

MARCH 2019

LEO

THE FINANCIAL CENTRE'S MAG

BREXIT

WORKING WITH UNCERTAINTY



**BANK OF CHINA:
WHY WE CHOSE
LUXEMBOURG**

**SUPERVISING
A GROWING
PAYMENTS HUB**

**GOVERNMENT
BREXIT
PREPAREDNESS**



NICOLAS MACKEL,
CEO, LUXEMBOURG
FOR FINANCE

Dear readers,

It gives us great pleasure to send you this latest edition of LFF's LEO magazine which, how could it really be any different, is focused on Brexit.

Before you dive into the articles on the operational consequences of Brexit, let me invite you to note today's date. It is March 8th which is the International Woman's Day. As a tribute to the role women play in general and in particular also in the financial services industry, we have decided to make this an all-female edition of our magazine featuring only women. Even the editorial team at work on the articles is our all-female star line-up.

From the articles on how different industry players in the fund business and in insurance had to go about Brexit and the questions it raised for them to the view of the regulator and government on Brexit preparedness over to the story of how China's largest bank settled on Luxembourg

40 years ago and continues to grow its activities in Europe from there, we wanted to showcase the leadership of women besides shedding light on the issues that were raised in the context of the decision by our British friends to leave the EU.

Still on Brexit but in another sector Luxembourg has been very successful at over the last decades, media and communication, we let you discover the reasons that may lead a number of major players to relocate to Luxembourg. In fact, many of these reasons are the same as in the financial services industry and relate to Luxembourg's expertise as well as its international dimension in terms of approach and talent pool.

We also share with you the stories of several "trailing spouses" who have followed their partners to Luxembourg and are building new lives for themselves. All too often, trailing spouses are the female component of

the couple and they have to adapt to a new life when their partner's career takes a new turn. Luckily, Luxembourg offers a multilingual and multi-cultural environment where they can quickly feel at home.

By the way, you may be interested in learning that the team at Luxembourg for Finance is currently made up of 11 (12 as of March 15th) women and 5 men.

Finally, our Deputy CEO Tom Theobald has last week left us for a new challenge at the Ministry of Finance and thus, we all want to bid him a warm farewell and wish him all the best for this new job.

Enjoy the read and Happy International Women's Day!

3 NEWS IN BRIEF

Latest facts and figures about Luxembourg.

4 BANK OF CHINA: WHY WE CHOSE LUXEMBOURG

Lihong Zhou, Chairman, explains why the Chinese bank chose Luxembourg to develop its international activities and long-term strategy.

8 FOCUS BREXIT



10 PREPARING THROUGH THE UNCERTAINTY

As businesses finalise their preparations to meet the unknown challenges ahead, we speak to leading players in the insurance and fund sectors to find out what Brexit has meant for them.

16 SUPERVISING A GROWING PAYMENTS HUB

Karen O'Sullivan, Head of the Innovation, Payments, Market Infrastructures and Governance Department at the Luxembourg regulator, the CSSF, and Natasha Deloge, Deputy Head from her team, share their views on the regulatory work linked to relocations and how firms in the payment area had to find solutions to the loss of passporting.

20 GOVERNMENT BREXIT PREPAREDNESS

Isabelle Goubin, Director of the Treasury at Luxembourg Ministry of Finance discusses the Luxembourg government's new legislation that aims to mitigate the most disruptive consequences of a hard Brexit scenario.

22 LIGHTS, CAMERA... BREXIT

Carole Nuss, Attachée at the Department of Media, Telecommunications and Digital Policy at the Luxembourg Ministry of State, explains the key role Luxembourg can play in offering a new hub to international broadcasters.

26 INFOGRAPHICS

The top 10 reasons why Luxembourg is your "best fit" European financial centre.

28 LIFESTYLE DON'T CALL ME A TRAILING SPOUSE!

We meet four inspiring expat women who followed their husbands to Luxembourg and took advantage of the country's dynamic working environment.

36 UPCOMING EVENTS



ANY QUESTIONS?

GET IN TOUCH ON TWITTER - @LUXFINANCE

LUXEMBOURG SAW STRONG GROWTH IN 2018

In 2018, Luxembourg's regulators granted 80 new licences for banks, management companies, alternative asset managers, insurers and investment firms. It includes some of the 51 financial institutions that have publicly announced their decision to relocate activities because of Brexit. Meanwhile, a number of firms have chosen to expand their existing Luxembourg operations without these plans having been made public.



SWISS RE OPENS CAPITAL MARKETS UNIT IN LUXEMBOURG AHEAD OF BREXIT

Swiss Re, one of the world's leading providers of reinsurance and insurance, has set up a new capital markets unit in Luxembourg to ensure continuity of service for its derivative contracts after the UK leaves the European Union.

ALIPAY GRANTED LUXEMBOURG LICENSE TO SERVE EUROPEAN MARKET

ALIPAY, PART OF ALIBABA GROUP, HAS BEEN GRANTED AN ELECTRONIC MONEY LICENSE IN LUXEMBOURG. ALIPAY IS CHINA'S LEADING MOBILE AND ONLINE PAYMENT SOLUTION, WITH MORE THAN ONE BILLION USERS GLOBALLY.

LUXEMBOURG PASSES LAW PERMITTING THE USE OF DISTRIBUTED LEDGER TECHNOLOGY

THE LUXEMBOURG PARLIAMENT PASSED A LAW PERMITTING THE USE OF DISTRIBUTED LEDGER TECHNOLOGY (DLT) FOR THE CIRCULATION OF SECURITIES, FACILITATING THE USE OF BLOCKCHAIN TECHNOLOGY IN FINANCIAL SERVICES.



SCAN THE QR CODE TO WATCH THE VIDEO
"BANK OF CHINA:
WHY WE CHOSE LUXEMBOURG"

BANK OF CHINA: WHY WE CHOSE LUXEMBOURG

BANK OF CHINA, ONE OF THE LARGEST BANKS IN THE WORLD BY MARKET CAPITALISATION VALUE, WAS THE FIRST OF SEVEN CHINESE BANKS TO HAVE CHOSEN LUXEMBOURG AS ITS EU REGIONAL HUB. THESE BANKS SERVE "GOING GLOBAL" CHINESE CLIENTS AND "GOING GLOBAL" EUROPEAN CLIENTS IN THEIR OVERSEAS INVESTMENT. WE SAT DOWN WITH LIHONG ZHOU, CHAIRMAN (BANK OF CHINA (LUXEMBOURG) S.A.) / GENERAL MANAGER (BANK OF CHINA LUXEMBOURG BRANCH), TO FIND OUT MORE ABOUT THE COMPANY'S HISTORY, ACTIVITIES AND LONG-TERM STRATEGY.

LFF: FOR HOW LONG HAS BANK OF CHINA BEEN BASED IN LUXEMBOURG AND WHAT IS THE ROLE OF THE BANK WITHIN THE FINANCIAL CENTRE?

ZHOU: As the first Chinese bank to establish a branch outside China after the founding of the People's Republic of China, we are indeed very proud to say that Bank of China Luxembourg is turning 40 this year. Through four decades of the Bank's growth and integration, the role it assumes today is not only as the European Regional Hub of a publicly-listed G-SIB, ready to expand footprints across Europe but also as a bridge connecting Sino-European businesses and investments while promoting Luxembourg internationally, e.g. our active role in the SME match-making event during the 2017 China-EU summit in Brussels and in the match-making event at the China International Import Expo in 2018.

"The Sino-Luxembourg relations have always been excellent, with strong confidence and economic bond between the two countries."

LIHONG ZHOU





LIHONG ZHOU,
CHAIRMAN,
BANK OF CHINA (LUXEMBOURG) S.A.

LFF: WHAT ARE YOUR PRIMARY ACTIVITIES AND HOW HAVE YOU DEVELOPED THEM?

ZHOU: Our current activities range from personal and corporate banking to financial market business, asset management, and custody services. We provide a wide range of services to our corporate clients, including M&A financing and advisory services, commercial real estate finance, structured finance, global project finance, leasing finance, ECA finance, aircraft and shipping finance, trade and commodity finance, as well as reinforcing our transaction banking business.

Besides offering a complete range of FICC (Fixed income, currency, commodity) products and services, as well as asset management services (structured deposits and investment funds), we deliver efficient tailor-made DCM financing solutions to different clients, in various currencies, across onshore/offshore markets, through conventional and innovative methods (such as panda bond, green financing). We also offer international investors diversified investment tools, spanning from assets to structured products and investment funds (UCITS, AIF).

LFF: HOW DO YOU SEE YOUR ACTIVITIES DEVELOPING?

ZHOU: Our business activities have substantially evolved from our past traditional model in commercial banking mainly of deposits, loans, and trade finance, to one with a much more comprehensive range of products and services. Stemming from our present activities as the Group's regional hub in Europe, we will likely continue in the path towards providing more effective solutions to our customers through innovation and transformation, while tapping on new markets and exploring new business opportunities.



LFF: WHAT IS BANK OF CHINA'S ROLE IN GREEN FINANCE?

ZHOU: Bank of China actively promotes green finance. In Luxembourg – which ranks among the top green financial centres in the world, we have issued green bonds listed here, including our milestone “Bank of China offshore green bond” that was issued in 2016. Over the past years, we have also given financial support to a series of green projects, helping our clients to expand their green business.

It is worth mentioning here that a few months ago, Bank of China signed a tri-party MoU with Luxembourg Stock Exchange and Shanghai Stock Exchange to jointly promote the “green bond channel”.

LFF: WHY IS LUXEMBOURG THE PERFECT FIT FOR CHINESE BUSINESS IN EUROPE?

ZHOU: Luxembourg's robust financial ecosystem, stability, multiple cross-border business, multi-lingual workforce, leading role in green bonds, and ever-growing

Renminbi business make it an attractive country for Chinese business, as well as the perfect gateway into Europe's financial markets, with 40% of all FDIs into the Continent funnelling through the Grand Duchy as a base for strategic acquisitions.

LFF: HOW ARE RELATIONS BETWEEN CHINA AND LUXEMBOURG AND HOW IS THIS OF BENEFIT TO THE BANK OF CHINA?

ZHOU: The Sino-Luxembourg relations have always been excellent, with strong confidence and economic bond between the two countries. This is of undoubted importance to a Chinese bank such as our bank that has been operating in Luxembourg and serving as a bridge for so many years. Closer ties open up more doors for greater business cooperation, more investments going both ways and more profound understanding from the intercultural exchanges, all of which spell positive benefits not just to Bank of China Luxembourg, but also to many others from both countries, whether they are business entities or private individuals, myself included.

“Luxembourg’s robust financial ecosystem, stability, multiple cross-border business, multi-lingual workforce, leading role in green bonds, and ever-growing Renminbi business make it an attractive country for Chinese business.”

LIHONG ZHOU

LFF: HOW IMPORTANT IS IT TO YOU THAT BUSINESS CAN BE CONDUCTED IN ENGLISH, BUT THAT AS A NON-EU BANK YOU CAN ALSO FIND A COLLABORATOR THAT CAN SPEAK THE LANGUAGES USED IN THE OTHER MEMBER STATES OF THE EU?

ZHOU: One of the many attractive factors about Luxembourg is that besides the official languages (Luxembourgish, French and German), English is widely used as well. It is undoubtedly beneficial that we can conduct our business, and communicate with the local authorities, in English.

I also think that beyond the choice of language, what counts most is the culture of effective communication and mutual understanding, whether it is with external parties, with our clients, or internally with colleagues. This is of particular importance, considering that we have a total of 23 different nationalities among our employees in the Luxembourg office alone, and can easily find a collaborator who speaks another European language to cater to different needs.

LFF: WHAT ARE THE BUSINESS BENEFITS OF BEING LOCATED HERE?

ZHOU: Luxembourg has a strong foundation as an international financial centre, with the largest Eurobonds issuing platform in the Eurozone and the biggest pool of RMB deposits and funds, and is an attractive and ideal place for businesses. Adding to that are factors such as Luxembourg’s history of political and social stability, effective legal and regulatory frameworks, efficient financial ecosystem, openness of the entire country, friendliness towards foreigners, and also easy business travelling under the Schengen Treaty.

LFF: HOW DOES THE LOCAL ECOSYSTEM SUPPORT YOUR BUSINESS?

ZHOU: Undeniably, one of the competitive advantages of Luxembourg is its well-developed financial ecosystem that benefits existing market players and attracts new entrants. Over the past years, we have already seen an increasing number of Chinese banks and companies coming to establish here, and to expand the business to other parts of Europe. Luxembourg’s vibrant ecosystem of service providers and experts offers helpful support to these Chinese entities in their local and cross-border business development, our Bank included. We truly appreciate the easy accessibility and high professionalism of our service providers, including consultants and advisors, auditors, third-party management companies, etc.

LFF: AND LOOKING AHEAD TO THE FUTURE, HOW DO YOU PLAN TO DEVELOP FURTHER?

ZHOU: Our Bank’s primary aims are to provide more in-depth, value-added and comprehensive services to our clients, commit to our social responsibilities, continually maintain a steady pace of our business development, and also to give support to the real economy.

One of the plans we have for this year is to reinforce our Bank’s transaction banking business and to offer a more comprehensive range of treasury services to our clients.

LFF: WHAT DO YOU APPRECIATE MOST ABOUT LIVING AND WORKING IN LUXEMBOURG?

ZHOU: Luxembourg is a small, beautiful and a highly efficient country in the centre of the EU, with excellent working conditions and stability. What I value most is the tranquility with its picturesque nature, and I very much enjoy the quality of life here.

GM

“What I value most about living in Luxembourg is its tranquillity, and I very much enjoy the quality of life here.”

LIHONG ZHOU



BREXIT

WITH BREXIT LESS THAN A MONTH AWAY, AND IN THE ABSENCE OF CLARITY ABOUT THE TERMS OF THE EXIT, WE TALK TO LUXEMBOURG INDUSTRY PLAYERS, THE FINANCIAL REGULATOR AND THE CIVIL SERVICE TO FIND OUT HOW THEY ARE PREPARING FOR THE UNKNOWN.



Brexit: preparing through the uncertainty

WITH ONLY 21 DAYS UNTIL BRITAIN IS DUE TO LEAVE THE EU, IT IS STILL NOT CLEAR WHAT THAT CHANGE WILL ENTAIL FOR THE FINANCIAL SECTOR. AS BUSINESSES FINALISE THEIR PREPARATIONS TO MEET THE UNKNOWN CHALLENGES AHEAD, WE SPEAK TO LEADING PLAYERS IN THE INSURANCE, FUNDS AND BANKING SECTORS TO FIND OUT WHAT BREXIT HAS MEANT FOR THEM.

"I was living in London at the time, and no-one in our sector was expecting such an outcome," says Micaela Forelli, Head of European Distribution, M&G International Investments. "We started immediately with the referendum announcement to prepare for that eventuality. When the result came out that the UK was going to leave the EU we were prepared."

M&G took action to protect their businesses even before formal negotiations over the terms of Britain's departure from the EU began. *"Before the Brexit scenario kicked in we were able as a UK asset manager to distribute our OEIC structures, which is the current UCITS UK funds, to any audience in the world. Now there is no certainty that any equivalence can be maintained by this structure, it makes it very difficult for us to continue to distribute in the UCITS market."*

SETTING UP A NEW PLATFORM TO SERVE CLIENTS

M&G, which manages 351 billion pounds globally took a number of steps to minimise Brexit disruption to clients, protect their interests and provide certainty and clarity regardless of the outcome of the negotiations. Forelli explains. *"We wanted for a long time to set up in another domicile outside the UK but we never really had the strong push for it because running one product platform is obviously more cost-effective."*

Brexit gave us this big nudge to go and set up another platform for the growing international business."

M&G already had an established presence in Luxembourg, including a successful real estate management company and product distribution centre. Forelli says the decision to set up an EU hub in Luxembourg ahead of Brexit was a *"natural one"*.

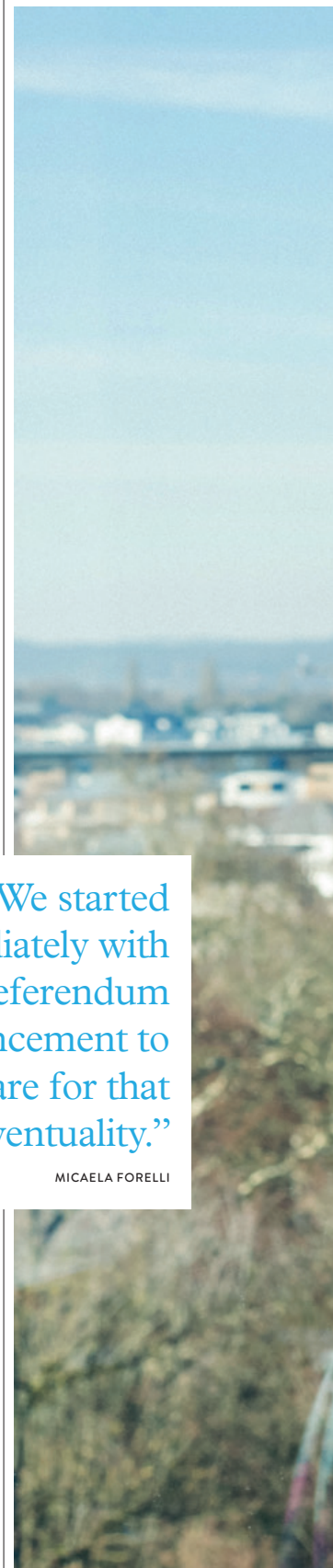
"Luxembourg's central location on the Continent combined with its international name recognition and its importance as a worldwide leading investments centre, make it an ideal hub from which to facilitate, and importantly further develop our business internationally."

PREPARING TO TRANSFER ASSETS TO LUXEMBOURG

The company worked tirelessly for over two years on their Brexit plan which included the establishment of a Luxembourg-based super management company and MiFID distribution firm. *"It was relatively straightforward to apply for the two licenses from the Luxembourg financial regulator, the CSSF. We also had the support from the Luxembourg Ministry of Finance that we could expand our activities and facilitate the gaining of the necessary licenses for fund management, portfolio management and distribution."*

"We started immediately with the referendum announcement to prepare for that eventuality."

MICAELA FORELLI





MICAELA FORELLI,
HEAD OF EUROPEAN DISTRIBUTION,
M&G INTERNATIONAL INVESTMENTS

“It was relatively straightforward to apply for the two licenses from the Luxembourg financial regulator, the CSSF.”

MICAELA FORELLI

Throughout 2018, M&G built-out their SICAV platform in Luxembourg and began the process of migrating 22 billion pounds of non-sterling assets across 24 UK-domiciled OEIC funds. *“Our project managers have worked incessantly with us to make sure that all would be delivered on time and smoothly. We have already transferred over 35 billion EURO of assets of international investors here into Luxembourg successfully. Our final transfer will happen at the beginning of March after which we will have set up all we wanted at the outset.”*

THE EVENTUALITY OF A NO DEAL OR HARD DEAL BREXIT

The new legal structure and the SICAV fund range will ensure that M&G’s fund managers and their investment strategies remain available to international clients. *“The preparations that we have made now put us and our clients’ money in safety here in Luxembourg in the eventuality of a no deal or a hard Brexit deal so our clients are now invested in European based products and they deal with a Luxembourg based distributor and management company. We have set things up so as to service the UK clients with our UK product ranges and our international clients with our international Luxembourg base product ranges. So there is no downside for the UK clients to be here.”*

If the UK crashes out of the EU without a deal or transition arrangement in place, the UK will be classified as a ‘third country’ with limited access to EU markets. In response, the Luxembourg regulator has struck a deal with the British regulatory authorities that will allow delegation to continue in the

FOCUS



RAJAA MEKOUAR-SCHNEIDER
CHAIR,
LUXEMBOURG PRIVATE EQUITY
ASSOCIATION (LPEA)

short-term, regardless of the outcome of the political negotiations. *"One of the areas that were under debate until last week was about the possibility of confirming the delegation of the fund management function back into a third country which is what the UK will be after Brexit. However over the last weeks a Memorandum of Understanding was signed off between the Luxembourg authorities and the UK authorities in confirming that delegation will be allowed to continue. Although this needs a final official passage, it means that the physical management of the money can happen in the UK as it used to happen before."*

OPENING UP DISTRIBUTION TO NEW MARKETS

Much of the structural work around M&G's Brexit programme is now complete, but they continue to monitor political and regulatory developments. Despite the additional costs involved Forelli believes the new cross-border platform will help create scale and efficiency, opening distribution to different markets.

"Brexit for M&G has also been an opportunities opener. Some clients in the international space did not find it appealing to use UK products for all of their distribution lines. Hence we can enter into new client segments that were prevented to us before. In the Asia Pacific, Latin American and US offshore countries investment regions, Luxembourg SICAV products are well known and well accepted by distributors, so this opens up for us further regional opportunities to distribute."

LIFE AFTER BREXIT: OPPORTUNITIES

Two years on, Forelli has left London, her home for the past ten years, to live in Luxembourg. Her new challenge: to develop the group's new funds and to grow the wholesale and institutional client-focused presence in Europe.

"I find Luxembourg a charming place. It's a very inspiring place for somebody who works in the fund industry. The fund centre offers a breadth and depth of intelligence,

markets, products and capabilities. There is constant research, a phenomenal industry network, thought leadership and a constant forward-looking attitude to progress investments."

ALTERNATIVE FUNDS: THE BREXIT EFFECT

Rajaa Mekouar-Schneider, private equity (PE) investor with twenty years of experience across Europe and emerging markets, was considering a move from London to Luxembourg shortly before the referendum result was revealed. *"After working in London in PE for 15 years, I was looking to move to another EU capital which offered great connectivity and substantial business opportunities in an international environment. The UK has the largest PE market in Europe but since the British vote to leave the EU, the appetite for deal-making in the UK among private equity groups has nearly halved."*

THE CHALLENGE OF UNCERTAINTY

Mekouar-Schneider, now Head of Private Equity for a local Single Family Office, believes the biggest challenge short term is the continued uncertainty surrounding the UK's withdrawal from the EU.

"Brexit is not welcome by the PE industry at large, whether in the UK, Luxembourg or elsewhere in Europe. It is a lose-lose situation for all," says Mekouar-Schneider, who Chairs the Luxembourg Private Equity Association (LPEA).

"Key PE players in Luxembourg, including General Partner firms, law firms, tax advisors and third-party AIFMs are scrambling to draw contingency plans for their clients, thus preparing for any outcome."

RAJAA MEKOUAR-SCHNEIDER

“The biggest challenge short-term is the uncertainty surrounding its actual condition when it is due to happen. Key PE players in Luxembourg, including law firms, tax advisors and AIFMs are scrambling to draw contingency plans for their clients, thus preparing for any outcome.”

LOCATING FUNDS AHEAD OF BREXIT

The amount of money managed by private equity funds registered in Luxembourg has shot up this year, as the country continues to benefit from fund managers planning for the UK's departure from the European Union. Luxembourg AuM in PE is now 500 billion EURO.

“I doubt that PE will disappear from the UK and move elsewhere altogether, as the deal makers have been there for 30 years and enjoy living in London. But if there is a ‘hard Brexit’, it may force them to re-evaluate their entire life arrangements. My prediction is that we will rather see GP teams still sitting in London but with larger operations here in Luxembourg, especially ‘deal-making’ or ‘front office substance’ staff, which has been a growing trend independently from Brexit.”

Since the Brexit vote, a number of the buy-out industry's biggest names, including Blackstone Group LP and BC Partners, have registered Luxembourg alternative investment fund managers. Also the Swedish private equity firm EQT decided to use Luxembourg as their global operations hub back in 2017. *“This is part of a move to consolidate operations as running costs of PE firms have increased on the back of regulatory pressure and the growing complexity of processes because the business is growing strongly. We see many of the top 20 firms turning into multi-strategy powerhouses that encompass more than just PE Investments, having developed Direct Lending, Infrastructure and Real Estate Strategies.”*

BENEFITING FROM THE GROWTH OF PRIVATE EQUITY

Mekouar-Schneider says that the sector is expanding, thanks to its long-term out-performance in a generally volatile and low yielding investment environment. *“We notice new types of investors coming into PE as they seek returns and not necessarily liquidity. These include Family Offices and Wealth Managers. Traditionally PE used to be the remit of pension funds and insurance companies, who remain the largest investors in the asset class, but as the industry offers so many alternatives in terms of strategies and niches, it broadens its appeal.”*

Although London continues to dominate the European VC investment landscape according to Mekouar-Schneider, it could all change after Brexit:

“It is increasingly a multipolar VC Europe, which is for the better. VCs go where the talent and the money are, and it is a self-feeding mechanism. If Brexit is on the ‘hard side’, the largest investors in the EU VC, will stop funding UK-based deals, which will surely hurt London and centres such as Luxembourg, Paris and Frankfurt are benefiting.”

MOVING YOUR EU BASE TO LUXEMBOURG

Luxembourg saw the arrival of 12 new global insurance and reinsurance companies, which decided to move their European headquarters to the country ahead of the UK's departure from the EU. *“Our business is ready for Brexit, even if our politicians are not,”* explains Andrea Schmid, Head of Legal and Compliance Europe, at Hiscox, a leading global specialist insurer who set up a new European subsidiary in Luxembourg.

“Getting to this point has involved writing to several hundred thousand of policyholders,

“We have executed contingency plans to ensure cross-border contracts are honoured in any eventuality, even if there is a no-deal Brexit.”

ANDREA SCHMID

consulting with various European regulators, completing numerous legal transactions including cross border mergers, transferring our staff from one legal entity employer to another and updating some of our systems and documents. It has been a huge and expensive undertaking to put in place the structures needed to continue to serve European customers as well as those of our customers from elsewhere with EEA risk exposure.”

Hiscox's decision to base its new European headquarter in Luxembourg was taken after a thorough review of various possible locations.

“Luxembourg is a strong financial services centre with established infrastructure for insurance companies and as one of the founding members of the EU a safe choice for political stability. One considerable advantage is that the Luxembourg regulator is dedicated to insurance, which is not the case in a lot of jurisdictions. Geography was also an important factor with Luxembourg being located in the centre of Hiscox's existing European operations with good access to attractive local and neighbouring multilingual talent pools.”

FINDING A DEDICATED INSURANCE REGULATOR

The insurer established Hiscox SA in July 2017, enabling it to conduct insurance business – a crucial first milestone of their Brexit plan. The application for a license from the Luxembourg insurance regulator was the next step.



ANDREA SCHMID,
HEAD OF LEGAL AND COMPLIANCE EUROPE,
HISCOX

“Luxembourg is a strong financial services centre with established infrastructure for insurance companies.”

ANDREA SCHMID

“The expertise, responsiveness and accessibility of the team in charge of our application file within the Commissariat aux Assurances (CAA) allowed for a relatively fluent application process. We had to address numerous questions from the CAA to complete the application file. However, when the regulator asks pertinent questions exemplifying rigour, accuracy and expertise you may find it painful within the process but it provides comfort as to the quality of supervision of the insurance sector in Luxembourg.”

PREPARING TO TRANSFER EUROPEAN RISK

Schmid says that, insurers have to shoulder the cost of taking matters into their own hands, so that customers are not cut off from their insurance policies and, in the case of life insurers, pensions after Brexit. “We have executed contingency plans to ensure cross-border contracts are honoured in any eventuality, even if there is a no-deal

Brexit. On January 1, 2019, we transferred the existing policies with EEA risk exposure to Hiscox SA via a legal process called a Part VII transfer. The main aim of this court sanctioned legal transfer is to ensure the process runs smoothly for brokers and policyholders, with contract certainty and coverage continuity.”

Like others, preparing for Brexit has been a lengthy and complex exercise for Hiscox but the insurer is gearing up to take advantage of newly emerging opportunities. “Brexit has been a unique opportunity for Hiscox to shape its future European business through a simpler corporate structure as a result of having a new centre of excellence in Luxembourg. The assurance functions we have established in Luxembourg are part of a robust governance and control structure of Hiscox SA and will ensure we develop new business in Europe and continue to thrive.”

GM



NATASHA DELOGE,
DEPUTY HEAD OF THE INNOVATION,
PAYMENTS, MARKET INFRASTRUCTURES
AND GOVERNANCE DEPARTMENT,
CSSF

KAREN O'SULLIVAN,
HEAD OF THE INNOVATION,
PAYMENTS, MARKET INFRASTRUCTURES
AND GOVERNANCE DEPARTMENT,
CSSF

BREXIT: SUPERVISING A GROWING PAYMENTS HUB

WITH MOBILE PAYMENTS ON THE RISE, DRIVEN BY CHANGING CONSUMER BEHAVIOR, PAYMENT INSTITUTIONS SUCH AS PAYPAL AND APPLE PAY ARE RAPIDLY GAINING IN MARKET SHARE AND IMPORTANCE. IN THE EU, SUCH ENTITIES TEND TO BE REGULATED AS ELECTRONIC MONEY INSTITUTIONS (EMIS) AND PAYMENT INSTITUTIONS (PI), AND PLAY A MAJOR ROLE IN FACILITATING THE DEVELOPMENT OF DIGITAL AND MOBILE PAYMENT SERVICES.

MANY PAYMENT FIRMS HAVE TRADITIONALLY BEEN BASED IN LONDON, AS ONE OF THE KEY FINTECH HUBS IN THE EU. WHAT WILL BREXIT ENTAIL FOR SUCH UK BASED PAYMENT COMPANIES ACTIVE IN THE EU? HOW ARE FIRMS IN THE PAYMENTS FIELD FINDING SOLUTIONS TO THE LOSS OF PASSPORTING? WHAT REGULATORY WORK IS INVOLVED IN NEW APPLICATIONS AND RELOCATIONS OF PIS AND EMIS? TO FIND OUT, WE TALKED TO KAREN O'SULLIVAN, HEAD OF THE INNOVATION, PAYMENTS, MARKET INFRASTRUCTURES AND GOVERNANCE DEPARTMENT AT THE LUXEMBOURG REGULATOR, THE CSSF, AND NATASHA DELOGE, DEPUTY HEAD, FROM HER TEAM.

COPING WITH POLITICAL UNCERTAINTY

"Deal or no deal, the main priority of payment firms is to make sure that they can continue to serve and provide services to their clients. If their clients are in the EU, this requires some form of licence, whether an EMI or PI license," explains Karen O'Sullivan, Head of the Innovation, Payments, Market Infrastructures and Governance Department at the Luxembourg

regulator, the CSSF. The provision of payment services across countries in the EU is enabled by the possibility of passporting services into other Member States.

In the absence of clarity regarding the legal certainty of Brexit and its impact on financial services, the regulator has for some months been encouraging local firms to draw up contingency plans that take into consideration a "hard" Brexit

"We have experience with small start-ups and big players such as Amazon Payments and Alipay, so we are not afraid of what lies ahead of us."

NATASHA DELOGE

scenario in which no transition period is agreed, with the UK becoming a third country on 29 March 2019.

While the deadline has been known for a long time, the political uncertainty surrounding Brexit has been making it difficult for businesses to understand their future international business and service offerings to their clients.

"The political situation contributes to the confusion. In addition to the complexity of deciding where they want to set up European operations, going forward, and tackling all the formalities of obtaining the appropriate licence, many companies are still waiting for clarity on around the timeframe for the UK's departure and whether or not there will be a transition period," she adds. Some companies might even stay only in the UK, if their clients are only there. Other UK companies have most of their clients in the EU, and for them legal certainty post-Brexit is absolutely crucial to the companies' survival.

Plans to mitigate some of the risks of a potential no-deal Brexit are already underway in Luxembourg. The Luxembourg government tabled a draft law on 31 January 2019 that would, on a temporary basis, extend the existing rights of UK financial

services providers currently offering their services to or engaging in financial activities in Luxembourg.

“Under the terms of that draft law, specifically in the case of a no-deal Brexit, there would be a transitory regime allowing UK-based Payment Institutions and Electronic Money Institutions to continue to provide their services to Luxembourg based clients for a period of 21 months, so any existing entity currently servicing clients based in Luxembourg would be able to do so until December 2020,” says Natasha Deloge, Deputy Head of the Innovation, Payments, Market Infrastructures and Governance Department at the CSSF.

BUSINESS AS USUAL?

While some companies call it contingency planning, developing a new EU strategy, or relocating as a result of Brexit, Luxembourg’s role as a European payment hub has certainly been reinforced since the UK’s vote to leave the EU. A number of major Payments institutions and Electronic Money Institutions have chosen to establish operations in Luxembourg, or reinforce their existing setups in the Grand Duchy, in order to continue to serve the EU market from a strategic location in the heart of Europe.

The fact that a payment company already has an FCA approval does not necessarily facilitate the application for an E-money or Payment Institutions license elsewhere, nor the supervisory work of the regulator, but it makes life easier for the entity itself as they understand the general application file and required documentation.

“We do not have a fast-track procedure for Brexit-based applications. All application files are reviewed the same way. But having gone through the FCA process may be an advantage for the entity applying: we notice that those that have already been through an application process previously generally have application files that are better prepared because they have experience in

“Many companies are still waiting for clarity on around the time-frame for the UK’s departure and whether or not there will be a transition period.”

KAREN O’SULLIVAN

the type of information that is required,” explains O’Sullivan.

One of the main areas a EMI or PI application file covers are the organisational requirements of a payment license to ensure that it is compliant with regulatory requirements and affords appropriate consumer protection thereby making it safe to use for its clients. This includes the necessity to have appropriate staff specialised in field such as compliance, AML/KYC, risk management, audit, IT security and IT infrastructure, as well as the on-site general management responsible for the daily management of a financial institution.

APPLYING PROPORTIONALITY

During an application file review, the regulator performs its due diligence to ensure that key functions operate safely out of the Grand Duchy and that the practicalities are in place in terms of the size of operation required in Luxembourg.

“We have certain requirements, which apply regardless of what sector or industry the entity is going to operate in. In any application file that we review, Brexit or not, one of the first things that we look at are the substance requirements such as the minimum size of operations required,” highlights Deloge.

“The company’s key functions must be in Luxembourg, including at least the day-to-day authorised management and the chief compliance officer. Given the nature of the

payments entities, there are also certain requirements from an IT point of view,” adds O’Sullivan.

In the case of Brexit, a number of entities may split their UK entity from their European operations, making delegation and outsourcing important subject matters. The CSSF does allow outsourcing back into the group both within and outside the EU. However, there has to be oversight from the Luxembourg entity. However the concept of the central administration being in Luxembourg must always be preserved.

“Guidelines on outsourcing from the European Banking Authority will be in place in a couple of months and are already taken into consideration in the files we are currently reviewing. One important factor is that when a company is licensed in Luxembourg, the local central administration is responsible for all tasks, and therefore must oversee all outsourcing,” says Deloge.

O’Sullivan highlights that a case-by-case assessment is required to make sure that the size of the required operations in Luxembourg is proportional to the volume and type of business, the riskiness and magnitude of the activities, as well as the maturity of the entity itself. There is no “one size fits all” regulatory approach in the payments industry in Luxembourg.

“In any application file that we review, Brexit or not, one of the first things that we look at are the substance requirements such as the minimum size of operations required.”

NATASHA DELOGE

“We cannot have the same requirements for a start-up with two clients compared to an entity that has 3 million people in its client database. A certain level of common sense is needed.”

EXTRA CARE

“The entities that are looking for a licence in Luxembourg usually have done their due diligence on a number of jurisdictions and have appropriate questions prepared. The feedback we hear is that they appreciate our openness to innovation, the reputation of the CSSF as a strong financial regulator, and also the benefit of Luxembourg as a financial marketplace, especially in an international context and for B2B business,” explains O’Sullivan.

Throughout the application process, the applicant benefits from close interaction with the regulator.

“Both our authorisation and supervision teams work hand in hand within our department. When a licence is granted and the file is passed from one team to the other, there is a continuity in the quality of engagement even though the faces change,” she adds.

The combination of a high level of expertise, responsiveness and the ability to file an application in English have had an impact on the decision of several financial companies to come to Luxembourg. *“Whether the applicant wants to deal with us in English, French or German, we respond in their language of choice, and in the context of Brexit that does help: the decision makers understand the documents used in the process,”* says Deloge.

GEARED UP FOR THE EXTRA WORKLOAD

Over the last 10 years, the CSSF has had to cope with rapid growth in different parts of the financial sector, adding staff with the required experience to supervise an increasingly important European financial hub.

“EU countries grow together when it comes to innovation.”

KAREN O’SULLIVAN

“We are continuously growing in numbers and in experience. Attracting talent, integrating new staff and converting the professionals we have hired into operational agents is something that we have experience in. The important thing is to be growing at the right time so as to be able to meet our obligations as a regulator and service the markets efficiently,” explains Deloge.

Currently employing around 850 people, the CSSF continues to recruit specialists to fulfil its tasks as regulator and supervisor of the financial sector. A staff count of more than 900 people is anticipated in the next few years.

“We have the necessary tools in place to ensure good supervision. We have experience with small start-ups and big players such as Amazon Payments and Alipay, so we are not afraid of what lies ahead of us,” she adds.

MOVING FORWARD TO POST-BREXIT: GROWING TOGETHER

When asked what will drive the European payments industry post-Brexit, the regulator highlights the importance of legal harmonisation across Europe: passporting is the main factor attracting global payments players to choose Luxembourg as their location for Europe.

“Europe is attractive because there is a harmonised legal framework and EU legislation ensures that there are no major discrepancies in legislation. EU countries grow together when it comes to innovation. It is useful to know that you can offer your payment services across the EU and that you will be treated in the same way in another country,” highlights Deloge. *“You set up in one country but you have access to the whole client base,”* adds O’Sullivan.

OB



ISABELLE GOUBIN,
DIRECTOR OF THE TREASURY,
LUXEMBOURG MINISTRY OF FINANCE

“Luxembourg’s government has been preparing legislation that aims to mitigate the most disruptive consequences of a hard Brexit scenario.”

ISABELLE GOUBIN

Government Brexit preparedness

LESS THAN A MONTH BEFORE THE UNITED KINGDOM IS DUE TO LEAVE THE EUROPEAN UNION, THE EXACT CONDITIONS PREVAILING THE DAY AFTER ARE NOT YET KNOWN AND THE POSSIBILITY OF A NO-DEAL EXIT IS STILL VERY REAL THIS WOULD MEAN THAT ON DAY 1 AFTER ITS DEPARTURE THE UK WOULD BECOME A THIRD COUNTRY LIKE THE UNITED STATES, SWITZERLAND OR JAPAN. HOWEVER, THESE COUNTRIES HAVE OVER THE YEARS EITHER ENTERED INTO VARIOUS BILATERAL AGREEMENTS WITH THE EU ON VARIOUS SUBJECTS OR BEEN RECOGNISED AS APPLYING REGULATION DEEMED EQUIVALENT TO THAT OF THE EU ITSELF FOR CERTAIN ACTIVITIES. IN THE CASE OF A NO-DEAL SCENARIO, THE UK WOULD HAVE NO SUCH CUSHION TO FALL ON IMMEDIATELY.

“All of us have a responsibility to prepare for the worst in order to preserve financial stability and protect depositors and investors.”

ISABELLE GOUBIN

Financial firms have over the last 46 years built very deep and integrated business ties throughout the EU Single Market, including the British Isles, that will be very complex to sever. According to Isabelle Goubin, Director of the Treasury at Luxembourg Ministry of Finance, *“Luxembourg’s government has been preparing legislation that aims to mitigate the most disruptive consequences of a hard Brexit scenario.”*

Mrs Goubin explains that *“after months of exchanges with the industry, directly or via consultation with the industry associations in the Haut Comité de la Place Financière, a public private think tank/platform gathering the main actors of the financial centre, the Luxembourg government has tabled at the end of January a draft law that aims to ensure financial stability and depositors and investor protection in case of a hard Brexit.”* The draft law is expected to be adopted before March 29th.

She sums up the main gist of this legislation by explaining *“the primary purpose of this draft bill is to grant supervisory authorities, the Commission de surveillance du secteur financier and the Commissariat aux assurances, the necessary powers to ensure an orderly transition by ‘grandfathering’ existing contracts on a temporary basis under certain conditions.”*

Furthermore, Mrs Goubin underlines that *“This law will empower the Commission de surveillance du secteur financier to authorise for instance UK based payment institutions which currently operate in Luxembourg via a branch or by providing services to continue doing so for up to 21 months. The same transition period of up to 21 months might be applicable to UK based banks or management companies which currently operate in Luxembourg via a branch or by providing services. Similarly the Commissariat aux Assurances will be empowered to authorise UK based insurance companies to continue*

to operate in Luxembourg for a limited period of up to 21 months after 29th of March.”

Other Member States of the EU, such as France and Germany have engaged in similar legislative action. *“All of us have a responsibility to prepare for the worst in order to preserve financial stability and protect depositors and investors,”* comments Isabelle Goubin, *“all the while we of course hope for the best.”*

GM

LIGHTS, CAMERA... BREXIT

THE UK HOLDS A KEY POSITION IN THE EUROPEAN AUDIOVISUAL INDUSTRY. WHILE THERE ARE NOW MORE THAN 4,600 TV CHANNELS ESTABLISHED IN THE MAIN EU MARKETS, THE COUNTRY IS THE LARGEST EXPORTER WITH MORE THAN 1,400 ESTABLISHED TV CHANNELS OF WHICH OVER 1,000 ARE EXPORTED TO THE REST OF THE EU AND OTHER COUNTRIES. BREXIT WILL, HOWEVER, PLACE A NUMBER OF STRESSES ON THE INDUSTRY. WE SAT DOWN WITH CAROLE NUSS, ATTACHÉE AT THE DEPARTMENT OF MEDIA, TELECOMMUNICATIONS AND DIGITAL POLICY AT THE MINISTRY OF STATE, TO KNOW MORE ABOUT THE KEY ROLE LUXEMBOURG CAN PLAY IN OFFERING A NEW LOCATION FOR INTERNATIONAL BROADCASTERS.

After Brexit, UK-based broadcasters will lose the benefit of a number of EU laws ensuring the freedom to provide broadcasting services across the EU and the low trade barriers it brings to the sector.

"The most critical of these laws is the Audio-visual Media Services Directive and its country of origin principle, allowing broadcasters to operate freely across the EU if they satisfy the regulatory requirements and are licensed in the Member State in which their services originate," explains Carole Nuss, Attachée at the Department of Media, Telecommunications and Digital Policy at the Luxembourg Ministry of State.

Losing access to EU-wide broadcast rights could cost the UK's television market one billion pounds per year in investment from international broadcasters, according to the UK industry association for commercial broadcasting.

To safeguard the transmission of their channels across the EU, such broadcasters will need to move some of their operations,

Head Office, part of their workforce or have a satellite uplink in an EU member state to qualify for a licence there.

"Currently, many broadcasters are still evaluating the options available to them post-Brexit: whether they would apply for a licence in the continent or fall under the competence of a member state by having a satellite uplink in an EU country," she adds.

Luxembourg is considered as a dynamic gateway for currently UK licenced broadcasting companies. The UK-based media consultancy Expert Media Partners, recently ranked Luxembourg among the TOP 3 jurisdictions for broadcasting in the EU, based on factors such as regulatory environment, ease of doing business, creative infrastructure and quality of life.


MEDIA AT HEART

Since the 1960s, the Grand Duchy has been playing a pioneering role in the European media landscape.

"Currently, many broadcasters are still evaluating the options available to them post-Brexit."

CAROLE NUSS



A full-page photograph of Carole Nuss, a woman with shoulder-length brown hair, wearing a dark green turtleneck dress and a smartwatch. She is standing outdoors with her arms crossed, leaning against a wooden planter box. Behind her are several bare, spindly trees and a blurred background of a city with a blue sky. A black lamppost is visible on the left side of the frame.

CAROLE NUSS,
ATTACHÉE AT THE DEPARTMENT
OF MEDIA, TELECOMMUNICATIONS
AND DIGITAL POLICY,
MINISTRY OF STATE

LOSING ACCESS TO EU-WIDE BROADCAST RIGHTS COULD COST THE UK'S TELEVISION MARKET £1 BILLION PER YEAR IN INVESTMENT FROM INTERNATIONAL BROADCASTERS

“Luxembourg was the first country to authorise commercial TV long before other European countries.”

CAROLE NUSS

“We were the first country to authorise commercial radio and TV long before other European countries. This has sparked the development of a dynamic and diverse broadcasting ecosystem,” highlights Carole Nuss.

While Luxembourg hosted SKY before the latter moved to the UK in 1990, the Grand Duchy is now home to major giants in the media industry such as Europe's largest broadcaster RTL Group, operating TV channels and radio stations in 10 countries or ENEX, the Association of the world's leading commercial TV broadcasters sharing news content.

RTL group operates TV channels and radio stations in 10 countries as well as production companies throughout the world.

“The presence of major global media players plays a big role in the interest we receive from UK-based broadcasters. It demonstrates our proven track-record and expertise,” she adds.

DELIVERING CONTENT IN THE MOST REMOTE AREAS

The development of Luxembourg's media industry has been boosted by a strong network of satellite, playout and distribution facilities.

“A key factor for broadcasters is obviously the know-how and availability of satellite technology to assure uplinking services.”

SES, the world's leading satellite operator is headquartered in Luxembourg and now counts a fleet of about 50 satellites serving over 8,000 channels, standard TV, HDTV and the world's first Ultra HD channels to more than 1 billion people in 325 million homes worldwide. The company is the only satellite operator in the world offering connectivity from two different orbits, the Geostationary and the Medium Earth Orbit. Thanks to this unique combination of these two fleets, SES network solutions and extensive ground infrastructure can reach the most remote areas on earth.

“A large part of the broadcasters established in the UK are operating on SES Astra satellites. Many of them have contacted us, either because they use an SES Astra satellite and would thus fall under the jurisdiction of Luxembourg due to their satellite use or because they consider Luxembourg as a possible new hub for their operations.”

If the UK becomes a third country and these broadcasters do not have an establishment in another EU country, Luxembourg would inherit the regulatory oversight of these channels.

“The Luxembourg broadcasting regulator would then have to monitor the content of these channels and would become the first European point of contact for all matters and complaints in connection with these channels.”

Though, Nuss explains that relocation to the continent offers a more stable solution for broadcasters.

“It is possible that some companies choose the satellite option in a first phase until the outcome of Brexit becomes clearer. On the other hand, the establishment on the continent is a more stable and secure solution for accessing the internal market with all its benefits such as free movement of people.”

WORLD-CLASS IT INFRASTRUCTURE

“The media industry relies a lot on the ability to exchange with its peers, on technical expertise related to broadcasting, IT infrastructure and connectivity. Thanks to the vast choice of service providers available in Luxembourg, broadcasters know that they will be understood and taken care of.”

Luxembourg's mature broadcasting business ecosystem is completed by a broad range of technical players. Media company Broadcasting Center Europe provides for all the necessary technical support services needed to operate efficiently in terms of playout services, distribution, post-production or system integration.

The company currently serves about 400 international customers ranging from TV channels, content producers and distributors.

“The Grand Duchy has successfully embraced the IT revolution whilst consolidating its position in the media industry. It is a data-driven economy with world-class digital infrastructures. The country’s modern data centre parks, ultra-high speed connections or international fiber routes to European hubs are key elements taken into consideration by media payers.”

A POSITIVE STANCE TOWARDS BROADCASTING

Luxembourg’s long-standing history in broadcasting has shaped a pragmatic business-oriented regulatory landscape, especially suited for the cross-border needs of broadcasting services.

“Broadcasting services have a true cross-border dimension. Luxembourg is European at heart with a deep expertise in cross-border services. Only Luxembourg and London have this specific know-how in this area while the other markets are very local. Luxembourg’s regulation has always looked beyond its borders, with a deep cross-border outlook,” explains Carole Nuss.

Given the current uncertainty and political turmoil surrounding Brexit, she explains that political stability is ranked among the top criterias of broadcasters when choosing a new location.

“Luxembourg’s history is grounded in political stability and economic performance. The fact that Luxembourg ranks 1st in Europe and 2nd worldwide in terms of political stability is extremely important for broadcasters given the current tendencies in other countries.”

A multilingual business environment makes it easy for global players to communicate efficiently with authorities.

“There is a very direct and open dialogue with authorities and short communication lines to the Ministry of Communications. The regulator accepts official documentation in English, French or German which makes the application process very smooth for international broadcasters,” she adds.

MAINTAINING ACCESS TO EU TALENTS

While freedom of movement has hugely benefited the UK broadcasting industry, maintaining access to EU talent has become an acute issue as a result of Brexit.

It is estimated that between 10–20% of the UK’s audio-visual workforce is comprised of EU nationals—in London, the percentage is much higher. On what terms and within what parameters will the EU workforce be able to stay?

“The UK audio visual industry is relying on creative people from all over Europe. The ability for UK productions to use EU talent, and vice versa, while also being able to move around the content, are key. Free movement of cast and crew may be in jeopardy if visas or permits are required, because they need to crew-up so quickly.”

For Carole Nuss, London’s attractiveness as a creative hub will not fade but will be heavily challenged. Luxembourg’s international outlook and responsive authorities will be a decisive ally for broadcasters eager to maintain access to the EU talent pool.

“Luxembourg has a very central geographical position with a good transport network and excellent flight connections to London and other key European cities. Language is never a barrier in the communication with service providers or authorities as the country is multilingual and fluent in English. Authorities have proven to be very responsive when it comes to delivering work permits. All these elements mean that skilled workforce can be attracted easily.”

OB

“A key factor for broadcasters is obviously the know-how and availability of satellite technology to assure uplinking services.”

CAROLE NUSS

HOW RADIO LUXEMBOURG PAVED THE WAY FOR BRITAIN’S ROCK ‘N’ ROLL REVOLUTION

If there’s one radio station that has won a warm spot in the collective memory of European radio listeners, it’s Radio Luxembourg. In the 1960s–50s, it was not easy for British youngsters to listen to rock ‘n’ Rollers like The Beatles, The Who and The Rolling Stones. Commercial radio wasn’t yet an option, and the publicly-owned British Broadcasting Corporation considered such music as unfit for public broadcast.

Radio Luxembourg was the earliest commercial radio station broadcasting in English. Occasionally picked up from transmitters within the UK, the radio was a firm favourite with teenagers in Britain ever since the 1950’s when the station started to broadcast American ‘n’ Roll to the music hungry youth of Britain. Among them was the young Keith Richards, soon to be guitarist of the world-renowned band The Rolling Stones, who explained in his autobiography that Radio Luxembourg allowed him to hear Elvis Presley for the first time and had a great influence over his music. “The one song that really turned me on, like an explosion one night, listening to Radio Luxembourg on my little radio when I was supposed to be in bed and asleep, was “Heartbreak Hotel”. That was the stunner.” (LIFE, by Keith Richards).

10 REASONS WHY LUXEMBOURG IS YOUR 'BEST FIT' EUROPEAN FINANCIAL CENTRE

1 Unrivalled cross-border expertise

- 50+ years of experience in cross-border finance
- Amongst the top 3 financial centres in the EU (GFCI, 2018)

2 Home of the global fund industry

- No. 1 fund domicile in Europe, No. 2 in the world
- 2/3 of global funds distributed on a cross-border basis are domiciled in Luxembourg (PwC Global Fund Distribution 2018)
- 98/100 of the top global PE houses have operations in Luxembourg (Preqin Global Private Equity & Venture Capital Report 2018)

3 An EU hub for international banks

- One-stop shop for global wealth management
- Competence centre for international and pan-European services
- Wealth management, corporate banking, treasury services, custody and fund services

4 A comprehensive capital markets and post-trade infrastructure

- Leader in international securities listings, structured finance and post-trade services
- +7 trillions euros of assets held in custody by major post-trade services providers, amongst them Clearstream (European Central Bank)
- Home to the Luxembourg Stock Exchange: world's largest international securities listing centre
- Home to the 1st Green Exchange worldwide

5 The EU centre for cross-border insurance

- Dedicated insurance regulator
- Highest level of investor protection in Europe
- Post-Brexit EU-hub for insurance industry leaders

6 A sound legal, regulatory and tax regime

- Access to the European Single Market, EU-wide passports
- Expertise in supervising financial institutions across multiple jurisdictions
- Accepting documentation in English, German and French
- Modern and efficient legal framework

7 A strategic location with world-class connectivity

- EU capital, in the heart of Europe
- 15 minutes from city centre to international airport
- 1st worldwide for finance connectivity and 2nd worldwide for services connectivity (McKinsey MGI Connectedness Index 2016)
- State of the art data centres

8 The shortest route to international talent

- No. 2 in the world for attracting talent (INSEAD Global Talent Competitiveness Index 2018)
- 62%: largest share of highly skilled workers in the world (WEF)
- 7th most fluent in English in the world (International Education First)

9 A great place to live

- Best place for expats to build their careers (Expatriate Insider)
- Broad choice of private and public international schools
- In 2020, Luxembourg will become the first country in the world to make all public transport free

10 A stable and dynamic economy

- AAA rated
- Political and economic stability
- GDP growth consistently above the EU's average



SUPRIYA SODHI

“It wasn’t easy at first, as my career has always been significant to me, but I was ready for something new.”

SUPRIYA SODHI

Don’t call me a trailing spouse!

“The idea is to help people who have dogs in Luxembourg to find somebody to look after them when they travel.”

SUPRIYA SODHI

TRAILING SPOUSES ARE THE UNSUNG HEROES OF INTERNATIONAL RELOCATIONS, PLAYING AN ESSENTIAL ROLE IN THE SUCCESS OF FOREIGN ASSIGNMENTS. WE MEET FOUR INSPIRING EXPAT WOMEN WHO FOLLOWED THEIR HUSBANDS TO LUXEMBOURG AND TOOK ADVANTAGE OF THE DYNAMIC WORKING ENVIRONMENT TO BRANCH OUT INTO A NEW CAREER OR START A NEW BUSINESS.

“I’m not a trailing spouse... I’m a marketing professional who discovered the entrepreneur within,” says Indian born businesswomen Supriya Sodhi who has lived in Luxembourg for the last two and a half years.

“While we were still in India, my husband was offered a position at Amazon, after a successful career in e-commerce in India. For me it meant giving up my job as Head of Marketing for Royal Caribbean Cruises in Delhi. I was both excited and terrified of the change but hoped there would be exciting opportunities for me in Luxembourg.”

Uprooting from India involved leaving behind her career, family, friends, and life as she knew it. *“It wasn’t easy at first, as my career has always been significant to me, but I was ready for something new,”* she says. *“For third-country nationals like us, it’s not simple. The first challenge I encountered in Luxembourg was that I didn’t have a work permit to look for a job or offer my services here. If you are a spouse that has moved with a partner, you don’t automatically get a permit for work, so I had to go about figuring that out.”*

“We are meeting people coming from different parts of the world who are open, and easy to connect with.”

SUPRIYA SODHI

FINDING SUPPORT TO SET UP YOUR BUSINESS

Supriya was looking to do something different to what she was doing in India – setting up a food truck, or turning her passion for dogs into a business. She contacted the Luxembourg Chamber of Commerce to work out her options. *“They were very supportive and pointed me in the direction of the House of Entrepreneurship, a one-stop-shop for business creation. The advisors I met there were very helpful in giving me suggestions, information, documentation in English and telling me what steps I needed to take.”*

Supriya has now successfully set up her limited liability company – DogStays SARL-S. The Sàrl-s format, also known as the “one-euro company” allows entrepreneurs in Luxembourg to set up a business in the Grand-Duchy with capital from as little as one euro. When she was still developing her business idea, Supriya was also invited to take part in the Luxembourg Poland Chamber of Commerce’s Entrepreneurial Woman Project for 2018 which was attended by thirty women representing twenty nationalities.

“It’s an annual training program which helps women who are in any stage of setting up a business. It’s a weekend commitment over six weeks, so it’s easily accessible to working women and those with families. The workshops offer to coach and mentor on a range of issues from idea generation, taxation, effective communication, fundraising, project management, but the most important thing the program offered me was an overview of the many aspects of setting up and running a successful business here in Luxembourg. We all spent 6 weekends learning together from morning to evening and this also gave me a fantastic opportunity to network with other entrepreneurs.”

At the end of the project, the participants present their projects and are voted for. Supriya’s project won the first prize, which included a €3,000 cheque to help her develop Dogstays.lu, a platform which helps dog parents find a safe home for their dogs when they have to travel for work or a holiday.

YOUR DOG’S HOME WHEN YOU TRAVEL

“People in Luxembourg love to travel because the country is perfectly situated in the heart of Europe. Since so many people live here for work, there are many dog parents that regularly have to travel out of the city for business trips. The idea is to help people who have

dogs in Luxembourg to find somebody to look after their dogs when they travel. I think all dogs need and deserve love, affection and one-on-one attention. That’s what I want to do through DogStays. It is not a dog boarding. It’s a home away from home.”

As the business goes from strength to strength, Supriya is also learning the local languages which is enabling her to work with the diverse international community. *“We are constantly meeting people coming from different parts of the world who have relocated to Luxembourg and it is super to connect with them over our common love for dogs! Overall, my husband and I both love Luxembourg, and we hope to stick around.”*



SUPRIYA SODHI



MARTINA McDERMOTT

“My new employer is very flexible when you have a family and offers mobile working.”

MARTINA McDERMOTT

MOVING YOUR FAMILY TO LUXEMBOURG

Irish national Martina McDermott moved to Luxembourg with her husband, and two children less than two years ago. *“My husband was relocated by J.P. Morgan, and the process was very straight forward. The relocation agent found us a fantastic house, and we quickly secured places for our two kids at the International School Michel Lucius.”* The free publicly funded school has been awarded Cambridge International School status and offers the international English curriculum. *“Languages are part of their every day, and I think that is so important. They are mixing with a much more diverse group of children than they would if they were living elsewhere. My son has eleven nationalities in his class, and he is learning two new languages. I rate it highly because my kids love going to school, they never want to be off school, and they never come home unhappy.”*

A successful marketing and advertising professional for over twenty years, Martina started to look for a position which would enable her to build on her experience. She was also looking for a job which would give her flexible working hours and space to grow.

OVERCOMING THE LANGUAGE BARRIERS

“Most jobs advertised asked for several languages, so I was downbeat at first, but I pushed ahead and went out and started to network and to understand more about business opportunities and the job market in Luxembourg.”

After three months of job hunting, Martina was offered an initial contract in the marketing department of Luxembourg-headquartered private banking group KBL European Private Bankers. She was soon promoted to Head of Marketing, reporting directly to the CEO.

“They wanted a fluent French and English speaker, so I was thrilled when I got the job. Most people speak in English but learning to



“My husband was relocated by J.P. Morgan, and the process was very straight forward.”

MARTINA McDERMOTT

work in French is probably the biggest challenge of my job.”

Martina feels fortunate that her children’s school is only a five-minute trip from her office in the heart of the city. *“In terms of commuting it works out fine for me because my work is very close to my children’s school. They start school a lot earlier here, so it lends itself to my work schedule. I can drop the kids off in the morning and still be in time to pick them up in the afternoon. The kids also use the “Maison relais”, which is the after school club. This helps them build up a network of friends and supports them to get them to various activities in the afternoon.”*

FLEXIBLE WORKING HOURS AND FAMILY RESPONSIBILITIES

KBL offers Martina flexible working and mobile working for home, enabling her to

manage both her professional and family life effectively. *“The bank offers certain people in the organisation mobile working within reason if your job lends itself to it and they are very open if you need something. They are very flexible when you have a family.”*

Martina and her family appreciate the more relaxed pace of life Luxembourg offers and the short distances and easy connections to cities such as Paris and Amsterdam as well as access to the lakes and mountains.

“We can travel the whole of Europe very easily. We were skiing last weekend in France, and it’s only a two-hour drive. My kids had never skied before, so it’s opening their minds to new experiences because in Luxembourg you have the flexibility and opportunity to get to so many more places at such a reasonable cost.”

“My son has eleven nationalities in his class, and he is learning two new languages.”

MARTINA McDERMOTT

AN AUTHENTIC JOINT DECISION

“If you want to relocate and for it to work as a couple with or without children, it has to be a common decision and both need to find a position and a role,” points out French national Marie-Adélaïde Leclercq-Olhagaray who moved to Luxembourg in 2013 with her ex-husband and young sons.

“I think you have to be open to opportunity. We were Parisian, and I loved my job, but I didn’t enjoy the Parisian way of life. We had two kids at the time, and I couldn’t project myself. I wanted more nature, more space.”

Marie-Adélaïde participated in the founding of a successful French digital start-up for which she held the position of Head of

Sales and spent her first two years in Luxembourg travelling between her offices in Paris and London. While developing her network in Luxembourg, she soon discovered that there was a distinct shortage of women working within the tech space. *“When I attended events, there were only a few women and a sea of men. So I thought ok, that’s something to change, and that’s how our non-profit Women in Digital Empowerment (WIDE) was born.”*

CHALLENGING THE DIGITAL DIVIDE

Marie-Adélaïde “virtually met” Marina Andrieu, her WIDE co-founder while chatting on a French google group for women in tech. *“We met each other and realised we had the same idea, so we decided to do it together.”*

“If you want to relocate and for it to work as a couple, it has to be a common decision and both need to find a position and a role.”

MARIE-ADELAÏDE LECLERCQ-OLHAGARAY



MARIE-ADELAÏDE LECLERCQ-OLHAGARAY

The duo created the WIDE initiative, aimed at empowering women to seize opportunities in the digital economy, around their full-time jobs and hectic family lives. The organisation has been growing for five years now.

"I had the impression immediately that Luxembourg seemed to me like a country where innovative ideas are welcome and supported as long as you are sincere and ready to invest yourself in the long-term. That is how WIDE was born because we were volunteers and we have committed a professional approach right from the start."

WIDE offers free practical support and activities to include more women (and men) in the field of digital as well as the contribution to building a more diverse workforce and a broader ICT talent pipeline for Luxembourg.

"We have collaborated with companies like Amazon or Microsoft to organise pieces of training. These were so successful that we now have partnerships with many other companies in the private sector, as well as the Ministry of Economy, Ministry of Equal Opportunities and the European Commission."

After two years in Luxembourg, Marie-Adélaïde decided to sell her start-up in Paris to take up a management position at international law firm Arendt. Reflecting on the choice she made to relocate Luxembourg she says, *"I rejoice to have my kids and my career here every day. We found the balance we were looking for and couldn't find in a very big city."*

"Luxembourg seemed to me like a country where innovative ideas are welcome and supported."

MARIE-ADÉLAÏDE LECLERCQ-OLHAGARAY



"We met each other and realised we had the same idea, so we decided to do it together."

MARIE-ADÉLAÏDE LECLERCQ-OLHAGARAY



MEET THE SOCIAL ENTREPRENEUR

“My husband is a lawyer and had the opportunity to work for the European Investment Bank and jumped at the chance,” explains Italian national Cristina Picco who left behind her career as an economist and town planner in Milan to follow her husband to Luxembourg in 2008.

Having worked on microcredit programs in parts of rural Ethiopia, Cristina was keen to bring her experience in social entrepreneurship to Luxembourg. A chance meeting with fellow young mum Camille Alexandre led to the creation of NGO “Mamie et Moi”.

“We had the idea of asking a local granny to knit a sweater for each of our daughters,” explains Cristina. Amazed by the result, the friends decided to create a social enterprise, where knitting would be a bridge between the generations. *“We have always considered knitting as a way of weaving social bonds between people and a shared interest in advancing social change through innovative ideas.”*

More than thirty pre-retired or retired women from the Greater Region (Luxembourg, France and Belgium) joined the initiative in the last four years: in exchange for little knits they make, they receive an income supplement and a lot of recognition and satisfaction. You can buy their work online and join in fun themed knitting events across the country! But not only! The initiative is growing and is now developing an offer of events to bridge the gap between generations by using other “excuses” such as cooking together, storytelling, gardening or playing together board games.

“In Luxembourg it’s very easy to meet other actors of the social ecosystem and we always



“We created a partnership with OUNI, Luxembourg’s first packaging-free organic grocery store because of our common interest in ecology and social innovation.”

CRISTINA PICCO



“We have a shop to promote a different way of living and we do a lot of activities to make people aware of this.”

CRISTINA PICCO

“We organise workshops in schools, in companies as well as a “Zero Waste Challenge.”

CRISTINA PICCO

try to build up synergies to complement each other's role. This has been for instance the case with OUNI, Luxembourg's first packaging-free organic grocery store: while shopping there one could also meet one of our Grannies who was sharing her knitting skills around a cup of coffee in the café corner of the shop.”

GROCERY SHOPPING REVOLUTION

“We created a partnership with OUNI, which means ‘without plastic bags’ in the Luxembourgish language, because of our common interest in ecology and social innovation,” adds Cristina who was shortly after invited to join the management board. “OUNI is a co-operative with 850 members, and we run a shop in the Gare district of the city. The idea is the shop only sells organic, unpack-

aged food and detergent so that you can buy your milk, butter, bread, fruit and vegetables. Besides the cooperative promotes a different way of living and we do a lot of activities to make people aware of this. We organise workshops in schools, in companies as well as a “Zero Waste Challenge.”

Cristina says her long term goals are to continue to develop her NGO and to continue to work on projects that are meaningful for her. “When I go back to Italy and talk to people I see the image of Luxembourg is related to European institutions, and the financial centre but not social entrepreneurship which is surprising because we are very active in that area too.”

GM

UPCOMING EVENTS

2019
03.04

EMPIRE FINTECH CONFERENCE, NEW YORK

The conference is the highlight of NY FinTech Week: Hear from those forging new trails in payments, blockchain, lending, robo-advisors, insurance tech, real estate and more. In addition to attracting hundreds of FinTech entrepreneurs, this conference also plays host to the investors and service providers that help accelerate start-ups. The audience can also look forward to keynotes, panels and demo updates from some of the top FinTech start-ups in the world.

Bert Boerman, CEO of Governance.com will be joining the conference as a panelist. Come and visit the Luxembourg for Finance booth and meet our team at the conference!

SAVE
THE
DATE **2019**
04.06

MADRID 2019

Luxembourg for Finance invites you to join a delegation led by HE Pierre Gramegna, Minister of Finance. A seminar on the financial centre will be held in Madrid on Tuesday, 4 June 2019.

To stay tuned, please visit
www.luxembourgforfinance.com



2019
15.05

FT BREXIT & BEYOND SUMMIT 2019, LONDON

Luxembourg for Finance will be among the speakers at the fifth FT Brexit and Beyond Summit organised by Financial Times Live in London on Wednesday, 15 May 2019 (Venue: Waldorf Hilton London).

As project fear and project reality collide, stakeholders from business, politics and academia will gather in May 2019 to discuss what it all means. Hear expert analysis on the latest developments from senior FT journalists plugged into Westminster, Brussels and the UK regions.

Explore the economic transition facing the UK, find out about new trading relationships and on-going negotiations, listen to case studies of how businesses are planning for the future and discuss how success can be achieved in a post-Brexit landscape.

SAVE
THE
DATE **2019**
26.06

2ND SUSTAINABLE FINANCE FORUM LUXEMBOURG

After the resounding success in 2018, the second edition of the Sustainable Finance Forum will be held in the presence of HE Pierre Gramegna, Minister of Finance on Wednesday, 26 June 2019.

For more information, please see
www.luxembourgforfinance.com



IMPRESSUM

**EDITOR: LUXEMBOURG FOR FINANCE / 12, RUE ERASME / B.P. 904 / L-2019 LUXEMBOURG
TEL. (+352) 27 20 21 1 / FAX (+352) 27 20 21 399 / EMAIL LFF@LFF.LU
WWW.LUXEMBOURGFORFINANCE.COM
RESPONSIBLE FOR PUBLICATION: NICOLAS MACKEL.
EDITORIAL TEAM: OPHÉLIE BINET (OB), GILLY MATHIESON (GM).
CIRCULATION: 2,500 – QUARTERLY.**

**COVER ILLUSTRATION BY O STREET - WWW.OSTREET.CO.UK
PHOTOGRAPHY BY MIKE ZENARI - WWW.MIKEZENARI.COM
TYPESETTING BY INTERLIGNE - WWW.INTERLIGNE.LU**

**THE NEXT EDITION OF LEO, THE FINANCIAL CENTRE'S MAG WILL BE PUBLISHED
IN JUNE 2019.**

FUTURING FINANCE

LUXEMBOURG'S FINANCIAL CENTRE IS READY FOR THE FUTURE

Futuring is about building on experience and anticipating future needs. An established global financial centre at the heart of Europe, Luxembourg prides itself on open-mindedness and efficiency. From these key features a strong track record of innovation and adaptation have flowed naturally, making the Grand Duchy a surefooted financial hub, even in changing times. Cross-border expertise, twinned with a fine-tuned understanding of the conditions needed for financial services to thrive, makes Luxembourg *the* AAA-rated destination for companies and investors.

luxembourgforfinance.com