



Association of British and Irish Accountants
in Luxembourg

2017 Professional Practice Update

“Investment Fund Industry”

1 March 2017, Luxembourg

Agenda

- 08:30 – 09:00** *Registration & breakfast*
- 09:00 – 09:05** **Chairperson's opening remarks**
Jason Rea, Chairperson, ABIAL
- 09:05 – 09:30** **State of the Luxembourg Investment Fund Industry**
Anouk Agnès, ALFI
- 09:30 – 10:00** **Fund distribution evolution**
Said Fihri, KPMG
- 10:00 – 10:30** **Legal & regulatory update**
Jérôme Wigny, Avocat, Elvinger Hoss Prussen
- 10:30 – 11:00** *Coffee Break*

Agenda

11:00 – 11:50 *Panel discussion incl. Q&A*

Brexit – practical implications and impact on fund industry

Moderator: Michael Ferguson, EY

*Panel: Johan Terblanche, Dechert
 Johan Schreuder, Investec
 Revel Wood, FundRock
 Sandrine Leclercq, Deloitte*

11:50 – 12:20 **Tax Update**
Keith O'Donnell, ATOZ

12:20 – 12:30 **Chairperson's concluding remarks**
Jason Rea, Chairperson, ABIAL

12:30 – 13:30 *Buffet Lunch*

Panel discussion

Brexit – practical implications and impact on fund industry

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Michael Ferguson, EY

Panelists:

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Johan Schreuder, Investec

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Sandrine Leclercq, Deloitte

What do we know?

- **The Referendum**

- Held on 23 June 2016.
- Leave won by 52% to 48%.



- **Article 50 of the TEU, on the Withdrawal Agreement**
“Activation expected over next week”
 - **Article 218 of the TFEU, on the Future Relationship Agreement**
-

What has to be discussed (and agreed??)

Withdrawal Agreement:

- The “divorce” settlement: splitting assets and dealing with liabilities:
 - ▶ UK’s financial liabilities;
 - ▶ Status and rights of the respective nationals on each other’s territory;
 - ▶ Administrative issues;
 - ▶ Special situations.
- Transition dispositions?

The Future Relationship Agreement:

- ??????????????
-

Brexit – practical implications and impact on fund industry

Who's Who?



European Commission

- Leads the negotiations.
- Michel Barnier is the Commission's Chief Negotiator.



European Council

- Sets the guidelines for the withdrawal negotiations.
- Didier Seeuws is the European Council's Head of the "Task Force on the UK".



Council of the EU

- Votes by Qualified Majority Vote on: the draft mandate of the Commission; and in the end on the conclusion of the withdrawal negotiation.



European Parliament

- Has to approve the agreement on the withdrawal negotiation.
- Guy Verhofstadt is the European Parliament's "point man" for Brexit negotiations.

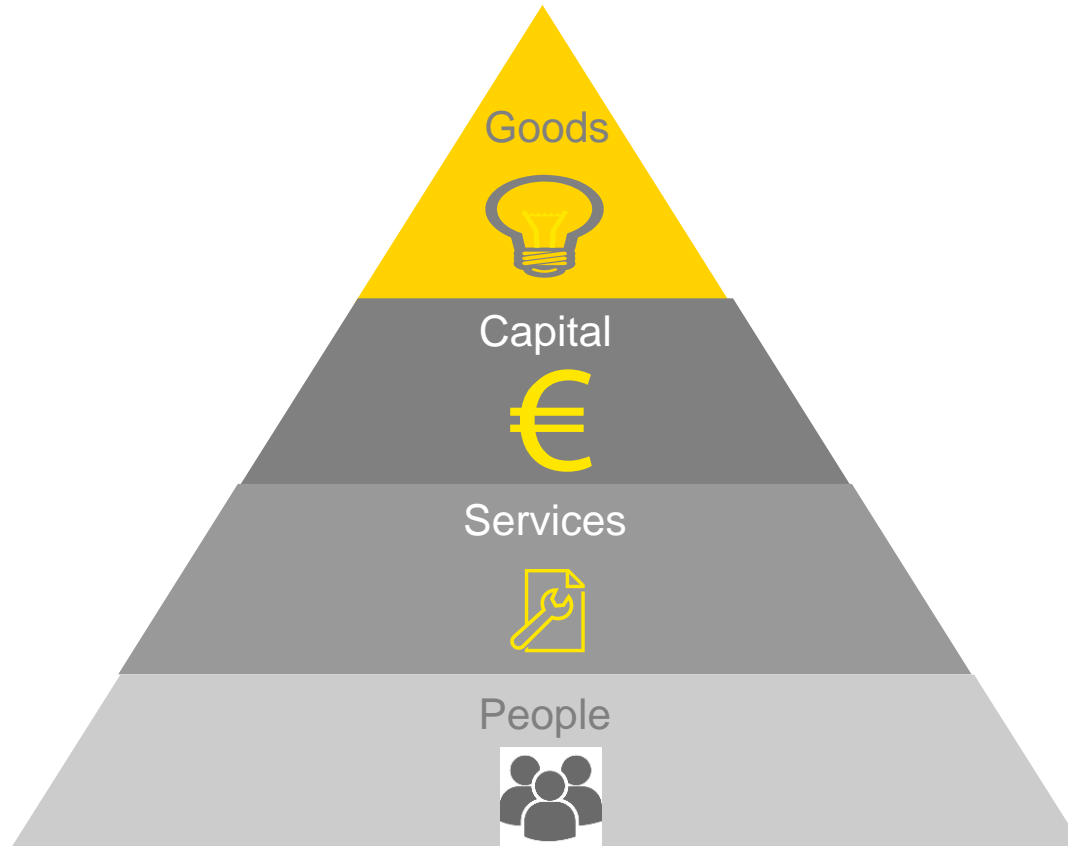


United Kingdom

- Theresa May, Prime Minister of the United Kingdom.

Brexit – practical implications and impact on fund industry

The four fundamental freedoms;



Key areas of focus

Passporting



Immigration



Technology



Critical
business
areas



Clearing



Privacy & Data



Impact
on customers



Legal



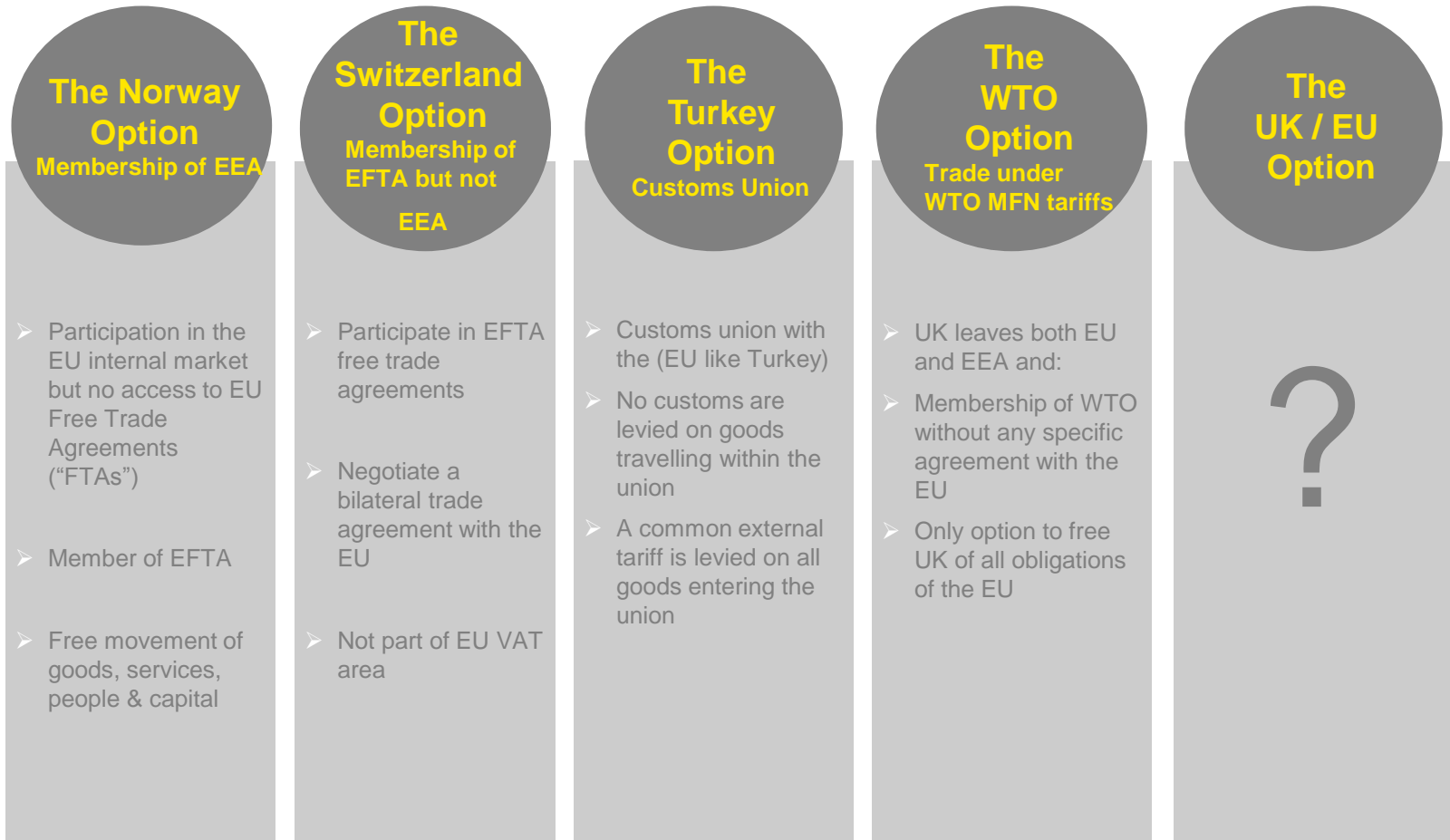
Macro factors



Other



Options for future relationships?



The current Luxembourg and UK Relationship – Fund Industry

Approximately 4,000 Luxembourg sub-funds are notified for public offer in UK

UK back-office hub for Luxembourg Service Providers



60 Luxembourg ManCos have UK passports

6,000 UK citizens in Luxembourg

12 UK ManCos have Luxembourg passports



UK based promoters account for **GBP 500bn** of Luxembourg funds

- > 17% of the market
- > **2nd largest** after the US promoters

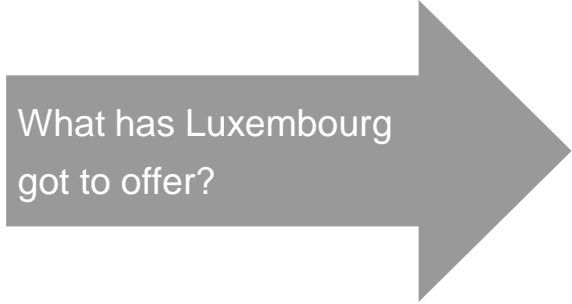
US based promoters, using London as International HQs

Fund Industry – current areas of focus



What has Luxembourg got to offer?

What has Luxembourg
got to offer?



Fund platform toolbox

+ traditional
+ alternative
+ regulated/unregulated

MIFID
+ Combine with UCITS
Management Company
+ Stand alone company

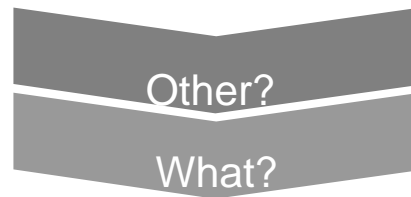
Management
company platform
+ In-house
+ 3rd party
+ Hybrid
+ Super management
companies

Distribution capabilities

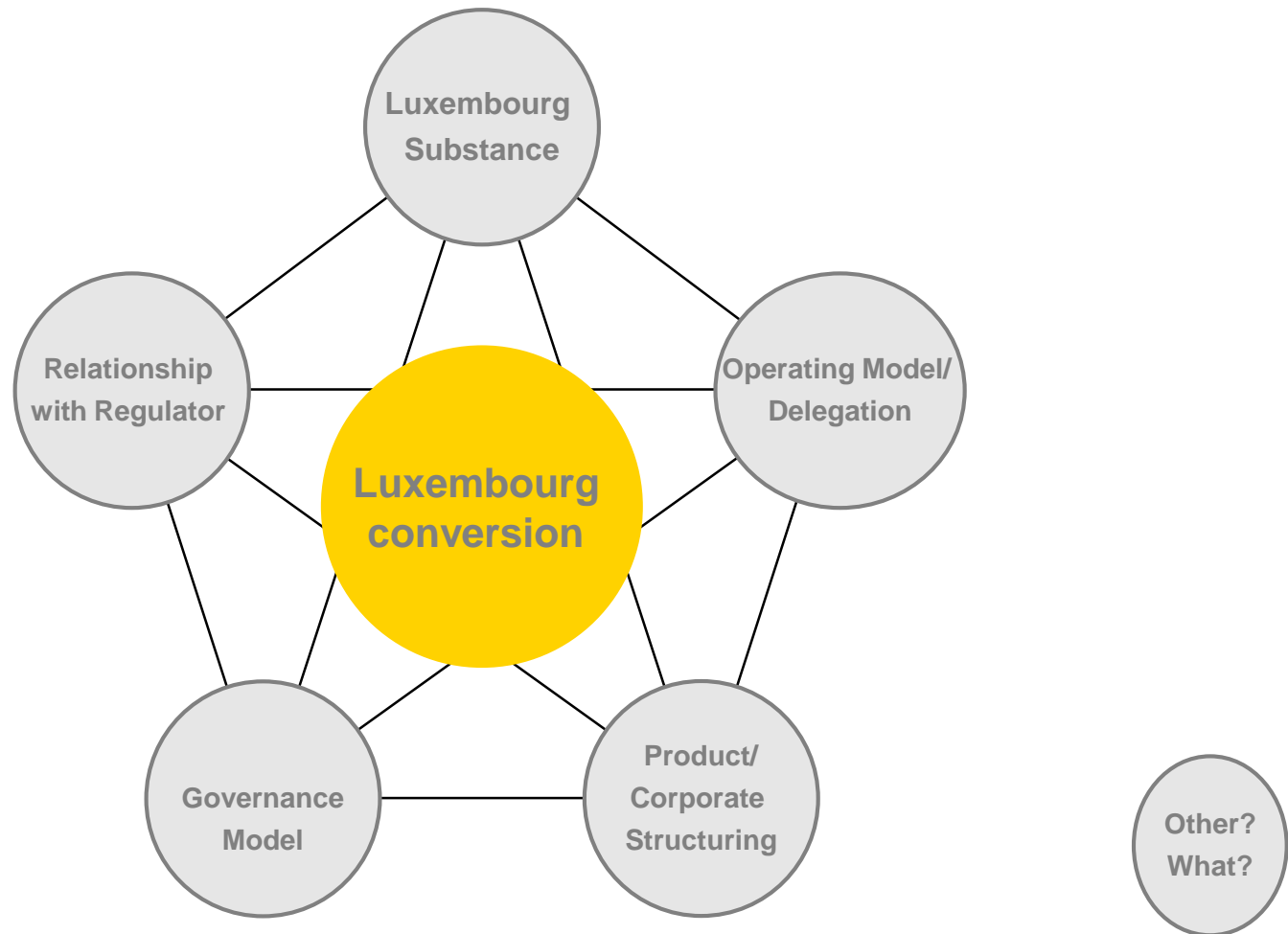
+ 70 countries
+ Range of support services

Service Provider Expertise
+ Covering the whole
value chain

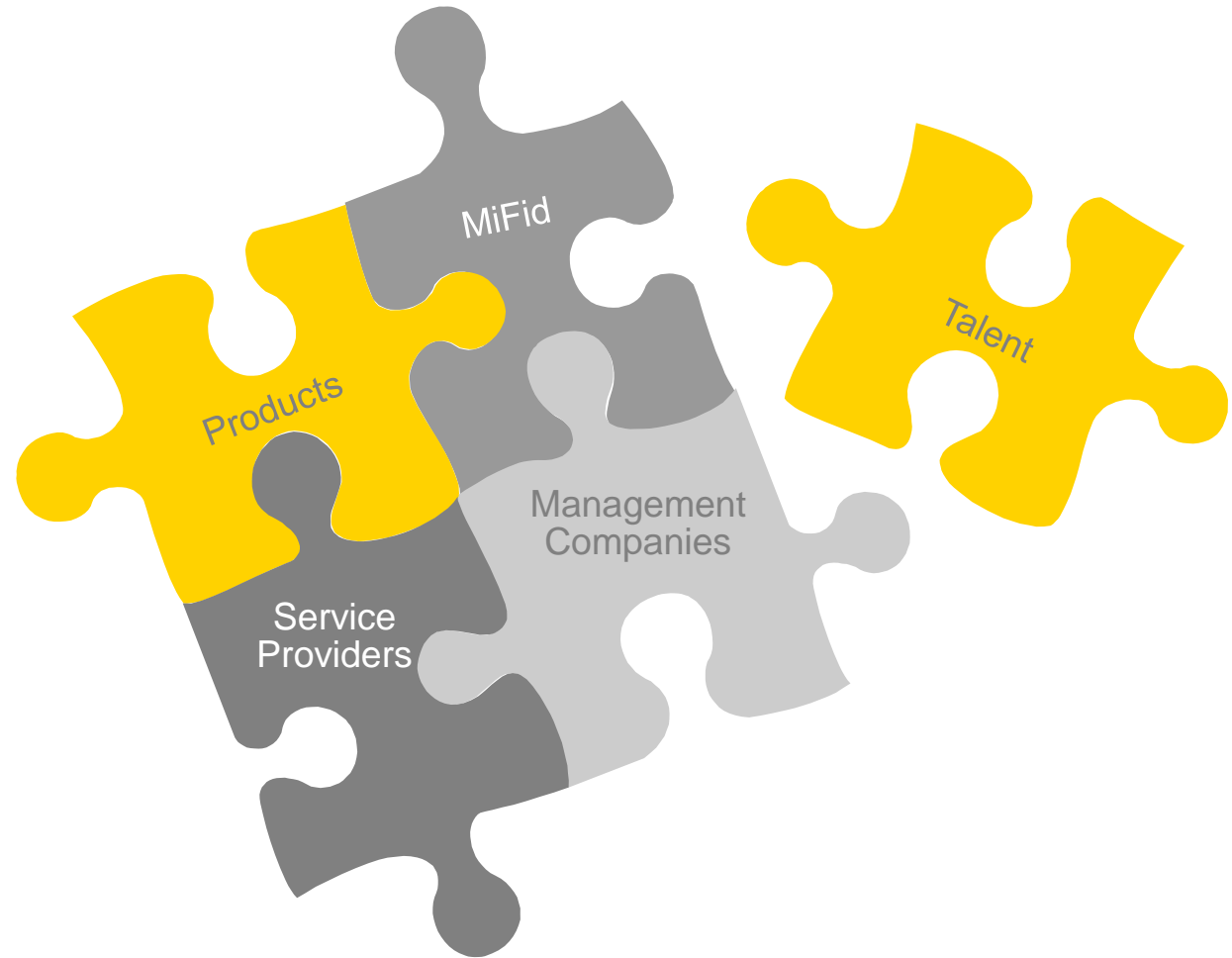
Position of the regulator on the key areas?



Moving to Luxembourg – areas of focus?



What's happening in practice ?



How does Luxembourg rate verses other jurisdictions?

Investor / Distributor preference

Depth/Breadth of established Eco-system

Non-English speaking: advantage or disavantadge?

Established brand, access to distribution channels/
investors accross the globe

Country Rating, political stability

Non-economic dependency on UK, low collateral impact of UK exit

What about taxation?

And talent pool?

Brexit – practical implications and impact on fund industry

Questions?

