



# 03

ANNEXES

## 3 ANNEXES

### 3.1 ECB LEGAL ACTS PUBLISHED IN 2020

#### Monetary policy

In the field of monetary policy, the European Central Bank has, in particular, adopted the following legal acts:

- Guideline (EU) 2020/1690 of the European Central Bank of 25 September 2020 amending Guideline (EU) 2015/510 on the implementation of the Eurosystem monetary policy framework (ECB/2020/45);
- Guideline (EU) 2020/1692 European Central Bank of 25 September 2020 amending Guideline (EU) 2016/65 on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework (ECB/2020/46);
- Guideline (EU) 2020/1691 European Central Bank of 25 September 2020 amending Guideline ECB/2014/31 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2020/47);
- Decision (EU) 2020/1264 of the European Central Bank of 8 September 2020 amending Decision (EU) 2019/1743 of the European Central Bank on the remuneration of holdings of excess reserves and of certain deposits (ECB/2020/38);
- Decision (EU) 2020/1143 of the European Central Bank of 28 July 2020 amending Decision (EU) 2020/440 on a temporary pandemic emergency purchase programme (PEPP) (ECB/2020/36);
- Guideline (EU) 2020/634 of the European Central Bank of 7 May 2020 amending Guideline ECB/2014/31 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2020/29);
- Decision (EU) 2020/614 of the European Central Bank of 30 April 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (TLTRO III) (ECB/2020/25);
- Decision (EU) 2020/440 of the European Central Bank of 24 March 2020 on a temporary pandemic emergency purchase programme (PEPP) (ECB/2020/17);
- Decision (EU) 2020/441 of the European Central Bank of 24 March 2020 amending Decision (EU) 2016/948 on the implementation of the corporate sector purchase programme (CSPP) (ECB/2020/18);
- Decision (EU) 2020/407 of the European Central Bank of 16 March 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (TLTRO III) (ECB/2020/13).

## Statistics

In the field of statistics, the European Central Bank has, in particular, adopted the following legal acts:

- Regulation (EU) 2020/2011 of the European Central Bank of 1 December 2020 amending Regulation (EU) 1409/2013 on payment statistics (ECB/2013/43);
- Guideline (EU) 2020/1552 of the European Central Bank of 14 October 2020 amending Guideline ECB/2013/23 on government finance statistics (ECB/2020/50);
- Guideline (EU) 2020/1553 of the European Central Bank of 14 October 2020 amending Guideline ECB/2013/24 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (ECB/2020/51);
- Guideline (EU) 2020/1554 of the European Central Bank of 14 October 2020 amending Guideline ECB/2011/23 with regard to the frequency of reporting to the European central Bank on the quality of external statistics (ECB/2020/52);
- Guideline (EU) 2020/497 of the European Central Bank of 20 March 2020 on the recording of certain data by national competent authorities in the Register of Institutions and Affiliates Data (ECB/2020/16);
- Guideline (EU) 2020/496 of the European Central Bank of 19 March 2020 amending Guideline (EU) 2019/1265 on the euro short-term rate (€STR) (ECB/2020/15);
- Guideline (EU) 2020/381 of the European Central Bank of 21 February 2020 amending Guideline (EU) 2017/2335 on the procedures for the collection of granular credit and credit risk data (ECB/2020/11).

## ECB's Capital

In the field of ECB's Capital, the European Central Bank has, in particular, adopted the following legal acts:

- Decision (EU) 2020/137 of the European Central Bank of 22 January 2020 on the national central banks' percentage shares in the key for subscription to the ECB's capital and repealing Decision (EU)2019/43 (ECB/2020/3);
- Decision (EU) 2020/138 of the European Central Bank of 22 January 2020 on the paying-up of the ECB's capital by the national central banks of Member States whose currency is the euro and repealing Decision (EU) 2019/44 (ECB/2020/4);
- Decision (EU) 2020/139 of the European Central Bank of 22 January 2020 laying down the terms and conditions for transfers of the ECB's capital shares between the national central banks and for the adjustment of the paid-up capital and repealing Decision (EU) 2019/45 (ECB/2020/5);
- Decision (EU) 2020/140 of the European Central Bank of 22 January 2020 laying down the measures necessary for the contribution to the ECB's accumulated equity value and for adjusting the national central banks' claims equivalent to the transferred foreign reserve assets and repealing Decision (EU) 2019/46 (ECB/2020/6); and
- Decision (EU) 2020/141 of the European Central Bank of 22 January 2020 amending Decision ECB/2010/29 of the ECB of 13 December 2010 on the issue of euro banknotes (ECB/2020/7).

## Banking supervision

In the field of banking supervision, the ECB has adopted, in particular, the following legal acts:

- Recommendation of the European Central Bank of 17 January 2020 on dividend distribution policies (ECB/2020/1);
- Guideline (EU) 2020/497 of the European Central Bank of 20 March 2020 on the recording of certain data by national competent authorities in the Register of Institutions and Affiliates Data (ECB/2020/16);
- Recommendation of the European Central Bank of 27 March 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/1 (ECB/2020/19);
- Regulation (EU) 2020/605 of the European Central Bank of 9 April 2020 amending Regulation (EU) 2015/534 on reporting of supervisory financial information (ECB/2020/22);
- Decision (EU) 2020/1015 of the European Central Bank of 24 June 2020 on the establishment of close cooperation between the European Central Bank and Българска народна банка (Bulgarian National Bank) (ECB/2020/30);

- Decision (EU) 2020/1016 of the European Central Bank of 24 June 2020 on the establishment of close cooperation between the European Central Bank and Hrvatska Narodna Banka (ECB/2020/31);
- Guideline (EU) 2020/978 of the European Central Bank of 25 June 2020 on the exercise of the discretion under Article 178(2)(d) of Regulation (EU) No 575/2013 of the European Parliament and of the Council by national competent authorities in relation to less significant institutions with regard to the threshold for assessing the materiality of credit obligations past due (ECB/2020/32);
- Amendment 1/2020 of 23 July 2020 to the Rules of Procedure of the Supervisory Board of the European Central Bank;
- Recommendation of the European Central Bank of 27 July 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/19 (ECB/2020/35);
- Decision (EU) 2020/1331 of the European Central Bank of 15 September 2020 nominating heads of work units to adopt delegated fit and proper decisions and repealing Decision (EU) 2017/936 (ECB/2020/39);
- Decision (EU) 2020/1332 of the European Central Bank of 15 September 2020 nominating heads of work units to adopt delegated decisions on the significance of supervised entities and repealing Decision (EU) 2017/937 (ECB/2020/40);
- Decision (EU) 2020/1333 of the European Central Bank of 15 September 2020 nominating heads of work units to adopt delegated own funds decisions and repealing Decision (EU) 2018/547 (ECB/2020/41);
- Decision (EU) 2020/1334 of the European Central Bank of 15 September 2020 nominating heads of work units to adopt delegated decisions regarding supervisory powers granted under national law and repealing Decision (EU) 2019/323 (ECB/2020/42);
- Decision (EU) 2020/1335 of the European Central Bank of 15 September 2020 nominating heads of work units to adopt delegated decisions on passporting, acquisition of qualifying holdings and withdrawal of authorisations of credit institutions and repealing Decision (EU) 2019/1377 (ECB/2020/43);
- Decision (EU) 2020/1306 of the European Central Bank of 16 September 2020 on the temporary exclusion of certain exposures to central banks from the total exposure measure in view of the COVID-19 pandemic (ECB/2020/44);
- Recommendation of the European Central Bank of 15 December 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/35 (ECB/2020/62).

### **3.2 BCL REGULATIONS PUBLISHED IN 2020**

#### **2020/N° 29 of 31 December 2020**

Regulation of the Banque centrale du Luxembourg 2020/N°29 of 31 December 2020 amending Regulation of the Banque centrale du Luxembourg 2014/N°18 of 21 August 2014 implementing Guideline ECB/2014/31 on additional temporary measures relating to the refinancing operations of the Eurosystem and eligibility of collateral.

Field : Monetary Policy

#### **2020/N°28 of 18 May 2020**

Regulation of the Banque centrale du Luxembourg 2020/N°28 of 18 May 2020 amending Regulation of the Banque centrale du Luxembourg 2014/N°18 of 21 August 2014 implementing Guideline ECB/2014/31 on additional temporary measures relating to the refinancing operations of the Eurosystem and eligibility of collateral.

Field : Monetary Policy

#### **2020/N°27 of 20 April 2020**

Regulation of the Banque centrale du Luxembourg 2020/N°27 of 20 April 2020 amending Regulation of the Banque centrale du Luxembourg 2014/N°18 of 21 August 2014 implementing Guideline ECB/2014/31 on additional temporary measures relating to the refinancing operations of the Eurosystem and eligibility of collateral.

Field : Monetary Policy

For a complete list of regulations published by the BCL, please visit the BCL's website ([www.bcl.lu](http://www.bcl.lu)).

### **3.3 LIST OF BCL CIRCULARS PUBLISHED IN 2020**

For a complete list of circulars published by the BCL, please visit the BCL's website ([www.bcl.lu](http://www.bcl.lu)).

### **3.4 LIST OF BCL PUBLICATIONS PUBLISHED IN 2019**

#### **3.4.1 BCL bulletins**

BCL Bulletin 2020/1, April 2020

For a complete list of bulletins published by the BCL, please visit the BCL's website ([www.bcl.lu](http://www.bcl.lu)).

#### **3.4.2 Financial Stability Review**

- Revue de stabilité financière 2020, July 2020

#### **3.4.3 BCL annual report**

- Annual Report 2019, French version, July 2020
- Annual Report 2019, English version, October 2020

For a complete list of annual reports published by the BCL, please visit the BCL's website ([www.bcl.lu](http://www.bcl.lu)).

#### **3.4.4 BCL working papers**

- Working paper 150, December 2020  
Key Features of Captive Financial Institutions and Money Lenders (sector S127) in Luxembourg, by Gabriele Di Filippo and Frédéric Pierret.
- Working paper 149, November 2020  
The impact of tax and infrastructure competition on the profitability of local firms, by Yutao Han, Patrice Pieretti and Giuseppe Pulina.
- Working paper 148, August 2020  
Borrowing constraints, own labour and homeownership: Does it pay to paint your walls?, by Peter Lindner, Thomas Y. Mathä, Giuseppe Pulina and Michael Ziegelmeier.
- Working paper 147, August 2020  
LED: An estimated DSGE model of the Luxembourg economy for policy analysis, by Alban Moura.
- Working paper 146, July 2020  
A Typology of Captive Financial Institutions and Money Lenders (sector S127) in Luxembourg, by Gabriele Di Filippo and Frédéric Pierret.
- Working paper 145, July 2020  
Why is the Ratio of Debt-to-GDP so Large for Non-Financial Companies in Luxembourg?, by Gabriele Di Filippo.
- Working paper 144, June 2020  
Housing and inequality: The case of Luxembourg and its cross-border workers, by Guillaume Claveres, Thomas Y. Mathä, Giuseppe Pulina, Jan Stráský, Nicolas Woloszko and Michael Ziegelmeier.

- Working paper 143, May 2020  
Total Factor Productivity and the Measurement of Neutral Technology,  
by Alban Moura.
- Working paper 142, March 2020  
The Luxembourg Household Finance and Consumption Survey: Results from the third wave,  
by Yiwen Chen, Thomas Y. Mathä, Giuseppe Pulina, Barbara Schuster and Michael Ziegelmeier.
- Working paper 141, March 2020  
Macroprudential stress testing: A proposal for the Luxembourg investment fund sector,  
by Kang-Soek Lee.
- Working paper 140, January 2020  
PENELope: Luxembourg Tool for Pension Evaluation and Long-Term Projection Exercises,  
by Luca Marchiori.
- Working paper 139, January 2020  
Health Subsidies, Prevention and Welfare,  
by Luca Marchiori and Olivier Pierrard.

For a complete list of working papers published by the BCL, please visit the BCL's website ([www.bcl.lu](http://www.bcl.lu)).

#### **3.4.5 BCL brochures**

- La Banque centrale du Luxembourg, French version, January 2018
- The Banque centrale du Luxembourg, English version, April 2018
- Die Banque centrale du Luxembourg, German version, April 2018
- Brochure of the BCL's numismatic products (2020)

#### **3.4.6 Information material about the security features of Euro banknotes and coins**

For a complete list of the information material concerning the security features of Euro banknotes and coins, please visit the BCL's website ([www.bcl.lu](http://www.bcl.lu)).

#### **3.4.7 Publications and external presentations of BCL staff**

##### **3.4.7.1 External publications of the BCL's staff members**

- Giordana, G., and M. Ziegelmeier (2020): "Stress testing household balance sheets in Luxembourg", *The Quarterly Review of Economics and Finance*, 76: 115-138.
- Mathä, T.Y., S. Millard, T. Room, L. Wintr and R. Wyszynski (2020): "Shocks and labour cost adjustment: Evidence from a survey of European firms". *Oxford Economic Papers*, <https://doi.org/10.1093/oep/gpaa041>.

##### **3.4.7.2 External presentations**

- Household Finance and Consumption Network, European Central Bank, Frankfurt, 2-3 March 2020.
- *Séminaire économique du STATEC*, Luxembourg, 10 February 2020.
- *Comité pour la Protection des Consommateurs Financiers*, CSSF, Luxembourg, 23 January 2020.

### 3.5 EUROPEAN CENTRAL BANK PUBLICATIONS

For a complete list of documents published by the European Central Bank, as well as for the translated versions in all official languages of the European Union, please visit the ECB's website ([www.ecb.int](http://www.ecb.int)).

**ORDER :** European Central Bank  
Postfach 160319  
D-60066 Frankfurt am Main  
<http://www.ecb.int>

### 3.6 MONETARY, ECONOMIC AND FINANCIAL STATISTICS PUBLISHED ON THE WEBSITE OF THE BCL

#### 1 Monetary policy statistics

- 1.1 Financial statement of the Banque centrale du Luxembourg
- 1.2 Luxembourg minimum reserve statistics

#### 2 Monetary and financial developments in the euro area and Luxembourg

- 2.1 Aggregated balance sheet of the Luxembourg MFIs (excluding the Banque centrale du Luxembourg)
- 2.2 Liabilities of the Luxembourg MFIs included in the euro area monetary aggregates

#### 3 Capital markets and interest rates

- 3.1 Luxembourg bank interest rates on euro-denominated deposits and loans by euro area residents - new business
- 3.2 Luxembourg bank interest rates on euro-denominated deposits and loans by euro area residents - outstanding amounts
- 3.3 Money market interest rates
- 3.4 Government bond yields
- 3.5 Stock market indices
- 3.6 Exchange rates
- 3.7 Securities issues statistics - positions

#### 4. Developments of prices and costs in Luxembourg

- 4.1 Developments in the Harmonised Index of Consumer Prices (HICP) and the National Index of Consumer Prices (NICP)
- 4.2 Industrial goods and commodity prices
- 4.3 Costs indicators and terms of trade

#### 5. Luxembourg macro-economic indicators

- 5.1 GDP at market prices and its components (ESA95 version)
- 5.2 Selected other real economy indicators
- 5.3 Labour market indicators - Employment and unemployment
- 5.4 Labour market indicators - Employment breakdown
- 5.5 Consumer confidence survey
- 5.6 Non-financial accounts by institutional sector - time series
- 5.7 Non-financial accounts by institutional sector - cross section presentation
- 5.8 Financial accounts by institutional sector - stocks - time series
- 5.9 Financial accounts by institutional sector - transactions - time series
- 5.10 Financial accounts by institutional sector - stocks - cross section presentation
- 5.11 Financial accounts by institutional sector - transactions - cross section presentation
- 5.12 SDDS plus - Other financial corporations survey - stocks
- 5.13 SDDS plus - Debt securities holdings - stocks

#### 6. Luxembourg public finances

- 6.1 General government budgetary outcome in Luxembourg



- 7. Luxembourg balance of payments**
  - 7.1 Luxembourg balance of payments - summary
  - 7.2 Luxembourg balance of payments - current account
  - 7.3 Luxembourg balance of payments - direct investment
  - 7.4 Luxembourg balance of payments - direct investment by Luxembourg abroad - by sector
  - 7.5 Luxembourg balance of payments - foreign direct investment in Luxembourg - by sector
  - 7.6 Luxembourg balance of payments - portfolio investment - by type of instrument
  - 7.7 Luxembourg balance of payments - other investment - by sector
  - 7.8 Luxembourg balance of payments - monthly data
  
- 8. Luxembourg trade balance**
  - 8.1 External trade of Luxembourg
  
- 9. International investment position of Luxembourg**
  - 9.1 International investment position of Luxembourg - summary
  - 9.2 International investment position of Luxembourg - direct investment
  - 9.3 International investment position of Luxembourg - portfolio investment - by type of instrument
  - 9.4 International investment position of Luxembourg - other investment - by sector
  - 9.5 International investment position of Luxembourg - Gross External Debt
  - 9.6 International investment position of Luxembourg - geographic breakdown of portfolio investment assets held by Luxembourg residents
  - 9.7 Geographic breakdown of the Direct investment positions according to Extended directional principle
  
- 10. Reserve assets**
  - 10.1 Reserves and related assets of the Banque centrale du Luxembourg
  - 10.2 Reserve assets held by the BCL and Central Administration - extended data model of the Internal Monetary Fund
  
- 11. Credit institutions**
  - 11.1 Number and geographic origin of credit institutions established in Luxembourg
  - 11.2 Employment in the credit institutions
  - 11.3 Interim aggregated profit and loss account of credit institutions
  - 11.4 Aggregated profit and loss account of credit institutions as at year-end
  - 11.5 Aggregated balance sheet of credit institutions
  - 11.6 Credits granted by credit institutions - by counterpart and original maturity
  - 11.7 Credits granted by credit institutions to euro area households and NPISH - by type and original maturity
  - 11.8 Credits granted by credit institutions - by currency
  - 11.9 Credits granted by credit institutions for real estate located in Luxembourg
  - 11.10 Holdings of debt securities of credit institutions - by counterpart and maturity
  - 11.11 Holdings of debt securities of credit institutions - by currency
  - 11.12 Deposits received by credit institutions - by counterpart
  - 11.13 Deposits received by credit institutions - by type and counterpart
  - 11.14 Holdings of debt securities of credit institutions - by counterpart and country
  
- 12. Securitisation vehicles**
  - 12.1 Aggregated balance sheet of financial vehicle corporations

**13. Investment funds**

- 13.1 Number of undertakings for investment funds
- 13.2 Global situation of undertakings for investment funds
- 13.3 Aggregated balance sheet of money market funds
- 13.4 Holdings of debt securities of money market funds - by counterpart and initial maturity
- 13.5 Holdings of debt securities of money market funds - by currency
- 13.6 Non monetary funds balance sheet - by investment policy
- 13.7 Holdings of securities of equity funds
- 13.8 Holdings of securities of bond funds
- 13.9 Holdings of securities of mixed funds
- 13.10 Holdings of securities of real estate funds
- 13.11 Holdings of securities of hedge funds
- 13.12 Holdings of securities of other funds
- 13.13 Holdings of debt securities of money market funds - by counterpart and country
- 13.14 Holdings of debt securities of non monetary funds - by counterpart and country
- 13.15 Holdings of equity (other than fund shares) of non monetary funds - by country
- 13.16 Global situation of unregulated alternative investment funds

**14. Professionals of the financial sector**

- 14.1 Number and geographic origin of the professionals of the financial sector
- 14.2 Employment in the professionals of the financial sector
- 14.3 Aggregated balance sheet total and results of the professionals of the financial sector

**15. Management companies**

- 15.1 Employment in the management companies

**16. Insurance corporations and pension funds**

- 16.1 Aggregated balance sheet of insurance companies and pension funds
- 16.2 Global situation of insurance corporations
- 16.3 Aggregate balance sheet of insurance corporations
- 16.4 Insurance technical reserves by activity
- 16.5 Debt securities holdings of insurance corporations - by country and counterpart
- 16.6 Equity holdings of insurance corporations - by country and instrument

**17. Financial soundness indicators**

- 17.1 Financial soundness indicators

**18. Payment statistics**

- RTGS in Luxembourg
  - 18.1 Volume of payments
  - 18.2 Value of payments
- LIPS-Net Retail Payments System
  - 18.3-4 Value of payments
- Retail payments
  - 18.5 Use of payment instruments in Luxembourg

**3.7 LIST OF ABBREVIATIONS**

|        |   |
|--------|---|
| ABBL   | Association des Banques et Banquiers, Luxembourg  |
| ABS    | Asset-Backed Securities   |
| ATTF   | Agence de transfert de technologie financière ( <i>Luxembourg Agency for the Transfer of Financial Technology</i> ) |
| BCL    | Banque centrale du Luxembourg   |
| BIS    | Bank for International Settlement   |
| CCBM   | Correspondent central banking model   |
| CETREL | Centre des transferts électroniques Luxembourg ( <i>Center for Electronic Transfers Luxembourg</i> )                |
| CLS    | Continuous linked settlement  |
| CPMI   | Committee on Payments and Market Infrastructure   |

|          |  |
|----------|--|
| CPSS     | Committee on Payment and Settlement  |
| CRD      | Capital Requirement Directive  |
| CRR      | Capital Requirement Regulation   |
| CSD      | Central Securities Depositories  |
| CSSF     | Commission de surveillance du secteur financier  |
| EBA      | European Banking Authority   |
| ECAF     | Eurosystem Credit Assessment Framework   |
| ECB      | European Central Bank  |
| EFC      | Economic and Financial Committee   |
| EFSF     | European Financial Stability Facility  |
| EIB      | European Investment Bank   |
| EMU      | Economic and Monetary Union  |
| EPC      | European Payments Council  |
| ESCB     | European System of Central Banks   |
| ESM      | European Stability Mechanism   |
| ESMA     | European Securities and Markets Authority  |
| ESRB     | European Systemic Risk Board   |
| EU       | European Union   |
| EUR      | Euro   |
| EUROSTAT | Statistical office of the European communities   |
| FSB      | Financial Stability Board  |
| GDP      | Gross Domestic Product   |
| IMF      | International Monetary Fund  |
| IML      | Institut Monétaire Luxembourgeois  |
| IOSCO    | International Organization of Securities Commissions   |
| LCR      | Liquidity Coverage Ratio   |
| LFF      | Luxembourg for Finance   |
| LSF      | Luxembourg School of Finance   |
| LTRO     | Longer-Term Refinancing Operations   |
| LU       | Luxembourg   |
| MRA      | Maximum Risk Allowance   |
| MRO      | Main Refinancing Operations  |
| NCB      | National Central Banks   |
| NSFR     | Net Stable Funding Ratio   |
| OECD     | Organisation for Economic Cooperation and Development  |
| PBC      | People's Bank of China   |
| SDR      | Special Drawing Rights   |
| SEPA     | Single European Payment Area   |
| SSM      | Single Supervisory Mechanism   |
| SSS      | Securities settlement system   |
| STATEC   | Institut national de la statistique et des études économiques (National Institute for Statistics and Economic Studies) |
| TARGET   | Trans-European Automated Real-time Gross settlement Express Transfer system  |
| TFEU     | Treaty on the Functioning of the European Union  |
| UCI      | Undertaking for Collective Investments   |
| UCITS    | Undertaking for Collective Investments in Transferable Securities  |
| USD      | US Dollar  |

### 3.8 GLOSSARY

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world. The transactions considered are those involving goods, services and incomes; those involving financial claims on, and liabilities to, the rest of the world; and those (such as debt forgiveness) that are classified as transfers.

Central securities depository (CSD): an entity that (i) enables securities transactions to be processed and settled by book entry, and (ii) provides custodial services (e.g. the administration of corporate actions and redemptions), and (iii) plays an active role in ensuring the integrity of securities issues. Securities can be held in physical (but immobilised) form or in dematerialized form (whereby they exist only as electronic records).

Collateral: assets pledged or otherwise transferred (e.g. by credit institutions to central banks) as a guarantee for the repayment of loans, as well as assets sold (e.g. by credit institutions to central banks) under repurchase agreements.

Corporate sector purchase programme (CSPP): On 10 March 2016, the Governing Council decided to establish a new programme to purchase investment-grade euro-denominated bonds issued by non-bank corporations established in the euro area with the aim of further strengthening the pass-through of the conventional policy measures to the real economy by improving directly the financing conditions of the euro area companies.

Correspondent Central Banking Model (CCBM): a mechanism established by the European System of Central Banks with the aim of enabling counterparties to use eligible collateral on a cross-border basis. In the CCBM, NCBs act as custodians for one another. Each NCB has a securities account in its securities administration for each of the other NCBs (and for the European Central Bank).

Council of the European Union: the institution of the EU made up of representatives of the governments of the EU Member States, normally ministers responsible for the matters under consideration and the relevant European Commissioner (see also ECOFIN Council).

Counterparty: the opposite party in a financial transaction (e.g. any party transacting with a central bank).

Covered bond purchase programmes (CBPP, CBPP2 and CBPP3): an ECB programme, based on the decision of the Governing Council of 7 May 2009 to purchase euro-denominated covered bonds issued in the euro area in support of a specific financial market segment that is important for the funding of banks and was particularly affected by the financial crisis. The purchases under the programme were for a nominal value of 60 billion euro and they were fully implemented by 30 June 2010. On 6 October 2011 the Governing Council decided to launch a second covered bond purchase programme, the CBPP2. Between November 2011 and October 2012, a nominal amount of € 16.4 billion was purchased on the primary and secondary markets. The CBPP2 ended in November 2012. On 4 September 2014, the Governing Council decided to launch a new euro-denominated covered bonds purchase programme (CBPP3) in the primary and secondary markets.

CPMI-IOSCO: The Committee on Payments and Market Infrastructures (CPMI) promotes the safety and efficiency of payment, clearing and securities settlement related arrangements. The CPMI monitors and analyses developments in these arrangements and is a global standard setter in this area. It also serves as a forum for central bank cooperation in related oversight, policy and operational matters.

The International Organization of Securities Commissions (IOSCO) is a body that brings together the world's securities regulators. The organization develops among others internationally recognized standards of regulation, oversight and enforcement aiming at protecting investors and promoting integrity of securities markets.

Credit institution: 1) an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account; or 2) an undertaking or any other legal person, other than those under (1), which issues means of payment in the form of electronic money. The most common types of credit institutions are banks and saving banks. See also electronic money (e-money).

ECOFIN Council: Council of the European Union reuniting/meeting at the level of the ministers of economics and finance.

Economic and Financial Committee (EFC): a committee which contributes to the preparation of the work of the ECOFIN Council and the European Commission. Its tasks include reviewing the economic and financial situation of both Member States and the EU, and contributing to budgetary surveillance.

Electronic money (e-money): An electronic store of monetary value on a technical device that may be widely used as prepaid bearer instrument for making payments to undertakings other than the issuer, without necessarily involving bank accounts in the transactions.

Euro: The name of the European single currency adopted by the European council at its meeting in Madrid on 15 and 16 December 1995 and used instead of the term ECU originally employed in the Treaty.

EURO1: Multilateral net payment system providing same-day settlement at a pan-European level. EURO1 is operated by EBA Clearing and settles large-value interbank payments in euro.

Euro area: the area encompassing those Member States which have adopted the euro as the single currency in accordance with the Treaty and in which a single monetary policy is conducted under the responsibility of the Governing Council of the European Central Bank. The euro area currently comprises Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

Eurogroup: an informal gathering of the ministers of economy and finance of the EU Member States whose currency is the euro.

European Central Bank (ECB): the ECB lies at the centre of the Eurosystem and the European System of Central Banks (ESCB) and has its own legal personality in accordance with the Treaty (ARTICLE 282(3)). It ensures that the tasks conferred upon the Eurosystem and the ESCB are implemented either through its own activities or through those of the NCBs, pursuant to the Statute of the ESCB and the ECB. The Eurosystem and the SEBC are governed by the decision-making bodies of the ECB, i.e. by the Governing Council, by the Executive Board, and, as a third decision-making body, by the General Council.

European Financial Stabilisation Mechanism (EFSM): a European Union facility, based on Article 122(2) of the Treaty, enabling the Commission to raise up to € 60 billion on behalf of the European Union to finance loans to EU Member States experiencing serious difficulties or a serious threat of such difficulties due to exceptional events beyond their control. The loans thus granted are subject to strict conditionality under the joint programmes of the European Union and the IMF.

European Financial Stability Facility (EFSF): a limited liability company established by the euro area counterparties, on an intergovernmental basis, for the purpose of providing loans to the euro area countries in financial difficulties. Such financial assistance is subject to strong conditionality in the context of joint EU-IMF programmes. The EFSF has an effective lending capacity of €440 billion, and its loans are financed through the issuance of debt securities, guaranteed by euro area countries on a pro rata basis.

European Stability Mechanism (ESM): an organisation established by the euro area countries, on an intergovernmental basis, offering a permanent crisis management mechanism, which aims to provide emergency financial support to euro area countries in need with a view to safeguarding the financial stability of the euro area as a whole. Its effective lending capacity is €500 billion and is subject to strict conditionality.

European System of Central Banks (ESCB): composed of the European Central Bank (ECB) and the NCBs of all 28 EU Member States, i.e. it includes, in addition to the members of the Eurosystem, the NCBs of those Member States whose currency is not the euro. The ESCB is governed by the Governing Council and the Executive Board of the ECB, and, as a third decision-making body of the ECB, by the General Council.

European Systemic Risk Board (ESRB): an independent EU body responsible for the macro-prudential oversight of the financial system within the EU. It contributes to the prevention or mitigation of systemic risks to financial stability that arise from developments within the financial system, taking into account macroeconomic developments, so as to avoid periods of widespread financial distress.

Eurosystem: the central banking system of the euro area. It comprises the European Central Bank and the NCBs of the Member States that have adopted the euro.

Executive Board: one of the decision-making bodies of the ECB. It comprises the President and the Vice-President of the ECB and four other members appointed by the European Council, acting by a qualified majority, on a recommendation from the EU Council, after it has consulted the European Parliament and the ECB.

Expanded Asset Purchase Programme (APP): Following the first and second covered bond purchase programmes (CBPP and CBPP2) conducted respectively in 2009-10 and 2011-12, the expanded asset purchase programme (APP) includes all purchase programmes under which private sector securities and public sector securities are purchased to address the risks of a too prolonged period of low inflation. It consists of the third covered bond purchase programme (CBPP3), the asset-backed securities purchase programme (ABSPP), the public sector purchase programme (PSPP) and the corporate sector purchase programme (CSPP).

Fiduciary money: banknotes and coins having the status of legal tender.

Financial stability: condition in which the financial system- comprising financial intermediaries, markets and market infrastructures- is capable of with standing shocks and the unraveling of financial imbalances, thereby mitigating the likelihood of disruptions in the financial intermediation process which are severe enough to significantly impair the allocation of savings to profitable investment opportunities.

Fine-tuning operations: an open market operation executed by the Eurosystem in order to deal with unexpected liquidity fluctuations in the market. The frequency and maturity of fine-tuning operations are not standardised.

G10: The Group of Ten (G10) refers to the group of countries that have agreed to participate in the General Arrangements to Borrow (GAB), a supplementary borrowing arrangement that can be invoked if the IMF's resources are estimated to be below member's needs. The GAB was established in 1962, when the governments of eight IMF members—Belgium, Canada, France, Italy, Japan, the Netherlands, the United Kingdom, and the United States—and the central banks of two others, Germany and Sweden, agreed to make resources available to the IMF for drawings by participants and, under certain circumstances, for drawings by nonparticipants.

G20: The Group of Twenty (G20), refers to a group of key advanced and emerging market economies that was created in 1999, in response to the financial crisis in the late 1990s, to modernise the international financial architecture, strengthen policy coordination between its members, and promote financial stability. In recent years it has increasingly influenced the debate on the global economic and financial policy agenda.

The membership of the G20 comprises the G7 countries (Canada, France, Germany, Italy, Japan, United Kingdom and the United States), Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the European Union, which is represented by the rotating Council Presidency and the European Central Bank.

Jointly G20 members represent about 85 per cent of global gross domestic product, over 75 per cent of global trade, and two-thirds of the world's population.

General Council: one of the decision-making bodies of the European Central Bank (ECB). It comprises the President and the Vice-President of the ECB and the governors of all the NCBs of the European System of Central Banks.

Governing Council: supreme decision-making body of the European Central Bank (ECB). It comprises all the members of the Executive Board of the ECB and the governors of the NCBs of the Member States that have adopted the euro.

Harmonised index of the consumer prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member states.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the European Central Bank. They are the rates on the main refinancing operations, the marginal lending facility and the deposit facility.

Longer-term refinancing operations: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a monthly standard tender and normally have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to one year were conducted, the frequency of which varied.

Main refinancing operations: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

MFIs (monetary financial institutions): financial institutions which together form the money issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined by Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds.

Open market operations: an operation executed on the initiative of a central bank to influence the financial market. With regard to their aims, regularity and procedures, Eurosystem open market operations can be divided into four categories: main refinancing operations; longer-term refinancing operations; fine-tuning operations; and structural operations. As for the instruments used, reverse transactions are the main open market instrument of the Eurosystem and can be employed in all four categories of operations. In addition, the issuance of debt certificates and outright transactions are available for structural operations, while outright transactions, foreign exchange swaps and the collection of fixed-term deposits are available for the conduct of fine-tuning operations.

Outright Monetary Transactions (OMTs): transactions that aim to safeguard an appropriate monetary policy transmission and the singleness of the monetary policy in the euro area through purchases of euro area government bonds in the secondary market based on strict and effective conditionality.

Outright transaction: A transaction whereby assets are bought or sold up to their maturity (spot or forward).

Price Stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the Harmonised Index of Consumer Prices for the euro area below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Public sector purchase programme (PSPP): On 22 January 2015 the Governing Council expanded its scope of intervention by announcing a securities purchase programme in the public sector (PSPP) scheduled to start on 09 March 2015. The PSPP was the latest of a suite of asset purchase programmes (APP), which included the asset-backed securities (ABSPP) and the covered bonds (CBPP3), aimed at addressing the risk of a too prolonged period of low inflation.

The secondary market transactions conducted under the PSPP include high quality euro-denominated instruments issued by the euro area central governments - or by regional and local governments that meet all other eligibility criteria - or by eligible international or supranational institutions and agencies established in the euro area.

The share of purchases in a national central bank's home market is conducted in proportions reflecting the respective share of the national central bank in the ECB's capital key.

Additional eligibility criteria apply to countries subject to an EU-IMF macroeconomic adjustment programme.

Real-time gross settlement (RTGS) system: a settlement system in which processing and settlement take place on a transaction-by transaction basis in real time (see also TARGET2).

SDR (Special Drawing Rights): The SDR was created by the IMF in 1969 as an international reserve asset to supplement its member countries' official reserves. Its value is currently based on a basket of four key international currencies: the euro, the Japanese yen, the pound sterling, and the US dollar. The SDR is neither a currency, nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members.

Securities Markets Programme (SMP): a programme set up in May 2010 for conducting interventions in the euro area public and private debt securities markets to ensure depth and liquidity in dysfunctional market segments with a view to restoring an appropriate monetary policy transmission mechanism. The SMP was terminated when the technical features of the Outright Monetary Transactions were announced on 6 September 2012.

Securities settlement system (SSS): a system which allows the transfer of securities, either free of payment or against payment (delivery versus payment).

Single Resolution Mechanism (SRM): the European banking resolution system, composed of the Single Resolution Board (SRB), together with the Council and the Commission and the national resolution authorities of the participating Member States. Together with the Single Supervisory Mechanism, the SRM is one of the three pillars of the European Banking Union.

Single Supervisory Mechanism (SSM): the European banking supervisory system composed of the ECB and the national supervisory authorities and national central banks of the participating Member States. Together with the SRM, the SSM is one of the three pillars of the European Banking Union.

Stability and Growth Pact (SGP): intended to serve as a means of safeguarding sound government finances in the EU Member States in order to strengthen the conditions for price stability and for strong, sustainable growth conducive to employment creation. The SGP has two arms – a preventive arm and a corrective arm. The preventive arm prescribes that Member States specify medium-term budgetary objectives, while the corrective arm contains concrete specifications on the excessive deficit procedure.

Standing Facilities: Standing facilities aim to provide and absorb overnight liquidity, signal the general monetary policy stance and bound overnight market interest rates. Two standing facilities, which are administered in a decentralised manner by the NCBs, are available to eligible counterparties on their own initiative: the marginal lending facility and the deposit facility.

STEP2: Pan-European Automated Clearing House (PE-ACH) for retail payments in euro. The clearing house is operated by EBA Clearing.

Systemic Risk: the risk that the inability of one participant to meet its obligations in a system will cause other participants to be unable to meet their obligations when due, with possible spillover effects such as significant liquidity or credit problems that may threaten the stability of the financial system. Such inability may be caused by operational or financial problems.

TARGET2: the second-generation TARGET system. It settles payments in euro in central bank money and functions on the basis of a single shared IT platform, to which all payment orders are submitted for processing.

TARGET2-Securities (T2S): the Eurosystem's single technical platform enabling central securities depositories and NCBs to provide core, borderless and neutral securities settlement services in central bank money in Europe.

Treaty on the Functioning of the European Union (TFEU): Following entry into force of the Treaty of Lisbon on 1 December 2009, the Treaty establishing the European Community was renamed the Treaty on the Functioning of the European Union (TFEU). This Treaty - referred to as the Treaty of Rome (signed in Rome on 25 March 1957) - entered into force on 1 January 1958 to establish the European Economic Community (EEC). The Treaty establishing the European Community was subsequently amended by the Treaty on European Union (often referred to as the Maastricht Treaty) which was signed on 7 February 1992 and entered into force on 1 November 1993, thereby establishing the EU. Thereafter, both the Treaty establishing the European Community and the Treaty on the European Union were amended by the Treaty of Amsterdam, signed on 1 October 1997 and in force as of 1 May 1999, the Treaty of Nice, signed on 28 February 2001 and in force as of 1 February 2003, and then by the Treaty of Lisbon.





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The BCL Annual Report is a translation of the  
Rapport Annuel de la BCL 2020, which is the binding version.  
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Editing: Imprimerie Centrale SA  
Printing: Imprimerie Centrale SA  
Pictures: BCL  
Romain Scholer, BCL