



Poland Luxembourg Business and Financial Forum

Warsaw
08 May 2014

Economic and Financial Forum



Welcome
Address

Carlo THELEN

*Director General, Chamber of Commerce
of Luxembourg*

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Economic and Financial Forum



Official
Opening

H.E. Bronislaw KOMOROWSKI

President of Poland

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Economic and Financial Forum



Official
Opening

His Royal Highness

The Grand Duke of Luxembourg

Economic and Financial Forum



Signing Ceremony

MoU between the Polish Chamber^[5]
of Commerce and the Luxembourg
Chamber of Commerce

MoU between PAIiZ and the
Luxembourg Chamber of
Commerce

Economic and Financial Forum



Ministerial Panel

Janusz Piechociński

*Deputy Prime Minister and Minister of the
Economy of Poland*

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Etienne Schneider

*Deputy Prime Minister and Minister of the
Economy of Luxembourg*

Pierre Gramegna

Minister of Finance of Luxembourg



Banking & Finance: Why Luxembourg?

Warsaw
08 May 2014

Banking & Finance: Why Luxembourg?



The Luxembourg Financial Centre

Nicolas
MACKEL

CEO, Luxembourg for Finance

At a glance



- **Official designation :**
The Grand Duchy of Luxembourg
- **Government :**
Constitutional Monarchy
- **Capital :** Luxembourg
- **Currency :** Euro
- **Neighbouring countries :**
Belgium, Germany and France
- **Total population :**
537 000 inhabitants, 44,5 % of the total population are foreigners, 170 nationalities
- **National language :** Lëtzebuergesch
- **Administrative languages :** French and German
- **English :** Business language of the financial sector



Welcome to Luxembourg

- **Strategic location** in the heart of Europe
- **Highly skilled, multicultural and multilingual** workforce
- **Easy access to decision makers:** efficient, responsive and business-minded administration
- **Safest capital in Europe** (Mercer 2012)
- **High quality of life** attracting professionals from around the world



“The stable, efficient and business oriented government is the key to Luxembourg’s success.”

Wang Hongzhang, Chairman of China Construction Bank

Ranking and Employment



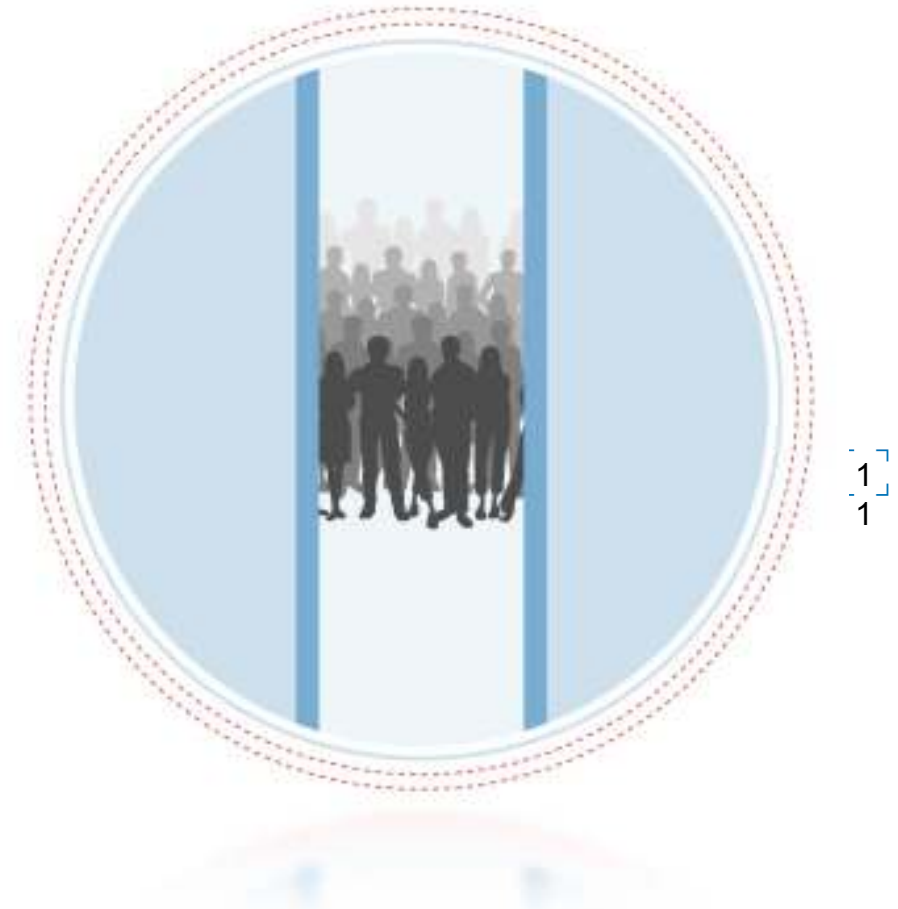
GFCI ranking: 12th

Luxembourg is mentioned as one of the two non-Asian centres that has high potential to become increasingly significant in the coming years.

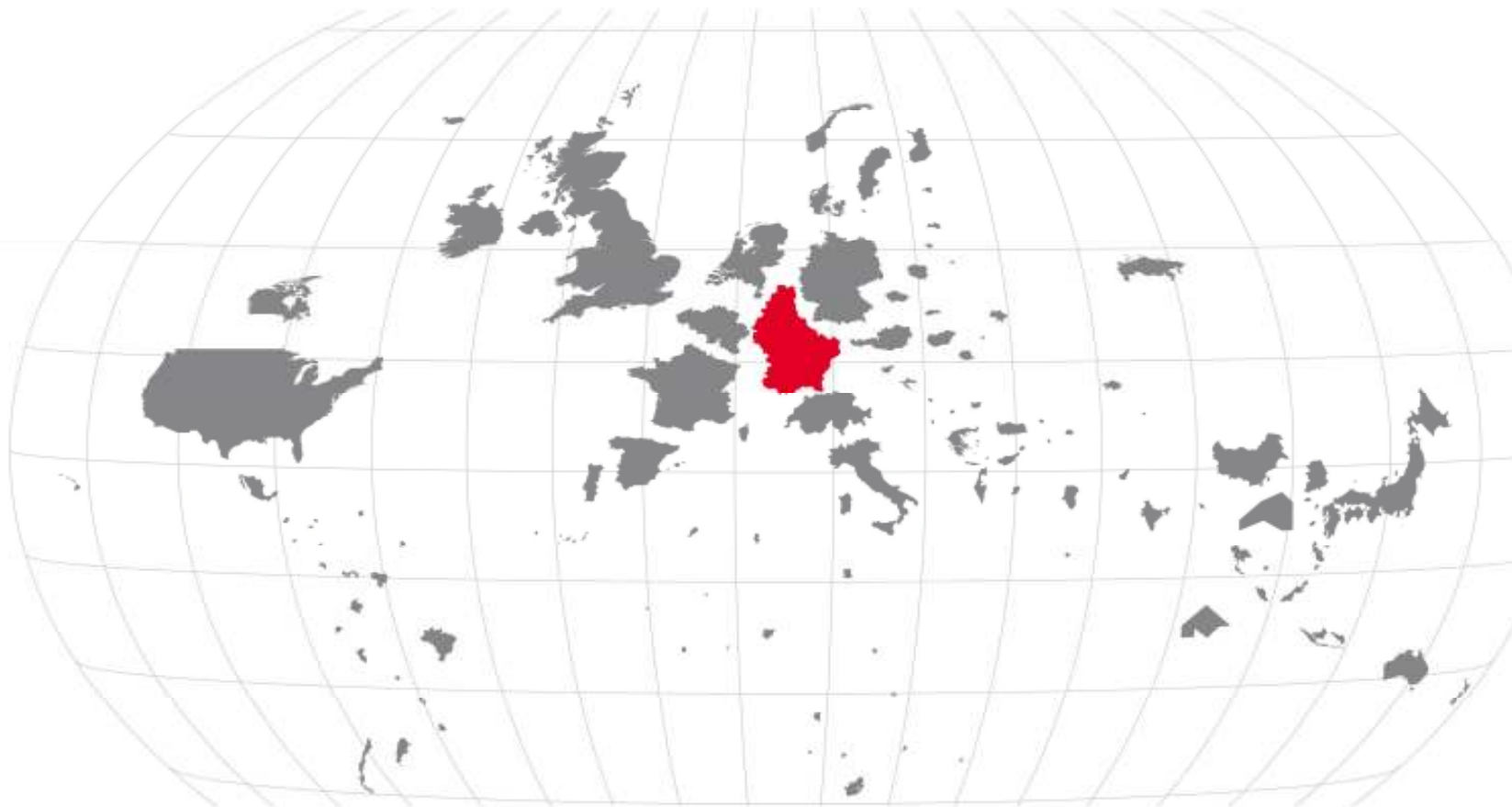
Second after UK as net exporter of financial services.

Employment in the financial sector:

- 17 % of total employment
- Total financial sector: **49 400**
 - Banks: **26 300**
 - Other financial services companies: **17 500**
 - Insurance sector: **5600**
- "Big Four" accounting firms: **6000**



Countries resized by cross-border financial transactions



[1]
2

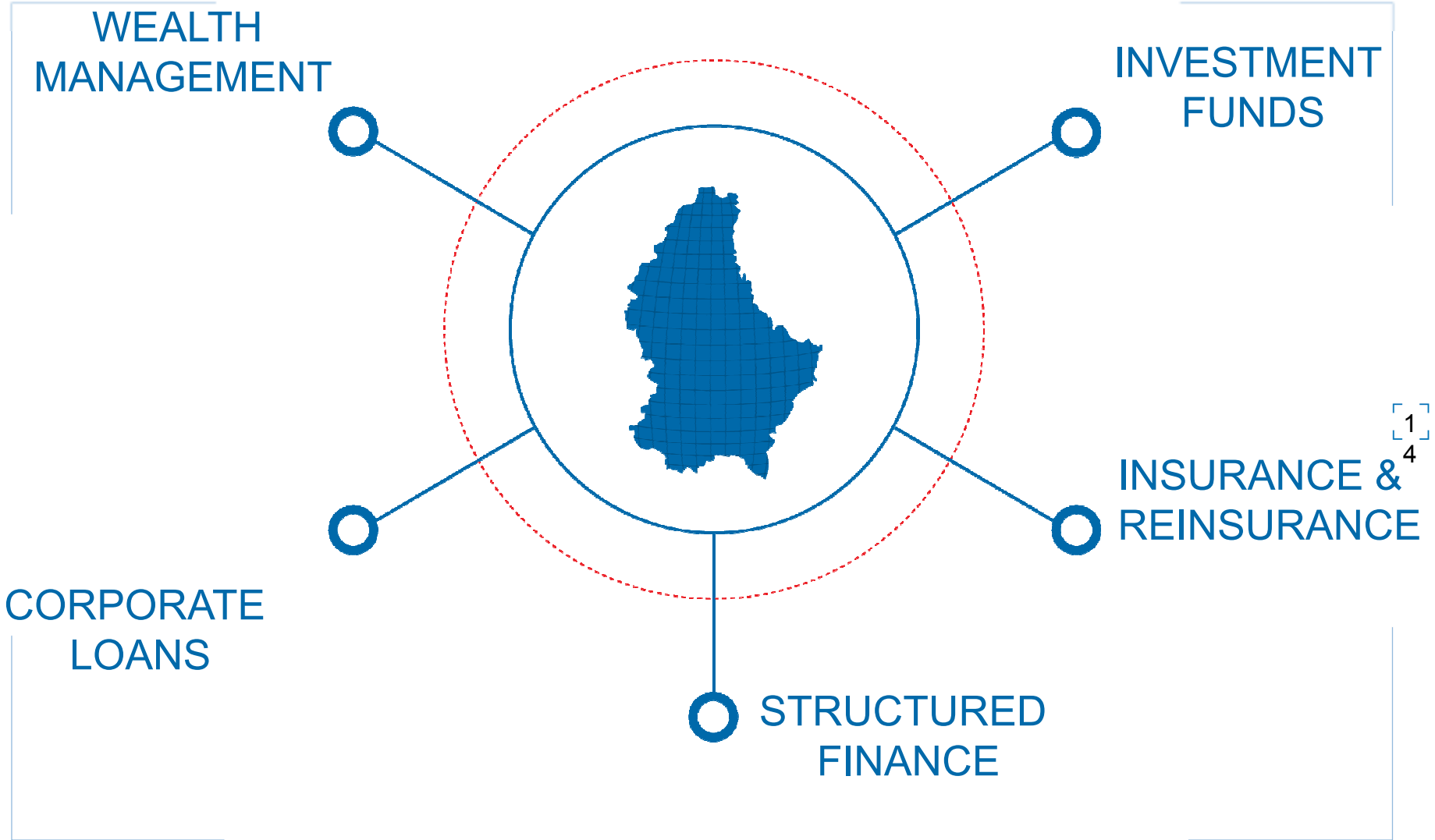
Source : International Monetary Fund (IMF)

Strengths of the financial centre



Diversified
International
Innovative
Stable

Diversified Areas of expertise



Diversified Wealth management



Premier wealth management centre in the Eurozone for international clients

- Outstanding expertise in **cross-border wealth management**
- **Extensive tool-box** of wealth structuring vehicles
- **Family offices** : regulated profession since December 2012

Many Luxembourg banks
are acting as **competence
centres** for wealth
management
within their banking group

1
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Diversified Investment funds



Largest investment fund centre in Europe, second worldwide

- **Global reach:** Luxembourg UCITS distributed in around **70 countries**
- Well regulated and high level of investor protection
- **Innovative structures** for institutional investors
- Alternative funds: **a well established hub**

2 709 BILLION EUR NET AuM IN LUX FUNDS

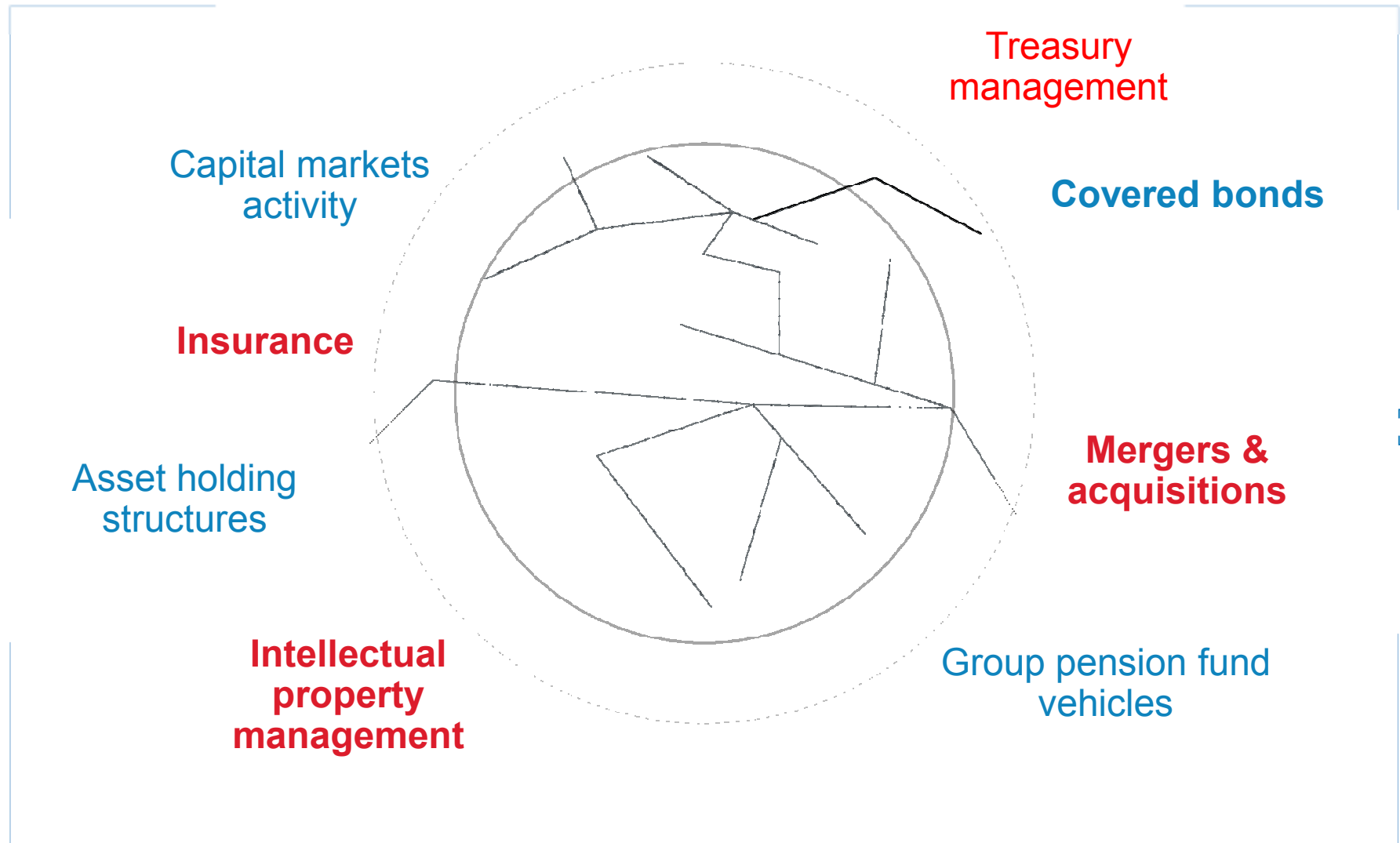
49 000 DISTRIBUTION AGREEMENTS FOR LUX UCITS

13 679 FUNDS UNITS

3 885 INVESTMENT FUNDS

Source : Association for the Luxembourg Fund Industry (Alfi)

Diversified Corporate finance



Diversified Insurance and Reinsurance



Premier centre for cross-border distribution of life assurance in the EU

EU wide distribution under single market rules

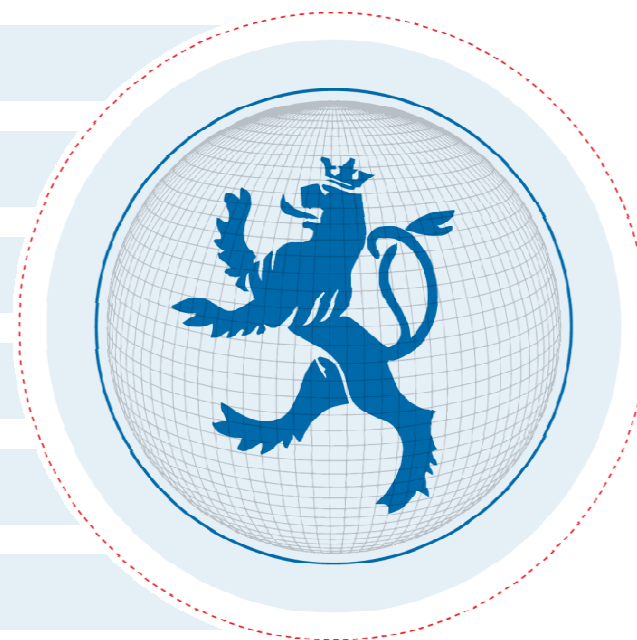
Highly experienced regulatory authority

96 insurance companies

261 reinsurance companies

Largest captive reinsurance domicile in the EU

8 % of the world captive re market



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Sources : Luxembourg Association of Insurance Companies (ACA), PwC

Diversified

Other leading activities

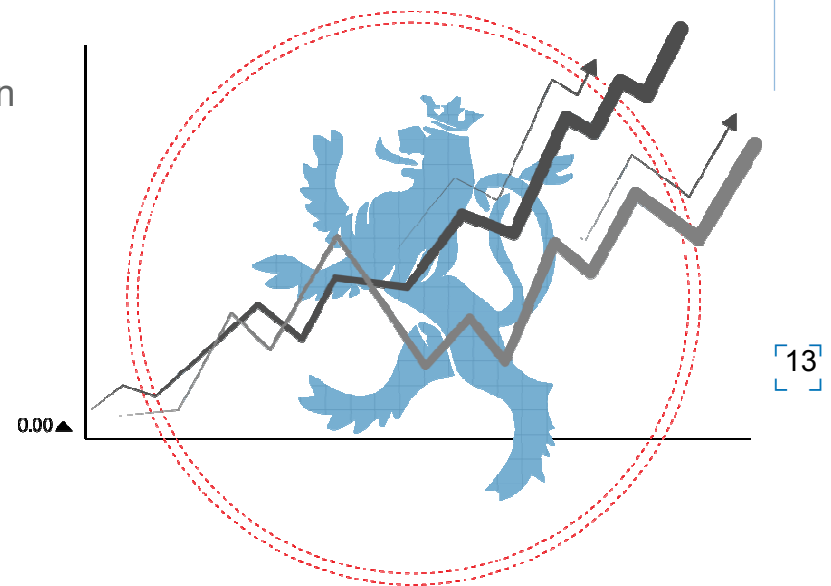


Luxembourg Stock Exchange

- Founded in **1928**
- Global leader in international bond listings and largest in Europe
- Leading exchange for international depositary receipts
- **41 500** listed securities
- **3100** issuers from **105 countries**

Clearstream

- Leading supplier of post-trading services
- Headquartered in Luxembourg



Source : Luxembourg Stock Exchange

Innovative

Competitive track-record



FUND INDUSTRY

First mover advantage in Europe :

Luxembourg is the primary
domicile **for EU passport
funds** (UCITS)

LUXEMBOURG STOCK EXCHANGE

First European stock exchange to list:

a Eurobond in 1963

a sukuk in 2002

a RMB-denominated bond
outside China in May 2011

FREEPORT

As from September 2014:

storage and services for high-value goods

under a regime of
suspension of VAT and
custom duties

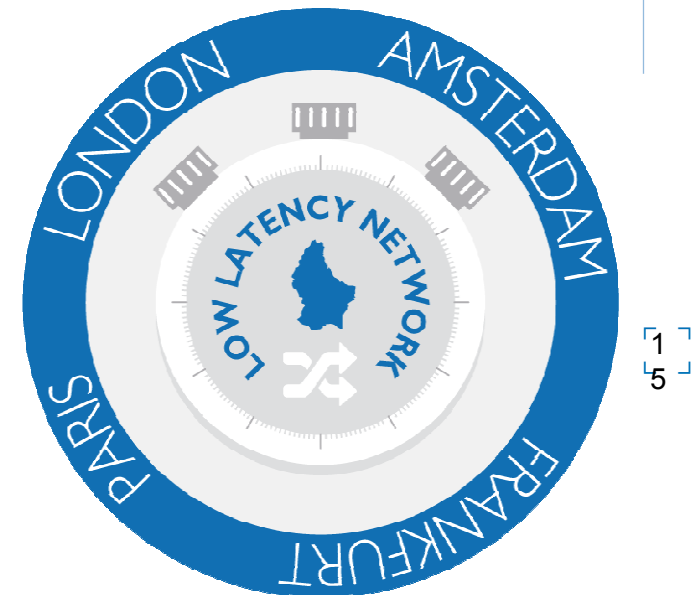
Innovative Excellence in ICT



Preferred hub for e-commerce and e-payment companies

- **First-in-class infrastructure**
- **Ranked 3rd out of 161 countries** in terms of most advanced ICT economy
- Outsourcing actively supported by **the PFS statute** granted to service providers delivering operational services to financial institutions
- Located in **the centre of the “Golden Ring”**
- State-of-the-art data centres in operation

Sources : Luxembourg for ICT. ITU's ICT Development Index



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Innovative

Education & Research



The **Luxembourg School of Finance**, Faculty of Law, Economics and Finance of the **University of Luxembourg** offers education programmes and conducts academic research in finance at the highest level.

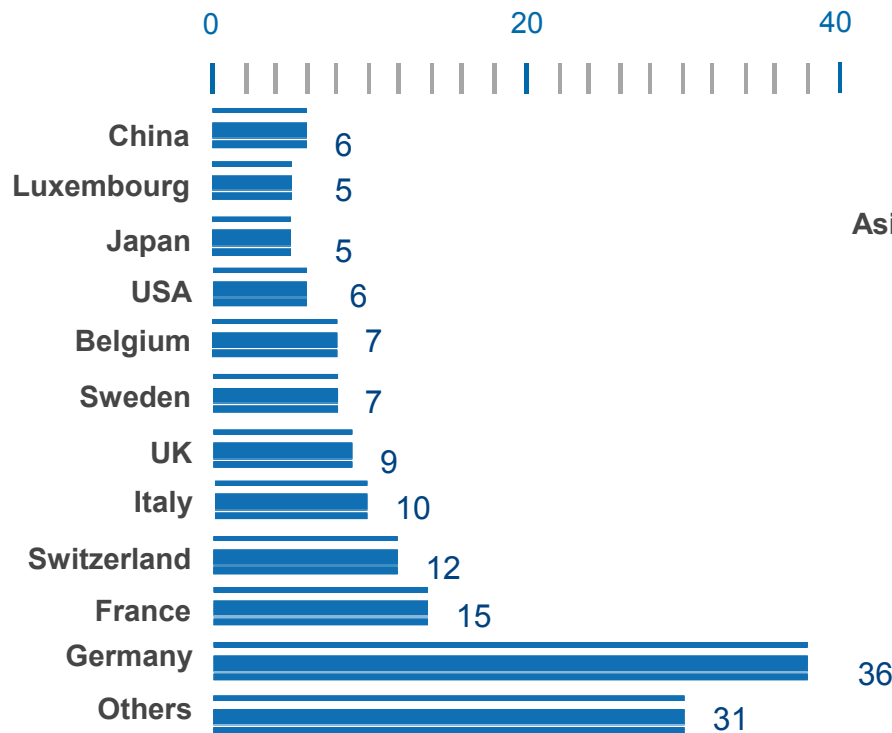


The **Institut de Formation Bancaire (IFBL)** offers modular training programmes that cover all the professional activities of the financial centre enhancing career flexibility.

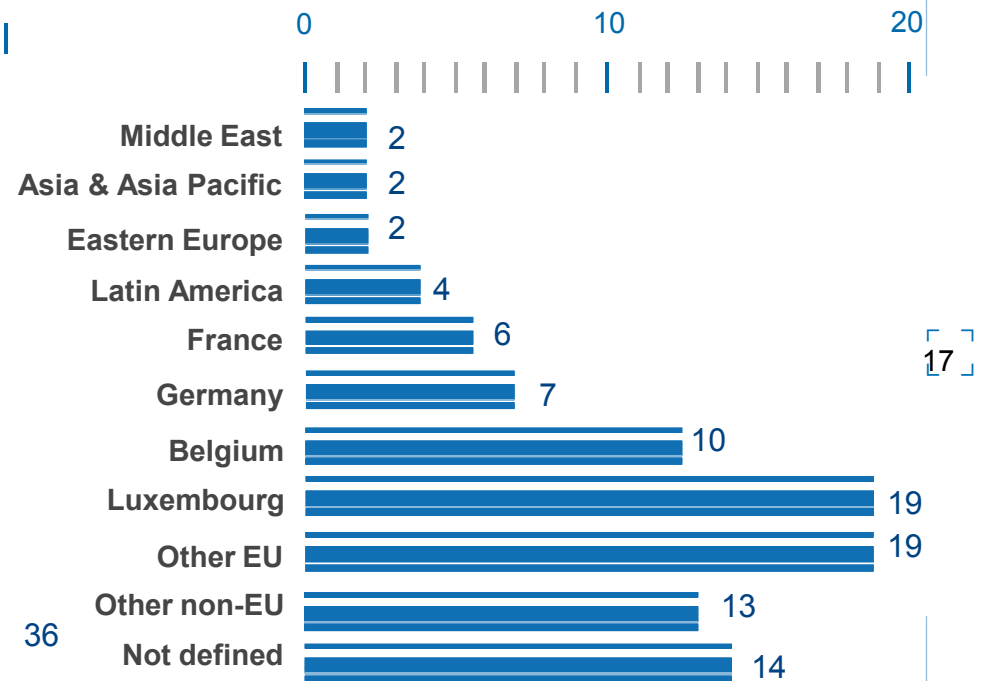
International Wealth Management



Origin of banks



Origin of private banking clients (in %)



149 banks from **26** countries

Sources: Luxembourg Supervisory Authority (CSSF), April 2014 – Luxembourg Bankers' Federation (ABBL), 2012

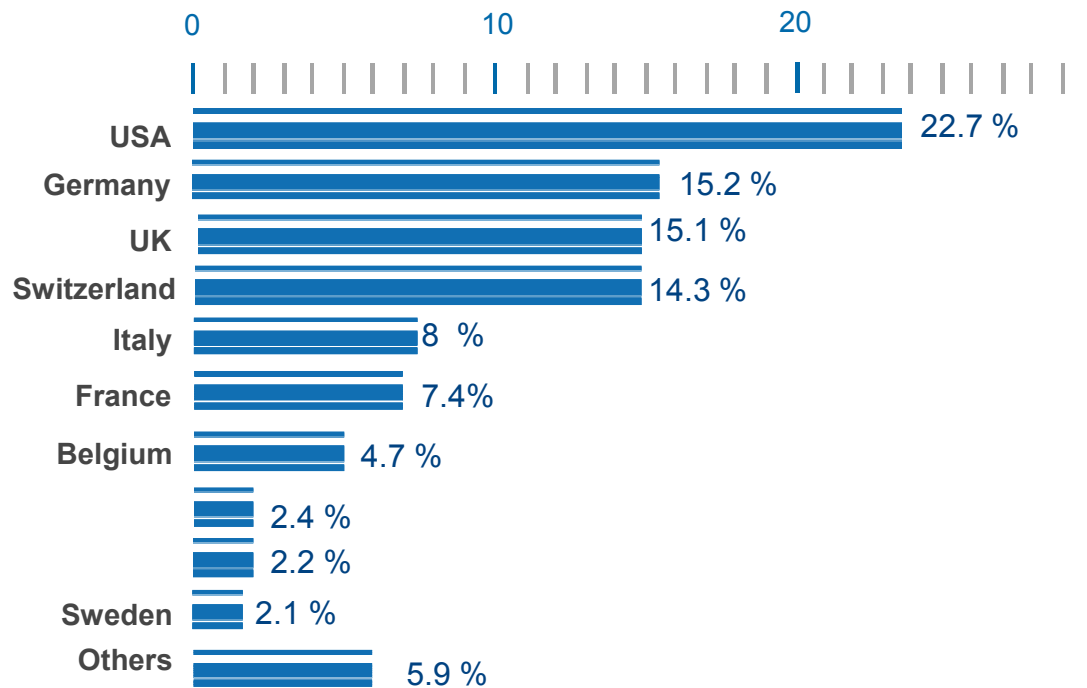
International Fund Industry

30



Origin of fund initiators

% Assets under Management



Source: CSSF, Dec 2013

18

4 000 investment funds sold in 70 countries

International Bilateral Network

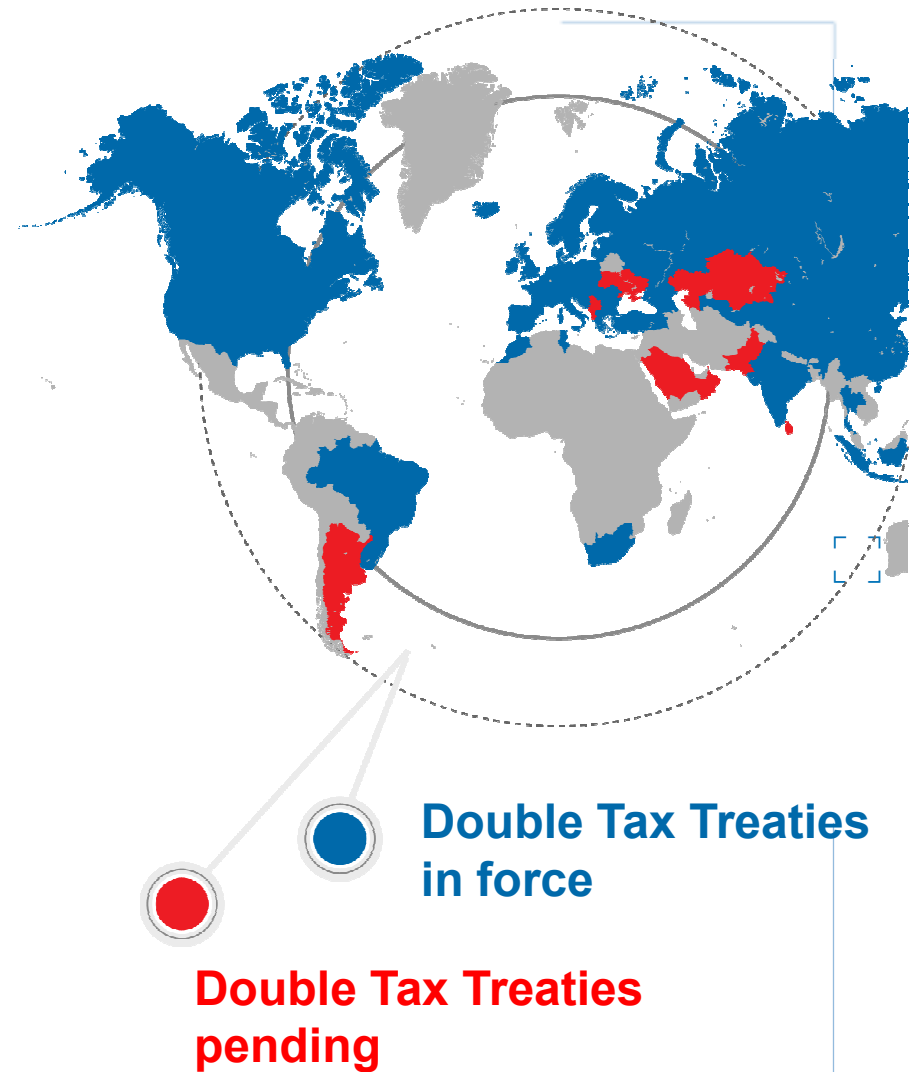
International Bilateral Network

Large network of Double Tax Treaties

- 70 DTTs in force
- 46 pending

Large network of Bilateral Investment Protection Treaties

- 69 treaties in force
- 24 pending



International

Other activities



International
Renminbi
Business

**Premier centre
in Europe** and
3rd largest centre
worldwide

Microfinance

52% of
worldwide AuM
in microfinance
funds in
Luxembourg

Islamic
Finance

**Largest
domicile** for
Islamic funds
in Europe

Fund
labelling

LuxFLAG:
recognised label
for **microfinance
and environment
funds**

International Recognized Standards

- **Founding member** of the EU, Council of Europe, IMF, World Bank, OECD, and FATF
- Luxembourg applies all 49 recommendations of the Financial Action Task Force (**FATF-GAFI**)
- **EU and Euro area membership**
Basic freedoms of the European treaties (including free provision of services)
- The **European Investment Bank** and **European Stability Mechanism** are headquartered in Luxembourg

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“

*Luxembourg's financial centre is robust,
efficient and well supervised.*

”

International Monetary Fund

Stable

Economy & Politics



Strong macro-economic fundamentals:

- Consistently above EU average **growth rate**
- Low **public debt**: 23.1 % of GDP (< 60%)
- Low government **deficit**: 0.8 % of GDP (< 3 %)

Diversified economy:

- The government has created various topical **clusters**: BioHealth, Materials, Information and Communication Technologies, Eco-Innovation (green technologies), Space, Logistics, Automotive and Maritime.
- Steel industry
- Research & Innovation

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Political stability:

- Since the end of WW2: 8 Prime Ministers and 8 Ministers of Finance

High solvency ratios

- Average 17% ratio over recent years

Stable Ratings



One of the few European countries with AAA rating

- **Fitch:** “AAA Luxembourg rating is based on ‘consistent’ economic policy”
- **Moody’s:** “AAA rating is underpinned by the country’s position as one of the wealthiest countries in the world on both a GDP per capita and purchasing power parity basis”
- **S&P:** “Strong asset quality and prudent capitalisation bolsters Luxembourg’s financial system”

AAA



Conclusion

Luxembourg

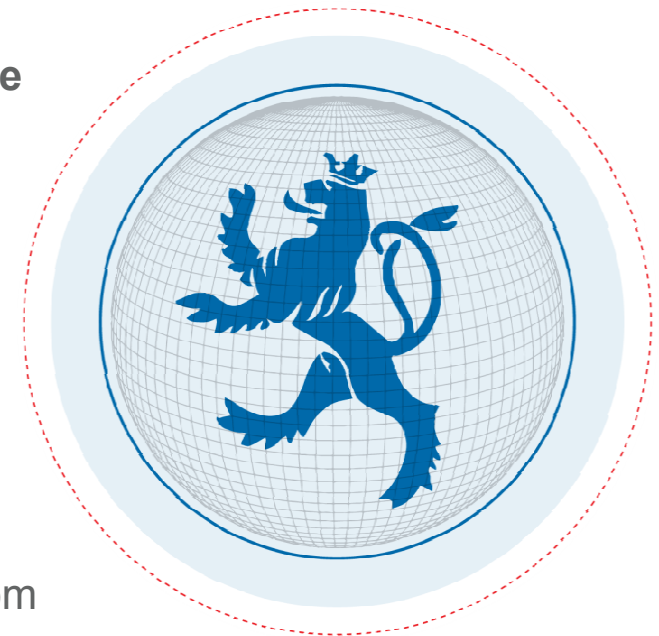
Is **diversified, international, innovative and stable**

Offers **high-quality solutions** to complex needs
and its experts speak **your language**

What can we do for you?

For more information: www.luxembourgforfinance.com

Thank you for your attention



Banking & Finance: Why Luxembourg?



Life Insurance

Luxembourg: an
International Centre
of Expertise



[32]

Marc
HENGEN

*CEO, ACA – Luxembourg Insurance and
Reinsurance Association*



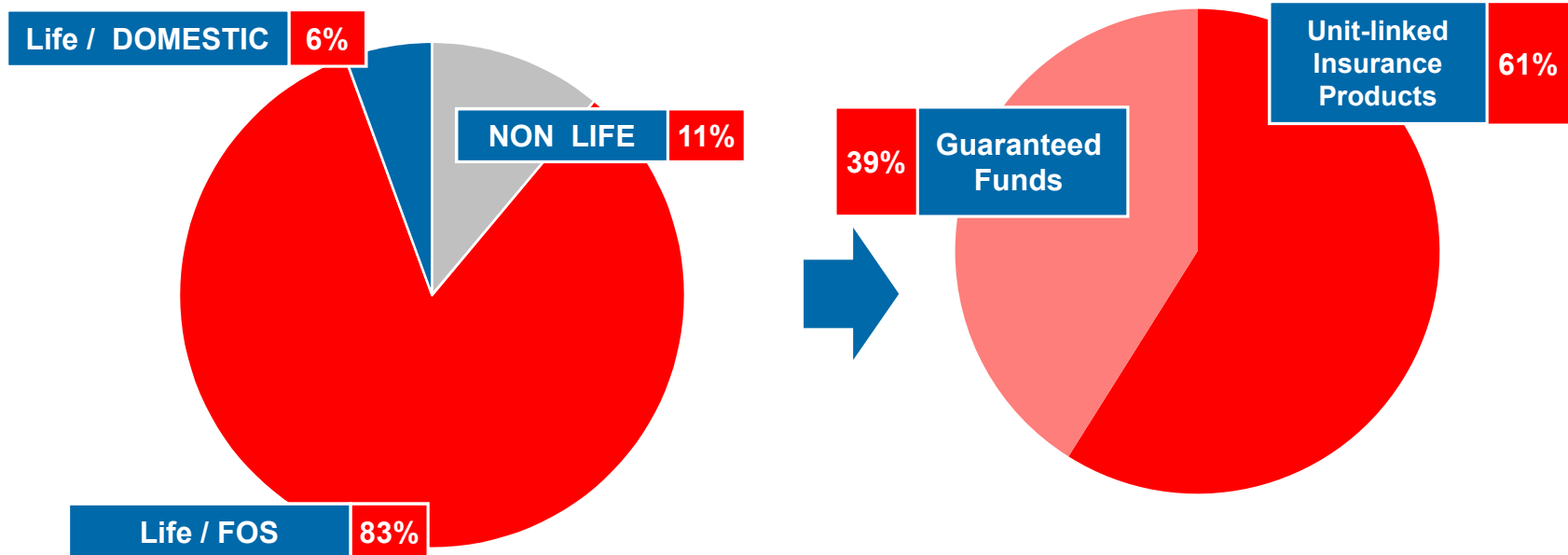
Life Insurance

Luxembourg: an International Centre of Expertise



A high-performing sector

2013 Luxembourg Insurance Premiums (21,5 billions €)



[33]

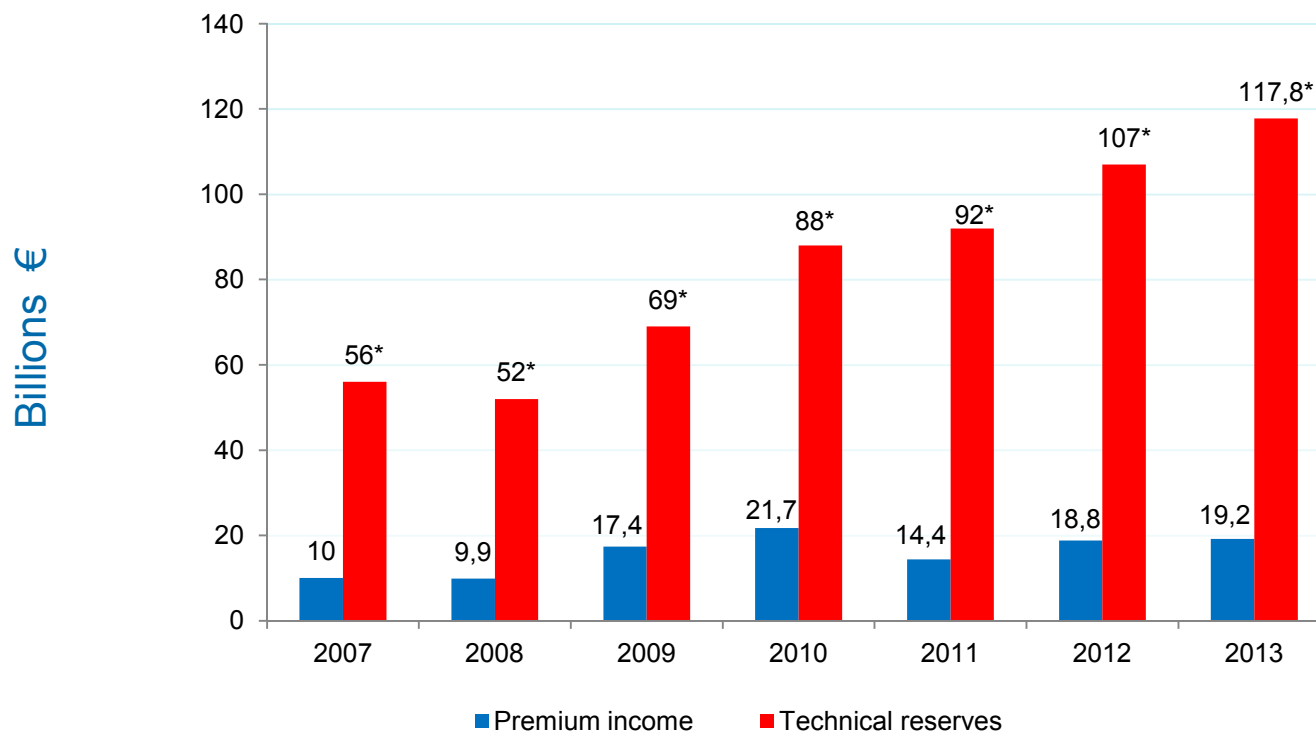
Life Insurance

Luxembourg: an International Centre of Expertise



A high-performing sector

Premiums and Technical Reserves of Luxembourg Life Insurance Companies



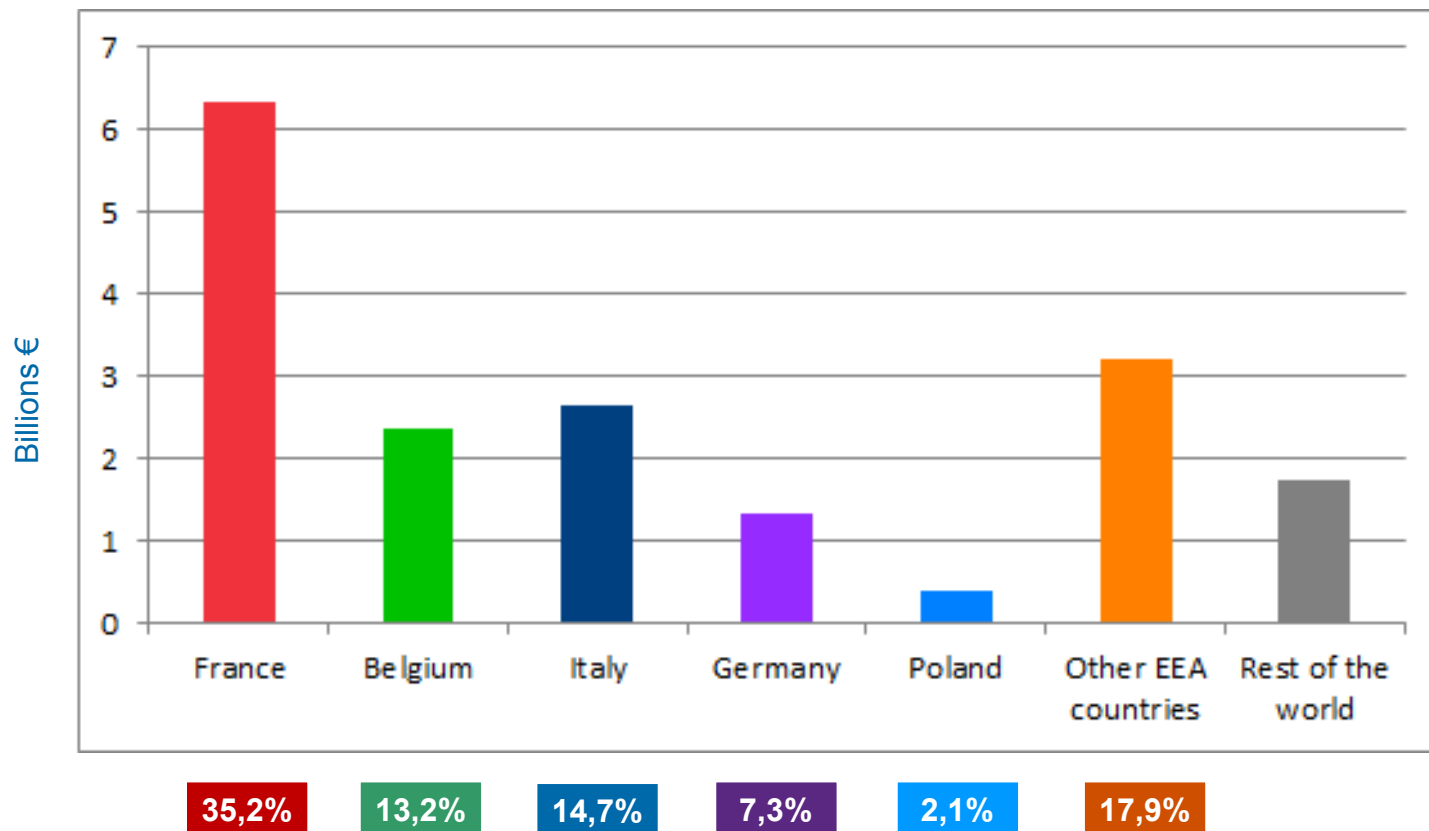
34

Life Insurance

Luxembourg: an International Centre of Expertise



Premium split by distribution country - 2013



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Life Insurance

Luxembourg: an International Centre of Expertise



Key advantages for selecting a Luxembourg based insurance company:

- **Stable:** a strongly regulated country in the heart of Europe
- **Innovative:** already future fit for the upcoming regulatory changes (Automatic Exchange of Information, EUSD, FATCA...)
- **Diversified:** a large range of eligible assets in open architecture using Luxembourg's global expertise
- **International:**
 - unique centre to provide with internationally compliant and portable solutions

Life Insurance

Luxembourg: an International Centre of Expertise



Stable

Life Insurance: strengths of the financial centre

- 2013 Life Insurance Premiums: **19,2 billions €**
- 2013 Life Insurance Technical Reserves: **117,8 billions €**
- **95** insurance companies
- **AAA rated**, a leading international financial centre
- **Central location** in the heart of Europe
- Constitutional monarchy with a **stable political environment**
- Quick decision-making process and **easy access to key authorities**
- **Well regulated** and high level of **investor protection**
- **Highly skilled**, multicultural and multilingual workforce

Life Insurance

Luxembourg: an International Centre of Expertise



Stable

Security: Luxembourg's unique policyholder protection

Other main EU countries

General privilege

From 70.000 EUR up to 100.000 EUR
per policyholder per insurance
company

Luxembourg

Super privilege : policyholder has
status of 1st ranking creditor on all
assets in the technical reserves

Separation of client's assets

No limitation

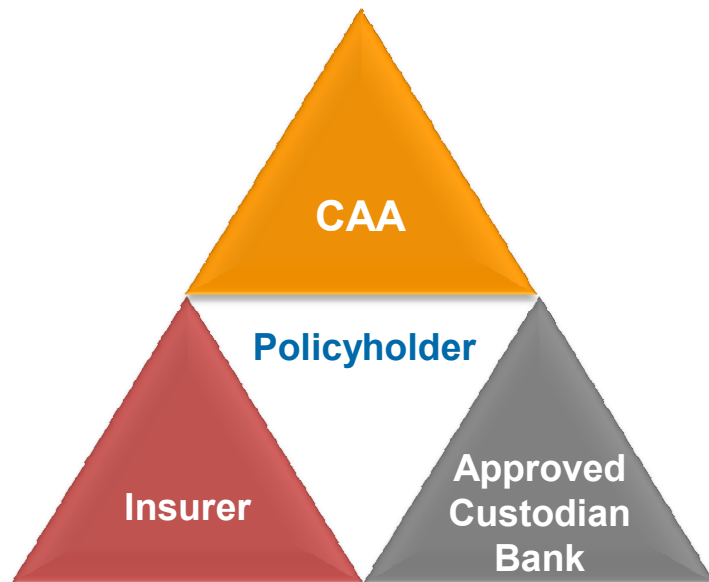
Life Insurance

Luxembourg: an International Centre of Expertise



Stable

Security: Luxembourg's unique policyholder protection



- CAA Investment rules
- Quarterly checks
- 'Super Privilege'
- Protection against creditors
- Separation of clients' assets

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Life Insurance

Luxembourg: an International Centre of Expertise



Stable

3rd European Life Insurance Directive (1994) framework

Principle:

A European country authorised to market its products and provide cross-border services in other European member states



Contract law

=

Policyholder country of residence



Luxembourg prudential rules

Life Insurance

Luxembourg: an International Centre of Expertise



Innovative Fit for up-coming regulatory changes

ACA's Life Insurance Charter of Quality

- Adopted in March 2013
- Preserve good reputation of the sector by adopting rules of good conduct regarding:
 - Integrity in business relations with clients
 - Exemplary nature of the practices and loyalty of the players
 - Compliance with local or foreign regulatory requirements
 - Refrain from conduct facilitating tax evasion
 - Treating clients' complaints according to the European EIOPA standards
- Designed to be able to evolve and adapt to a fast changing environment

Life Insurance

Luxembourg: an International Centre of Expertise



Innovative Fit for up-coming regulatory changes

Extension of the European Savings Directive

- 21st March 2014 unanimous agreement to extension of directive's scope
- To be put in force on 1st of January 2017
- Luxembourg insurance companies are prepared

Life Insurance

Luxembourg: an International Centre of Expertise



Innovative

Fit for up-coming regulatory changes

FATCA IGA Model 1

- 28th March 2014: signed by Luxembourg
- To be put in force on 1st of January 2015
- Financial institutions in Luxembourg must register to US IRS and communicate requested data to Luxembourg's administration
- Application: assets held in Luxembourg by US citizens and residents of the United States

Life Insurance

Luxembourg: an International Centre of Expertise



Diversified

A wide selection of solutions in open architecture

LUXEMBOURG LIFE INSURANCE CONTRACT

**EURO
GUARANTEED
FUNDS**

INTERNAL FUNDS

**Internal
Collective
Funds**

**Dedicated
Fund 1**

Discretionary
Management

Asset
Manager

Custodian
Bank

**Dedicated
Fund 2**

Discretionary
Management

Asset
Manager

Custodian
Bank

OPEN ARCHITECTURE

**EXTERNAL
FUNDS**
(SICAV
multicurrencies)
(UC)

Life Insurance

Luxembourg: an International Centre of Expertise



Diversified

A large range of eligible assets

Authorised financial instruments

Other EU countries

External funds

- UCITS
- Equities (limited)
- Bonds (limited)
- Specialised Investment Funds (SIF)
- Unlisted assets
- Assets with reduced liquidity
- Hedge funds

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Multicurrency

Dedicated funds: a sophisticated tool for UHNWI

* Circular letter 13/15 (CAA)

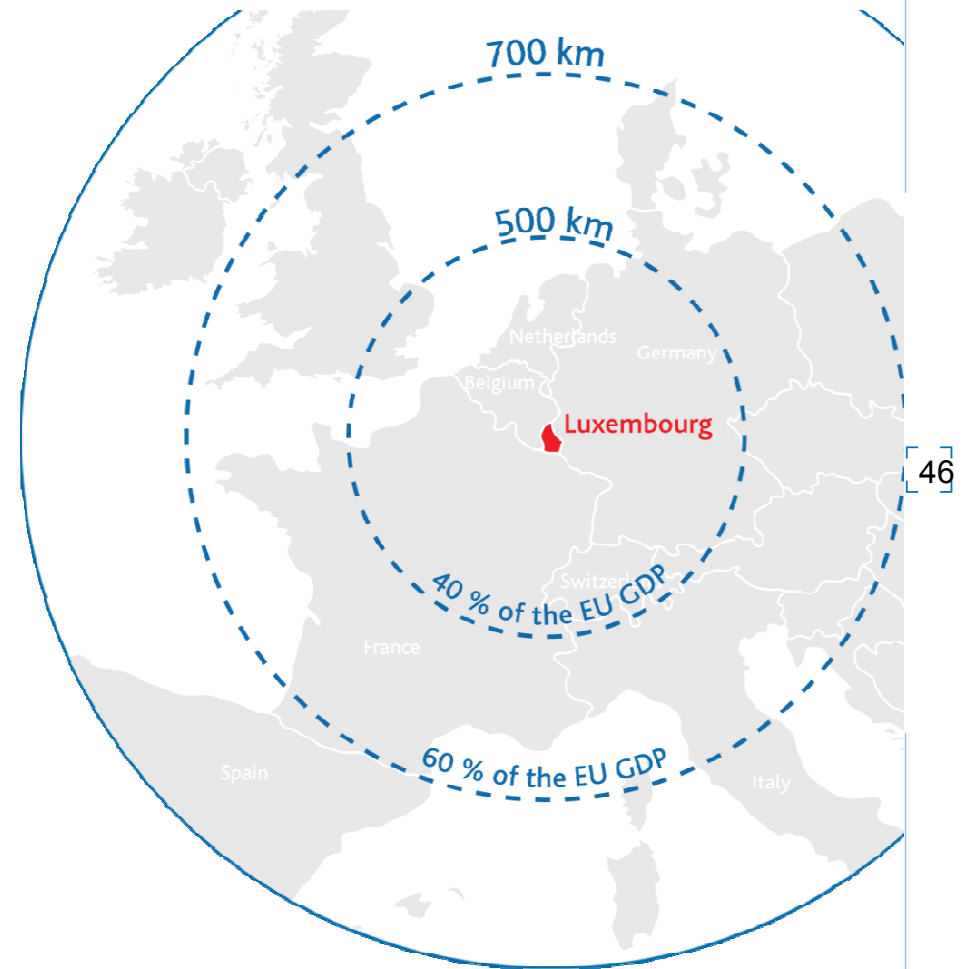
Life Insurance

Luxembourg: an International Centre of Expertise



International

Luxembourg is the European Insurance Hub for many Insurance groups



Life Insurance

Luxembourg: an International Centre of Expertise



Thank you for your attention

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For more information:

www.aca.lu

Banking and Finance: Why Luxembourg?



Luxembourg solutions for Polish Asset Managers and Investors

Orator

Marc
SALUZZI

ALFI - Chairman

Experts

Gilles DUSEMON
Arendt & Medernach - Partner

Raymond KRAWCZYKOWSKI
Deloitte – Partner

Charles MULLER
KPMG Luxembourg S. à r.l. - Partner

The Luxembourg fund industry



... at a glance

- 3,885 investment funds
- 13,6790 funds and sub-funds
- 2,709 billion euros in assets under management
- 48% of total new money in European funds in 2013
- Number 1 fund center in Europe, 2 in the world

The Luxembourg fund industry



... its economic impact

- 14,000 jobs
- 8% of the GDP
- 10% of tax revenues

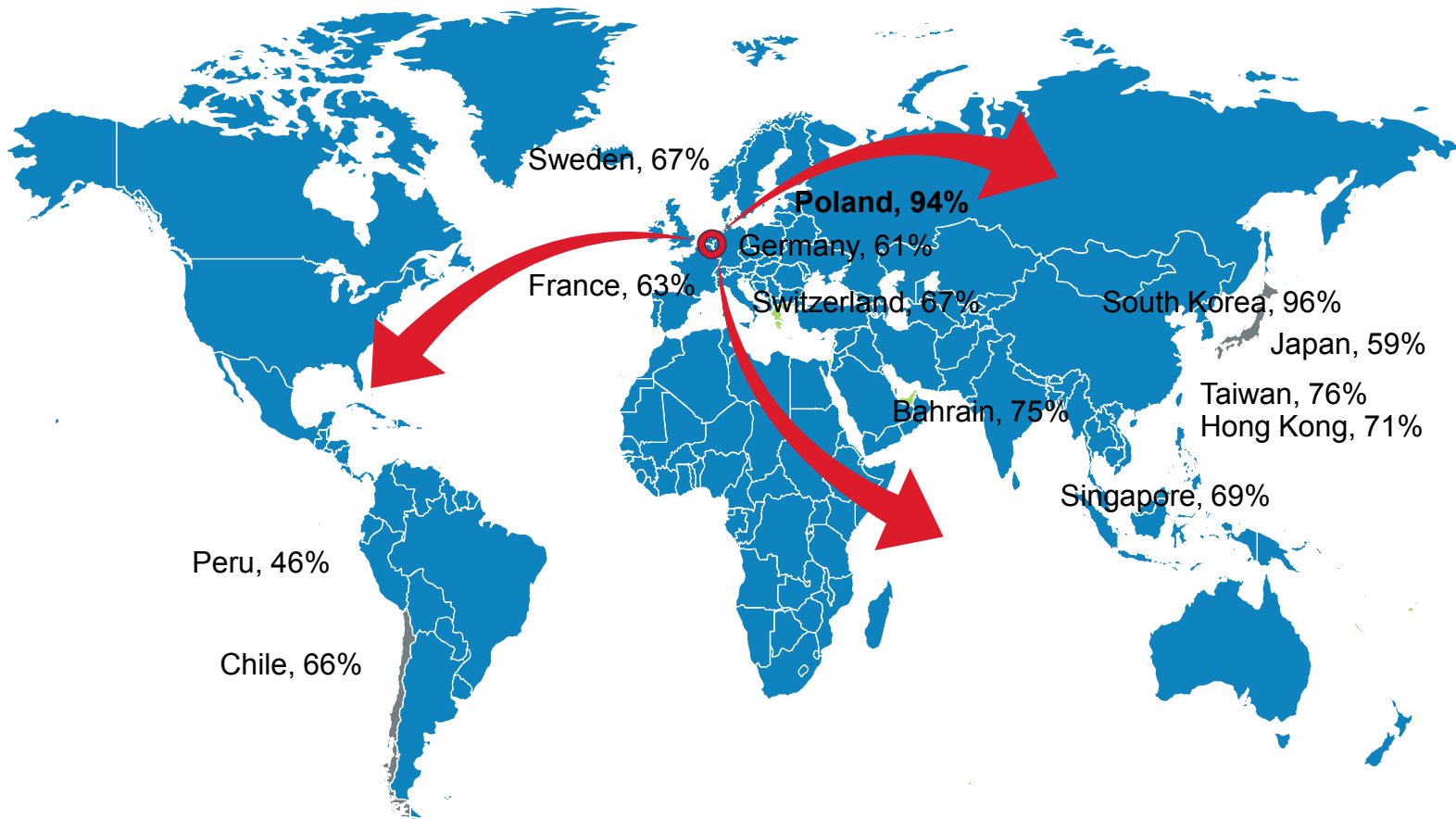


Priority for the new Luxembourg Government to sustain the long-term development of the financial centre in general, and to strengthen the competitiveness of the investment fund centre in particular.

Luxembourg funds: the vehicle of choice for cross-border distribution



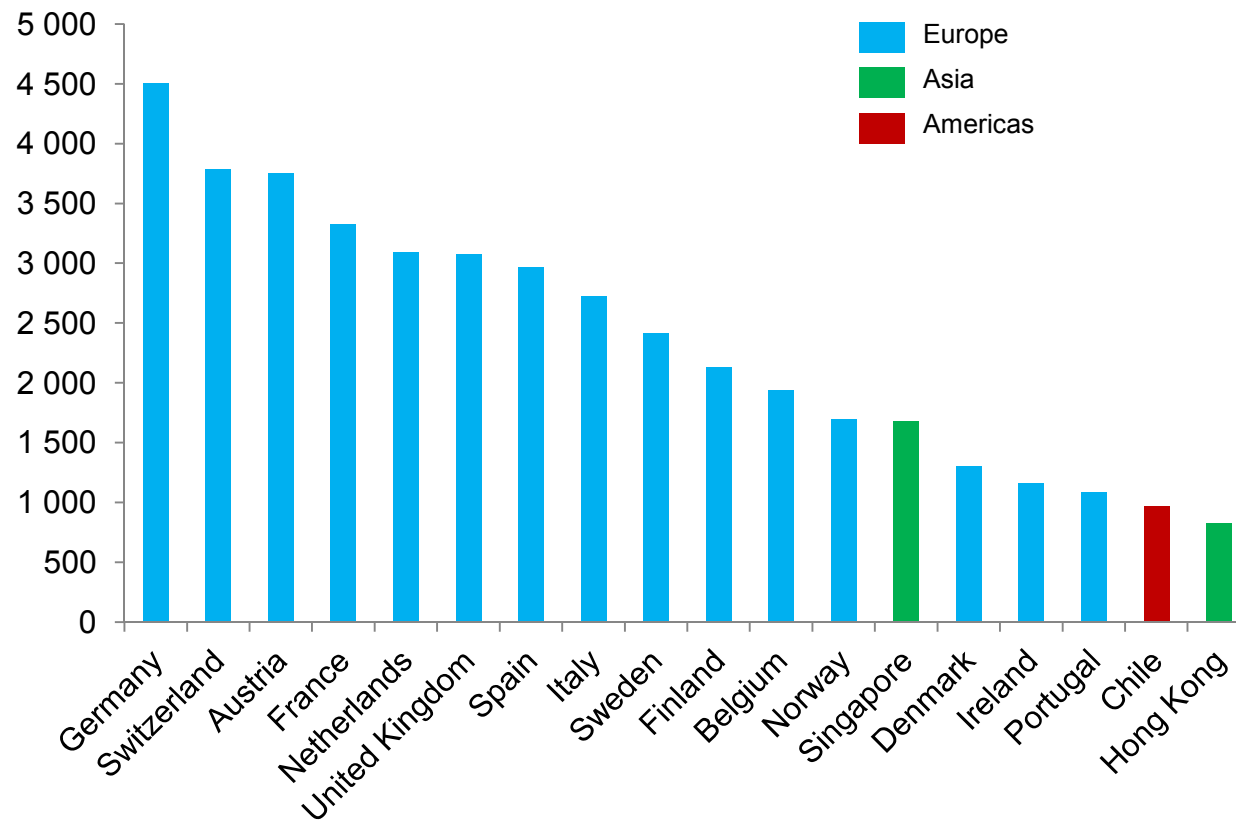
Luxembourg market share of foreign cross-border funds registered for sale



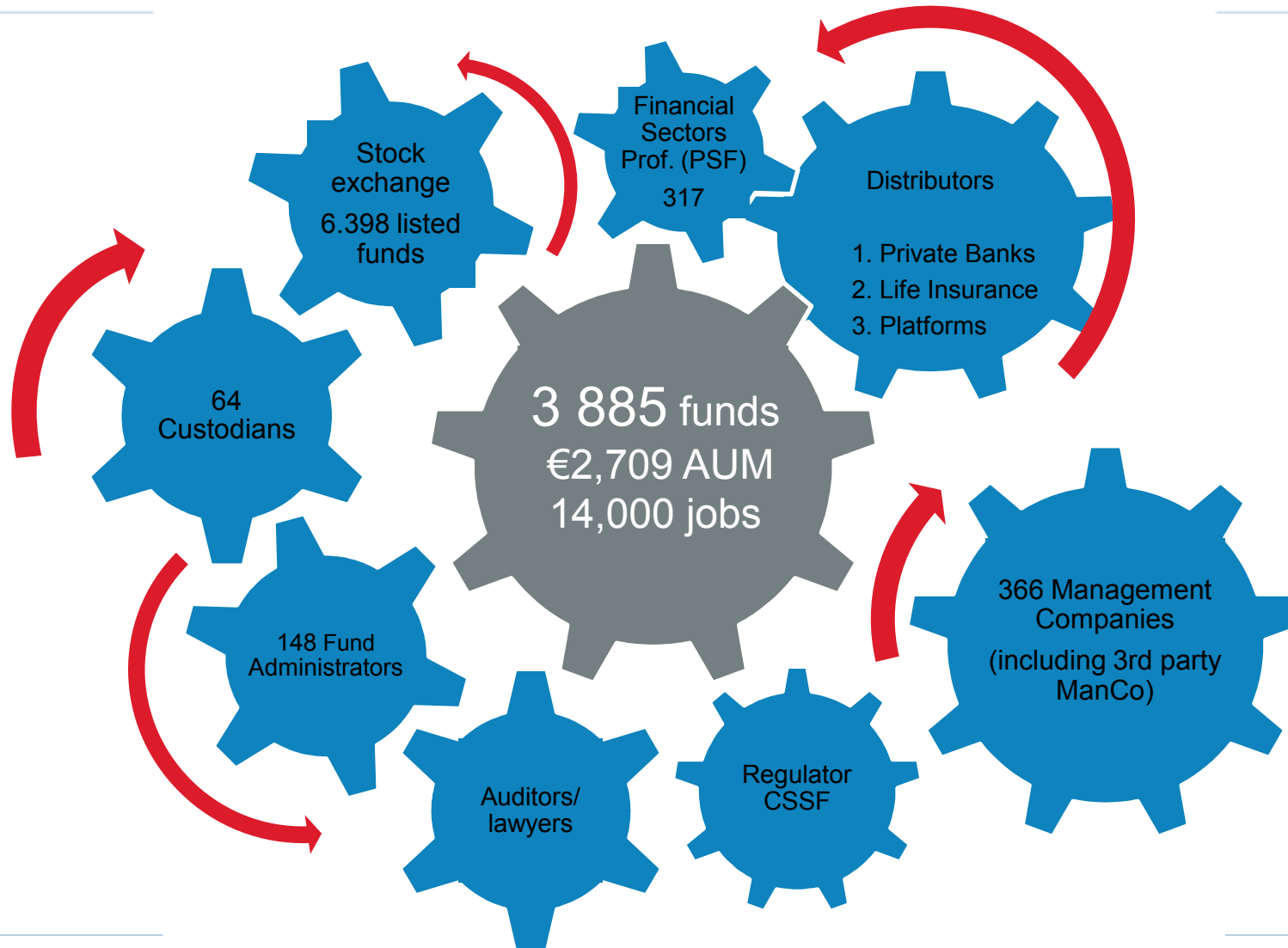
Luxembourg funds: the vehicle of choice for cross-border distribution



Principal markets for distribution of Luxembourg investment funds
(in terms of the number of registrations)



Luxembourg: a fully fledged market infrastructure



3 pillars of our fund center



UCITS

AIF

Responsible
Investing
Funds

ALFI's ambition plan



- Explain, defend and promote the concept of regulated fund(UCITS and AIFs);
- Help fund managers and institutional investors to leverage the development of regulated European alternative funds, following the implementation of AIFMD;
- Stimulate innovation within the funds industry;
- Facilitate cross-border fund distribution;
- Ensure Luxembourg remains the partner of choice for the global asset management industry.

Response from the panel



- Key consideration (I)

Investor level considerations

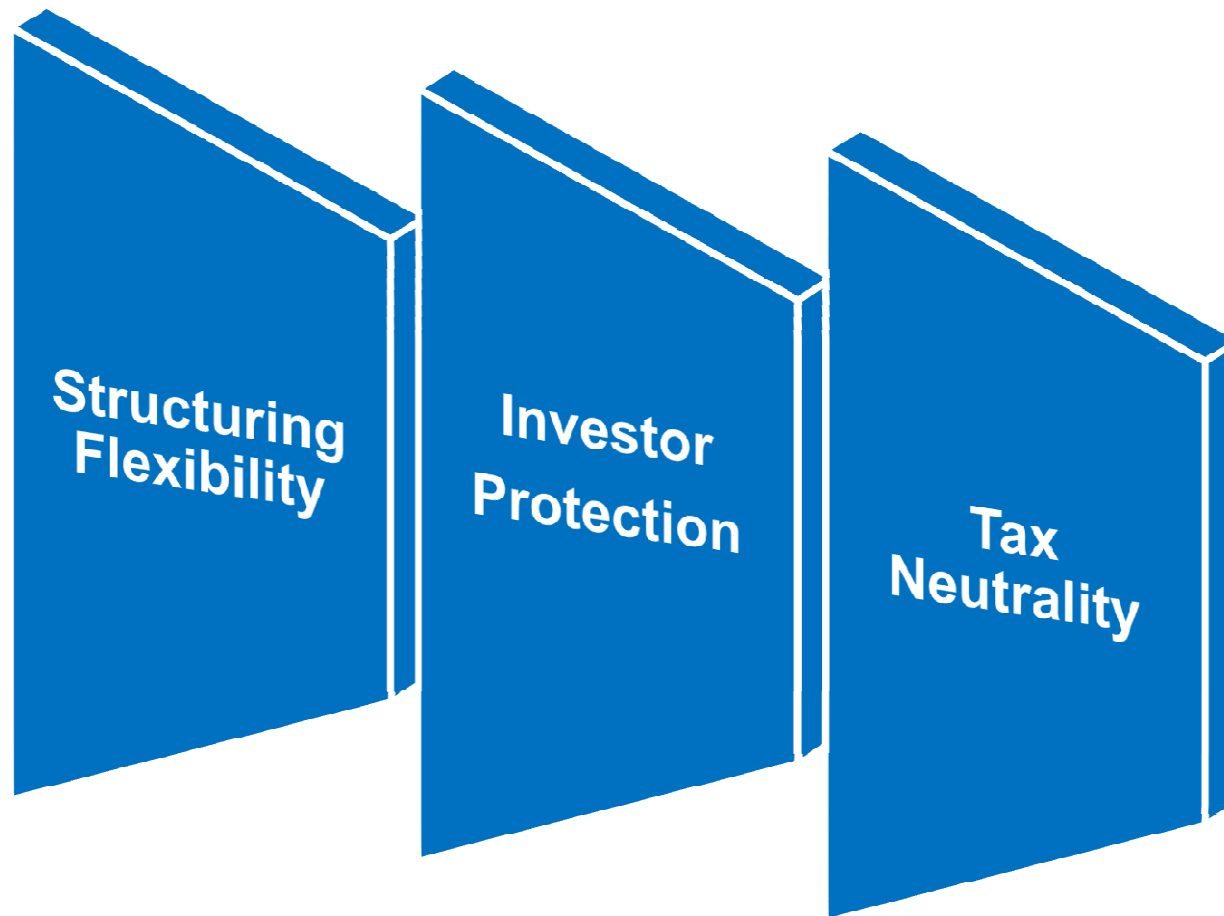
Fund + Manager level considerations

Investment level considerations

Response from the panel



- Key consideration (II)





Q&A



Thank you for your attention

Banking & Finance: Why Luxembourg?



Testimonials by Polish financial services actors

Moderator

Nicolas
MACKEL

Luxembourg for Finance - CEO

Experts

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Lukasz DZIEKONSKI

*Management Board of Marguerite Fund, Chairman
PKO Bank Polski, Director*

Roman LEWSZYK

Atlantic Fund Services, CEO

Prof. Janusz FILIPIAK

Comarch, CEO



Thank you for your attention