

LUXEMBOURG

Activity Report

Luxembourg for Finance **2013**

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Pierre Gramegna,
Luxembourg Minister of Finance

INTRODUCTION

In an ever more competitive and globalised world, the value of a recognised brand becomes increasingly important. That doesn't apply only to products or companies, but also to business sectors and countries.

The people working in the financial sector in Luxembourg know what it stands for, but does the outside world always know it as well?

Luxembourg for Finance was founded end 2007, shortly before the crisis reached its peak. The aim was to create an institution in partnership with the industry with the mission to raise awareness of the Luxembourg financial centre and to develop a strong brand image.

The reasons for this strategic move are obvious: with a share of about 30% of our GDP, the finance sector represents a huge chunk of the Luxembourg economy. Thus, the promotion of financial services made in Luxembourg is of crucial importance for our country. However, the ultimate objective of these efforts is to maintain and create jobs.

Though Luxembourg was not as much affected by the crisis as others were, the past has taught us one essential lesson: a healthy economy is built on sustainable pillars. In recent years, considerable progress has been achieved to make global finance more resistant to sudden crises and to sharpen awareness of investors regarding the quality of their investments. Today, clients make their choices on the basis of different criteria than they did before the crisis.

For a tiny country like Luxembourg that has built its success on expertise in cross-border services, it is even more important to promote the diversification of the financial sector and the stability of its economy – especially in times of diminishing competitive advantages.

In view of these developments, the work of Luxembourg for Finance becomes even more important. The decision to give the agency a new shape after five years of its existence and to increase the means made available for the promotion of the financial sector is testimony to the willingness of the Ministry of Finance to contribute to a sustainable future of Luxembourg.



Nicolas Mackel,
CEO

FOREWORD BY THE CEO

It is my pleasure to present you Luxembourg for Finance's 2013 activity report, which is also the first such report under my responsibility.

The past year was a time of change for LFF. With the decision of the government to reinforce its stake in the agency, my predecessor Fernand Grulms, who set up and ran LFF since 2008, left to meet new professional challenges in June 2013. My sincerest thanks go to him for the work done and I wish him all the best for the future!

As a diplomat having served in Europe, the United States and in China, promoting Luxembourg is not new to me. I have learned during my time abroad that the perception of Luxembourg is in general very positive, in particular amongst professionals in the financial services area.

Nevertheless, there is still a lot to do.

In an ever more competitive world, we need to get even better at conveying the advantages Luxembourg can offer as a centre of excellence in international finance in order to consolidate traditional markets, tap new opportunities and enhance the image of "financial solutions made in Luxembourg".

Luxembourg for Finance will focus in future on communications. Our main task will be to concentrate on communicating proactively the diversity of services offered and the high level of expertise available in Luxembourg, explaining to financial professionals but also opinion-makers what Luxembourg is really about.

Our traditional missions and roadshows continue to be a useful instrument to carry our message abroad and serve as networking opportunities for our stakeholders. Luxembourg for Finance will, in parallel, intensify its activities in the area of investor promotion where, in cooperation with the Luxembourg authorities and other agencies, we will take a more structured approach with a view to the task of attracting additional business to Luxembourg.

To reflect these challenges, the staff of Luxembourg for Finance was reinforced, in particular in the areas of market intelligence and communication.

Building on the experience of the past six years, we look forward to tackling the challenges of the future.

THE FINANCIAL CENTRE IN 2013

APRIL

AUTOMATIC EXCHANGE OF INFORMATION

Luxembourg announces the introduction of the automatic exchange of information (on the basis of the current savings directive) in January 2015.

FINANCIAL TRANSACTION TAX

Luxembourg does not join the FTT enhanced cooperation agreement. Luxembourg is not opposed to the principle of an FTT in order to reduce systemic risk linked to some activities, but insists on a global standard in order to avoid capital flight from the EU.

MAY

FATCA

Luxembourg chooses Model I, providing automatic exchange of information between Luxembourg and US fiscal authorities on bank accounts held in Luxembourg by citizens and residents of the USA.

MUTUAL ADMINISTRATIVE ASSISTANCE IN TAX MATTERS

Luxembourg signs the OECD convention on Mutual Administrative Assistance in Tax Matters demonstrating its commitment to implementing the automatic exchange of information.



JULY

AIFMD

The Luxembourg Parliament transposes the Alternative Investment Fund Manager Directive into national law.

LIMITED PARTNERSHIP

Creation of the "*société en commandite spéciale sans personnalité juridique*", a statute inspired by the British *limited partnership*. It enhances Luxembourg's competitiveness in attracting alternative funds.

PRIVATE FOUNDATION

A draft law on private foundations is submitted to the Luxembourg Parliament.

SEPTEMBER

SINGLE SUPERVISORY MECHANISM

The European Parliament votes in favour of the Single Supervisory Mechanism in the Eurozone. Large banks will be directly supervised by the ECB.

NOVEMBER

JOINT STATEMENT AGAINST TAX EVASION

Luxembourg along with 36 other countries signs, a declaration supporting the development of a single global standard for automatic exchange of information between tax authorities in the OECD.

MISSION STATEMENT

Luxembourg for Finance (LFF)
is the Agency for
the Development
of the Financial Centre.

Luxembourg for Finance’s mission statement is to promote Luxembourg financial services abroad by communicating on its strengths and advantages and to contribute to the creation of a “Luxembourg financial centre” brand. Furthermore, LFF contributes to the identification of new business opportunities.



LFF booth in Kuala Lumpur

MARKET INTELLIGENCE ACTIVITY

In 2013, the desk expanded from one full time analyst to a permanent team of three, reflecting a more central role in the process of defining LFF strategy.

The mandate of the team is to help identify new market opportunities, follow developing trends and track what is happening in other financial centres. Their work is the foundation on which the definition of the agencies' strategy and priorities is build.

During 2013 the MI team focused on a number of topical issues such as renminbi business, the Family Office and Luxembourg as an e-payment platform.

Products with future potential (such as portable pension plans, long term investing and crowd funding) are kept under active watch, where relevant by joining an appropriate working group.



THE FRONTIER MARKETS

From a geographical point of view, several countries were analysed in meetings with other experts and stakeholders in order to get a better understanding of the potential offered by these markets and to decide whether their inclusion in our target country list is warranted. The team also worked on profiling the most important frontier and developing markets, mapping out opportunities and stumbling blocks and profiling key institutions. These reports played a role in defining the objectives of any promotional mission to the market in question and led to a significant number of one-on-one meetings on the fringe of different overseas missions.

Looking ahead, the major themes for 2014 will be private equity, renminbi business and wealth management, together with life assurance, Islamic finance and responsible investing. Issues around the digital economy, such as e-payments and virtual currencies will also be central to the work of our market intelligence team.



Signing of a Double Taxation Agreement between former Luxembourg Minister of Finance Luc Frieden and Saudi Minister of Finance Dr Ibrahim Al-Assaf, May 2013



COMMUNICATION ACTIVITY

Follow Us



2013 was a year of renewal. The entire team was reshuffled and the three present members are new to Luxembourg for Finance.

The main focus in this area has been to define our message and enhance the instruments used. In this sense a lot of work has been put into reevaluating the way we use social media as tools for communicating. Our website and our newsletter will also be used in a more strategic way to convey our messages.

Reaching out to international journalists for background discussions will be a priority, so as to enhance the brand image of the financial centre. Strengthening

our network of contacts with opinion-makers is a crucial element in promoting Luxembourg as a diversified centre of excellence.

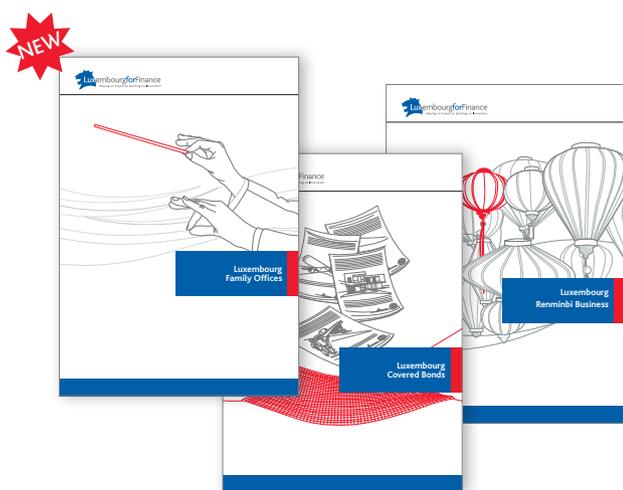
A major communication project was launched in September: the positioning of Luxembourg as the Eurozone's main hub for international renminbi (RMB) business. The topic proved to be an excellent platform for promoting the traditional strengths of the Luxembourg financial centre: These included Luxembourg as an entry gate to Europe for Chinese banks, Luxembourg as the foremost fund distribution centre in Europe, the expertise of the Stock Exchange and its history of innovative listings and the central role of Luxembourg for clearing and settlement.



As a new feature, videos complete the range of communication tools, enabling LFF to make use of the latest promotional means and to reach out to a broader target audience.

CEO Nicolas Mackel also took part in a number of conferences and seminars as a speaker.

Three technical brochures, Family Offices, Covered Bonds and Renminbi Business complete the choice of information material available to the public.



The website www.rmb-business.com is dedicated to Luxembourg's activities in RMB business. It provides latest facts and figures, as well as information material, brochures and news on the Chinese currency. The project is the outcome of the efforts of a working group launched by the Ministry of Finance in cooperation with the financial sector with the aim of promoting Luxembourg as an international RMB hub. The website is run by LFF.



www.rmb-business.com

PROMOTIONAL MISSIONS AND EVENTS



14-19 JANUARY



FINANCIAL MISSION TO ASIA LED BY MINISTER FRIEDEN

- LFF booth and workshop at the Asian Financial Forum 2013
- Financial seminars in Beijing and Shanghai (fund Industry)

13 MARCH



LFF SEMINAR AT MIPIM, CANNES

- Financial seminar on real estate vehicles

22-24 APRIL



CITY WEEK UK

- Minister Frieden speaks on the panel "The future of the Euro and the potential for a banking union"
- LFF booth

24-26 APRIL



CIFA MONACO

- Panel on insurance sector

5-8 MAY



FINANCIAL MISSION TO THE GULF COUNTRIES LED BY MINISTER FRIEDEN

- Financial seminar in Dubai
- Panels on real estate and wealth management solutions
- Presentation of the Freeport
- Participation in Euromoney Riyadh
- On-stage interview of Minister Frieden
- LFF booth

22-23 MAY



FINANCIAL MISSION TO SCANDINAVIA LED BY MINISTER FRIEDEN

- Financial seminars in Stockholm and Oslo
- Panels on wealth management and investment funds

11 JUNE



PRIVATE WEALTH BRAZIL FORUM

- Panel on wealth management

17-19 JUNE



GAIM MONACO

- LFF/ALFI booth
- Participation in a panel on alternative investment funds



Financial mission organised by LFF



State visits



Third-party conferences



Economic missions



Fairs

Bogota

Lima



24-29 JUNE



ECONOMIC MISSION TO SOUTH AFRICA

• Presentation of the financial centre

21-27 OCTOBER



ECONOMIC MISSION TO PERU AND COLOMBIA

• Presentation of the financial centre

15-19 SEPTEMBER



IOSCO CONFERENCE, LUXEMBOURG

• LFF booth

7-8 NOVEMBER



ASIAN BANKER RMB CONFERENCE, BEIJING

• Participation in a panel

18-19 SEPTEMBER



ISTANBUL FINANCIAL SUMMIT

• Participation in a panel on the future of financial centres

19-22 NOVEMBER



STATE VISIT TO TURKEY

• Round table on the financial centre in Istanbul

7 OCTOBER



EXPOREAL, MUNICH

• Financial seminar on real estate structures

3-5 DECEMBER



WORLD ISLAMIC BANKING CONFERENCE, BAHRAIN

• LFF booth

21-22 OCTOBER



IFN ASIA, KUALA LUMPUR

• LFF booth

9-10 DECEMBER



EUROMONEY DOHA

• On-stage interview of Nicolas Mackel
• LFF booth

Luxembourg for Finance is a public-private partnership between the Luxembourg Government and the Luxembourg Financial Industry Federation (PROFIL), under the Presidency of the Minister of Finance Pierre Gramegna. The agency is jointly financed by these two bodies. PROFIL's members are:

- Institute of Registered Auditors (IRE)
- Association of Chartered Accountants (OEC)
- Association of Professional Wealth Managers (ALPP)
- Association of Support PFS (APFS)
- Association of the Luxembourg Fund Industry (ALFI)
- CETREL S.A.
- Chamber of Commerce Luxembourg
- Clearstream International S.A.
- Luxembourg Association of Insurance and Reinsurance Companies (ACA)
- Luxembourg Bar
- Luxembourg International Management Services Association (LIMSA)
- Luxembourg Private Equity and Venture Capital Association (LPEA)
- Luxembourg Stock Exchange
- The Luxembourg Bankers' Association (ABBL)

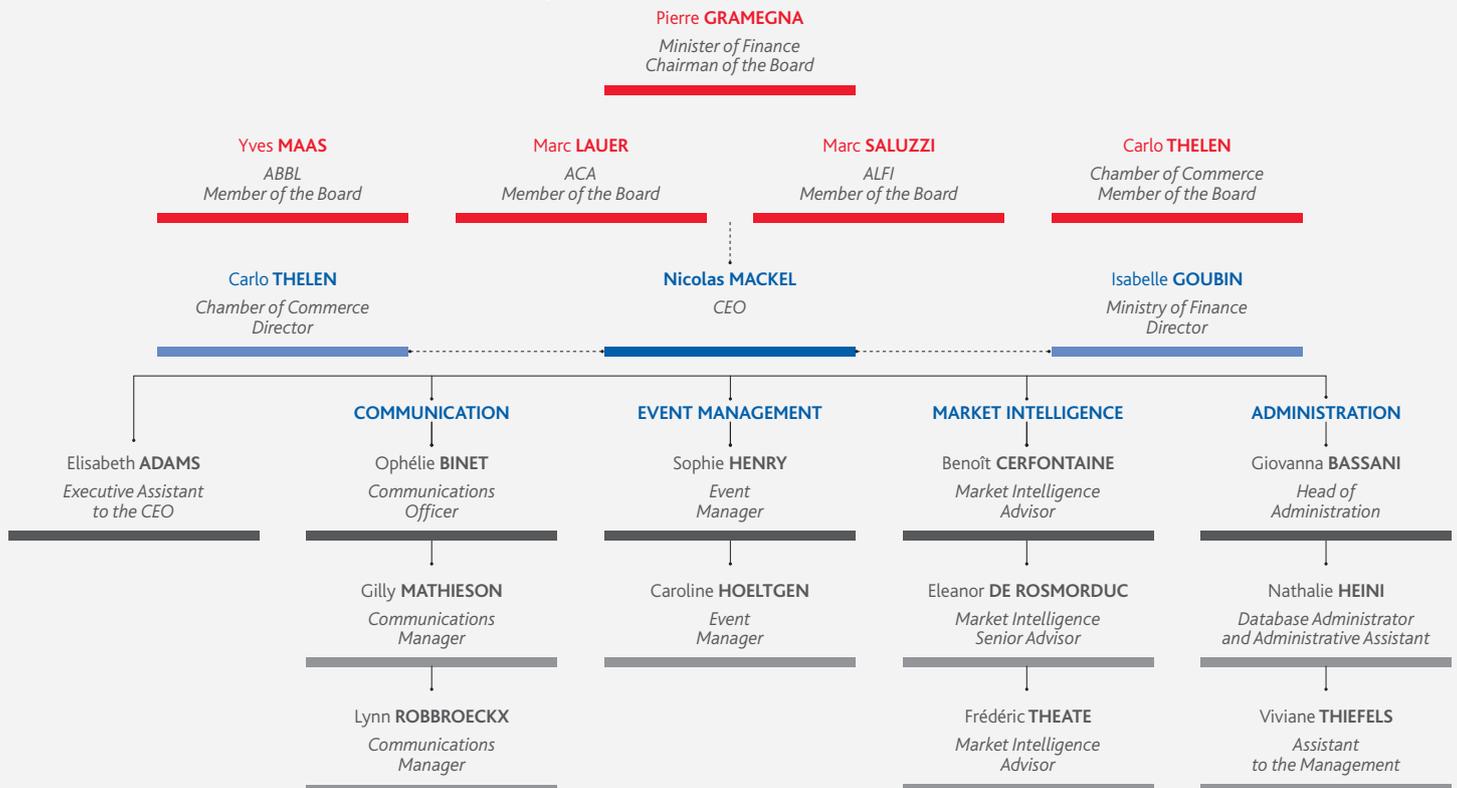
STAFF

f.l.t.r.:

Ophélie Binet,
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Eleanor de Rosmorduc,
Viviane Thiefels.

Not on the photo:
Giovanna Bassani.

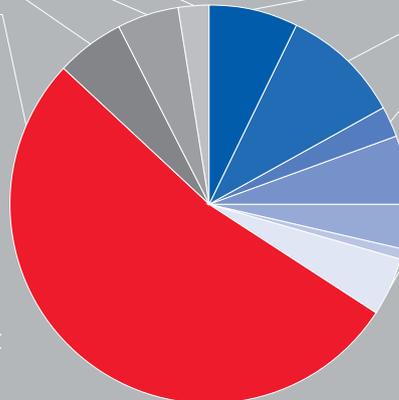
ORGANISATION CHART 2014





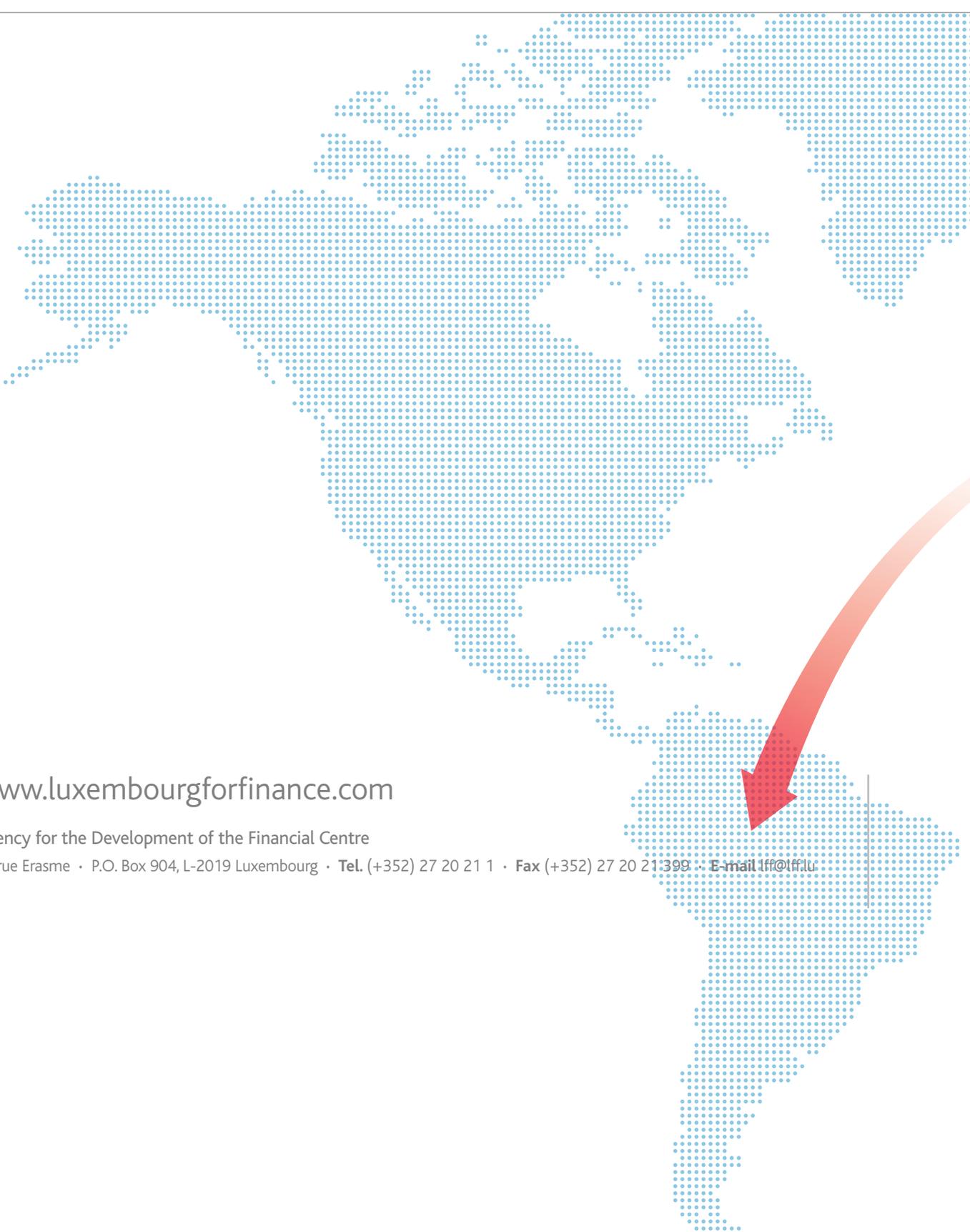
Other operating expenses
Rental costs
External service providers
Staff costs

Promotional missions abroad
Fairs and sponsored conferences
Other events and business meetings
Press and public relations
Publications
Documentation and studies
IT and Web



EXPENSES 2013

Total 2 770 057,04



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