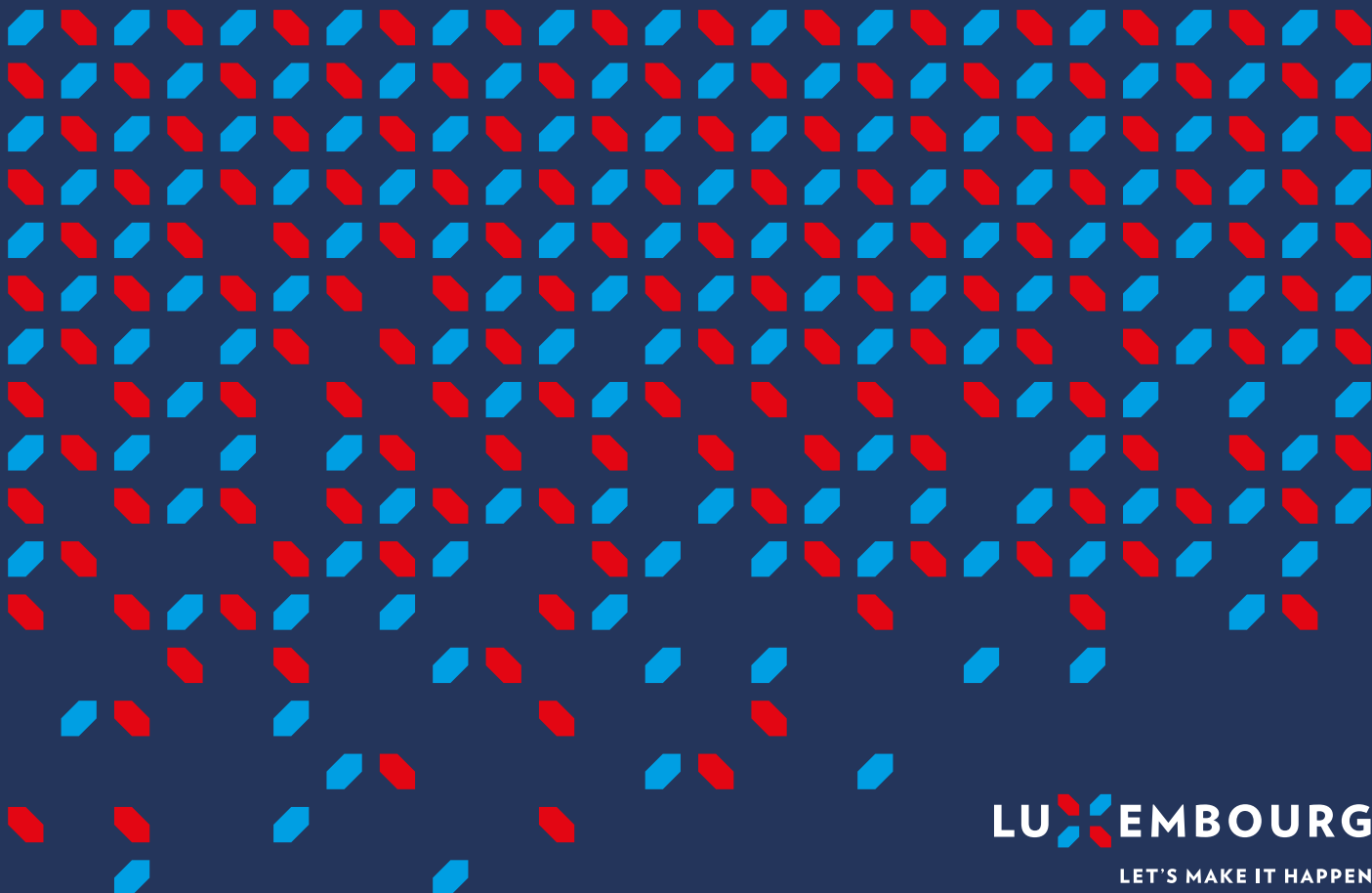


LUXEMBOURG

CONNECTING YOU WITH
FINANCIAL EXPERTISE





CONTENT

01	WHERE INTERNATIONAL BUSINESS AND FINANCE FEEL AT HOME	4
02	A PAN-EUROPEAN BANKING CENTRE WITH GLOBAL REACH	12
03	HOME OF THE GLOBAL FUND INDUSTRY	18
04	TRAILBLAZER IN INTERNATIONAL CAPITAL MARKETS	26
05	THE EU CENTRE FOR CROSS-BORDER INSURANCE AND PENSION VEHICLES	32
06	DRIVING SUSTAINABLE FINANCE FOWARD	38
07	A EUROPEAN CENTRE FOR FINANCIAL TECHNOLOGY	42
08	CONNECTING WITH CHINA	46
09	AN ESTABLISHED ISLAMIC FINANCE PARTNER	50
10	LIFE IN LUXEMBOURG: WHAT MORE COULD YOU ASK FOR?	53
11	USEFUL CONTACTS	56

01

**WHERE INTERNATIONAL
BUSINESS AND FINANCE
FEEL AT HOME**

There are so many reasons why large numbers of international companies and financial institutions have chosen Luxembourg as a base for their European operations and why the Grand Duchy consistently ranks as one of the leading financial centres in Europe.¹

As one of only 10 countries in the world with an AAA credit rating from all three major rating agencies, the Grand Duchy provides a predictable and economically, socially and fiscally stable environment where international businesses thrive.

With its open and diversified economy, Luxembourg – the most globalised economy in the world² – has consistently outperformed overall GDP growth in the EU over the last decade, while employment has doubled over the last 20 years.

The European Single Market – the free movement of people, capital, services and goods – is an integral part everyday of life in Luxembourg. A founding member of the European Union and a European capital, Luxembourg is also home to key institutions such as the European Court of Justice, the European Investment Bank and the European Court of Auditors.

At the meeting point of three countries, Luxembourg provides access to a large multilingual and highly skilled talent pool. The country's multicultural population has native fluency in French and German, and Luxembourg is considered one of the most proficient English-speaking nations in the world.³ And it is not just the population that is multilingual – authorisation procedures, reporting and official communication with public administrations and regulators can all be done in English. Even company bylaws and articles of incorporation can be submitted in English.

So it is no surprise that people, investors and companies from around the world have chosen Luxembourg as their European home away from home.

¹ Global Financial Centres Index (GFCI) 2019

² KOF Index of Globalization 2018

³ EF English Proficiency Index 2018

CONNECTING INTERNATIONAL INVESTORS WITH EUROPE, AND EUROPE WITH THE REST OF THE WORLD

Having developed a diversified international financial ecosystem over the past half-century and more, Luxembourg has unrivalled expertise in cross-border financial services and products.

Selling funds and managing investments, businesses and family wealth across many countries and continents can be complex. It takes a special skill set to understand the different legal, fiscal and financial implications of the options available. Luxembourg leads the way in connecting markets, and international investors know they can turn to the Grand Duchy to find professionals who can think and act beyond their national borders.

Luxembourg is a recognised and well-regulated EU hub for banks, asset managers, insurance and financial technology companies. It is the home of a global fund industry and boasts one of Europe's core capital market infrastructures. This unique position allows Luxembourg to connect international investors with Europe, and European investors with the rest of the world.

This is why the majority of the world's leading asset managers have chosen to set up their global fund ranges in the Grand Duchy, why leading private equity houses structure their investments via Luxembourg, why supranational, government and corporate issuers from all over the world choose to list their securities in Luxembourg, and why international banks and insurers serve their European customers out of Luxembourg, leveraging their EU passport.

Luxembourg helps open up global markets for the European financial services industry. Not only is it the second-largest fund centre in the world, but thanks to more than 69,000 distribution agreements in 70 markets across the world, Luxembourg also plays a crucial role in bringing international investors to Europe.

The Luxembourg financial sector and insurance regulators are unmatched when it comes to long-standing experience in authorising and regulating financial institutions that offer their products and services throughout the EU and beyond. This is part of the day-to-day routine of Luxembourg regulators. Their international outlook, responsiveness and openness to new trends translate into concrete benefits for Europe and its financial services industry. For instance,

Luxembourg's financial sector regulator was the first to authorise European funds to invest in mainland China's interbank bond and equity markets via new mechanisms launched by the Chinese authorities.

The Luxembourg financial centre is solution-driven and provides a complete range of services within a stable and well-regulated environment. And, thanks to a comprehensive and continuously updated toolbox of investment vehicles suited for all types of investments and investors, regardless of whether they come from a civil or common law background, Luxembourg is more often than not the default choice when a purely domestic solution will not do.

Simply put: Luxembourg is the shortest route when it comes to connecting international investors and investments.

HELPING FINANCE THE EUROPEAN ECONOMY

Looking beyond its borders and those of Europe, Luxembourg truly acts as a platform for raising finance globally and attracting international investments to Europe. It does this by giving retail and institutional investors from across the world access to funds investing in European equities as well as European sovereign and corporate bonds, acting as an EU hub for wealthy international clients and their families, by channelling private equity and venture capital from Asia, the Middle East or North America into the EU, and by allowing European companies and governments to raise finance abroad by listing bonds on Luxembourg's international stock exchange.

Moreover, Luxembourg's highly capitalised banks act as important providers of liquidity to their groups, which in turn is made available as loans to businesses and households across Europe.

With its expertise in international finance, ranging from fund distribution to capital market services, Luxembourg's financial centre attracts significant business investments and capital to Europe, helping to drive the European economy as a whole.

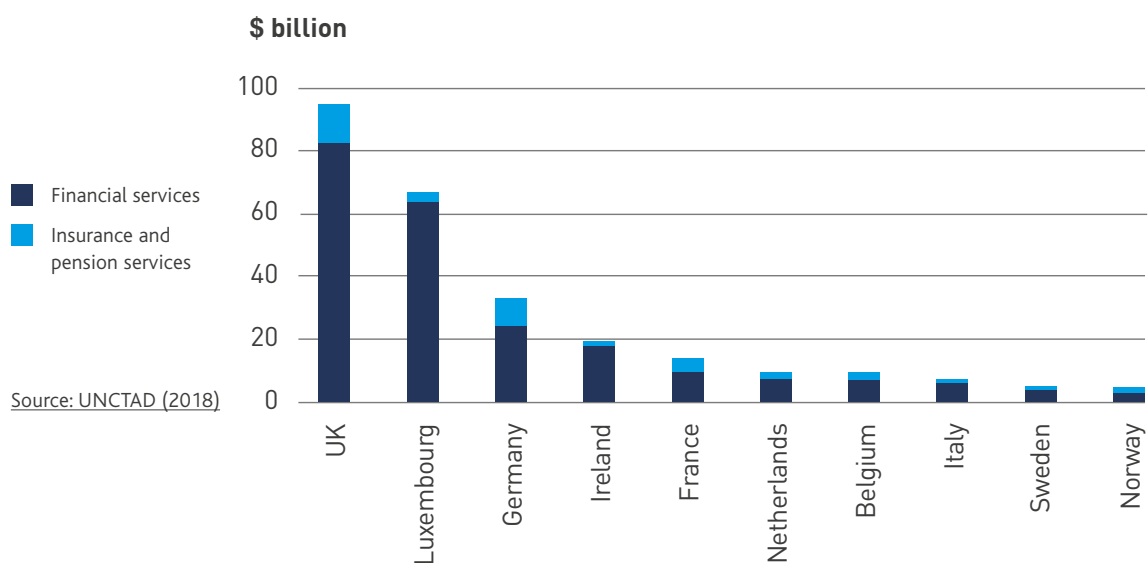
One of the leading financial centres of the Eurozone.

Four core activities:

- **Investment funds:** Second-largest fund centre in the world after the US; Luxembourg investment funds are distributed in 70 markets across the world.
- **Banking and wealth management:** European banking hub and competence centre for international private banking, fund administration and custody.
- **Insurance:** European hub for cross-border life insurance and reinsurance.
- **Capital markets:** International bond listing centre, with the LuxSE listing bonds in 55 currencies and securities from more than 100 countries, and post-trade services hub.

Luxembourg is **AAA-rated** by the three major rating agencies. With sovereign debt at **23% of GDP**, Luxembourg is far below the EU average of 81.6%. **GDP growth** in Luxembourg, at 2.6% in 2018 (Statec), is consistently above the EU average.

Largest financial services exporter in the Eurozone





LUXEMBOURG'S GOT TALENT!

LUXEMBOURG GIVES YOU ACCESS TO A LARGE, HIGHLY SKILLED AND MULTILINGUAL TALENT POOL

A LARGE TALENT POOL

+11 million inhabitants
Luxembourg lies at the heart of Europe's largest cross-border region

5 million people live within a **1 hour commute** to Luxembourg City

+200'000
daily cross-border commuters from France, Germany and Belgium

+135'000 Students
6 universities within a 100km radius, cooperating closely as part of the University of the Greater Region

ATTRACTING TALENT FROM ACROSS THE WORLD

First
globally for job security¹

Part of the Schengen **visa-free** travel zone and availability of EU Blue Card work permits

48% of the population is foreign

Multicultural
More than **170** different nationalities

2nd in the world for retaining talent²

A MULTILINGUAL, HIGHLY SKILLED WORKFORCE

One of the Eurozone's leading financial centre³

Most multilingual country in Europe: Luxembourg's population speaks an average of **3.6** languages⁴

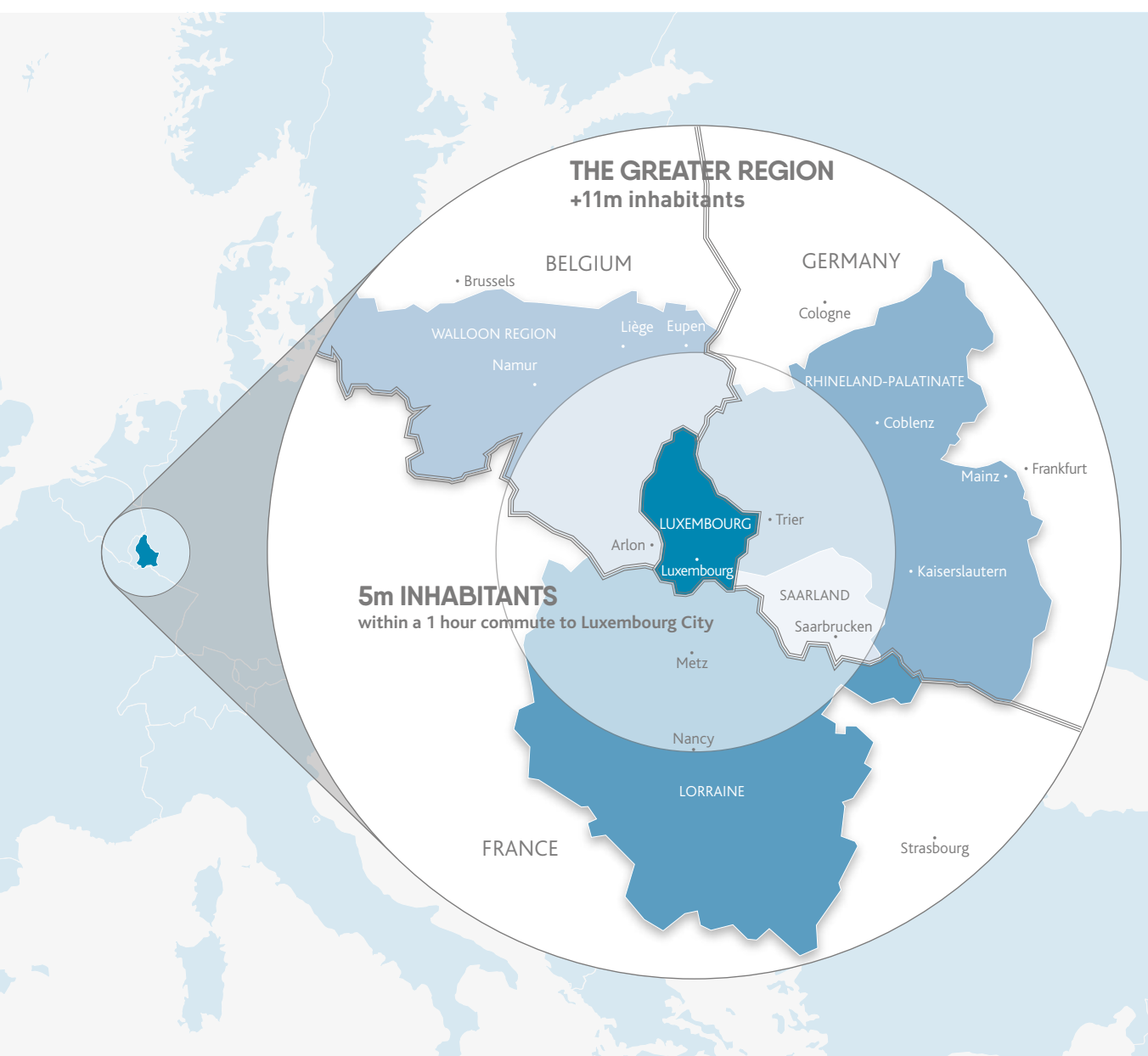
84% of the population speaks at least **2** languages⁴

Fluent in English: **7th** in the world for English proficiency⁵

1st Luxembourg has the highest labour productivity in the world⁶

Average **2.5%** annual employment growth rate⁷

Sources: ¹ Expat Insider 2018, ² INSEAD Global Talent Competitiveness Index 2018, ³ GFCI, ⁴ Eurobarometer & European Commission, ⁵ EF English Proficiency Index, ⁶ OECD 2017, ⁷ Statec



02

**A PAN-EUROPEAN
BANKING CENTRE WITH
GLOBAL REACH**

Europe has several financial and banking centres, some of them focusing more on the domestic market than others and some specialising in certain business lines. Over many decades, Luxembourg has developed a unique specialisation in serving international clients and investors across multiple jurisdictions. For many international financial institutions, Luxembourg acts as a cross-border centre of excellence in wealth management, commercial banking, treasury services, fund administration and custody, among others. To support their international business development, these institutions also benefit from a fully developed ecosystem of service providers, including lawyers, accountants, IT specialists, third-party management companies, and international listing and post-trade services.

This explains why Luxembourg has become a major hub for international banks serving a pan-European and international client base. For banking groups from the US, Canada, Switzerland, Latin America and Asia, Luxembourg acts as the primary gateway to the EU, benefitting from an EU passport offering products and services across the Single Market. At the same time, international and major European banking groups – whether from Germany, France, Italy or Scandinavia – have established international centres of excellence in Luxembourg in key business lines such as wealth management, fund services and global custody, serving their own groups as well as their clients across multiple jurisdictions.

From the very beginning, Luxembourg's banking industry has specialised in offering international and pan-European services with a view to facilitating foreign trade and investment across many countries and in various currencies. The majority of banks in Luxembourg operate under a universal banking license and offer a wide range of financial services to private, corporate and institutional investors.

A CENTRAL ROLE IN GLOBAL CUSTODY AND FUND SERVICES

Luxembourg is home to more than 65 depositary banks and has developed unrivalled expertise in serving the global asset management industry. Luxembourg banks act as global custodians both for their own groups and their institutional clients around the world, and can offer the whole value chain of fund services: from shareholder services, risk management and the supervision of all fund transactions to portfolio clearance, fund order processing, distribution and fund reporting. This expertise is leveraged to offer high-quality custody services for other business lines, such as wealth management, retail and corporate banking, and the Eurocurrency market.

SERVING CORPORATIONS ACROSS BORDERS

Having played an instrumental role in the creation of the Eurodollar markets in the 1960s, Luxembourg banks have long-standing expertise in serving corporate clients, notably with cash pooling and treasury services, as well as with intragroup financing. And Luxembourg's banks have traditionally been important liquidity providers for their groups. Many banks offer corporate banking services tailored to the international DNA of their corporate clients in Luxembourg and have specialised in providing payment services, international trade services, cash management services, and automated reporting and lending. The international focus of Luxembourg's banks means that non-financial groups often select the Grand Duchy to host their internal financing operations. Some, like the American John Deere Group, have even chosen to base their in-house banks in Luxembourg. FinTech companies such as PayPal and Rakuten have set up their pan-European banks in Luxembourg.

Luxembourg also offers a toolbox of pension vehicles and pension pooling services for multinationals, as well as different types of covered bonds (debt security guaranteed by a cover pool specifically allocated to these securities).

A CENTRE OF EXCELLENCE FOR INTERNATIONAL PRIVATE BANKING AND WEALTH MANAGEMENT

Luxembourg's expertise in cross-border financial services also gives it an edge as an EU-onshore hub for international private banking. The country's comprehensive wealth management ecosystem includes private banks, wealth managers, family offices, life insurers, law firms, tax advisers, and corporate and trust services.

To offer the best possible service, the private banking ecosystem works closely with specialists from the asset management industry, capital markets and life insurance providers. Luxembourg's private banks, wealth managers and life insurers can, for example, leverage the local fund industry ecosystem to provide tailor-made wealth management solutions.

Banks in Luxembourg offer a one-stop shop for global wealth management solutions encompassing all of a client's assets and business interests across multiple countries – investment advice, asset management, family office services, wealth planning, real estate management, succession planning and philanthropy. Luxembourg's professionals have unique expertise in managing the different fiscal, legal and financial implications for clients with international lifestyles and investments and businesses in several countries, all in full compliance with international and EU rules and regulations. Luxembourg's know-how is not limited to European jurisdictions; indeed, 34% of clients' assets in private banking originate in non-European countries.⁴

Very wealthy clients can entrust their assets to independent single-family offices, which group all service providers in one place. They even go beyond wealth management to take care of personal issues like finding schools, making travel arrangements, managing art collections and providing secretarial services.

Multi-family offices serve a maximum of five families. Luxembourg is one of only a handful of countries in the world that regulates the activities of multi-family offices, providing clients with an extra level of investor protection.

⁴ CSSF/ABBL Private Banking Survey, June 2018

The Luxembourg Freeport

Inaugurated in 2014, the state-of-the-art **Luxembourg Freeport** allows financial sector professionals to extend their wealth management services to encompass art or wine collections and acts as custodian of those assets in a secure setting. Investment funds that invest in physical assets can use the facility to store them.

At the Luxembourg Freeport, a customs check and inventory are conducted when assets arrive.

Philanthropy

The Fondation de Luxembourg is an important asset for Luxembourg's private banking sector. The Fondation is an umbrella organisation for the creation, management and supervision of charitable foundations through which long-term engagements are managed. It acts as an expert advisor, offering a simple, secure and rapid solution to individuals and corporate donors. As a fully independent, non-profit initiative, it also benefits from government support. The Fondation has a global scope and focuses on five broad areas: health and research, poverty and social cohesion, culture and diversity, universal education, and biodiversity and climate change.

QUICK FACTS

GATEWAY TO THE EUROPEAN UNION FOR INTERNATIONAL BANKS



Access to the European
Single Market, **EU-wide**
passport for services



Cross-border centre of excellence
in private banking, treasury and
corporate banking, custody and
investment fund services



A fully developed **ecosystem**
of service providers to support
banks in their international
development

ONE-STOP SHOP FOR WEALTH MANAGEMENT



Unique expertise in
international wealth
management and
succession planning

Over
€360 billion in assets
under management
in **private banking** (CSSF/ABBL 2018),
with a **35%** growth rate since
2008

66% of clients are from the EU,
34% from the rest of the world
(CSSF/ABBL 2018)



Comprehensive **wealth**
management toolbox
for a sophisticated
international clientele



Experience with **single-**
and multi-family offices

03

**HOME OF THE
GLOBAL FUND
INDUSTRY**

Luxembourg is the world's leading hub for global fund distribution. It handles 62% of distribution of cross-border funds worldwide and is the second-largest investment fund centre in the world in terms of assets under management (AUM), behind the US. Luxembourg funds are distributed in over 70 markets.⁵

Luxembourg is also the most popular domicile for Undertakings for Collective Investment in Transferable Securities (UCITS), the world's only truly global fund product, offering the highest possible levels of investor protection. Originally designed as retail investment products and benefiting from a passport for distribution throughout the EU, UCITS are now widely sold both to the public and to institutional investors across the globe. Pension funds in particular rely on UCITS to diversify their portfolios through well-regulated products.

A first mover in implementing European fund regulation, Luxembourg has played a key role in opening up markets for fund distribution across the globe and providing European retail and institutional clients access to international investments.

It is not surprising that the world's leading asset managers have chosen Luxembourg as the hub for their international fund ranges. The Grand Duchy offers unrivalled international expertise, a wide-ranging toolbox of investment vehicles and excellent recognition for its funds across the globe. Of Europe's Top 100 asset managers, 98 have funds domiciled in Luxembourg.

Over the last 30 years, Luxembourg has developed a comprehensive and vibrant ecosystem dedicated to global fund distribution. This ecosystem includes fund administrators, risk managers, compliance experts, lawyers, consultants, custodians and depositary banks. Luxembourg has the right solutions and service providers to meet the needs of global asset managers, whether they launch their own management company or decide to work with third-party fund administrators.

⁵ PwC Benchmark your Global Fund Distribution 2019

LEADING THE WAY FOR ALTERNATIVE INVESTMENTS

Luxembourg is a prime location for private equity and venture capital, hedge funds and real estate funds, with more than €665 billion worth of assets under management in alternative funds. Moreover, an estimated 90% of global private equity (PE) investments are structured using Luxembourg vehicles, while the top 19 PE houses in the world have operations in Luxembourg.⁶ The ecosystem offers a number of structures to facilitate PE and real estate acquisitions with cross-border features. Some of the largest sovereign wealth funds have also chosen to centralise their international real estate and PE investments in Luxembourg.

The rapid implementation of the Alternative Investment Fund Managers Directive (AIFMD), which grants a European passport to the managers of alternative funds, helped Luxembourg consolidate and further develop its role as a well-regulated hub for the global alternative investment industry.

To ensure maximum compatibility and flexibility, Luxembourg took the opportunity of the AIFMD implementation in 2013 to overhaul and modernise its limited partnership regime and introduced a special limited partnership that does not have a legal status distinct from that of its limited partners, a structure that is familiar to asset managers from English-speaking countries. This is another example of Luxembourg's ability to combine the specific characteristics of various jurisdictions to offer clients and financial professionals solutions with which they are already familiar. Luxembourg can accommodate the needs of clients who come from both common-law- and civil-law-based jurisdictions.

⁶ Preqin: Alternatives in 2019

LUXEMBOURG'S INVESTMENT TOOLBOX: A VEHICLE FOR EVERY PURPOSE

Luxembourg's diverse fund toolbox offers a range of structures to suit every type of asset manager and investor. Updated on a regular basis, it includes:

- **UCITS**, a regulated fund for retail and institutional investors,
- **SIF** (Specialised Investment Fund), a flexible, efficient multipurpose vehicle,
- **SICAR** (Société d'Investissement en Capital à Risque, or *Investment Company in Risk Capital*), specifically designed for private equity investment and venture capital,
- **UCI** (Undertakings for Collective Investment) Part II, a flexible, more regulated pooled vehicle,
- **RAIF** (Reserved Alternative Investment Fund), a fund with quick time-to-market, indirectly regulated via the alternative investment fund manager.

QUICK FACTS

THE WORLD'S LEADING CROSS-BORDER
FUND DISTRIBUTION CENTRE AND
SECOND-LARGEST INVESTMENT
FUND CENTRE (BEHIND THE US)
IN TERMS OF AUM

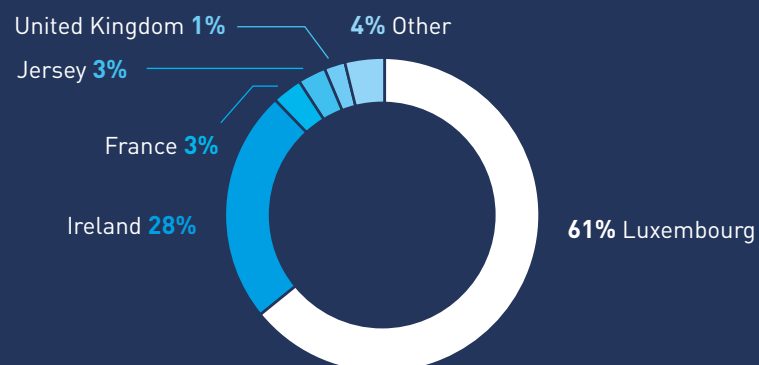
More than

€4,400 billion in assets
under management

+3,850 funds with **+14,900** funds units

Source: CSSF, at April 2019

Domicile share of authorisations
for cross-border distribution



Source: PwC Benchmark your Global Fund Distribution, 2019

The home of **UCITS**
the only truly global investment
fund product

Of the top 100 **asset managers** in Europe,
98 have domiciled funds
in Luxembourg

The world's
top 19 PRIVATE EQUITY
houses have operations in Luxembourg
Preqin 2019

Leading sustainable
investment fund centre*:

61% of AUM in global
microfinance funds
45% of AUM in European
environment strategy funds
57% of AUM in European
social strategy funds
42% of AUM in European
ethical strategy funds

Global champion in
microfinance
funds: 61%
global AUM in MIVs is
domiciled in Luxembourg

*Source: KPMG Responsible Investing Fund Survey
2016/17; Symbiotics/CGAP: Microfinance Funds –
10 years of research & practice

A MULTI-PURPOSE TOOLBOX OF INVESTMENT VEHICLES AND STRUCTURES FOR ALL INVESTORS

	Asset management vehicles				
Vehicle	UCITS (Undertaking for Collective Investments in Transferable Securities)	UCI Part II (non-EU UCITS)	SIF (Specialized Investment Fund)	SICAR (Société d'Investissement en Capital à Risque)	RAIF (Reserved Alternative Investment Fund)
Investible assets	Restricted to transferable securities	Unrestricted assets	Unrestricted assets	Investment in risk capital	Unrestricted assets
Amount of regulation		✓ ✓		✓	
Target investor & clients	All investors	All investors	Professional investors	Professional investors	Professional investors
Cross-border passporting	EU Passport	National rules	EU Passport (if AIFM)	EU Passport (if AIFM)	EU Passport (if AIFM)
Typical industries:					
Fund industry					
Alternative funds					
Real estate					
Private equity					
Wealth management					
Multi-purpose					
Other					

All information in this table is subject to the applicable legal framework for each specific vehicle. This is a summary table for information purposes only; certain details may not automatically apply for a vehicle unless the necessary requirements are met. For more information, please see the specific regulations for each vehicle or contact Luxembourg for Finance directly.

		Multi-purpose vehicles				
SCS & SCS _p Limited Partnership (including special)	IORP (Pension fund vehicle)	SOPARFI Financial Holding Company	Securitisation vehicle & fund	Fiduciary contracts	Family Wealth Management Company (SPF)	Life insurance contracts
Unrestricted assets	Investible assets defined by IORP Directive	Holding a portfo- lio of investment assets	Securitised assets	Unrestricted	Unrestricted	Holding a portfo- lio of investment assets
	✓		*			✓
Professional investors	Employees	Natural and legal persons	Natural and legal persons	Natural and legal persons	HNWI	HNWI
EU Passport (if AIFM)	EU passport via employer scheme					EU Freedom to Provide Services
	Multinationals	Financial holdings	Capital markets			Insurance industry

* Regulated if shares are issued to the public on a regular basis.

04

TRAILBLAZER IN INTERNATIONAL CAPITAL MARKETS

A well-functioning capital market environment is crucial for a healthy global economy. Luxembourg is home to one of Europe's core market infrastructures and offers an entire ecosystem dedicated to international capital market operations. It includes not only Europe's leading exchange for securities listings and several post-trade service providers, but also bankers, administrative agents, domiciliation agents, paying agents, transfer and register agents, lawyers, chartered accountants and tax advisors. They are a vital part of the financial centre's ecosystem and play an important role in connecting international investors with the world.

As a cross-border financial centre, Luxembourg offers the perfect framework for setting up a group finance vehicle to access international capital markets. Banks in Luxembourg not only have the expertise to advise on the best structure and terms for an issue to ensure that it triggers investor interest but can also assist the issuer in dealing with investors. Local consultants and service providers help determine the most effective legal and tax structure, including the issuer's corporate structure, and can be counted on to ensure that the required conditions are present in Luxembourg. Local clearing and settlement are available, as well as admission to listing and trading on the Luxembourg Stock Exchange if required.

Many international companies have set up their group treasury operations in the Grand Duchy, encouraged by the efficient, seamless interaction of this community of service providers who work together on a regular basis..

SECURITISATION: SECURED BY LAW

Throughout the years, Luxembourg has maintained its position as one of the leading centres for securitisation and structured finance vehicles. A special securitisation law, which ensures innovation and legal certainty in securitisation structures, explains its pre-eminence in this area.

Under Luxembourg law, an extremely wide range of assets can be securitised: securities (shares, loans, subordinated or non-subordinated bonds), risks linked to debt (commercial and other), movable and immovable property (whether tangible or not) and, more generally, any activity that has a certain value or a future income.

THE LUXEMBOURG STOCK EXCHANGE: GLOBAL PIONEER AND LEADER IN INTERNATIONAL LISTINGS

Luxembourg's capital markets are at the forefront of market innovation. The Luxembourg Stock Exchange (LuxSE) is the global leader for international securities listings. Today, more than 2,100 international issuers from 97 countries list their securities on the LuxSE in 61 different currencies.⁷

The LuxSE is globally recognised – by both issuers and investors – as a listing exchange of choice for several types of securities:

- Debt instruments (including high-yield bonds, green bonds, dim sum bonds, sukuk and covered bonds);
- investment funds;
- asset-backed securities;
- equities and global depository receipts (GDR);
- warrants.

The LuxSE has a long history of pioneering in capital markets. In 1963 it listed the first-ever Eurobond (from the Italian company Autostrade) in a foreign currency (\$) and based on English law. Further milestones were the first listing of sukuk in 2002, the listing of the world's first green bond in 2007 and the first listing of a dim sum bond in Europe in 2011. This innovative, international approach has made the LuxSE indispensable on international capital markets.

The LuxSE operates two markets: the Bourse de Luxembourg, requiring approval from the regulator, and Euro MTF, requiring approval from the LuxSE. Being listed in Luxembourg includes admission to trading.

The Euro MTF, Europe's largest multilateral trading facility for listed securities, makes it possible for issuers without a European passport to obtain a listing in an international financial centre in Europe.

Listing a security in Luxembourg has two main advantages: visibility for the issuer and transparency for the investor, since all relevant information, including the prospectus, is centralised in a public database.

⁷ Source: Luxembourg Stock Exchange (LuxSE) April 2019

In light of Luxembourg's thriving investment fund sector, the LuxSE has also specialised in the listing of funds. Listed funds broaden the scope for potential institutional investors, who often have to include a share of listed portfolios in their own portfolio.

With the launch of the Luxembourg Green Exchange (LGX) in September 2016, Luxembourg again became an international standard setter. This move marked a turning point in the international fight against climate change. The LGX is the world's first platform entirely dedicated to green securities. It imposes stringent eligibility criteria, providing an environment issuers and investors can count on to fulfil their green objectives (for more information on the LGX and green finance, see page 39).

The securities servicing industry is supported by a sophisticated intermediation structure that brings investors, issuers and trading parties together.

POST-TRADE: SERVING THE ENTIRE GLOBE

Post-trading includes clearing, settlement, custody and asset servicing. Alongside the growing Luxembourg Stock Exchange, the country launched its own post-trade services provider in 1970. Now called Clearstream, it is the leading international central securities depository (ICSD). Through its services, Clearstream connects issuers and investors around the world.

Post-trade processes include:

- Clearing – the process of managing procedures between trade date and settlement date;
- Settlement – the process whereby the buyer receives the purchased securities and the seller receives the corresponding cash in exchange;
- Custody – the safekeeping of assets by intermediary banks, brokers and central securities depositories (CSDs) on behalf of investors;
- Asset servicing – income collection, corporate action processing, tax reclamation and proxy voting services.

In addition to Clearstream, three other post-trade providers are hosted in Luxembourg and offer access to the European Central Bank. Their combined services include the issuance, settlement and custody of securities, as well as investment fund services and global securities financing. With this density of service providers, Luxembourg has become a hub for collateral management.

QUICK FACTS

LUXEMBOURG CAPITAL MARKETS: OFFERING A WINDOW TO INTERNATIONAL INVESTORS



The **Luxembourg Stock Exchange** (LuxSE) is the world's largest securities listing centre: over **36,500** securities in more than **50** currencies are listed on the LuxSE by more than **2,600** issuers (as of February 2019).

Source: LuxSE



The LuxSE is a popular destination for the listing of bonds, investment funds, asset-backed securities and IPOs.



Frontrunner in innovation: first listing of a **Eurobond** in 1963, first listing of **sukuk** in 2002, first listing of **green bonds** in 2007 and first listing of **dim sum bonds** in 2011 at the LuxSE.



LUXEMBOURG
GREEN EXCHANGE

Launch of the the first dedicated exchange for green, sustainable and social securities in the world

40%

of all international bonds on European markets are listed in **Luxembourg**

All other exchanges: **\$164** billion

The LuxSE offers

two markets

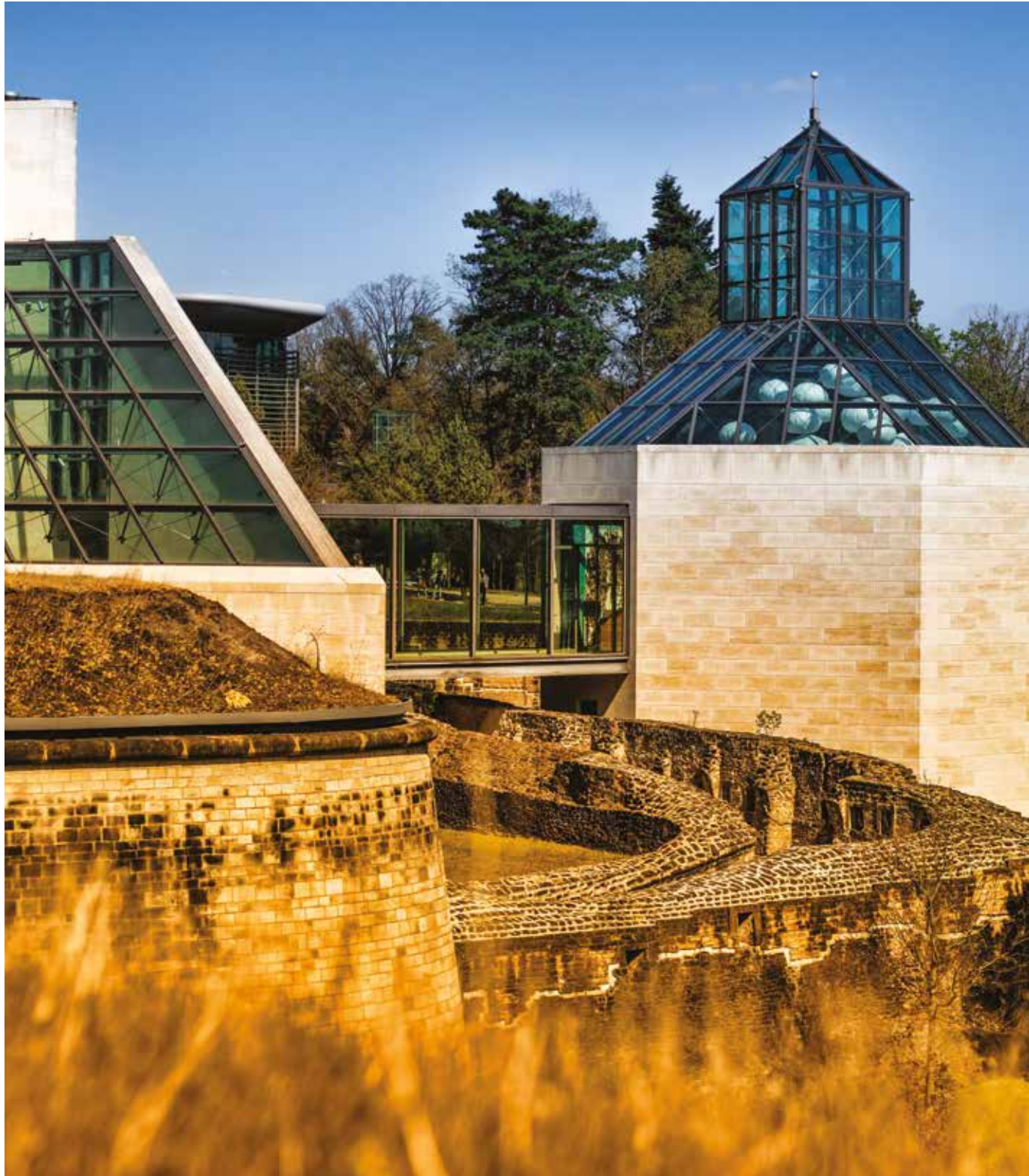
the Bourse de Luxembourg and EuroMTF, with

99% of securities listed within two days.

Home of
Clearstream,
the leading ICSD



European hub for
**collateral
management**



05

**THE EU CENTRE FOR
CROSS-BORDER
INSURANCE AND
PENSION VEHICLES**

In most financial centres in Europe, insurance contracts focus primarily on local needs, but the Luxembourg insurance industry has long been a champion of providing services and products across the EU. In fact, 80% of life insurance premiums in Luxembourg originate from cross-border contracts under the Free Provision of Services (FPS) regime.⁸

While Luxembourg-based insurers are overseen by the Commissariat aux Assurances (CAA), Luxembourg's insurance regulator, insurance contracts sold outside of Luxembourg fall under the supervision of the policyholder's national regulator. The Luxembourg insurance industry offers diverse geographic outreach, sales teams that speak the client's local language and long-standing expertise in providing insurance products to clients across the EU that are fully in line with local regulations and tax rules.

THE HIGHEST LEVEL OF INVESTOR PROTECTION

The Luxembourg insurance sector offers the highest possible level of investor protection. Not only does Luxembourg have a dedicated insurance regulator, but insurers must at all times have a solvency ratio high enough to cover all outstanding assets. Luxembourg's 'triangle of security' offers an extra degree of investor protection unique in Europe.

The 'triangle of security' is comprised of three elements:

- The **regulator** must approve the choice of the insurer's custodian bank and can freeze the assets of a life insurance company in the event of a risk.
- A **tripartite agreement** between the insurance company, the regulator and the custodian bank specifies that the custody of assets is governed by all three parties. Furthermore, assets linked to life insurance contracts must be separated from the insurance companies' other assets and be deposited in a different bank account.
- The **custodian bank** must also separate assets linked to life insurance contracts from other assets.

⁸ Source: Commassu Annual Report 2017/2018

Another aspect is the 'Super Privilege' guarantee, which ensures that holders of insurance contracts have a preferential claim over all other involved parties in case of default.

Together, these factors ensure that holders of Luxembourg life insurance contracts enjoy the highest possible level of investor protection.

MAXIMUM FLEXIBILITY IN ASSET ALLOCATION

Luxembourg-based insurance contracts also benefit from a high degree of flexibility when it comes to asset allocation, thanks to an exceptional choice in terms of eligible asset classes (both liquid and illiquid), currencies, geographical regions, management styles and business sectors. Clients have access to the complete range of traditional products with guaranteed returns, as well as unit-linked policies, which can be combined with a broad range of products, including internal funds adapted to client risk profiles and dedicated segregated funds tailored to the needs of an individual client.

LIFE INSURANCE: A SOPHISTICATED WEALTH MANAGEMENT AND SUCCESSION PLANNING TOOL

Thanks to the proximity to Luxembourg's global fund industry and the life insurance industry's expertise in providing tailor-made solutions, life insurance contracts are an important part of Luxembourg's international wealth management service offer.

Through the designation of third-party beneficiaries (single or multiple), policyholders can specify the transfer of wealth over their lifetime to any beneficiary in any amount. Even unborn children can be designated beneficiaries. This makes Luxembourg insurance contracts an ideal tool for sophisticated succession and estate planning.

THE EU'S NUMBER 1 REINSURANCE HUB

By creating a captive insurer in Luxembourg, companies get direct access to the professional reinsurance market, freeing them from insurance market cycles. They can also benefit from the European passport to distribute their services throughout the EU. As of April 2019, Luxembourg hosted 207 reinsurance companies, the majority of which were captive insurers.⁹

Captive insurers are created to cover company risks that are difficult to insure in the open market. Luxembourg reinsurance companies are active in a broad range of sectors: industry, assurance, distribution, agro-food, chemistry, banking, transport and logistics, and telecommunications.

PENSION SERVICES FOR MULTINATIONALS

Another corporate service offered to multinationals is a range of international pension fund vehicles that allow companies active in multiple jurisdictions to harmonise pension plans and death or invalidity benefits for their expatriate workforce across borders. Luxembourg offers several pension fund solutions, both for defined benefit (DB) and defined contribution (DC) schemes, including a pension fund vehicle overseen by the insurance regulator, the Commissariat aux Assurances.

Multinationals interested in centralising the pension assets of their European or non-European entities can benefit from several cross-border vehicles for the pooling of pension funds. Pan-European solutions, reduce the complexity of running local plans in individual countries. They save costs and harmonise investment policies while keeping local employment law specificities.

Luxembourg's social and political stability, as well as its strong culture of investor protection, are further reasons why the country is a preferred hub for managing employee pension funds.

⁹ Source: Commassu Annual Report 2017/2018

QUICK FACTS

**INSURANCE AND PENSION VEHICLES:
A HIGHLY INTERNATIONAL SERVICE
OFFER FOR INDIVIDUALS AND
MULTINATIONALS**

Luxembourg hosts:

45 life assurance companies
49 non-life assurance companies
3 life & non-life insurance companies
202 Luxembourg-based reinsurance companies¹

¹ Source: Commassu Annual Report 2017/18

**LEADING CENTRE FOR
CROSS-BORDER INSURANCE
IN EUROPE**



Luxembourg life insurance contracts are an important part of **international wealth management and succession planning**.

They offer the highest level of
investor protection
in Europe

Life insurance: access to a
wide choice of
underlying assets.

**REINSURANCE AND PENSION
VEHICLES: A TOOLBOX FOR
MULTINATIONALS**

Luxembourg is the **largest** reinsurance hub and the preferred location for multinationals to cover their risks through a captive insurance **company**



A toolbox of pension vehicles caters for the cross-border needs of multinationals in terms of pension plans and death or invalidity benefits



06

**DRIVING
SUSTAINABLE
FINANCE FOWARD**

The Luxembourg financial centre has built up an ecosystem that is uniquely adapted to helping companies, governments and investors meet their sustainable development targets. This has been made possible by close cooperation between the public, private and civil sectors.

The sector is further stimulated by the presence of the European Investment Bank, the world's largest lender and an expert in public-private investment projects. Luxembourg is the first EU member state to initiate such a partnership for innovative climate finance with the EIB.

DRIVING CHANGE

The COP21 Paris Agreement committed the nations of the world to working together towards a common goal: to limit global warming by curbing carbon emissions and improve resilience in the face of climate change. These ambitious objectives cannot be financed by the public sector alone; capital must be raised from private and institutional investors. One of the principal interim targets was to mobilise \$100 billion per year to help developing countries tackle the future effects of climate change and adapt to existing impacts.

Luxembourg plays a key role in financing action to mitigate the effects of climate change. The financial centre has a track record for promoting and supporting innovation in the field of sustainable investment, notably in setting up layered funds that can leverage public and private investment by offering shares with different risk profiles.

Since 2015, the government and the financial sector have worked closely together in a Climate Finance Task Force. The Task Force was charged with implementing an integrated and coherent Climate Finance Strategy with the dual objective of contributing in a meaningful way to the international fight against climate change and cementing Luxembourg's role as an international centre for climate finance.

As a result of this cross-sectoral collaboration, a Luxembourg sustainable finance roadmap was developed together with UNEP FI, the UN Environment Programme Finance Initiative. The roadmap, based on a consultation of the financial industry and civil society, lays out an ambitious vision and makes recommendations to lay the groundwork to establish a comprehensive and far-reaching sustainable finance strategy, notably leveraging Luxembourg's inherent strengths as an international

financial centre, to contribute to the Agenda 2030 and the objectives of the Paris Agreement.

RESPONSIBLE INVESTMENT FUNDS

With a market share of almost 40% of assets under management, Luxembourg is Europe's leading domicile for responsible investment funds. These funds have been set up by promoters from all over the world to meet a rising demand from their clients for investment funds that meet strict environmental, social and corporate governance (ESG) standards.

Luxembourg has particular expertise in microfinance investment vehicles (MIV), which raise money from the private sector for investment in microfinance institutions. Luxembourg was the domicile of the first MIV, established in 1998 by the European Investment Bank. Today, more than 60% of global assets in MIVs are domiciled in Luxembourg.

LuxFLAG, the Luxembourg Finance Labelling Agency founded in 2006, is a public private partnership that has played a pioneering role in the development of internationally recognised standards. Focused initially on MIVs, today the agency grants labels to funds focusing on ESG (Environment, Social, Governance) investing, the environment and climate finance, and also to green and social bonds. The label is subject to an annual due diligence review based on published criteria.

KEY SUSTAINABLE FINANCE INITIATIVES

LuxFLAG is just one of a number of successful initiatives that illustrate the efficiency of public private partnerships.

- In 2007, the Luxembourg Stock Exchange (LuxSE) listed the world's first green bond, issued by the European Investment Bank (EIB).
- The Luxembourg-EIB Climate Finance Platform helps to mobilise investments for climate change. The Luxembourg government is contributing €30m as a first loss guarantee to mitigate the risk for private sector investors
- In 2016 the LuxSE set up the Luxembourg Green Exchange (LGX), the first dedicated global platform for green financial Instruments. Today the LGX also features social and sustainable bonds and ESG funds. The LGX is unique in requiring ex-post reporting on the use of proceeds.
- The Climate finance Accelerator is a joint venture between the government and partners from the private sector to provide technical assistance to innovative fund managers specialising in climate action.
- As a strategic partner of the IFC, the Luxembourg government contributes to the technical support facility of the Amundi Planet Emerging Green One, the largest green bond fund in the world, which is domiciled in Luxembourg.
- The International Finance Corporation's (IFC) Green Cornerstone Bond Fund is domiciled in Luxembourg.

The Luxembourg Green Exchange accounts for more than 40% of global outstanding listed green bonds assets⁹:

\$155 billion

All other exchanges: **\$234** billion

Source: Climate Bonds Initiative, 2018

07

**A EUROPEAN CENTRE
FOR FINANCIAL
TECHNOLOGY**

READY FOR THE DIGITAL AGE

Luxembourg offers ideal conditions for FinTech companies to develop their services and products and expand their business to reach a European customer base. On top of this, Luxembourg's international financial centre provides a significant local market for FinTechs to launch new products in a secure environment.

The country's open and responsive approach to regulating FinTechs under European passport provisions means that these innovative new companies can conduct business on an EU-wide level from a single base. Some of the world's largest FinTech pioneers, such as Alipay, PayPal, Amazon Payments and Rakuten, have chosen Luxembourg to offer regulated financial products and payment services across the EU.

FinTech start-ups are supported by a wide range of incubators and accelerators, including the Luxembourg House of Fintech (LHoFT), as well as many private platforms set up by the financial sector represented in the country.

Startups in Luxembourg also benefit from an array of public and private funding schemes for different stages of their development, including the Luxembourg Future Fund, a €150 million fund that is a joint initiative between the European Investment Fund (EIF) and the government through its National Credit and Investment Company (SNCI).

Luxembourg also provides the necessary technological infrastructure, boasting one of the highest density of Tier IV data centres in Europe. In fact, the Grand Duchy is located in the centre of the 'Golden Loop' - a ultra-low latency network - with connections to the major European Internet hubs in Amsterdam, Brussels, Frankfurt, London and Paris.

The financial services regulator - Commission de Surveillance du Secteur Financier, CSSF - has a solid reputation for its competence and openness to innovation and has fostered a tailored and responsive FinTech regulation. The CSSF's Innovation Department, in action since 2007, leads a constructive and open dialog with the industry, gives insights on the regulation and offers guidance and follow-up of the regulation progress.

The regulatory framework is constantly updated to keep pace with new technology. For example, the CSSF allows outsourcing to public clouds as well as video onboarding. Moreover, in February 2019, the Luxembourg parliament passed a new law permitting the usage of distributed ledger technology for the circulation of securities. The new law provides greater transparency and legal certainty on the production usage of distributed ledgers and blockchain technology by considering their usage equivalent to other secured electronic recording mechanisms for the transmission of securities.

Furthermore, a unique framework for regulated outsourcing has been established: companies that deliver operational services to financial institutions, such as IT systems operators for instance, are regulated by the financial sector supervisory authority. This ensures a high-level data security and reduces operational risks for financial institutions when they entrust some of their operational processes to third party service providers.

Luxembourg's dedicated Fintech Platform

The LHoFT Foundation is a public - private sector initiative that drives technology innovation for Luxembourg's financial services industry, connecting the domestic and international Fintech community to develop solutions that shape the world of tomorrow. Senior executives from 13 leading private sector institutions sit on our board as leadership circle partners alongside representatives from the Luxembourg Government, such as our Chairman, Pierre Gramegna, Luxembourg Minister of Finance, as well as leaders of the Luxembourg Chamber of Commerce, Luxembourg for Finance and PROFIL, the Luxembourg Financial Industry Federation.



08

CONNECTING WITH CHINA

AN INTERNATIONAL RENMINBI HUB

Over recent years, Luxembourg has become one of the leading hubs in Europe for cross-border renminbi (RMB) investment products, playing a significant role in establishing the renminbi as a recognised global investment currency.

Since Luxembourg is a gateway to the European Union and a preferred platform for international financial institutions serving European and international clienteles, seven Chinese banks have set up their continental European hubs in Luxembourg: Bank of China, Industrial and Commercial Bank of China (ICBC), China Construction Bank, Agricultural Bank of China, China Merchants Bank, Bank of Communications and China Everbright. Several other major Chinese banks will join them in the near future.

In 2014, ICBC was designated by the People's Bank of China as Luxembourg's official renminbi clearing bank.

Today, Luxembourg is the second-largest global domicile (behind Hong Kong) for investment funds investing in mainland China: approximately 78% of all European investment funds investing in mainland China are domiciled in Luxembourg.¹⁰ It is also the main European domicile for RMB Qualified Foreign Institutional Investor (RQFII) funds.

Numerous Mainland and Hong Kong-based renminbi fund promoters develop their renminbi business from Luxembourg. Among them are many of the most prestigious names in the industry, such as China Universal, China Asset Management and Oriental Patron. International asset managers like Ashmore, Deutsche Asset, JPMorgan and Pictet follow the same strategy.

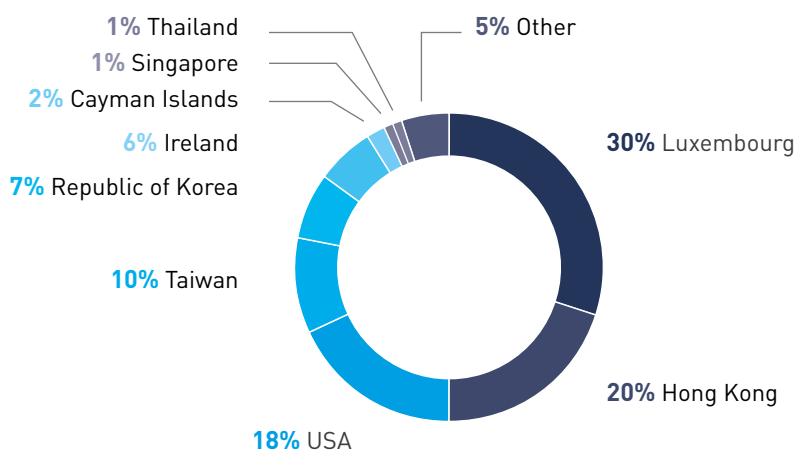
The Commission de Surveillance du Secteur Financier (CSSF), Luxembourg's financial services regulator, has paved the way for European funds to access the Chinese interbank bond market and A-shares equity markets. In 2013, the CSSF authorised the first European RQFII Undertakings for Collective Investment in Transferable Securities (UCITS) fund, and in 2014 it granted the first authorisation to a UCITS fund to trade through the Shanghai-Hong Kong Stock Connect.

¹⁰ PwC figures, March 2019

The Luxembourg Stock Exchange (LuxSE) has also been a pioneer in RMB-denominated bonds: the first dim sum bond issued by a European company was listed on the LuxSE in May 2011, and in 2014, the 'Schengen Bond', the first RMB-denominated bond issued by a mainland China company in the Eurozone, was listed in Luxembourg. During 2018 the LuxSE became the leading global Dim Sum bond listing centre overtaking Hong Kong, with a global market share of 26%.

Through its renminbi activities, Luxembourg actively contributes to linking the onshore and offshore renminbi markets while paving the way for international market participants.

**Origin of global investment funds investing into Mainland China
(% by AuM, March 2019)**



is the **leading exchange** in Europe for the listing of **Dim Sum bonds**

Sources: PwC Market Research Centre, Lipper

Note: The charts include mutual funds and ETFs with a geographic focus on China (excluding China domiciled funds).



09

**AN ESTABLISHED
ISLAMIC FINANCE
PARTNER**

AN ESTABLISHED ISLAMIC FINANCE PARTNER

In the space of two decades, Islamic finance – a sector expected to grow significantly in the future – has become an integral part of the global financial services industry. Luxembourg is a long-standing partner of the financial communities of Muslim countries in Asia and the Middle East.

Much of Luxembourg's success in Islamic finance is based on such pioneering moves as the establishment in 1978 of the first Islamic finance institution in a non-Islamic country and, in 1983, of the first Islamic insurance company in Europe. Luxembourg was also the first country in Europe to list sukuk (Islamic bonds), in 2002, and the first country to issue a sovereign sukuk in euros, in 2014.

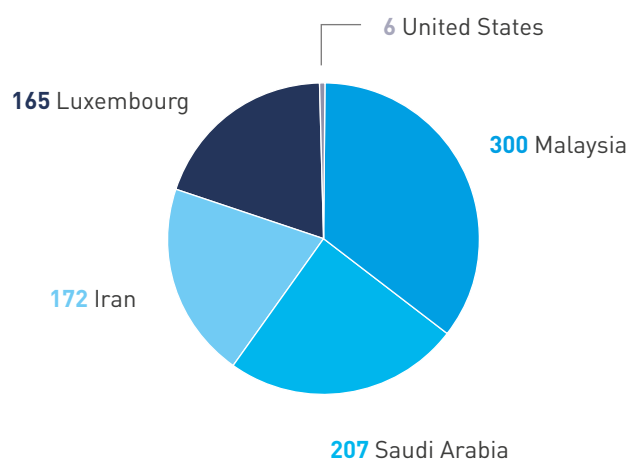
Luxembourg is now home to the largest Islamic finance fund centre outside the Muslim world, and the fourth-largest Islamic fund centre worldwide, ranked by the number of Islamic funds on the market.

A wide range of financial services is offered to Islamic finance clients in Luxembourg. All the structures in the investment fund toolbox, for example, can be used to set up Sharia-compliant funds, including regulated retail funds, professional private equity and real estate vehicles and unregulated products.

Furthermore, all Luxembourg securitisation vehicles can be structured to be Sharia-compliant, while tailor-made Islamic finance structures are available for affluent clients. The Luxembourg Stock Exchange has an established track record in the listing of sukuk, and Islamic investors wishing to invest via an Islamic insurance policy (takaful) can do so in the Grand Duchy.

Islamic finance experts are present throughout the financial centre: banks, legal advisors, audit firms, fund administrators and other service providers are ready and able to serve Islamic finance customers.

TOP 5 Islamic fund domiciles by number of funds



Luxembourg is the fourth largest domicile for shariah compliant investment funds, ranked by the number of Islamic funds in the market.¹¹

¹¹Thomson Reuters Islamic Finance Development Report 2018

10

**LIFE IN LUXEMBOURG:
WHAT MORE COULD
YOU ASK FOR?**

LIVEABLE & LOVABLE

The ancient fortress city of Luxembourg is a **Unesco world heritage** site.

High satisfaction with life in the city of Luxembourg: 96% (Flagship publication Urban Europe, Eurostat, 2016).

Luxembourg ranks **60th globally in terms of cost of living**, making it significantly cheaper than Zurich (4th), Geneva (5th), Paris (1st), Frankfurt (16th), London (22nd), Brussels (36th) and Amsterdam (50th) (Economist Intelligence Unit, 2019).

High-quality sporting facilities: ranks first in the EU (European Commission Flash Eurobarometer 419).

With **10 Michelin-starred restaurants**, Luxembourg City boasts the most stars per capita of any city in the world.

COSMOPOLITAN & MULTILINGUAL

More than **47% of Luxembourg's population is made up of foreign nationals** from **170 countries** (Statec).

The **average number of languages spoken** in Luxembourg is **3.6 per person**, the highest number in Europe (Eurobarometer). Luxembourg ranks **7th worldwide for English proficiency** (EF English Proficiency Index 2018).

FAMILY-FRIENDLY

A broad choice of international schools, both private and public.

Most tax-friendly city worldwide for a family (Knight Frank's Global Lifestyle Review 2016).

SAFE

Luxembourg is the **safest country in the world** (Mercer Quality of Living 2019).

NATURAL

35% forest cover, 900km of well-marked cycle paths and 500km of mountain bike tracks.

Highest satisfaction with green spaces in the EU (European Commission Flash Eurobarometer 419).

CONNECTED

Findel Airport offers **direct flights to more than 60 destinations** and is located only 15 minutes from the Luxembourg City central business district.

Ultra-low-latency connections to the main European Internet exchange hubs in London, Amsterdam, Brussels Paris, Strasbourg and Frankfurt.

2nd most future-ready country worldwide (WEF Competitiveness Report 2018).

ATTRACTIVE

2nd in the world for attracting talent (INSEAD Global Talent Competitiveness Index 2019).

11

USEFUL CONTACTS

Ministry of Financewww.mf.public.lu**Luxembourg for Finance**www.luxembourgforfinance.com**Financial Sector Supervisory
Commission (CSSF)**www.cssf.lu**Luxembourg Association
of Investment Funds (ALFI)**www.alfi.lu**The Luxembourg Bankers'
Association (ABBL)**www.abbl.lu**Luxembourg Insurance
Regulatory Authority (CAA)**www.caa.lu**Association of Insurance and
Reinsurance Companies (ACA)**www.aca.lu**Luxembourg Private Equity and
Venture Capital Association (LPEA)**www.lpea.lu**Luxembourg Family
Office Association (LAFO)**www.lafo.lu**Luxembourg Association of
Corporate Service Providers (LIMSA)**www.limsa.lu**Luxembourg House of Financial
Technology (LHoFT)**www.lhoft.lu**Luxembourg Stock Exchange**www.bourse.lu**University of Luxembourg**www.uni.lu**Luxembourg House of Training**www.houseoftraining.lu**Fondation de Luxembourg**www.fdlux.lu**Chamber of Commerce**www.cc.lu

ABOUT LUXEMBOURG FOR FINANCE

Luxembourg for Finance (LFF) is the Agency for the Development of the Financial Centre. It is a public-private partnership between the Luxembourg Government and the Luxembourg Financial Industry Federation (PROFIL). Founded in 2008, its objective is to develop Luxembourg's financial services industry and identify new business opportunities.

LFF connects international investors to the range of financial services provided in Luxembourg, such as investment funds, wealth management, capital market operations or advisory services. In addition to being the first port of call for foreign journalists, LFF cooperates with the various professional associations and monitors global trends in finance, providing the necessary material on products and services available in Luxembourg. Furthermore, LFF manages multiple communication channels, organises seminars in international business locations, and takes part in selected world-class trade fairs and congresses.

EDITORIAL CONCEPTION
Luxembourg for Finance

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