bank</td>
<td></td>
</tr>
<tr>
<td>Nomura Bank (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Norddeutsche Landesbank Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>NORD/LB Covered Finance Bank S.A.</td>
<td></td>
</tr>
<tr>
<td>Nordea Bank S.A.</td>
<td></td>
</tr>
<tr>
<td>Nordea Investment Funds S.A.</td>
<td></td>
</tr>
<tr>
<td>PayPal (Europe) S.à r.l. et Cie, S.C.A.</td>
<td></td>
</tr>
<tr>
<td>Pictet &amp; Cie (Europe) S.A.</td>
<td></td>
</tr>
<tr>
<td>RBS Global Banking (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Sal. Oppenheim jr. &amp; Cie. Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Oppenheim Asset Management Services S. à r.l.</td>
<td></td>
</tr>
<tr>
<td>Skandinaviska Enskilda Banken S.A.</td>
<td></td>
</tr>
<tr>
<td>LWM S.A.</td>
<td></td>
</tr>
<tr>
<td>SEB Asset Management S.A.</td>
<td></td>
</tr>
<tr>
<td>SEB Fund Services S.A.</td>
<td></td>
</tr>
<tr>
<td>SMBC Nikko Bank (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Société Européenne de Banque S.A.</td>
<td></td>
</tr>
<tr>
<td>Lux Gest Asset Management S.A.</td>
<td></td>
</tr>
<tr>
<td>Société Générale Bank &amp; Trust</td>
<td></td>
</tr>
<tr>
<td>Lyxor Asset Management Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Société Générale d’Arbitrages et de Participations S.A.</td>
<td></td>
</tr>
<tr>
<td>Société Générale Life Insurance Broker S.A.</td>
<td></td>
</tr>
<tr>
<td>Société Générale Private Wealth Management S.A.</td>
<td></td>
</tr>
<tr>
<td>Société Générale Securities Services Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>State Street Bank Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Sumitomo Trust and Banking (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Svenska Handelsbanken S.A.</td>
<td></td>
</tr>
<tr>
<td>Svenska Handelsbanken AB (Publ), Luxembourg Branch</td>
<td></td>
</tr>
<tr>
<td>Swedbank S.A.</td>
<td></td>
</tr>
<tr>
<td>The Bank of New York Mellon (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>The Bank of New York Mellon (International) Ltd.,</td>
<td></td>
</tr>
<tr>
<td>Luxembourg Branch</td>
<td></td>
</tr>
<tr>
<td>The Bank of New York Mellon S.A./N.V., Luxembourg Branch</td>
<td></td>
</tr>
<tr>
<td>UBI Banca International S.A.</td>
<td></td>
</tr>
<tr>
<td>UBI Management Company S.A.</td>
<td></td>
</tr>
<tr>
<td>UBI Trustee S.A.</td>
<td></td>
</tr>
<tr>
<td>UBS (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>UniCredit International Bank (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>UniCredit Luxembourg S.A.</td>
<td></td>
</tr>
<tr>
<td>Union Bancaire Privée (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>Van Lanschot Bankiers (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>VM Bank International S.A.</td>
<td></td>
</tr>
<tr>
<td>VP Bank (Luxembourg) S.A.</td>
<td></td>
</tr>
<tr>
<td>VPB Finance S.A.</td>
<td></td>
</tr>
</tbody>
</table>
Section 2: covered bonds issuing banks

Erste Europäische Pfandbrief- und Kommunalkreditbank AG in Luxemburg
EUROHYPO Europäische Hypothekenbank S.A.
Hypo Pfandbrief Bank International S.A.

Section 3: public banks

Banque et Caisse d’Epargne de l’Etat, Luxembourg
Entreprise des Postes et Télécommunications - Division des Services Financiers Postaux

Section 4: other financial sector professionals

CETREL S.A.
Lux Global Trust Services S.A.
TATA Consultancy Services Luxembourg S.A.
VP LUX S.à r.l.

Section 5: financial professions

Bourse de Luxembourg
Eurizon Capital S.A.
LRI Invest S.A.
Union Investment Luxembourg S.A.

Section 6: activities ancillary to the financial sector

Allen & Overy Luxembourg, Cabinet d’avocats
Arendt & Medernach, Avocats à la Cour
Atoz S.A.
avantage Reply (Luxembourg) S.à r.l.
BDO Tax & Accounting S.A.
  BDO Audit S.A.
  CF Fund Services S.A.
  CF Services Luxembourg S.A.
  Datagest S.à r.l.
  Sofinter S.A.
Bonn Schmitt Steichen, Avocats
Castegnaro, Cabinet d’avocats
Clifford Chance
Deloitte S.A.
  Deloitte-Extended Services S.à r.l.
Elvinger, Hoss & Prussen, Avocats à la Cour
Ernst & Young
KPMG Luxembourg S.à r.l.
Kurt Salmon Luxembourg S.A.
Linklaters LLP
Loyens & Loeff, Avocats à la Cour
NautaDutilh Avocats Luxembourg
OPF Partners Luxembourg
PKF Weber & Bontemps (Abax)
PricewaterhouseCoopers S.à r.l.
Sedio Jimenez Lunz, Law firm

Luxembourg, 31 December 2011