

# 4.4%

inflation forecast for 2022 and 1.3% for 2023.

(source: STATEC)

# 5859.485 bn €

net assets under management in Luxembourg funds in December 2021.

(source: CSSF/ALFI)

# 4.1%

increase of net assets of UCITS and AIFs in Q2 2021, crossing the EUR 20 trillion threshold.

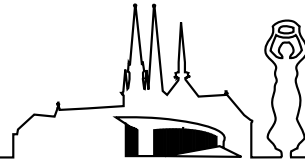
(source: EFAMA)

# +18.55 m

provisional net profit for investment firms in Luxembourg.

(source: CSSF)

# LUXEMBOURG



# OFFICIAL

All the news that's fit to browse - March 2022

Corinne Cahen, Minister of Family and Integration

# Key Strategies in the Face of New Societal Challenges

“From 2020, the Ministry of Family, Integration and the Greater Region wanted to promote living together,” explains Corinne Cahen, Minister of Family and Integration. She details the key decisions taken recently. Interview.

## WHAT HAS BEEN THE IMPACT OF THE RECENT CRISIS ON FAMILIES?

From the start of the Covid-19 pandemic, we prioritized families, children, the elderly and people with disabilities. The government

has therefore taken measures to support families. Thus, it introduced two exceptional leaves: Leave for family reasons and leave for family support. The first is to allow one parent to take care of children in quarantine or

isolation. The second is to help families provide support for adults with disabilities when day-care, training or work facilities are closed. In addition, our consultation services responded to the psychological problems and

Carine Feipel, ILA

## Committing to Good Governance

The Luxembourg Institute of Directors (ILA) stands out as the “Voice of Governance in Luxembourg,” says Carine Feipel, Chair of the institute that rises to challenges of ensuring good governance in all business structures. Interview.

### Can you describe your association in a few words?

The Luxembourg Institute of Directors has existed since 2005 and works as an ASBL for good governance in companies and institutions in Luxembourg. It has around 2,300 members interested in these subjects and embodies the voice of governance in

Luxembourg. We have three major objectives:

- Committing ourselves to good governance practices and ensuring that governance becomes a key subject in Luxembourg companies and institutions.
- To provide training for directors and other governance professionals, including certain certification programs.
- Interacting with the authorities on governance issues.

Although our association was created mainly for investment funds, we are now involved in the main private and public sectors of Luxembourg.

### How are your members' needs changing and how are you adapting to them?

Many of our members regularly follow our training courses. These cover a variety of topics relevant to boards of directors. We must constantly adapt our training offer to the many issues dealt with by the boards of directors. These are constantly evolving according to current topics, legislative and regulatory changes. For example, almost all of our courses include an ESG aspect. We have also set up specific training courses for directors on digital, “cyber security” or artificial intelligence topics. This year, we also developed a specific training and certification program for investment fund directors. In addition, since the start of the health crisis, board meetings have mostly shifted to remote operation. This is not

always conducive to discussions and strategic thinking. We have therefore proposed certain guidelines to ensure that governance is not undermined by this exceptional situation.

### What are the main challenges faced by directors?

Today's directors must be both excellent generalists and specialists. They must be able to understand and make decisions on a large number of very different subjects. They must also be involved in highly technical and complex subjects. The real challenge – accentuated by the rapid and dense evolution of regulations – lies in keeping oneself up to date and sufficiently educated in these matters. Today, for example, boards of directors must define an ESG strategy for their companies. Directors must therefore understand the ins and outs; determine the company's vision in this area; its way of positioning itself and the impact on its business, its products, its customers, its employees, etc. Finally, diversity – both at the level of boards and operational management – is a major concern for boards of directors. Indeed, in this area, Luxembourg is not at the head of the race in international reports. At ILA, we therefore make companies aware of this issue of governance in order to enable them to find the appropriate composition of their governance bodies.



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### “The health crisis has strengthened cooperation within the Greater Region.”

fears of children, parents or other citizens. Currently, we cannot yet assess the extent of the impact on families.

### HOW IS INTEGRATION EVOLVING IN LUXEMBOURG?

From 2020, the Ministry of Family, Integration and the Greater Region wanted to promote living together around seven main axes. We started by setting up and supporting 23 projects under the National Action Plan and two under the European AMIF program. In addition, the new “Pakt vum Zesummeliewen” with SYVICOL, ASTI, CEFIS and 19 municipalities, supported by our integration advisers, aims to concretely boost locals living together. We have also worked on the reform of the integration law by carrying out a wide public consultation and a study with the OECD. In addition, we have digitized our integration programs and started an evaluation process. These new digital tools have thus made it possible to bring together more than 900 participants in the Reception and Integration Contract. At the same time, we have organized

GRESILs (Exchange and support group on integration at a local level) with and for integration actors at the municipal, regional and national levels. The opening of the inter-ministerial committee to civil society has, for its part, made it possible to enrich discussions and knowledge. Finally, in early 2022, we will present an in-depth study on racism in Luxembourg and then debate it in the Chamber of Deputies.

### WHAT CHALLENGES DO YOU ENCOUNTER AS MINISTER FOR THE GREATER REGION?

The health crisis has strengthened cooperation within the Greater Region. We have found compromises to ensure free movement, in particular, that of cross-border workers. We must now engage with our neighboring countries in order to better take into account the specificities of cross-border living spaces. Indeed, few European regions are characterized by such strong interconnection and interdependence as ours. In fact, the ideal location of the Greater Region allows it to raise awareness among capitals and European institutions about the needs of border regions. On the other hand, the European decision-making process should systematically include a “cross-border check” on this subject in its process.



“Today all boards of directors must define an ESG strategy for their companies.”

Pierre Reuter, Hogan Lovells

# Handling the Increasing Complexity of Legal Advice

**“Our clients say of us that we have the upsides of a big law firm while also showing the upsides of a small one,” says Pierre Reuter, Office Managing Partner at Hogan Lovells. He shares with us the legal and strategic trends the global law firm is following.**

## **CAN YOU DESCRIBE HOGAN HOWELLS IN A FEW WORDS?**

We are a global law firm with over 45 offices throughout the world. We have a deep understanding of clients’ issues, straight-talking and practical problem solving as well as strong relationships and a collaborative approach. In Luxembourg, we provide corporate, tax, finance, investment funds and regulatory legal assistance, mainly on international matters. Our clients say of us that we have “the upsides of a big law firm (reputation, network and high standards) while also showing the upsides of a small one (dedication to the client, humility and capacity to listen to the client’s needs).” This is exactly what we want to be for our clients.

## **HOW ARE THE NEEDS OF YOUR CLIENTS EVOLVING?**

The trend for more business-oriented, pragmatic and commercial advice has been confirmed in recent years. Also, the matters that we are asked to advise on are becoming more and more complex due to their cross-border nature but also because they require multi-disciplinary teams. At an EMEA level, Hogan Lovells puts a lot of effort into sharing leadership thoughts and

high-level insights on key business matters, as illustrated by our EMEA Leadership Talks series, which started last year. We are very lucky to have a great team in place, but we will have to recruit to satisfy the needs of our clients. Both talent retention and recruiting are the key issues for all Luxembourg law firms. Given the fast-paced environment in which we operate and our clients’ expectations for high-quality work, it is crucial to be able to staff every job with the team of the appropriate competencies, seniority, as well as diversity.

## **WHAT LEGAL TRENDS DO YOU IDENTIFY AND HOW ARE YOU ADAPTING TO THEM?**

As a law firm, we use disruption to accelerate developments and collaborate with peers to tackle challenges ranging from geopolitical uncertainty to climate change. We have a very active ESG practice and our clients increasingly seek our advice on such issues in order to implement their own strategies. During the last few years, AI and automatization have become more and more relevant to our business. Consequently, we have invested heavily in this area and we are beginning to leverage our investments for the benefit of our clients.

***“Named as one of the most innovative law firms by the Financial Times, for the sixth consecutive year.”***



CDR



Dr. Philipp Moessner, GSK Stockmann in Luxembourg

# How to Stay Competitive in a Highly-Regulated Environment

**“I think the EU is underestimating that we are in global competition and we should decrease administrative burdens instead of increasing them,” states Dr. Philipp Moessner, Partner at GSK Stockmann in Luxembourg. He tells us how GSK Stockmann can help clients handle new waves of regulation.**

## **Can you describe your company in a few words?**

GSK Stockmann is a leading independent European corporate law firm with over 200 professionals in our offices across Germany and Luxembourg. GSK Stockmann is the law firm of choice for real estate and financial services. In addition, we have deep-rooted expertise in key sectors including funds, capital markets, public, mobility, energy and healthcare. For international transactions and projects, we work together with selected, reputable law firms abroad. Our advice combines an economic focus with entrepreneurial foresight and a strong focus on the client’s perspective. In Luxembourg, GSK Stockmann is the trusted adviser of public and private real estate firms, leading financial institutions, asset managers, private equity houses, insurance companies, corporates and FinTech companies, that have both local and international reach. Our lawyers advise domestic and international clients about banking and finance, capital markets, corporate, M&A and private equity, investment funds, real estate, regulation, insurance and tax.

## **How are the needs of your clients evolving?**

Maybe the pandemic prompted a higher degree of availability and reactivity combined with shorter delivery times. At the same time, the demand for high-quality advice did not decline of course. To find the right balance between working from home, attending Teams meetings and putting on one’s thinking cap, is a challenging task for all advisors these days. Due to an abundance of new EU regulations and proposals, many of which seem to be more politically than economically driven, clients are encumbered with a plethora of additional laws, rules and regulations. I think the EU is underestimating that we are in global competition and we should decrease administrative burdens instead of increasing them. Clients thus need advice in ever more diverse areas, like ESG, non-financial reporting and DAC 6, to name just a few.



CDR

***“Without doubt, ESG and technology are, generally speaking, the top trends in legal advice.”***

## **Which legal trends do you identify and how are you adapting to them?**

Without doubt, ESG and technology are the top trends in legal advice. However, trends are not automatically and immediately converting into turnover and profit. While we very much enjoy being at the forefront of new legal developments, follow public discussions with great interest and thoroughly analyze new draft laws in order to have answers ready for our clients, we are also thoughtful about the resources we invest into trends. After all, the traditional areas of law are still the ones that keep clients and advisors occupied on a day-to-day basis. These areas are constantly evolving and require at least as much attention as new trends. From an operational perspective, however, we make substantial investments in legal technology solutions for our clients. This includes smart contracts, accelerating and streamlining data management and contract review, especially in clients’ real estate, smart and green lease activities.

# Intellectual Property Adapting to Technological Changes

At every step of the life of a company, specific intellectual property (IP) related decisions will need to be made and we are here to help our clients with these decisions,” says Luca Polverari, Managing Partner at Marks & Clerk Luxembourg. Interview.

## CAN YOU DESCRIBE YOUR COMPANY IN A FEW WORDS?

Marks & Clerk LLP is a well-established international intellectual property firm, with offices all around the world, including Luxembourg. We help clients enforce and maximize the value of their IP. With over 300 patent attorneys, trademark attorneys and IP lawyers globally, we have a team unparalleled in size, diversity and technical expertise. So, whatever your sector or specialism, whether you are a startup or a global business, we'll select experts exactly right for your needs. Locally we are spending a lot of time in the startup environment, including the space tech cluster, and are advising these companies on IP. Hopefully, we can help them secure their IP rights, and so increase the value of these companies. IP is an important asset of a company and our aim is to ensure that adequate protection is in place.

## WHICH RISKS AND CHALLENGES DO YOU IDENTIFY FOR YOUR COMPANY AND THE COMPETITIVENESS OF LUXEMBOURG?

The market is always changing and we need to be able to adapt quickly and adapt our offer according to these new needs. Are we still competitive in a growing market? New technologies are appearing, like for example blockchain, 5G Technology, biotechnology, and artificial intelligence. What impact will 3D

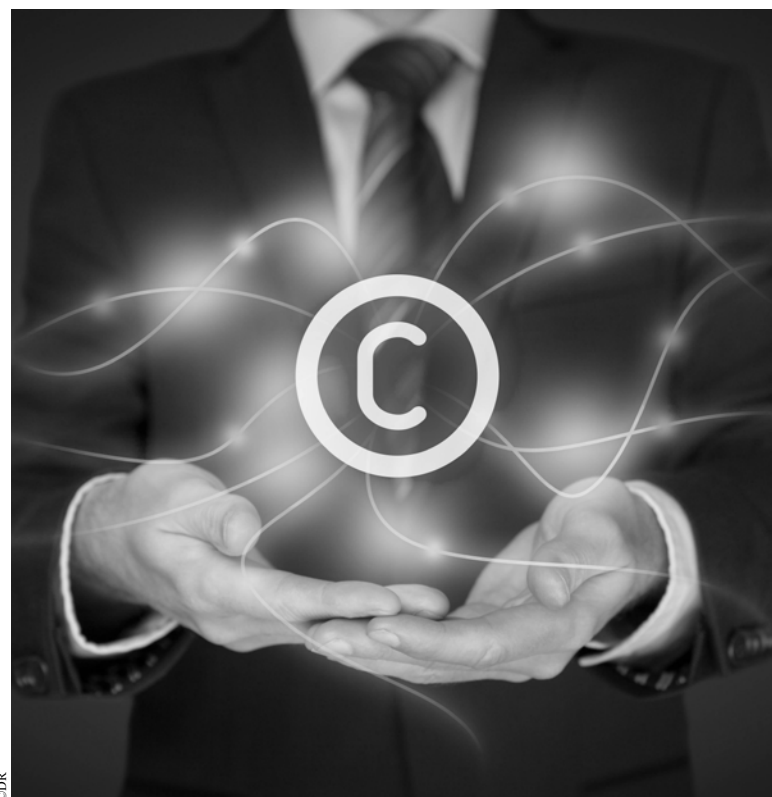
printing have on IP rights? Our IP attorneys need to be on top of these technologies to offer the best possible service to the client. Luxembourg is already turning towards the future (e.g., space technology, cleantech, ...), committed to digitalization and sustainability. Investing in new technologies, especially in “niche” products and services, has always been a strength of Luxembourg and this will help keep the country competitive. Moreover, a dynamic environment leads to innovation, and innovations need to be protected, which keeps Luxembourg as an attractive market for IP.

## WHICH COMPLIANCE TRENDS DO YOU IDENTIFY IN INTELLECTUAL PROPERTY AND HOW ARE YOU ADAPTING TO THEM?

Intellectual property is changing with the advance of technology. 20 years ago, filing a patent including part of a software program, was impossible. Nowadays, we file patents for core artificial intelligence where the code is the invention. Our task is to follow these changes and adapt quickly as we must be on top of these changes. The pandemic resulted in a change of working policy with data protection became an issue. Homeworking implies sharing data across borders and outside of the secured office environment. We needed to adapt our processes and comply with data protection laws. We also need to keep a close eye on changes in the legislation. Unitary Patents

*“New technologies are appearing, like for example blockchain, 5G Technology, biotechnology, and artificial intelligence.”*

will enter into force later this year and will change the way IP will be secured in Europe. We will need to be able to advise our clients accordingly.



Mario Di Stefano, DSM Avocats à la Cour

## Recruit to Support Legal Market Trends



**The firm's consistent focus on excellence and responsiveness has earned DSM Avocats à la Cour an international reputation as a 'domestic firm offering top quality work' and 'a mid-sized firm that can boast significant capability in acting on high-end transactions,' says Mario Di Stefano, Partner, Avocat à la Cour at DSM Avocats à la Cour. Interview.**

### Can you describe your company in a few words?

I founded DSM Avocats à la Cour in 2004. Since then, the firm has continued to grow both in terms of its reputation and size. Today, we have over 35 lawyers, jurists and staff. The arrival of professionals with varied competencies progressively expanded the range of services that we offer to our clients, making us a full-service business law firm. We are also proud to note that, apart from the trust our clients have placed in us for several years, the firm is recognized by the main legal directories such as Chambers, Legal500 and LeadersLeague as one of the most reputable law

firms in Luxembourg. Our main areas of expertise are commercial and business law, particularly in M&A and all aspects of real estate law, banking and finance law, direct and indirect taxation, health and life sciences, labor and employment law, as well as new technologies and digital law and data protection. We offer these in an advisory capacity and, where we cannot always avoid it, representation in dispute resolution. Beyond our legal capabilities, inherent to the legal profession, we rely heavily on the relationship and communication with our clients. DSM Avocats à la Cour is also a member of several independent, international legal networks in Luxembourg.

### Which risks and challenges do you identify for your company and the competitiveness of Luxembourg?

The influx of international firms has significantly increased local competition, in particular for international clients. Additionally, the skill pool is limited and it can be difficult for certain businesses to recruit the people that fit your requirements, but that is the same challenge for all law firms. That is also why we invest in our brand as an employer. The well-being of the firm's members was attested by our obtaining the “Best Workplace” Luxembourg certification in 2021. With respect to the Grand Duchy, the GAFI's visit will certainly

have an impact on 2022, but also on the outcome as a result of its publications. Finally, housing prices are becoming problematic for people seeking employment and living in Luxembourg. A solution must be found and construction must be increased.

### Which legal trends do you identify and how are you adapting to them?

Well, and I'm sure we are not the only ones to get the message - ESG factors, particularly as related to the financial sectors and IT/cybersecurity are very hot topics to be addressed. The development of hybrid work is and will increasingly be a reality. With its share of legal issues such as the right to disconnection. We also understand that businesses have to process an increasingly large volume of data and that requires attention to certain issues such as those associated with the GDPR and AML. It goes without saying that such an effort requires an increasingly intense concentration of lawyers specialized in that practice area. To adapt to these changes, we organize internal knowledge training sessions for our lawyers. We also write articles and organize training sessions on hot topics for our clients to stay on the cutting edge of legal developments and to keep them up to date with the evolution of the legal framework. At the same time, our expertise attracts talent that is keen to work in what they recognize as a high-potential environment.

Patrick Geortay, Linklaters LLP Luxembourg

# Analyzing the Legal Agenda

**“We are at the forefront of legal innovation and at the center of Luxembourg’s regulatory environment,” states Patrick Geortay, Managing Partner of Linklaters LLP, Luxembourg and Capital Markets and Banking partner. He analyses the legal trends in the market.**

## **Can you describe your company in a few words?**

Linklaters Luxembourg is a truly global firm with a clear commitment to diversity, inclusion and innovative thinking. As a leading law firm with access to a worldwide network of expertise operating in 21 countries, we bring together the sharpest minds and the widest experience. We offer clients comprehensive solutions built on knowledge, insight and a thorough understanding of their environment and goals. Operating at the heart of Luxembourg’s business center for over a century, we build cross-practice teams to develop a fully integrated and streamlined service for a wide spectrum of clients. From blue-chip names and multinationals to leading financial institutions, asset managers, sponsors and private investment companies, we offer intelligent solutions and clear strategies. We are at the forefront of legal innovation and at the center of Luxembourg’s regulatory environment. An active participant in a number of advisory committees and industry bodies, we deliver precision results with a clear vision.

## **How are the needs of your clients evolving?**

Increasingly our clients are seeking a real partnership, expecting to develop a seamless link between their in-house teams and our lawyers. This approach is driven by the complex challenges and multi-jurisdictional activities with which many of our clients deal. Increasing regulation and a growing demand for greater ESG services, products and outcomes are putting in-house legal teams under real pressure. They are turning to Linklaters for the specialist knowledge needed to stay ahead of these fast-paced and ever-evolving trends. In addition to in-depth specialist advice, our clients expect a broader client experience to include more training, deeper engagement and a wider approach to knowledge sharing. Painting a bigger picture of the context in which they are operating helps our clients better understand issues such as market sentiment and the direction of travel. In short, clients are seeking a further layer of advice to complement our technical legal expertise.

## **What legal trends do you identify and how are you adapting to them?**

We see three clear trends at the top of many client agendas – all with significant legal implications. Increasing regulation, ESG and digitalization. Our clients identify all three as key priorities. But ESG and digitalization are highly specialized



**“But ESG and digitalization are highly specialized areas that are set to dominate the legal agenda for some time to come.”**

areas that are set to dominate the legal agenda for some time to come. Issues such as cryptocurrencies and cybersecurity, along with increasing litigation and activism beyond the US, are creating new challenges and complexities. Drawing from across our network of talent, we have both the scope and the skills to deliver

first-class solutions. The environment in which we operate is changing and we understand our clients’ needs are changing accordingly. But by working in close partnership, sharing our knowledge and expert insights, we can support our clients as they face these new challenges and opportunities.

Claus Jørgensen (VP Bank Luxembourg)

# Seize Opportunities

**“VP Bank remains true to the principle of always looking to the future and using change as an opportunity,” says Claus Jørgensen, CEO of VP Bank (Luxembourg) SA. Interview.**

## **CAN YOU DESCRIBE YOUR COMPANY IN A FEW WORDS?**

VP Bank (Luxembourg) SA was founded in 1988 as a wholly-owned subsidiary of the internationally active VP Bank Group. Our core competencies include asset management and investment advisory for private investors as well as institutional custody banking and brokerage services for financial intermediaries. Thanks to our EU passport we can offer cross-border services within the EU. With our Open Wealth platform for wealth-related services, we provide innovative financial services with a strong focus on sustainability as well as easy access to difficult-to-invest or illiquid asset classes. Apart from Luxembourg and Germany, the Scandinavian markets – including Sweden, Denmark and Norway – are also important target markets for us. Besides our broad range of innovative services, our longstanding international clients especially appreciate the solution-oriented approach from our multilingual employees. Our subsidiary VP Fund Solutions (Luxembourg)



SA is the group-wide competence center for private label funds.

## **CAN YOU EXPLAIN THE MOTTO OF VP BANK: “SEIZE OPPORTUNITIES”?**

“Seize opportunities” is our aim for the new “Strategy 2026” cycle. It focuses on profitable, sustainable growth. The foundation of the strategy is the successful existing businesses with intermediaries and private clients, which will be further developed in a targeted manner. In doing

so, VP Bank remains true to the principle of always looking to the future and using change as an opportunity. VP Bank has been using these opportunities in Luxembourg for more than 30 years with tailor-made, cross-border banking and fund services. In the Grand-Duchy we are still the only bank with headquarters in Liechtenstein. Apart from the before-mentioned core competencies, we also offer Pan-European fund sales. As a custodian bank for funds, the bank acts both alone

and together with the fund competence center VP Fund Solutions as a “one-stop-shop” and offers all the services that together make up the international fund business.

## **RECENTLY THE TOKEN AND TT SERVICE PROVIDER ACT HAS BEEN CREATED IN LIECHTENSTEIN. IS THIS AN OPPORTUNITY FOR YOUR CLIENTS IN LUXEMBOURG?**

Since November last year, VP Bank has been registered with

**“Through tokenization and the associated processes for the verification of art objects, the bank has created the basis for offering further services in this area.”**

the Financial Market Authority (FMA) of Liechtenstein (FMA) as a token creator and token custodian. VP Bank is thus in a position to tap art as a new asset class and, at the same time, to participate at an early stage in the rapid digitalization of the market. Through tokenization and the associated processes for the verification of art objects, the bank has created the basis for offering further services in this area in the coming year and to build up a network with qualified partners. With this milestone, VP Bank has been able to create a niche for itself as a pioneer. Due to the international presence of VP Bank at six locations, our clients in Luxembourg not only benefit from a global network of specialists but also from this highly specialized TT service in Liechtenstein.

# Regulatory and Digital Challenges Influence the Insurance Sector



**“Our customers are increasingly looking for ESG-friendly offerings, such as insurance that promotes green initiatives or investment products based on more sustainable funds,” says Marc Lauer, CEO of Foyer Group about the evolution of his clients’ needs. Interview.**

## CAN YOU DESCRIBE YOUR COMPANY IN A FEW WORDS?

Foyer is a financial group that was created 100 years ago, in 1922. We have become a key player in Luxembourg, thanks to our family shareholding but also to the work of our 800 employees in three countries and our 625 insurance agents in Luxembourg. We serve a local and international clientele of individuals, self-employed people and companies. We offer them insurance, benefit protection insurance and wealth management solutions, to help them prepare for their future with peace of mind, and to protect their loved ones or their businesses. In each of our business lines, we make it a point of honor to offer a high level of excellence to our customers and partners, via our agents, through our advisors or our digital tools. Finally, although it is a century-old, Foyer is above all a forward-looking company which has retained its entrepreneurial and innovative spirit.

## WHAT REGULATORY CHALLENGES IS THE INSURANCE INDUSTRY FACING?

In this context, I would not hesitate to talk about over-regulation. The legal constraints are indeed becoming increasingly difficult to bear for small and medium-sized companies such as those operating in Luxembourg. European initiatives are multiple and range from a reform of Solvency II to the implementation of ESG criteria and rules. Each of these regulations has a public interest rationale, but the combination of these and the desire to regulate everything down to the last detail creates a

**“The legal constraints are indeed becoming increasingly difficult to bear for small and medium-sized companies such as those operating in Luxembourg.”**

very heavy administrative burden with limited benefits for policyholders and insured people. For the international competitiveness of the sector, it is therefore of crucial importance that Luxembourg remains, as in the past, a favorable location for insurance, in a European Single Market that must remain strong but with sound and pragmatic regulation of the sector.

## WHICH INSURANCE TRENDS DO YOU IDENTIFY AND HOW ARE YOU ADAPTING TO THEM?

I think that the major challenges for insurance in the future are digitalization, the climate crisis and the aging population. Each of these challenges produces risks and questions to which we insurers must find answers. As already mentioned, digitalization is well underway at Foyer, being at the heart of our strategy and developments. This digitalization, coupled with the effects of the health crisis, has also led to the need for new skills and the emergence of new habits among our employees. Thus, the search for and retention of talent has naturally found its place at the heart of our strategy. As for the climate crisis, Foyer alone, nor any insurer, will be able to solve it, but we can adapt our products and offer solutions in consultation with all the stakeholders involved: Insurers, government and reinsurers. Finally, the aging of the population can be seen as a challenge, but also as an opportunity to develop new services and products for this very specific clientele.

# Lights on Regulatory Requirements

“In terms of compliance, new organizational models and new tools need to be properly assessed in the light of the regulatory requirements,” says Elisa Da Silva, Managing Director of DS Compliance. She explains how the company helps its clients to implement their regulatory obligations.

## CAN YOU DESCRIBE YOUR COMPANY IN A FEW WORDS?

DS Compliance provides services to actors in the fund industry, insurance companies as well as to the banking sector and other regulated professionals such as real estate agents, chartered accountants and lawyers. It includes advisory services, support, mandates, secondment in compliance and training. Anti-money laundering and combating terrorism financing continue to be a strong focus in 2022. During the planned FATF visit in the last quarter 2022, some market players will be interviewed by the FATF experts. They need to be prepared to respond to questions relating to their internal controls, organizational measures, AML-CTF risk assessment and the risk appetite they have put in place internally. The supervisory authorities such as CSSF, CAA, AED, OEC, control commission of lawyers’ supervisory authority, continue their focus on AML-CTF by regular offsite and onsite controls. DS Compliance can assist these professionals with bringing an operational response and implementation of their regulatory obligations.

## HOW ARE YOUR CLIENT’S EXPECTATIONS CHANGING AND HOW DO YOU ADAPT TO THEM?

The expectations of the clients have evolved in the last two years. The pandemic crisis has created accelerated digitalization. Actors in the financial sector also want to develop new data management processes and integrate new tools of control within their structure. For such changes, they need advice: For example, the implementation of new tools on AML-CTF for transactions’ monitoring, sanctions lists, screening and risk assessment must be analyzed. The tool chosen will differ between organizations depending on their size and their business model. In terms of compliance, new organizational models and new tools need to be properly assessed in light of the regulatory requirements.

## WHAT MAJOR COMPLIANCE TRENDS DO YOU IDENTIFY?

I see two main trends that impact the compliance area. Firstly, new technologies like blockchain, the



**“When financial institutions deploy these new technologies, they must adapt their risk assessment framework to incorporate regulatory requirements and address risk and compliance matters.”**

development of cryptocurrencies, tokenization, and distributed ledger technologies directly impact the governance and internal control framework within companies. These new technologies have already been assessed by the regulator, the CSSF, which recently issued some papers (a white paper on DLT and blockchain and also a FAQ document on virtual assets). When financial institutions deploy these new technologies, they must adapt their risk assessment framework to incorporate regulatory requirements and address risk and compliance matters. Sustainable finance represents the second trend. It relates to European Commission’s Green Deal as well as the United Nations’ Seventeen Sustainable Development Goals. The European Union has issued a number of subsequent texts over

the past three years (i.e., regulations on disclosure obligations, taxonomy, green bonds and benchmarks) to monitor and report the capital flows towards sustainable investments. The interpretation of these EU regulations is key for financial institutions, in the banking sector, the insurance industry and asset management. They need to demonstrate their intention to apply the ESG factors and their effective implementation by putting in place internal policies, procedures, and scorecards. The objective is to detail on one hand sustainability risks and their impacts on the value of the company/investment; and on the other hand, sustainability factors and adverse sustainability impacts on these factors. The purpose is also disclosure to the clients and investors and the reporting to the supervisory authorities.

# Partner of the Luxembourgish Economy

**“One of our priorities is the protection of our clients. They need a strong and reliable partner in a more and more complex business environment,” says Marcel Leyers, CEO of Banque Internationale à Luxembourg (BIL). He explains that BIL can be that partner.**

## CAN YOU DESCRIBE YOUR COMPANY IN A FEW WORDS?

Banque Internationale à Luxembourg (BIL) is a bank deeply rooted in Luxembourg and with international clients. Founded in 1856, we have been a strong partner for the Luxembourgish economy and for the people living in this region. We are connected to the positive development of Luxembourg and have a strong international business. We build bridges for our clients through our subsidiaries including BIL Manage Invest, BIL Lease and Belair House. Like Luxembourg, we embody the values, the rules and the solidity of Europe. One of our strengths is our support for entrepreneurs, in day-to-day business and in realizing opportunities and plans. This includes a 360-degree service, connecting private banking and wealth management services with corporate banking: An ideal solution for business owners and entrepreneurs.

## WHAT RISKS AND CHALLENGES DO YOU IDENTIFY FOR YOUR COMPANY AND THE COMPETITIVENESS OF LUXEMBOURG?

Luxembourg has a long and successful history of adapting to changes and turning them around into sustainable business models. Luxembourg, and BIL, have shown substantial resilience even during the Covid pandemic. The past two years have helped us to fast-track digitalization and the way we work together. It is our obligation to continue these developments and I feel both Luxembourg and BIL are on a good track. One of the key challenges for Luxembourg is rising inflation, especially in combination with shortages in the supply of necessary goods. This is a threat for many of our clients and we are all asked to support the Luxembourgish economy. Luxembourg will also need to attract more talent. We are not short of work here in this prosperous region.



**““Simple” solutions are an exception: Frequently we need to combine our teams of experts to find the best support for our clients.”**

## WHICH FINANCIAL TRENDS DO YOU IDENTIFY AND HOW ARE YOU ADAPTING TO THEM?

Our clients are facing a more and more complex world. This is true for our private banking clients as well as for our corporate clients. “Simple” solutions are an exception: Frequently we need to combine our teams of experts to find the best support for our clients. We need to focus on their needs and we need more specialists. While we see growing demand for digital services for standard banking transactions, we also need to develop tailor-made solutions to meet clients’ expectations for more complex projects such as loans, investments, etc. BIL has adapted to those needs in a very concerted way: We bring together experts to develop the best solution and the best service. Here we benefit from our internal bench strength as well as from our international capacities with offices in Luxembourg, Switzerland, Hongkong and Beijing.

# Embracing Digital, ESG and Non-Listed Asset Investment Trends



**“Luxembourg’s future competitiveness in the financial industry will depend on its ability to remain attractive for the recruitment and development of the right talents to support future growth,” says Bruno Houdmont, CEO of Banque Degroof Petercam Luxembourg. Explanations.**

## Can you describe your company in a few words?

With a history of the Group dating back to 1871, Degroof Petercam is today a leading “European Investment House” with Belgian roots. As an independent and private Group, mainly owned by family shareholders committed to the long term, Degroof Petercam offers its services to private and institutional investors. Its clients benefit from a unique combination of private banking, institutional asset management, investment banking and asset services. Total client assets amounted to €75 billion (end of 2020). Present in Luxembourg since 1987, Degroof Petercam Luxembourg employs more than 370 people in three entities located at the La Cloche d’Or area: Banque Degroof Petercam Luxembourg S.A., Degroof Petercam Asset Services S.A. and Degroof Petercam Insurance Broker S.A.

## What are the current major challenges in banking compliance?

Banking compliance challenges are today fully embedded in our highly regulated sector and are to be taken as key drivers of the capacity of a financial institution to continue growing sustainable business models evolving in an ever-changing regulatory environment. In other words, it is all about delivering our services in line with all our stakeholders’ expectations, including the regulators, in the most efficient way. To achieve this goal, it is essential to have access to the right resources in terms of human capital and technology in order to serve our clients on the basis of a fully compliant business model. However, what remains a challenge for every

**“What remains a challenge for every financial institution today, is the speed of the regulatory changes.”**

financial institution today, is the speed of the regulatory changes and this is why it is also important to reach the right level of “scalability” for the business to remain competitive.

## Which financial trends do you identify and how are you adapting to them?

I would mention three significant trends in the financial sector to which it will be crucial for our business to adapt. Firstly, digitalization, which is not really new but is accelerating all the time. This trend is important not only to meet customers’ expectations but also to be able to develop and implement new ways to serve them better. Degroof Petercam is making significant investments in this regard and has also decided that in the future a certain percentage of revenues will be systematically invested in new and improved technological solutions. Secondly, we want to ensure that the development of our activities is done in a responsible manner, which means that we play a role in addressing ESG challenges. In this regard, it will be essential to provide investment solutions and products that are fully ESG compliant. Our portfolio management mandate, for example, is already Article 8 compliant under the recent SFDR regulation, making us one of the first banks in Luxembourg to be so. And thirdly, we will continue to offer new solutions to our clients to invest in non-listed assets such as private equity and private debt (e.g. our discretionary Private Equity Mandate and Private Equity Vintage Fund), as they can provide different long-term returns from traditional investment solutions while contributing directly to the financing of the economy.

# Make Insurance Simple, Intuitive and Humane

**“We are keen to innovate further in order to offer solutions to those who share our concern for the environment and wish to contribute to an efficient economy and a caring society,” says Romain Braas, CEO of Baloise Luxembourg. He explains how to make insurance feel safe.**

## Can you describe your company in a few words?

Active in Luxembourg since 1890, Baloise Luxembourg has become firmly embedded in the country’s economic landscape and society. It is part of the Swiss Baloise Group, which is also present in Germany, Belgium, Liechtenstein and Switzerland. Baloise Luxembourg meets the needs of its private and institutional customers for property and casualty insurance as well as pensions and savings. It also offers pension and investment services across borders in many European Union countries. Its ambition is to make insurance simple, intuitive and humane, by continuously improving its products, services, communications and processes. In short, Baloise aims to become

the first choice for everyone who simply wants to feel safe.

## How are the needs of your clients evolving?

Customer needs are constantly evolving at all stages in their lives. Service improvements reset their expectations at new levels in insurance as in other areas. People are more connected today and want to access information faster. We therefore try to meet their evolving needs. For example, we offer them customer portals and numerous services including insurance products online. In general, we want to make insurance simply safe, and give our customers an outstanding experience. We are trying to reduce our ecological footprint, both through our future wooden headquarters and the digitization of our client procedures and communications. The dematerialization of our processes and the digitization of our client portals will enable us to work towards a radical reduction in our paper consumption. In this context, we have decided, from 2023 onwards, to stop sending tax certificates by post. They will simply be available on our portal and our



mobile app, meaning that several tons of paper will no longer be consumed. Customers will get their certificates faster and more conveniently since most people nowadays fill in their tax returns online. These savings will enable us to further strengthen our partnership with natur&ëmwelt Fondation Hëllef fir d’Natur, and more specifically their ecological networking initiative.

## What regulatory challenges is the insurance industry facing?

The sector is facing significant regulatory challenges which require special and efficient solutions, rigorous processes and of course resources. For example, the Solvency II update has made the calculation of solvency requirements more complex. The Insurance Distribution Directive (IDD) is a further challenge applying to all sellers of insurance products, taxonomy, Sustainable Finance Disclosure Regulation (SFDR), not to mention the new barriers envisaged limiting the Freedom of Services (FoS) policies.

# 32 years of Networking

Founder and Honorary President of the CCIL for three decades, President of the Belgian-Italian Chamber of Commerce and Consul for San Marino, Fabio Morvilli updates us on the evolution of the CCIL. Interview.

## COULD YOU TELL US ABOUT THE ACTIVITIES OF THE CCIL IN A FEW WORDS?

The “Camera di Commercio Italo-Lussemburghese” is constantly evolving. The Chamber’s team, under the direction of Luisa Castelli, who has been with the CCIL for 28 years, is particularly motivated in both traditional and innovative activities. Our historical activities include assistance to Italian companies coming to Luxembourg – in particular those seeking business permits from the Ministry of the Middle Classes – and to Luxembourg companies interested in the Italian market. In addition, we respond to requests from companies in contact with the 81 associations in our network of Italian Chambers of Commerce in 58 countries. For example, a member in Singapore

can put us in touch with a company seeking contacts and an introduction to the Luxembourg market. Thanks to a change of statutes, we will also enjoy closer collaboration with countries on the shores of the Mediterranean such as Israel, Morocco, Egypt, Malta and Tunisia. In addition, we offer two “post lauream” professional courses in finance. Conducted in collaboration with the House of Training and PwC Academy, the courses will attract young Italian graduates to the Grand Duchy. Finally, with the Italian Embassy in Luxembourg, we organize activities to promote design, cuisine and tourism. Our Chamber of Commerce is also active in the protection of “Made in Italy,” with the “True Italian Taste” program, which protects authentic food products against counterfeits.

## HAVE YOU EVER MEASURED THE ITALIAN FOOTPRINT IN THE LUXEMBOURG ECONOMY?

It is very difficult because companies whose majority shareholder is Italian are Luxembourg entities. The Embassy mentions 35,000 nationals, including those with dual nationalities. In the past, we counted around 20 Italian banks, compared to five today. But investment funds largely compensate for this loss of momentum. Not without pride, we have contributed to the arrival of 600 young Italians into the Luxembourg labor market over the past fifteen years, via our courses. They represent the best ambassadors of “Italianness” because they come from all over Italy: From the deep South, from the North, from the lakes, from the coast, and from the magnificent countryside. During a promotion trip to Florence with Ministers

Gramegna and Fayot, I ended my speech with: “See the dots on my tie? They each represent a good reason to come to Luxembourg.” A few days later, a young man came to the CCIL and told us that the talk about the tie had acted as a trigger, something we have been working towards for 32 years. Such exchanges benefit both our countries.

## WHAT ARE YOUR CURRENT PRIORITIES?

In the post-Covid context, we are fortunate to have an extremely strong network both in Luxembourg and in Italy, in particular through the consuls of the major Italian regions. This allows us to create business opportunities in both countries and give a boost to professionals who have suffered from the crisis in recent months. I am thinking for example of restaurant owners. Our objective is to consol-

**“Create opportunities in both countries and give a boost to professionals who have suffered from the crisis.”**

idate this network, in particular by integrating the “italici,” i.e., people interested in the Italian lifestyle. To do this, we are launching a new concept this year: “Un caffè in camera.” We want to create opportunities to exchange, advise and connect anyone with an interest in Italy. Finally, we are aiming to continue our efforts in training young people, because the relationship between Italy and Luxembourg remains ideal in my view. In this context, we would like to return to face-to-face contact and strengthen the presence of our trainees in companies in Luxembourg.



Ryôdô Kajiwara, Ryôdô

## Creating Authentic Japanese Dishes with European Influences



**“Eating is one of the ways to have a good life, with wisdom.”**

**“We wanted to combine Japanese haute cuisine with European gastronomy,” says Ryôdô Kajiwara about his restaurant Ryôdô. The chef talks about his culinary experience in Europe, especially in the Hollerich district of Luxembourg City, where he opened his restaurant. Interview.**

### Could you tell us about your journey in a few words?

I grew up in the Tokyo area, and then I worked there, in gourmet restaurants gaining authentic experience in Japanese haute cuisine. Then I decided to move to Luxembourg with my wife. Indeed, I wanted to perfect my

mastery of European gastronomic cuisine with starred chefs and restaurants, such as Léa Linster, the Clairefontaine and Mosconi. In 2020, with my wife, I decided to open my restaurant, Ryôdô. We wanted to combine Japanese haute cuisine and European gastronomy and make it a reference. The Gault&Millau and Michelin guides listed Ryôdô the following year, despite the pandemic. Later, the Gault&Millau guide selected me as Chef of the Year, which is a great honor and a source of motivation.

### What experience do you offer at Ryôdô?

In Japan, eating is not enough to define “eating.” On the one

hand, eating is one of the ways to have a good life, with wisdom. Besides, “the way of cooking” is pronounced “ryô-dô,” like my name and the one I gave to our restaurant. On the other hand, this way also means deep respect for the ingredients. They must be able to express their own taste, especially through their freshness, while contributing to the harmony of the dish. We develop our dishes and menus according to this principle. Indeed, each kitchen has its own way while sharing the same fundamental nature with the others. The kitchens can therefore dialogue with each other, creating an experience whose intensity we want to share with our customers.

### What links do you see between Luxembourg and Japan?

For me, there is a great depth to these links. My wife has a French-Luxembourgish background, and our daughter speaks both languages fluently. And while the Japanese and Luxembourg cultures seem very different, there are similarities. I have seen how open Luxembourgers are to other cultures while remaining proud of their own. The Japanese agree on this point: They are fond of the benefits of other cultures, but they also maintain a link with their own past. Finally, both countries value the inseparable relationship between living well and eating well.

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