

The Luxembourg Stock Exchange

A prime location for listing

2014



Luxembourg
Stock Exchange



pwc

A dominant position

1st

*Ranking of the Luxembourg
Stock Exchange in terms
of listed international
bonds in Europe*

6,000+

*Share classes of UCIs listed,
including 1,000+ in 2013*

100+

Jurisdictions

10,000+

New listings in 2013

70+

*Countries which have
at least one issue of
their sovereign debt
listed in Luxembourg*

3,000+

*Number of
issuers listed*

40,000+

Total securities listed

26,000+

Debt securities listed

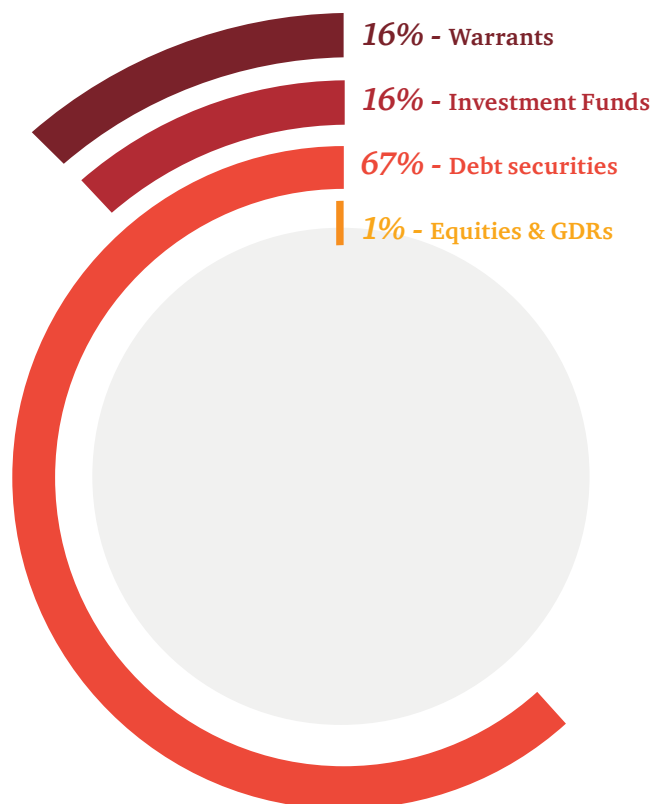
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1. The Luxembourg Stock Exchange

In a context marked by in-depth legal and regulatory changes, the Luxembourg Stock Exchange is a world-class player offering an attractive international listing marketplace for a large range of securities. With more than 3,000 listed issuers coming from over 100 countries, the Luxembourg Stock Exchange meets capital market players' needs as a result of a 80-year old experience, high-quality products and services as well as fast, customer-oriented and secure processes.

A broad range of instruments are admitted for trading on the Luxembourg Stock Exchange. A majority revolves around debt securities, investment funds, warrants, GDRs and equities.



Did you know that...

- The Luxembourg Stock Exchange keeps on diversifying by responding to new market needs such as CoCo bonds, Dim Sum bonds, Indexed bonds, Tier one issues and Loan participation notes, Islamic bonds (Sukuk)
- The Luxembourg Stock Exchange lists at least one issue of the sovereign debt of 70 different countries
- The 12 supranational debt issuers include the European Investment Bank, World Bank, European Bank for Reconstruction and Development and the European Commission
- The Luxembourg Stock Exchange operates over 500 debt issuance programmes for a total amount issued of EUR 3 bn
- The Luxembourg Stock Exchange relies on a vast experience in the listing of funds: over 400 entities from 10 different countries list over 6,000 share classes of UCIs
- Securities are listed in 54 currencies
- 63% of issuers are from Europe, 26% from America and 10% from Asia

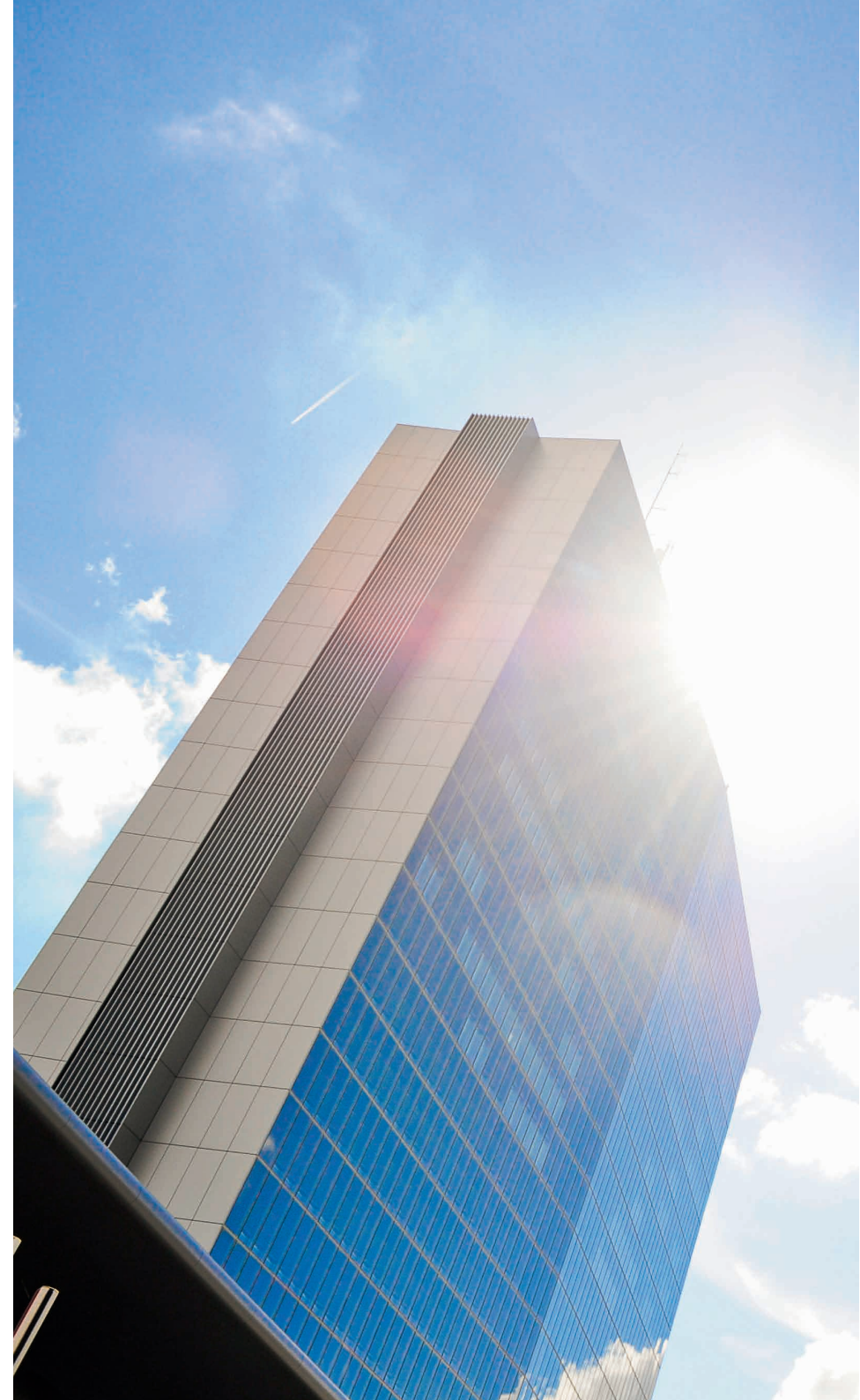
2. Why listing?

- Listed securities and their issuers will get greater visibility and transparency
- Investors will have free access to a centralised database where they will be able to find relevant information on the security (i.e. Prospectus, financial statements and other information related to issuers)
- In case of liquidity needs, the products can benefit from the right regulated trade and post trade infrastructures to minimise the risks through the securities transactions value chain
- During the life of the listed security, on-going communications inform the investors about corporate events (e.g. Merger, dividends and shareholders meeting). Securities pricing and valuation defined and communicated by the market
- Listing securities can also provide some tax advantages for the investors and often make the products more easily eligible within the portfolio of asset managers



Why listing in Luxembourg?

- 1 Fast, customer-minded and secure listing process.
- 2 Strong market recognition from international issuers (3,000+ issuers from 100+ countries) and the broadest range of securities listed in Europe. The LuxSE specializes in listing and as such demonstrates a high level of know-how based on a strong experience of handling international issues.
- 3 Stable and secure public finance and tax environment. Luxembourg benefits from confirmed AAA long term credit rating and a high level of reputation.
- 4 A strong regulatory framework in line with new EU directives on securities markets.
- 5 Long history and important experience for the domicile and the administration of investment fund products (European leader for domiciliation of funds distributed on a pan-European basis).
- 6 Existence of a permanent execution venue permitting eligibility for investments in the context of various jurisdictions.
- 7 An advanced trading and post-trading infrastructure relying on Euronext's UTP platform (trading) and connections with LCH.Clearnet, Euroclear Bank and Clearstream Banking Luxembourg (clearing & settlement).



3. *Two markets, different opportunities*

The Luxembourg Stock Exchange operates two markets: i.e. Bourse de Luxembourg and Euro MTF. Both are regulated but offer different possibilities to issuers.

Common features to *Bourse de Luxembourg* and *Euro MTF* markets

- Same trading platform (UTP from Euronext)
- Identical listing fees for both markets
- No restrictions to market access (any type of investors, any size)
- The Luxembourg Stock Exchange manages and controls the listing process

Listing on the *Bourse de Luxembourg*

- Prospectus must meet the law of 10 July 2005, as amended (Prospectus Law);
- Transparency and Market Abuse laws apply as well;
- The CSSF is in charge of prospectus approval;
- Financial Statements of the issuer must comply with IFRS accounting standards or equivalent;
- Listing on this market grants a European Passport for the admission to trading of the securities in other EU member states.

Listing on the *Euro MTF*

- Compliance with European prospectus and transparency regulation is not required;
- Admission to trading and reporting requirements according to the Rules & Regulation of the stock exchange only;
- Financial reporting in line with IFRS or local GAAP;
- The Luxembourg Stock Exchange is solely in charge of prospectus approval;
- No European passporting for the documentation.

4. Eligibility requirements for listing

The efficiency of the listing process is the main reason why the Luxembourg Stock Exchange is so popular as a listing destination. An experienced team of experts within the Luxembourg Stock Exchange is dedicated to reviewing listing application files on a daily basis. Time required for processing is kept to a minimum. However, a request for listing must be carefully prepared. Here are the main questions you will face:

- Is your financial track record appropriate?
- Is historical information readily available?
- Which accounting standards do you use?
- How solid are your corporate governance standards?
- Is your existing working capital suitable?
- How experienced is your board of directors?
- Are your financial reporting systems in line with the continuing reporting obligations required?
- How strong is your legal approach?

A listing request is a team project. You will most certainly need assistance to successfully conduct a listing requirement, in the form of legal advisers, tax advisers, banks, auditors and a listing project coordinator.

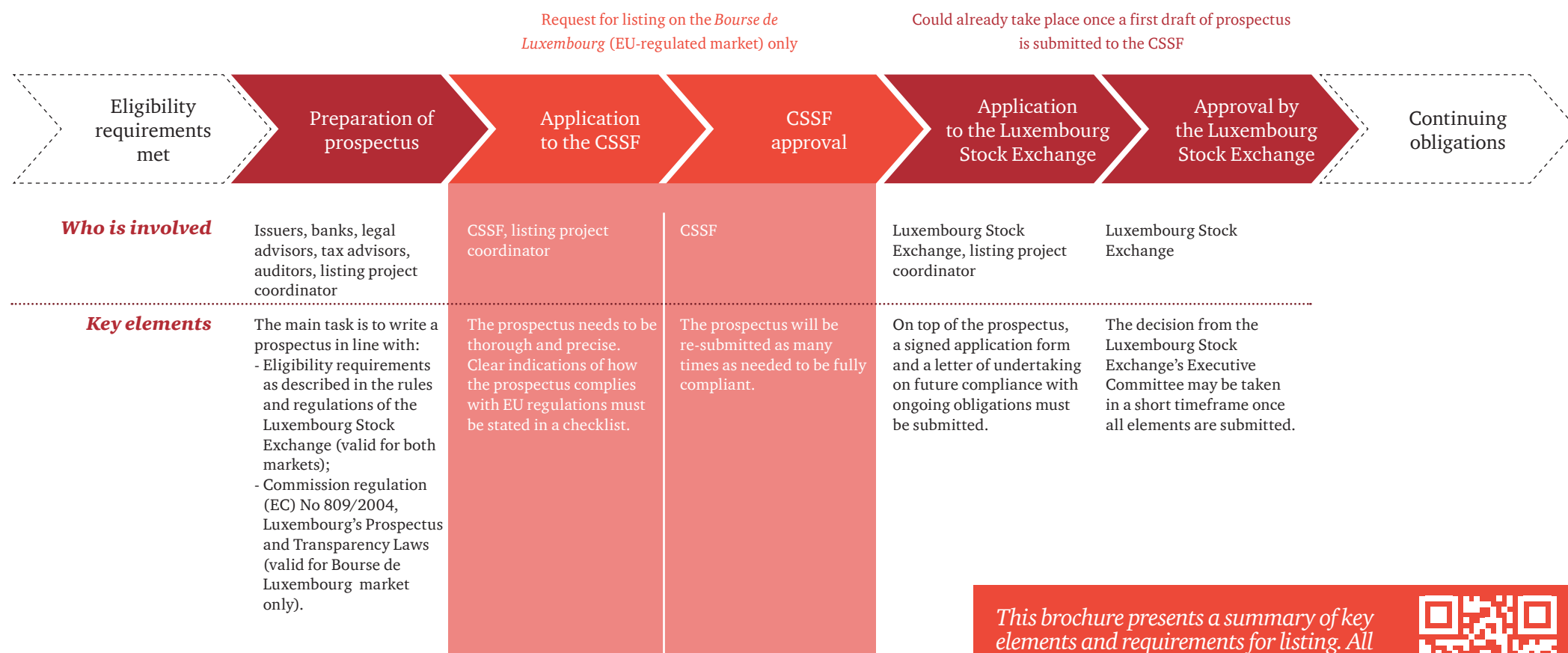
Here are some key official listing requirements from the Luxembourg Stock Exchange:

Requirements	Equities/Investment fund shares	Debt securities
Minimum number of investors	Distribution to the public (wide distribution to the shares among shareholders)	Not applicable
Minimum public shares	25% free float (at the discretion of the Luxembourg Stock Exchange)	Not applicable
Foreseeable market capitalisation	At least EUR 1,000,000	At least EUR 200,000
Negotiability of securities	Freely transferable and fungible	Freely negotiable debt securities of the same class and fungible
Operating history	3 financial years (derogation upon certain conditions)	No minimum track record required
Number of securities	All the shares of the same category composing the capital shall be listed	All the debt securities of the same class shall be listed
Pre-tax income	Profitable	Not applicable
Corporate governance (not applicable for Euro MTF)	Governance principles of the Luxembourg Stock Exchange for Luxembourg-domiciled companies	Not applicable

To fulfill the listing requirements, open-ended investment funds have to comply with the following criteria:

- Conformity of the fund and its shares (units) with the laws and regulations which they are subject to;
- Free negotiability of the shares (units);
- Acceptance of the shares (units) with a clearing house.

5. The listing process



This brochure presents a summary of key elements and requirements for listing. All details on the Luxembourg Stock Exchange markets, listing process and continuing obligations can be found on www.bourse.lu



6. Listing fees

The listing fee depends on the type of listing. The following examples illustrate possible scenarios:

An ordinary issuer (not supranational) issuing a debt security for the first time on the Euro MTF with an issued amount lower than or equal to EUR 50 million will pay:

- A Visa fee of EUR 2,000 for the prospectus;
- A listing fee of EUR 600;
- A yearly maintenance fee of EUR 440.

A Luxembourg domiciled UCITS wishing to list four classes of shares will pay:

- A listing fee of EUR 1,250
- A yearly maintenance fee of:
 - EUR 1,875 for the first quotation line
 - EUR 1,250 for the second quotation line
 - EUR 875 for the third quotation line
 - EUR 500 for the fourth quotation line

Should the listing take place on the Bourse de Luxembourg regulated market, CSSF fees apply as well, as laid out in the *Grand-ducal regulation of 28 October 2013 relating to the fees to be levied by the Commission de Surveillance du Secteur Financier*.

All fee details can be found on www.bourse.lu/listing-fees



7. Key attention points

- Transparency vis-à-vis the Luxembourg Stock Exchange as of the beginning of the listing project is crucial
- Two or three years of audited financial figures are required (IFRS on the Luxembourg Stock Exchange, local GAAP accepted on the Euro MTF). For newly incorporated issuers, waiver may be accepted at the sole discretion of the Luxembourg Stock Exchange
- No restriction on the negotiability of the listed instruments is accepted by the Luxembourg Stock Exchange (e.g. no possibility to restrict the ownership transfer of the listed instruments to Professional investors)
- Up to four months may be necessary to complete a listing process on the Luxembourg Stock Exchange (indicative timing for the listing of equities, including writing of prospectus). Having a well-prepared action plan and a well-organised project coordination will reduce the necessary time required to get the listing approval
- Eligibility in one International Central Securities Depositary is required by the Luxembourg Stock Exchange

Case study

Incorporation of a New LuxCo and listing of shares on the Bourse de Luxembourg market

Objective of the client

A Spanish issuer wanted to list the shares of two of its companies on a EU-regulated stock exchange within a 4-month timeframe in order to satisfy local tax requirements. Luxembourg was identified as the only EU target destination capable to manage a listing process in such a small timeframe.

Solution Approach

PwC proposed an approach that combined two major streams:

- **Incorporation of a new LuxCo:** analysis of the articles of the Spanish entities and of the compliance of their main provisions with the requirements of the Luxembourg company law; analysis of the equity composition; drafting of the by-laws ; coordination with the lawyers with respect to the issuance of the prospectus; coordination with the Spanish advisers with respect to the transfer of the shares in the Spanish entities to the

Luxembourg company; assistance for the opening of the Luxembourg bank account of the company (and for the KYC procedure of the bank); coordination with the notary (plus assistance for the KYC procedure of the notary); drafting of the necessary contribution agreements; drafting of proxies for the representation of the shareholders; participation to the notarial meeting required for the incorporation of the company; coordination with the Luxembourg representatives of the company

- **Coordination of the listing process:** coordination and communication with the competent authorities (Luxembourg Stock Exchange, local regulator –CSSF- and clearing houses) and all other stakeholders (local bank, underwriter, auditor, tax advisor, lawyer, domiciliation agent); compliance with related regulations and approval process from an operational and accounting perspective; advice on financial information to be provided (since

we are in the case of a new incorporated company to be listed); preparation and review of listing files; review of prospectus' content and coordination of the various aspects of the CSSF and stock exchange admission files (required documents, compliance with deadlines, preparation of files and checklists); filing of documents; follow-up of the activities planning

Results and Deliverables

The LuxCo has been incorporated and listed in the required timeframe. PwC is now helping the LuxCo with services such as continuous reporting obligations and accounting services.

8. Continuing obligations

The detailed continuing obligations for issuers of securities admitted to trading on the Euro MTF market are set out in Part 1, Chapter 9 and 10 of the Rules and Regulation of the Luxembourg Stock Exchange. In addition, the Rules and Regulation require issuers to file information on corporate events with the Luxembourg Stock Exchange, with a view to enabling an efficient monitoring of the functioning of its markets.

Continuing obligations of issuers on the “Bourse de Luxembourg” market

Continuing obligations of issuers on the Euro MTF

The “Bourse de Luxembourg” market falls into the scope of European Union directives and of the Luxembourg Law of 11 January 2008 on Transparency Obligations, as amended.

The Euro MTF market does not fall into the scope of European Union directives and of the Luxembourg Law of 11 January 2008 on Transparency Obligations, as amended.

Who

Transparency obligations are applicable to certain categories of issuers:

1. Luxembourg domiciled issuers of equity securities or debt securities with a per unit denomination below EUR 1,000 admitted to a European regulated market;
2. EU incorporated issuers of debt securities with a per unit denomination of at least EUR 1,000, who have chosen Luxembourg as “Home Member State” from among their country of incorporation and the EU member states where their securities are admitted to trading; Issuers incorporated in non-EU countries with Luxembourg as their “Home Member State” under the Prospectus Directive.

Continuing obligations are applicable to all issuers.

Issuers of debt securities with a denomination per unit of at least EUR 100,000 are exempted from the publication of financial information

The following issuers are out of scope:

1. Issuers whose Home Member State is Luxembourg and which have only issued debt securities with a denomination per unit of at least EUR 100,000 are exempted from the publication of financial information.
2. Investment funds, other than the closed-end type, are not subject to this law

How

Regulated information has to be:

1. filed with the CSSF;
2. filed with an officially appointed mechanism for storage and retrieval of such regulated information (The Luxembourg Stock Exchange is mandated as the “Officially Appointed Mechanism” (OAM) under the Luxembourg Transparency Law)
3. published by way of announcements through the media.

The dissemination of information may be made by means of inclusion in newspapers or on the website of the Luxembourg Stock Exchange

What

Regulated information includes notably information in connection with the notification and disclosure of major holdings and major shareholders, as well as financial reporting obligations, as follows:

1. annual reports, to be published within the four months of the issuers’ year-end and comprising audited financial statements, a management report, a responsibility statement and an auditors’ report;
2. semi-annual reports, to be published within the two months of the issuers’ half-year and comprising a condensed set of financial statements, an interim management report and a responsibility statement;
3. an interim management statement by issuers of shares only, to be published during each of first and second semesters, describing the financial position and performance during the period, the material events and transactions with their impact on the financial position. Alternatively, issuers may publish a quarterly financial report, in accordance with Article 4 of the Luxembourg Grand Ducal regulation of January 11, 2008 or in accordance with the national law of the issuer or in accordance with the listing rules of the regulated market where the issuer has its shares admitted to trading.

Continuing obligations for issuers of securities admitted to trading on the Euro MTF market include the dissemination in Luxembourg of:

1. information on events or decisions affecting the security holders;
2. information on material changes to the issuer’s shareholding structure;
3. audited annual financial statements and management report, prepared in accordance with the issuer’s national law;
4. semi-annual financial statements presented in accordance with the issuer’s national law (for share issuers), to be published within the four months of the issuers’ half-year and comprising at least information on revenues and profit or loss for the period, together with a commentary on any material factor having impacted the financial or trading position of the issuer during the period.

9. Our listing services

PwC Luxembourg has been working closely with the Luxembourg Stock Exchange for the past 12 years. This is the fifth edition of “A prime location for listing” published bi-yearly since 2006.

We bring together a multi-disciplinary team that features tax, regulatory, advisory and audit experts. We can support you throughout the complete value chain to provide smooth and efficient project delivery:



1. Guidance and strategic advice on market opportunities

- Advice on the selection of the market type , in line with the listing strategy and target investors.

2. Advice on the structuring of financial vehicles and products

- Guidance on the selection of the most relevant listing vehicle (e.g. Private Equity, Real Estate or structured products) in the light of capital markets regulation and exchange admission opportunities.

3. Advice on the most tax efficient listing structure

- Assessment of the company's tax compliance status with listing rules;
- Design of a feasible tax plan to control and minimize tax exposure according to the most competitive financial vehicle or structure.

4. Preparation and Review of listing files

- Draft and/or provide advices on the prospectus' content (to ensure the compliance with related regulations and approval process from an operational and accounting perspective);
- Coordinate the various aspects of the CSSF and/or Luxembourg Stock Exchange admission files (required documents, compliance with deadlines, preparation of files and checklists, etc.).

5. Support for continuous reporting obligations

- What are your specific reporting requirements, when to report, who to report to and how.

6. Coordination of the listing process

Project Management

- Organize tasks and activities between all project stakeholders;
- Follow-up of the activities planning;
- Act as the main counterpart for the client.

Communication with the competent authorities and with project stakeholders

- Coordinate and communicate with the CSSF and/or the Luxembourg Stock Exchange, and with the clearing houses;
- File the documents within any relevant deadlines (Prospectus and any other documents required by the CSSF or the Luxembourg Stock Exchange);
- Represent the client towards the project stakeholders (e.g. arrangers, auditors, legal advisors).

Regulatory compliance & specific issues resolution

- Provide advice on any regulatory compliance issues that could arise during the listing process.

PwC Luxembourg has issued a number of Capital Markets publications available here:
<http://www.pwc.lu/en/capital-markets/publications.jhtml>



10. Contacts



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