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The voice of corporate governance
in Luxembourg



Corporate Governance in 2024: Emerging trends, challenges and opportunities

23 May 2024

Webinar via Webex

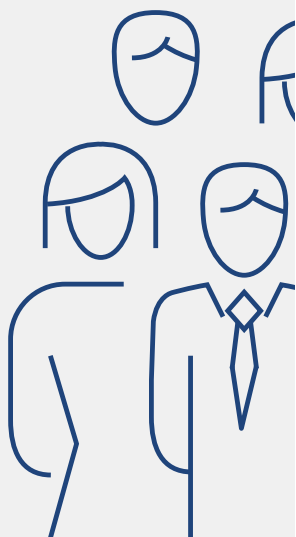
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1. Cybersecurity and DORA



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Cybersecurity and DORA

Hot topic



Cybersecurity and DORA

Specific board focused provisions (DORA)

- Board composition

- Agenda items:

- (Once a year) report on DOR testing and recommendations
- Regular review of risks
- Information about major ICT related incidents



Board members shall actively keep up to date with **sufficient knowledge and skills** to understand and assess ICT risk and its impact on the operations of the entity, including by following specific training on a regular basis, proportionate to the ICT risk being managed

Senior ICT staff shall **report at least yearly** to the board on the findings of digital operational resilience **testing** and put forward **recommendations**

Administrative penalties and remedial measures to members of the board and to other individuals who are responsible for the breach

At least major ICT-related incidents are reported to relevant senior management and **inform the board of at least major ICT-related incidents**, explaining the impact, response and additional controls to be established as a result of such ICT-related incidents

The board shall **regularly review the risks identified in respect to contractual arrangements on the use of ICT services supporting critical or important functions**



Cybersecurity and DORA

Crisis management

Depending on

- size of the organisation/
delegations in place
- importance of the ICT
related incident/data
breach

GDPR
Data breach
notification
maximum 72h

DORA
Information of the
board of major ICT
related incidents

**URGENT
ACTION**



CSSF Circular 24/847

- Classification of ICT incident within 24h
- Initial information within 4 hours after the classification
- Incident cause, classification and impact within 3 days after the submission to the CSSF of the initial information

Cybersecurity and DORA

Board liability

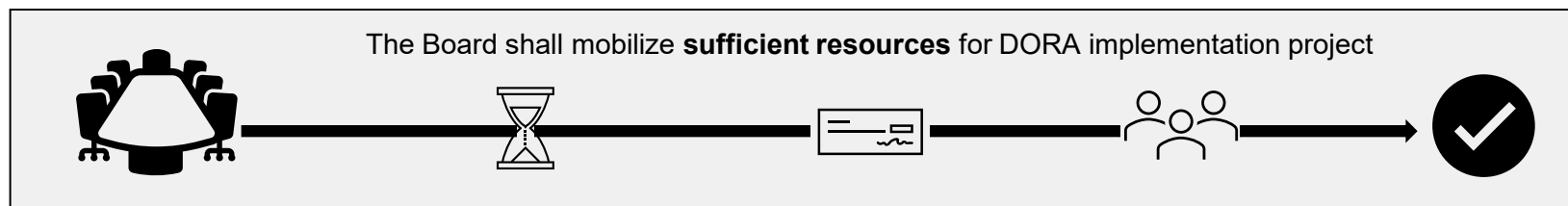
Increased liability for board members?

Not really ...

**... but both DORA and NIS 2 specifically
provide that board members may be held
accountable for cybersecurity breaches**

Cybersecurity and DORA

Board main activities under DORA



**Set and approve
Digital operational
resilience strategy
& other policies for
managing financial
entity's risk**

**Put in place reporting
channels to be duly
informed of relevant
ICT risk matters**

**Ensure
implementation
“Lessons learned”
principle**

Cybersecurity and DORA

Points of attention for DORA implementation



Particular care on people & governance, as well as key performance indicators / key risk indicators setting



Concept of critical or important function is key with high impacts



IT technical workload for implementation of DORA principles and monitoring over time



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Moderator



Philipp von Restorff
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2. Board suitability assessment and ongoing reviews



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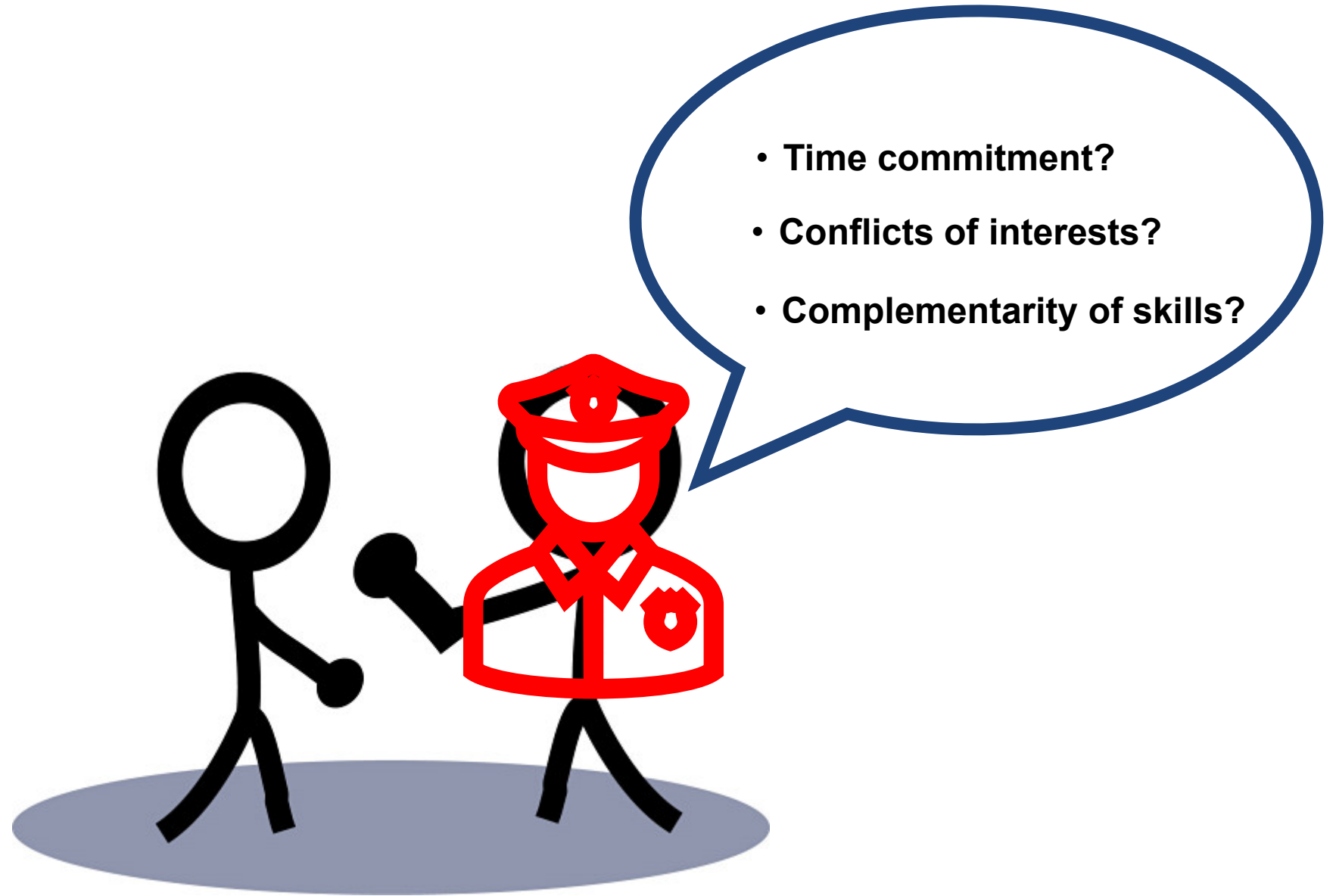
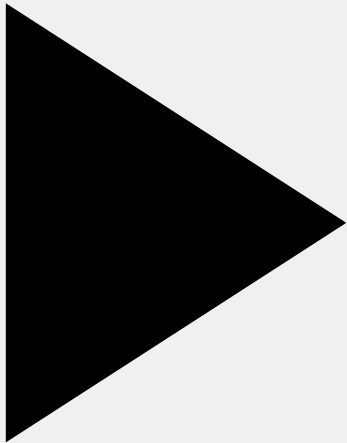


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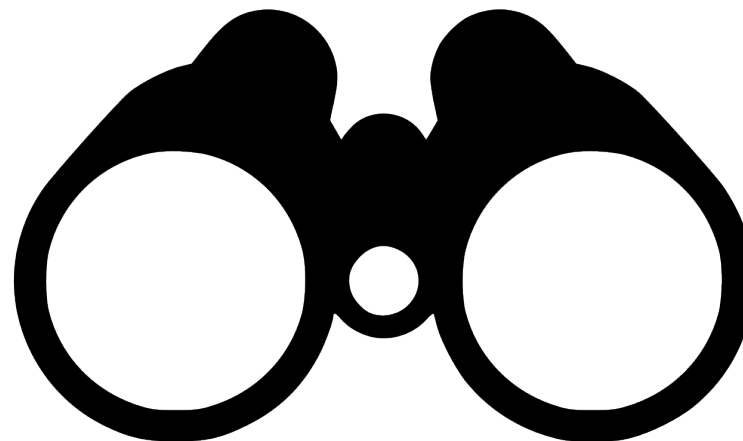
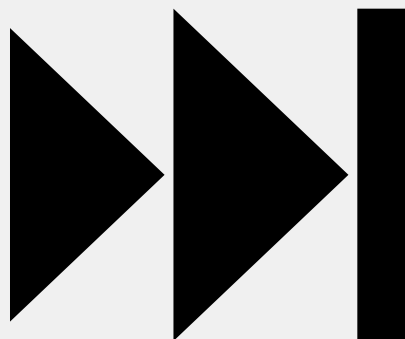


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Board suitability assessment and ongoing reviews (1)

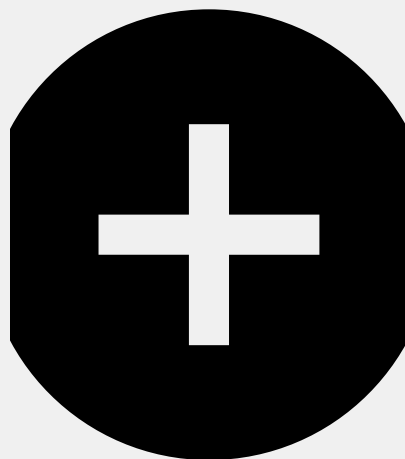


Board suitability assessment and ongoing reviews (2)



- **Collective board suitability**
- **Individual suitability**
- **Updating of documentation**
- **Register of conflicts of interests**

Board suitability assessment and ongoing reviews (2)



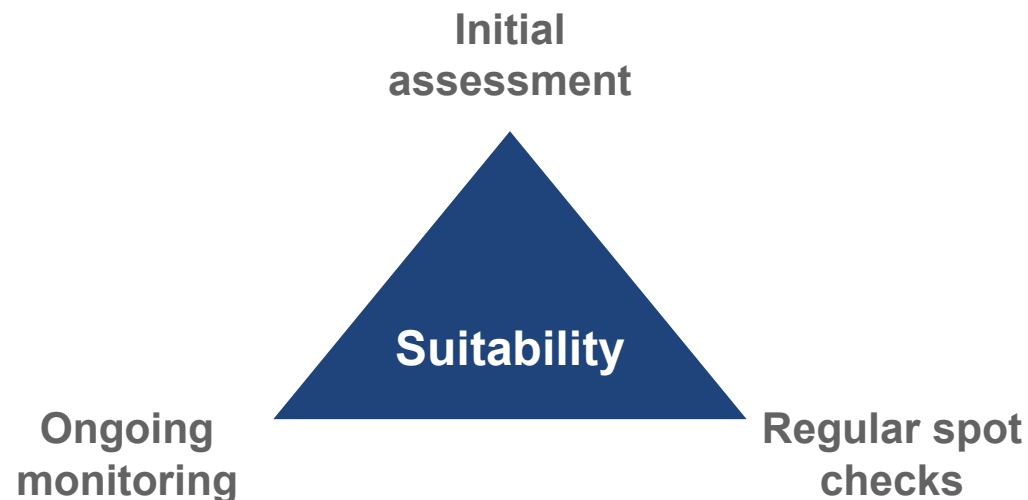
- **Efficiency of board performance and functioning**



- **Internal governance arrangements/system of governance**



Board suitability assessment in the fund industry



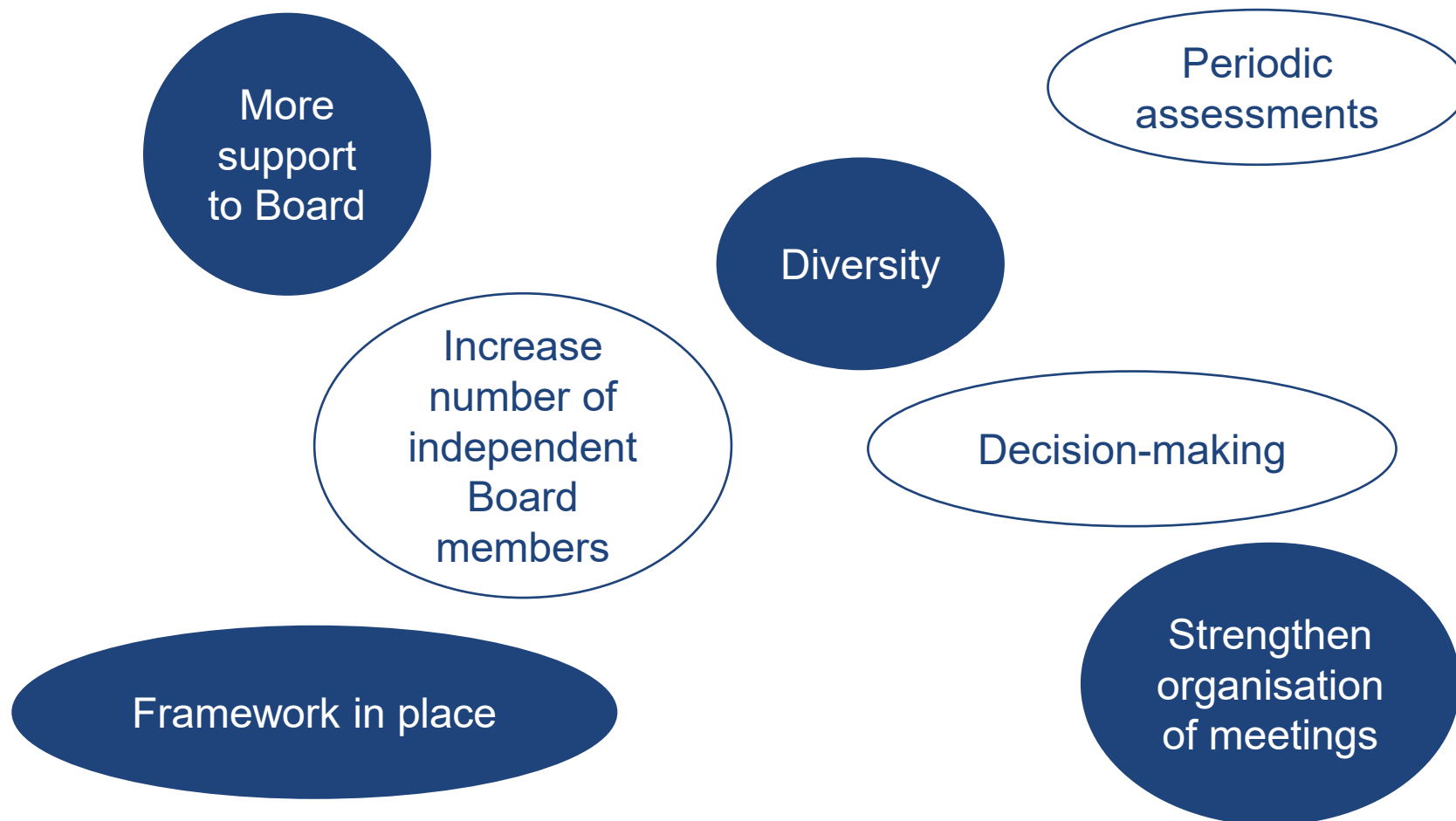
“Companies that are well governed outperform in the long term and are better positioned to take advantage of new opportunities. At the same time, many of the largest corporate scandals have been due to poor governance structures.”

Irfan Patel, Corporate Governance Analyst, AXA Investment Managers

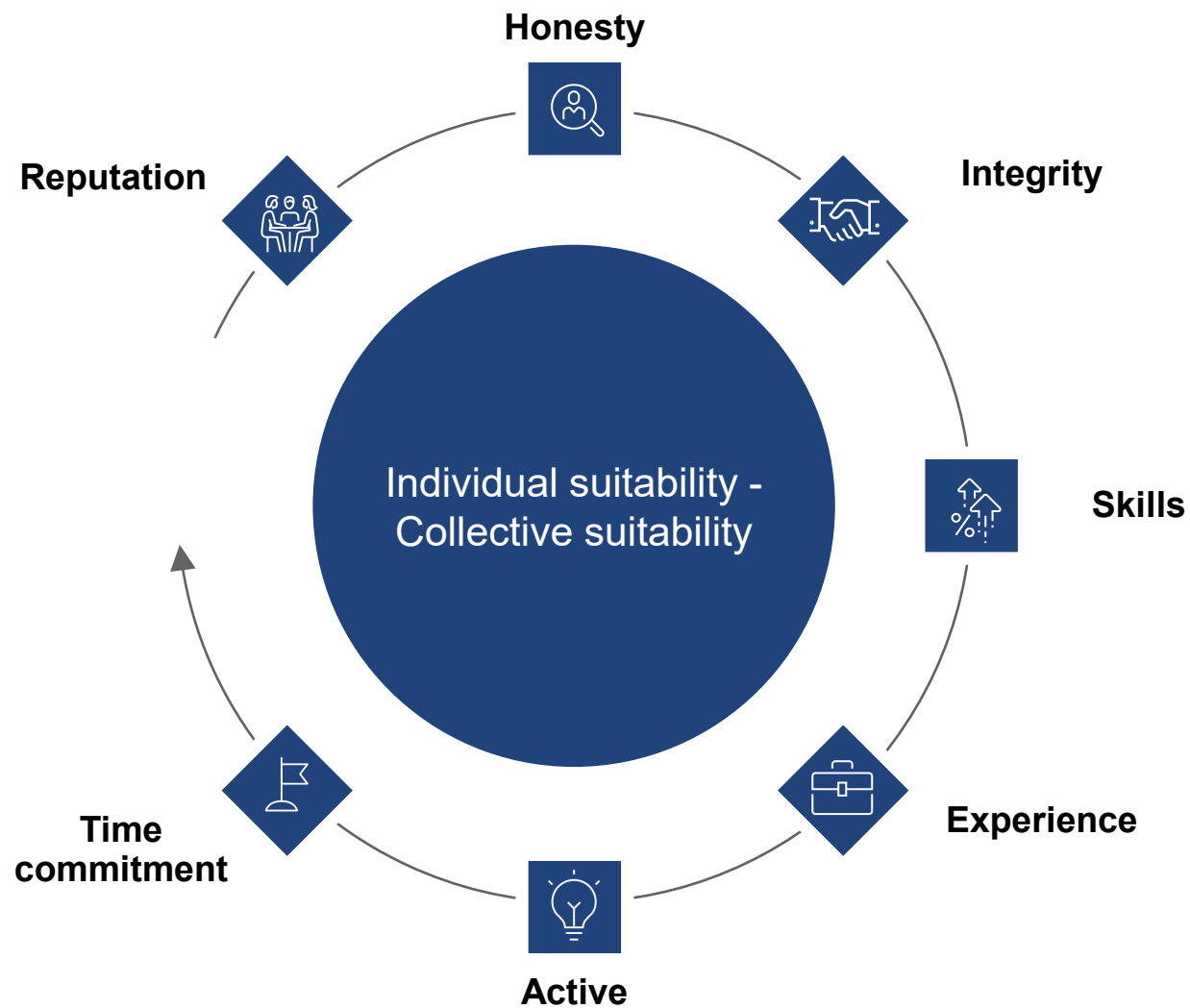
Board assessment exercises



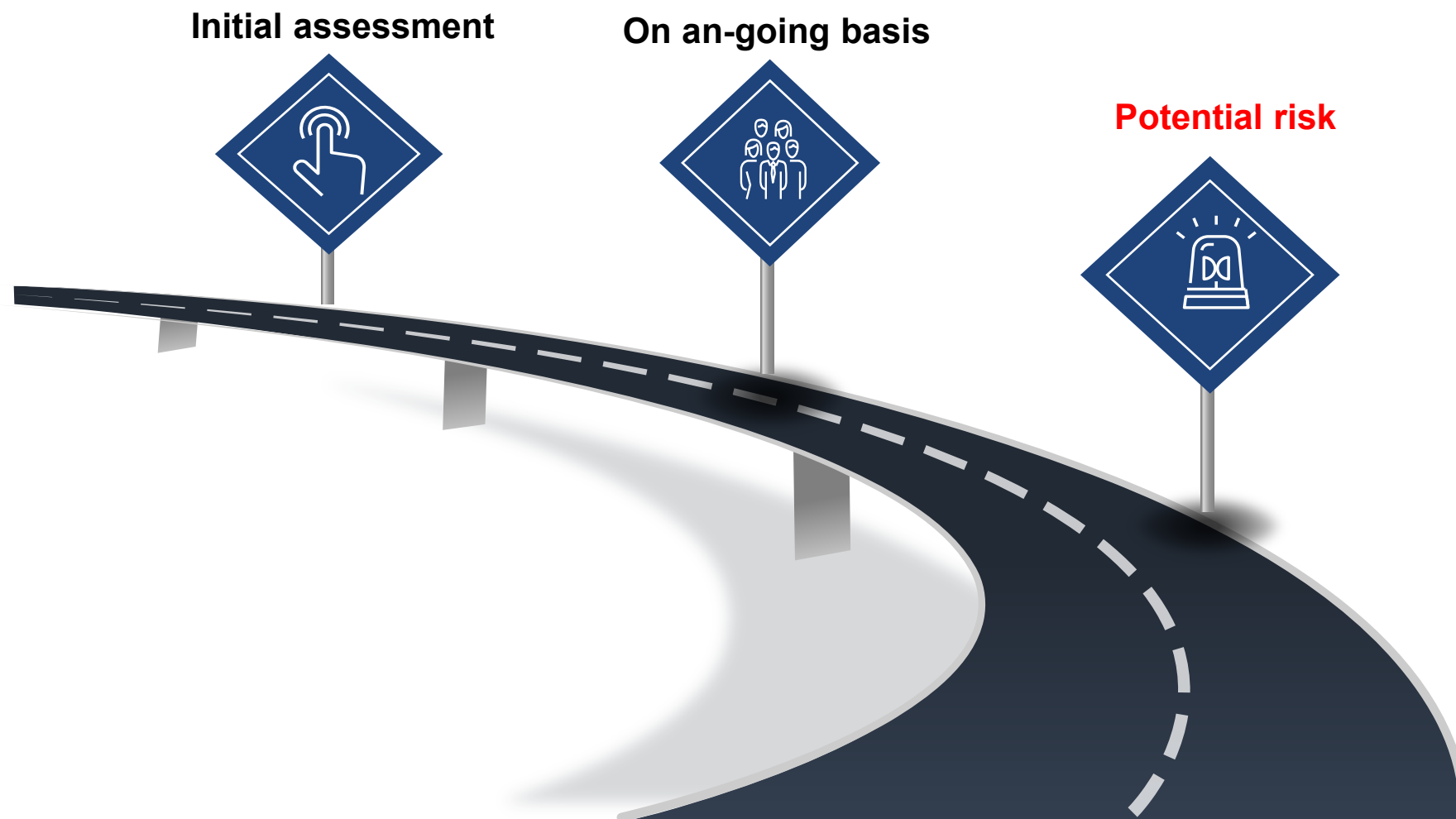
What could be improved?



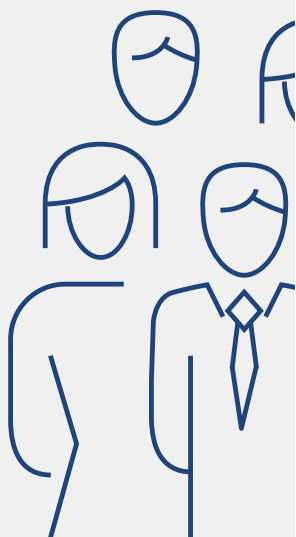
Suitability assessment in non- regulated sectors



Suitability assessment – timing?



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