ELVINGER HOSS

LUXEMBOURG LAW

Hong Kong Office

“Chinese investors now have access to foreign investment funds, including UCITS and AIF. Further, the relaxation of investment regulations in China could be an opportunity for Luxembourg funds to increase their exposure to Renminbi-denominated securities and promote investments in China through RQFII and newly revised QFII and Interbank Bond Market programs. With respect to outbound investments, Luxembourg is the place of choice for structuring these investments under the most favourable conditions.”

XAVIER LE SOURNE

Resident Partner – Hong Kong

LUXEMBOURG AND CHINA - A LONG HISTORY OF COOPERATION AND SUCCESS

Dear Friends,

It is now two years and a half ago that I arrived in Beijing. It will take me many more years to even start to comprehend the culture, the history and the customs of this huge country.

Following postings in Delhi and then Tokyo, I am proud to represent the Grand Duchy in the world's now second largest economy, to discover its vibrancy and the talents of its people.

Only two years and a half... yet the tremendous amount of business and activities make me feel as if I have been here for much longer.

As a former lawyer in Luxembourg myself, I am proud to witness the expansion of Elvinger Hoss Prussen and other law firms from Luxembourg in Hong Kong and China mainland. They represent our solid legal traditions.

Relations between Luxembourg and China started more than one hundred years ago, when our engineers actively contributed to the development of the nascent steel industry, leading to China's industrial revolution. Since then, Luxembourg pioneers, engineers, businessmen, entrepreneurs, bankers and financiers have successfully developed their ventures in China.

In 2012, we celebrated the 40th anniversary of our diplomatic relations, also recognising once again what our business communities have achieved.

Following the steel industry, our countries have increasingly developed a mutually beneficial relationship in the field of finance. The major Chinese banks have all set up their continental European headquarters in Luxembourg. Tourism is another success story: more than 200,000 Chinese visitors come to the Grand Duchy each year to enjoy good shopping, excellent food, green valleys and dense forests. We are working towards a proper strategy to increase tourist flows and eventually even introduce passenger flights.

Education is one of our other great priorities: numerous bilateral agreements between our universities allow for student exchanges. We will develop more cooperation in sciences.

Thirdly, we are also witnessing greater cooperation in high technology, aerospace and automotive industries where Luxembourg companies benefit from the economic development of China.

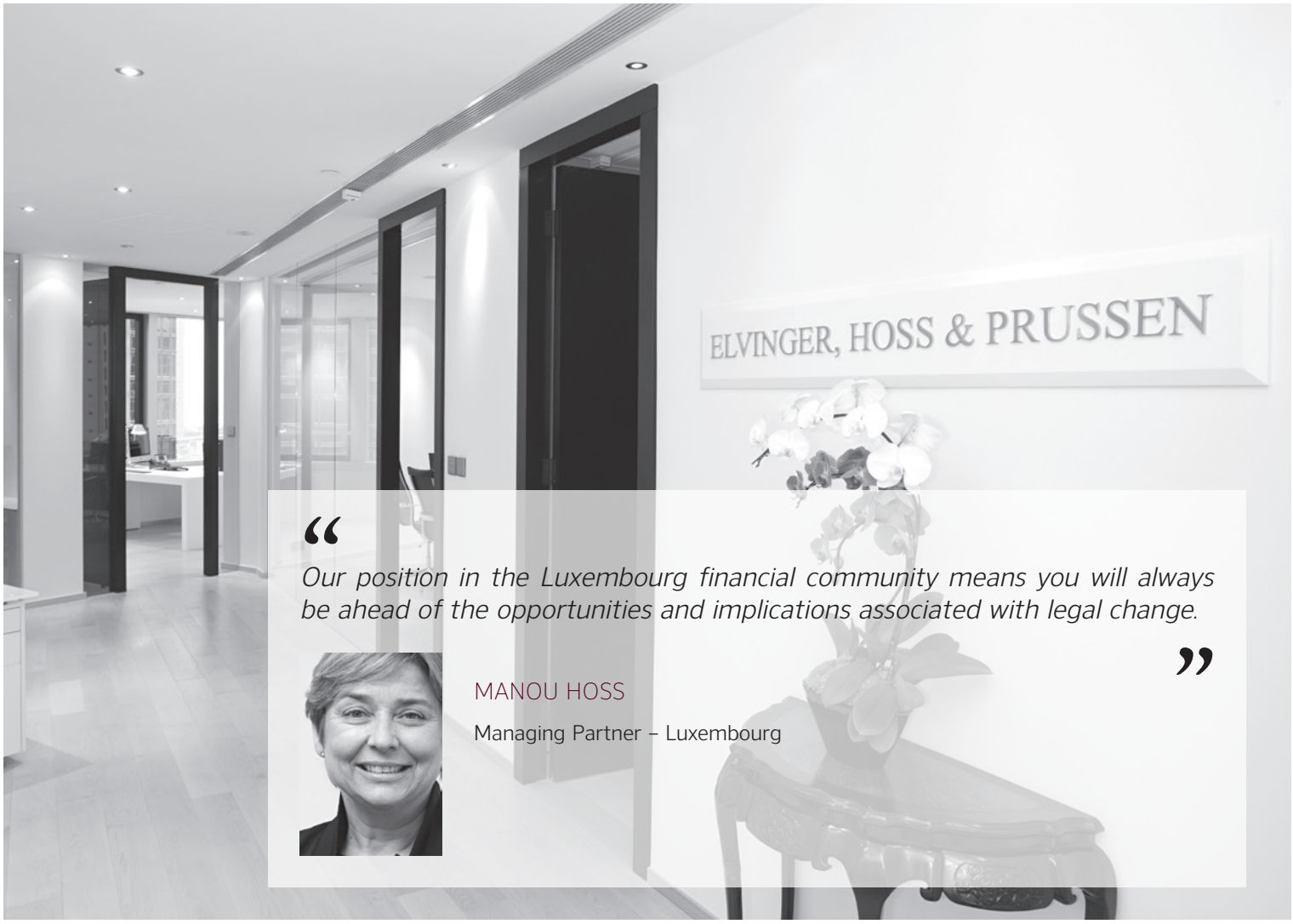
Luxembourg has positioned itself as a major hub for RMB cross-border activities and it offers its strong support for the internationalisation of the currency, a priority of the Government of China. Its figures show that Luxembourg hosts the largest pool of RMB inside the Eurozone, with a special emphasis on mutual funds of course: they are in excess of RMB 200 billion. The efforts by my Government, with the Ministry of Finance in the lead and strongly supported by Luxembourg banks, including Luxembourg subsidiaries of Chinese banks, Luxembourg's banking and fund associations, as well as the securities and the banking regulator, will ensure that my country should always remain a step ahead of others in establishing Luxembourg as the first centre for international renminbi business in the Euro area.

China's financial integration with the rest of the world is expected to accelerate, and its financial influence abroad will likely catch up with its economic prowess. The opening up of Chinese bond and equity markets will have major implications for global asset allocation.

Together with my team in Beijing and in Shanghai, I am keen to contribute to the further deepening of our relationship with China, especially in the sphere of finance. I will continue to encourage Luxembourg firms like Elvinger Hoss Prussen to seize the vast business opportunities which lay ahead of us.

PAUL STEINMETZ

Ambassador of Luxembourg to China



"Our position in the Luxembourg financial community means you will always be ahead of the opportunities and implications associated with legal change."

MANOU HOSS

Managing Partner – Luxembourg

OUR HONG KONG OFFICE

A DEDICATED TEAM IN HONG KONG AND LUXEMBOURG

Partner Katia Panichi moved to Hong Kong to open our office in July 2012, with a strong background in regulated funds and unregulated investment structures. In September 2015, Xavier Le Sourne, partner from our investment funds practice, took over to head the Hong Kong office. Our Hong Kong team includes senior and junior Associates with Chinese native speakers, and is supported by a dedicated team within our Luxembourg head office whose activity is led by partner Gast Juncker and Katia Panichi. Senior partners Jacques Elvinger and Pit Reckinger share joint responsibility for the Hong Kong office.

RESPONSIVE SERVICE TO THE HIGHEST PRECISION

With partners in residence, our clients can receive relevant, timely advice on Luxembourg law in local business hours. Our position in the Luxembourg financial community means we can guide you through challenges arising from ongoing changes in the legal and regulatory environment and turn these into commercial opportunities. We continue to strengthen relationships in the Asian business community and to challenge ourselves to deliver greater levels of efficiency and excellence in our service.

WHAT OTHERS SAY ABOUT US

"Elvinger Hoss Prussen is also tuned in with new market and regulatory developments affecting product development, e.g. products which have access to QFII, RQFII, stock connect, etc. The investment funds team is able to provide good and practical advice in terms of preparation of fund documents and what the CSSF is looking for in their approval of new products. Their supportive stance on Chinese investments is one key consideration and this has given Luxembourg UCITS a competitive edge over other fund domiciles or regimes."

"They were excellent; very high quality of work, on time, focused on the client's needs. They were very good value for money and we have used them again. Elvinger Hoss Prussen is a law firm we trust thanks to a very long relationship."

(IFLR 1000, 2016)

"This firm displays a high level of service, which inspires client loyalty and recognition of its leading position in its areas of expertise."

"Elvinger Hoss Prussen is ahead of the curve in terms of market and regulatory developments, and its prudent advice suits our company well." "The team is excellent."

(CHAMBERS EUROPE, 2016)

"The firm provides clients with legal advice combining an in-depth understanding of the fund industry and its needs with an impressive legal and regulatory know-how."

"Gast Juncker is particularly good at what he does and is well connected with industry developments in the Asian market."

(CHAMBERS GLOBAL 2016)

"According to Monterey Insight, a company that provides data on Luxembourg domiciled funds (as was previously done by LIPPER), as at 31 December 2014 Elvinger Hoss Prussen acted as legal adviser to 3,111 Luxembourg funds or compartments thereof with 1,311 billion USD net assets representing 40% of the net assets and 30% of the number of Luxembourg funds that have appointed a legal adviser."

(MONTEREY INSIGHT, Luxembourg Fund Survey 2015)

OPENING LUXEMBOURG OPPORTUNITIES FOR ASIAN INVESTORS

Luxembourg is a truly competitive and financially stable jurisdiction in the heart of the European Union, with a favourable legal, regulatory and tax environment. Our partners are ready to assist you in exploring the advantages of doing business in Luxembourg, offering advice and seminars on various topics of Luxembourg law and on specific transactions. We are particularly well placed to advise on the benefits of using regulated or unregulated vehicles.

WE CAN GUIDE YOU TO LUXEMBOURG GROWTH OPPORTUNITIES THROUGH:

- investment funds and asset management
- corporate law
- private equity and real estate acquisition finance
- corporate finance and capital markets
- tax law

"Recent evolution in the Chinese financial markets shows the importance of China in the region and beyond. Elvinger Hoss Prussen established an office in Hong Kong in order to introduce Luxembourg investment structuring capacities to, and share knowledge with, Chinese sponsors so as to facilitate the flow of funds to and from the Mainland and continue supporting the growth of the Chinese economy."

PIT RECKINGER

Partner – Luxembourg

WHY LUXEMBOURG?

LUXEMBOURG IS A GATEWAY TO EUROPE AND TO THE WORLD

- Located in the heart of Europe
- Founding Member of the United Nations, the European Union and the Eurozone

A STABLE INDEPENDENT STATE

- Independent State since 1839
- Political and economic stability based on a culture of consensus
- A diversified economy (international industrial groups, finance, media and communication, e-commerce...)
- Rating agency Standard & Poors has confirmed Luxembourg's long-term AAA rating

A BUSINESS FRIENDLY ENVIRONMENT

- A developed financial centre combining expertise in private banking, insurance (including captive reinsurance), investment funds and asset management and other areas including securitisation, Soparfis and holding companies
- 141 banks (including 6 Chinese banks: Agricultural Bank of China, Bank of China, Bank of Communications, China Construction Bank, China Merchants Bank and Industrial and Commercial Bank of China), 305 investment firms and other professionals of the financial sector (investment managers and advisers, brokers, domiciliary agents etc.), 307 insurance and reinsurance companies
- Fully developed infrastructure of financial services and support functions
- Wide range of products and strong innovative capacities

- Tradition of comprehensive, customised and pragmatic financial regulations including a flexible corporate law allowing, among other things, the setting up of joint ventures
- Highly skilled multilingual workforce

THE 2ND LARGEST INVESTMENT FUND DOMICILE IN THE WORLD

- More than 3,888 legal fund structures with more than 14,200 sub-funds totalling net assets in excess of 3,640 billion euros as at 24/01/2017
- World-wide acceptance of the Luxembourg UCITS label
- More than 25 years' experience in global fund distribution
- Large experience in fund set-up and structuring capabilities
- Innovative and collaborative approach between government, regulator and fund industry
- Predictability of regulatory planning
- World class fund infrastructure & support: administration, custody and transfer agency
- Recognised by private equity and venture capital professionals (with assets under management above 100 billion euros) as well as real estate and hedge fund groups

AN EFFECTIVE TAX SYSTEM

- An effective tax system within the European Union in line with OECD standards
- An extensive double tax treaty network (77 treaties in force and about 20 under negotiation)
- Lowest standard VAT rate in the European Union
- Predictability of tax planning
- Clean legal framework for advance tax and pricing agreements
- An attractive tax framework for holding and finance companies: Luxembourg is a traditional platform and hub for cross-border investments made by large corporates, sovereign wealth funds and private equity funds
- An attractive tax environment for investment funds and their investors and for structured finance transactions and securitisations

UCITS

Undertakings for Collective Investments in Transferable Securities (UCITS) are investment funds domiciled in a European Union (EU) Member State and organised under EU Directive 2009/65/EC (UCITS Directive).

Since the creation of the UCITS regime in 1985, UCITS have become the only worldwide recognised investment fund brand offering a high level of protection to investors and investment fund cross-border marketability not only in the European Union (through a European market passport) but also across other countries in Europe, Asia, the Middle East and South America.

The exclusive object of UCITS is to invest in transferable securities and/or other eligible liquid financial assets, namely money market instruments, units of UCIs, deposits with credit institutions and financial derivative instruments.

Luxembourg is the leading UCITS jurisdiction. As at January 2017, the aggregate net assets under management of Luxembourg UCITS exceeded 3,065 billion euros (Source: ALFI).

Luxembourg has more than 25 years of experience in UCITS structuring and in global fund distribution and the largest asset management groups have chosen Luxembourg to establish their UCITS platforms for cross-border distribution.

Elvinger Hoss Prussen is the leading law firm in terms of net assets of Luxembourg investment funds advised by an independent legal adviser.

STRUCTURING

The following structures are typically used:

- **Legal form:** investment company with variable share capital (*société d'investissement à capital variable*) or common fund (*fonds commun de placement*)
- **Structure:** multiple compartments (umbrella fund) or stand-alone structure
- **Substance:** self-managed (if set up as an investment company) or managed by a management company (mandatory if set up as a common fund)

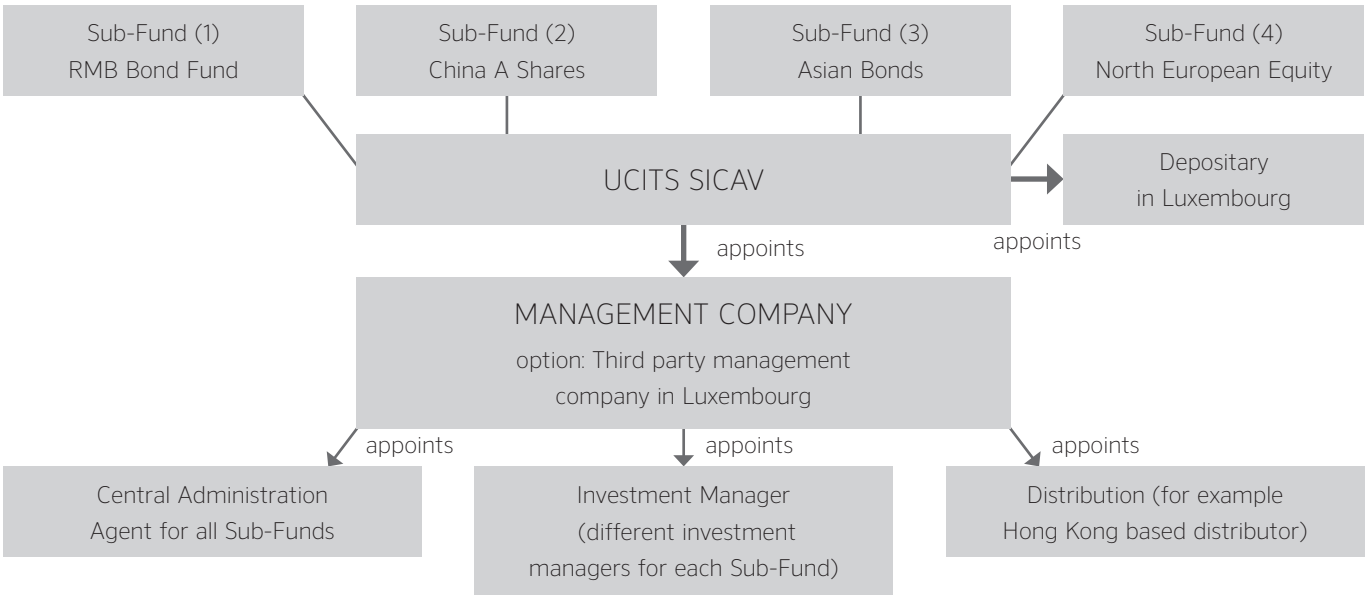
UCITS are open-ended and must repurchase their units or shares at the investors' request at least twice per month. UCITS are available to both retail and institutional investors.

"*Luxembourg UCITS funds have become the vehicle of choice for Chinese asset managers wishing to expand on a worldwide basis. This is true for Index ETFs and actively managed products.*"

GAST JUNCKER

Partner – Luxembourg

A STRUCTURING EXAMPLE FOR A UCITS SET UP AS UMBRELLA SICAV USING A MANAGEMENT COMPANY WOULD BE:



UCITS AND ASIA / CHINA

International asset managers and asset managers domiciled in Asian jurisdictions such as Hong Kong, Japan or Singapore have set up UCITS to reach investors in Asia and/or Europe with their products offering.

In Hong Kong, as at 13 February 2017, of the 2013 unit trust and mutual funds authorised by the SFC, 1311 (i.e. 65%) were UCITS (Source: Securities and Futures Commission).

UCITS have been used for accessing the PRC markets and for creating RMB exposure for a number of years.

In 2011, the CSSF authorised the first UCITS to invest up to 100% of their assets in the Hong Kong OTC Bond Market and in deposits denominated in offshore Renminbi. It also authorised UCITS to launch share classes denominated in CNH.

In 2013, the CSSF authorised the first UCITS to invest up to 100% of its assets in China A-Shares which are listed and traded on the Shanghai and Shenzhen stock exchanges using a Renminbi Qualified Foreign Institutional Investor (RQFII) scheme.

Both UCITS were advised by Elvinger Hoss Prussen.

In 2015, the first Chinese players used the Luxembourg RQFII quota to create Luxembourg products providing access to the Chinese securities markets.

ALTERNATIVE INVESTMENT FUNDS

The Alternative Investment Fund Managers Directive (AIFMD) came into force in July 2011 and had to be applied in all EU Member States from July 2013.

The AIFMD imposes requirements with regard to the authorisation and the supervision of AIFM.

The term "AIF", as used in the AIFMD, refers to collective investment undertakings, which raise capital from a number of investors with a view to investing it in accordance with a defined investment strategy for the benefit of those investors, and which do not qualify as UCITS.

Hedge funds, real estate and infrastructure funds, private equity and venture capital funds, etc. are therefore targeted by the AIFMD, regardless of their current legal regime, i.e. regulated or non-regulated, their legal form, and to a certain extent, their location within or outside the EU.

Funds and managers located in third countries are potentially covered by the AIFMD:

- third country funds, insofar as they are marketed in the EU or managed by an EU AIFM; and
- third country managers, insofar as they manage EU AIF or market (EU or non-EU) AIF in the EU.

The AIFMD therefore has a significant impact on certain managers based in Asia.

The provisions of the AIFMD also impose requirements on the funds as regards, inter alia, appointment of depositary, valuation, disclosure to investors and content of annual reports.

The AIFMD introduced a passport available to compliant managers for the marketing of the funds they manage to professional investors in all EU Member States (in a similar manner as the UCITS passport allows distribution of UCITS to retail investors in all EU Member States).

WHAT ARE THE OPTIONS FOR ASIA-BASED MANAGERS?

Asia-based managers are affected if they raise funds in the EU or if they manage EU AIFs. The three main options they have are described below, where the first two have been available since July 2013 and the last one remains subject to the adoption of additional EU legislative acts.

Option 1: Asian Managers managing AIFs can (without the intervention of an authorised AIFM) market these funds on a private placement basis until the end of a transitory period[1] subject to compliance with certain requirements of the AIFMD. The most important requirements in that respect are:

- the need for cooperation agreements to be entered into between the competent regulatory authorities in (i) their home jurisdiction, (ii) the jurisdiction of the AIF and (iii) each of the EU jurisdictions where the AIFs are privately placed; and
- the requirement for the manager to undertake reporting on its activities and on the activities of the funds to the supervisory authorities in each of the EU Member States in which the funds are marketed on a private placement basis.

Nevertheless, this Option 1 remains subject to the provisions of the AIFMD pursuant to which it is up to each EU Member State to decide whether and under which additional requirements private placement is possible in their jurisdiction. Some EU Member States have already adopted more restrictive private placement rules or announced that going forward private placements will no longer be possible in their jurisdiction.

Option 2: Asian Managers can structure their Funds in such a manner that the latter appoint an EU-based AIFMD-compliant manager who, in turn, delegates the investment management to the manager in Asia. This will result in the EU passport being available for distribution to professional investors under the AIFMD.

Option 3: Subject to additional EU legislation (not yet adopted), non-EU managers will at a later stage have access to the EU AIFMD marketing passport. In this case and, as a prior condition to having access to the passport, Asian Managers will have to become authorised as AIFM by an EU Country of Reference to be designated in accordance with the provisions of the AIFMD.

1 The AIFMD refers to end of 2018 as end of the transitory period but a delayed will, in principle, be determined in due time by EU regulations.

WHY LUXEMBOURG?

Under the first option, Asian Managers who manage Luxembourg Funds benefit from the fact that Luxembourg has entered into appropriate cooperation agreements with regulators in the main Asian countries (where the Manager is based) and with all of the EU regulators (where the Luxembourg Funds can then be privately placed).

Under the second option, Asia Managers find a choice of authorised AIFM in Luxembourg (including the UCITS Management Company which have upgraded to become an authorised AIFM also), which can act as AIFM for the relevant Funds and delegate investment management to the relevant Asian Manager while retaining risk management functions. Setting up their own AIFM in Luxembourg is obviously another possibility for Asian asset management groups.

Under the third option, Asian Managers will find Luxembourg to be an appropriate EU Member Country of Reference with a sound political and financial environment and a competent and pragmatic supervisory authority. It is difficult at this stage to predict the date by which this third option will become available as the necessary EU legislation has not yet been passed.

SPOTLIGHT ON SPECIALISED INVESTMENT FUNDS

The specialised investment fund (SIF) was first introduced by the Law of 13 February 2007 (SIF Law). It has since enjoyed great success as it offers a regulated label whilst maintaining flexibility in terms of investment scope and structuring and benefiting from an efficient tax regime.

The SIF regime was amended by the Law of 12 July 2013 on alternative investment fund managers which transposes the AIFMD into Luxembourg law (AIFM Law). Whilst the AIFM Law mainly purports to regulate AIFM(s) it also contains various provisions applicable to AIF(s), for which certain SIFs will qualify.

Investment into SIFs is limited to well-informed investors that are able to adequately assess the risks associated with an investment in such a vehicle.

The SIF Law defines well-informed investors as (i) institutional investors and (ii) professional investors but also (iii) other well-informed investors who confirm in writing that they adhere to the status of well-informed investors and either invest a minimum of 125,000 euros or benefit from an assessment made by a financial institution, certifying their expertise. Within the latter category, sophisticated retail or private investors are authorised to invest in SIFs.

The SIF Law allows significant flexibility with respect to the assets in which SIFs may invest[2].

SIFs are subject to the principle of risk-spreading. The SIF Law does not provide for specific investment rules or restrictions but only refers to the concept of risk-spreading. However, the Commission de Surveillance du Secteur Financier, being Luxembourg's regulatory authority of the financial sector (CSSF), has issued guidelines via its Circular 07/309, as to the meaning of risk-spreading in the context of SIFs.

SPECIALISED INVESTMENT FUNDS – TAX ASPECTS

A SIF benefits from an exemption from Luxembourg corporation taxes and from wealth tax and is only subject to an annual subscription tax (*taxe d'abonnement*) of 0.01% levied on a quarterly basis on the SIF's net asset value.

Exemptions from the 0.01% subscription tax are available under certain circumstances.

A SIF (or any other UCI) set up as a corporate entity (SICAV or a SICAF) may benefit from a certain number of double tax treaties concluded by Luxembourg. There are currently about 40 countries granting treaty access to corporate SIFs, including Hong Kong and the People's Republic of China.

Management services (investment advisory services, management of the portfolio and certain administrative services) provided to a SIF (and generally to a Luxembourg UCI) are exempt from VAT.

Non-resident investors in a SIF which are not acting via a Luxembourg permanent establishment will not be subject to taxation in Luxembourg in respect of any income or capital gains derived in respect of shares or securities in a SIF.

2 It permits the structuring of, inter alia, equity funds, bond funds, money market funds, real estate funds, hedge funds, private equity funds, debt funds, microfinance funds, social entrepreneurship funds, venture capital funds, green funds or infrastructure funds but also funds investing in tangible assets like art, luxury goods, wines, etc.

THE RESERVED ALTERNATIVE INVESTMENT FUND

We were instrumental in the development of the legislation on the reserved alternative investment fund (RAIF) and on 23 July 2016, the day of publication of the RAIF law, we created the first Luxembourg RAIF.

The RAIF is regulated under the AIFMD[3] and benefits from the corresponding EU passport but is not supervised by the Commission de Surveillance du Secteur Financier (CSSF), making it an attractive vehicle from a time-to-market perspective.

In order to be eligible for this new regime, the RAIF has to be an AIF managed by an authorised AIFM, both within the meaning of the AIFMD. The AIFM may be established in Luxembourg, in another Member State of the European Union or even, once the AIFMD passport is available to third countries, in a third country in accordance with the provisions of the AIFMD.

Due to the necessity for the RAIF to be managed by an authorised AIFM, it is indirectly supervised through the prudential supervision exercised by the competent authority of its AIFM. For the same reason, the RAIF benefits from the European passport granted by the AIFMD for marketing to professional investors in the EU.

The creation, launch, documentation, activities and termination of the RAIF is not subject to the approval of or any supervision by the CSSF, but still enjoys all the structuring flexibility from which (CSSF approved and supervised) Luxembourg funds benefit.

The other features of this new Luxembourg investment vehicle, including its tax regime, is substantially identical to those of the SIF described above.

The RAIF is a vehicle of choice for managers and investors looking to combine contractual freedom and short time-to-market together with both the protection of the AIFMD framework and the RAIF Law, and the marketability of an investment vehicle benefiting from an EU passport.

PARTNERSHIPS

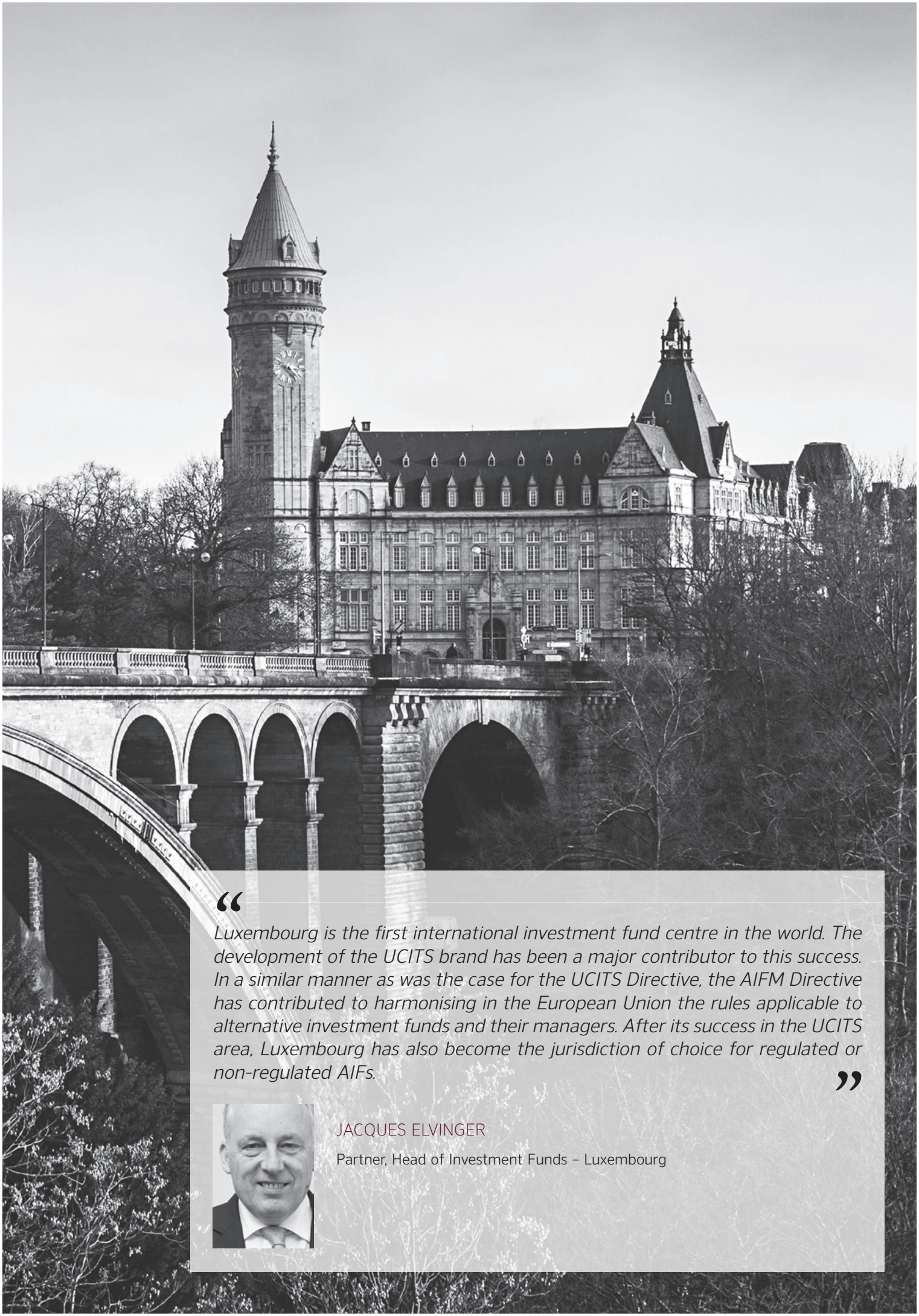
Since 2013, Luxembourg has been strengthening its position as a leading jurisdiction for setting up private equity, real estate and hedge funds and offers Asian asset managers a comprehensive range of partnership-type vehicles.

In addition to the existing corporate partnership limited by shares (SCA) and the common limited partnership (SCS), a new form of partnership, namely the special limited partnership (SLP), has been created by the Law of 12 July 2013. Among others, SLPs have been used to serve as carry and co-investing vehicles but most importantly as supervised or unsupervised investment funds replicating various types of alternative strategies. Only a few mandatory rules apply to SLPs, hence a tailor-made SLP can be set up pursuant to the terms of the limited partnership agreement.

An SLP can be an unsupervised vehicle or can choose to be supervised by the CSSF, notably as a SIF or as an investment company in risk capital (SICAR). If supervised or if structured as a RAIF once, this type of AIF is available as discussed above, an SLP may adopt an umbrella structure with multiple segregated sub-funds investing in different and separate assets.

An SLP (contrary to the two other forms of partnerships above, namely the SCA and the SCS) does not constitute a legal person distinct from its partners and is transparent for Luxembourg income and net wealth tax purposes.

3 Directive 2011/61/UE of 8 June 2011 on Alternative Investment Fund Managers. For further information, please see our various AIFMD memoranda on our website www.elvingerhoss.lu.



“Luxembourg is the first international investment fund centre in the world. The development of the UCITS brand has been a major contributor to this success. In a similar manner as was the case for the UCITS Directive, the AIFM Directive has contributed to harmonising in the European Union the rules applicable to alternative investment funds and their managers. After its success in the UCITS area, Luxembourg has also become the jurisdiction of choice for regulated or non-regulated AIFs.”

JACQUES ELVINGER

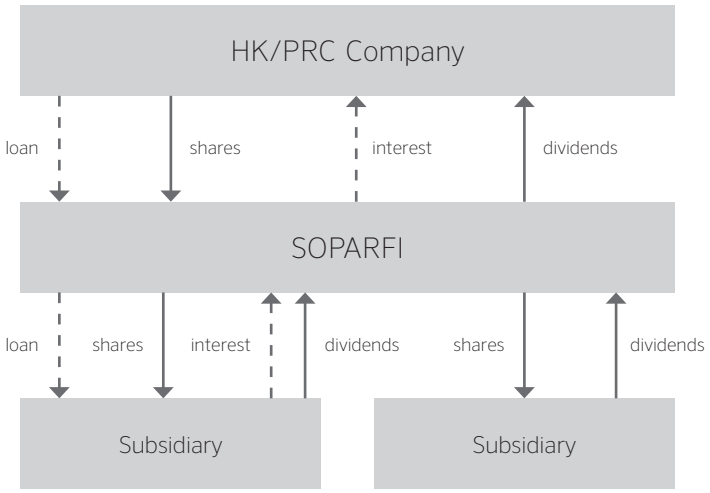
Partner, Head of Investment Funds – Luxembourg

SOPARFI

A Soparfi is not a specific type of company but refers to a fully taxable limited company, carrying out holding and finance activities and which may benefit from the participation exemption regime and has double tax treaty access. Soparfis are widely used as investment and finance platforms for a wide range of investors from all over the world.

The key benefits of a Soparfi are, in a nutshell:

- Treaty access to all double tax treaties (including those with Hong Kong and the People's Republic of China) currently in force & access to EU directives
- Full exemption of dividends and capital gains derived from qualifying participations
- No withholding tax generally on dividend distributions made to qualifying shareholders located in treaty jurisdictions (subject to minimum holding requirements)
- No withholding tax on dividend distributions made to a HK/PRC company (other than a partnership) holding at least 10% or a shareholding of EUR 1.2 million
- No withholding tax on interest payments and on the distribution of a liquidation bonus



"*Luxembourg is a recognised gateway through which Asian investors can invest in the European Union and the rest of the world. A business friendly tax environment, a large number of tax efficient investment vehicles together with an extensive double tax treaty network and compliance with international tax standards make Luxembourg the obvious choice for institutional investors from all over the world. The Hong Kong-Luxembourg double tax treaty of 2007, which allows profit repatriations from Luxembourg to Hong Kong free of tax, has boosted Luxembourg as an investment hub for Asian investors operating via Hong Kong.*"

JEAN-LUC FISCH

Partner – Luxembourg

THE LUXEMBOURG STOCK EXCHANGE

The Luxembourg Stock Exchange (LSE) was set up in 1927 and operates two markets, the regulated market "Bourse de Luxembourg" (Regulated Market) and the alternative market, the "Euro MTF". The Euro MTF market is a multilateral trading facility as defined in the Law of 13th July 2007 regarding markets and financial instruments.

"More than 40,000 tradable securities, including some 26,000 bonds, are currently listed on the LSE. Luxembourg remains the worldwide leader in the listing of international securities. These bonds are denominated in more than 54 currencies and issued by more than 3,000 private and public issuers from more than 100 countries around the world.

Investment funds form another important segment with more than 6,000 separate instruments listed. In 2015, 42% of Chinese investments to Europe were channelled through Luxembourg."

WHICH ISSUERS CAN LIST THEIR SECURITIES ON THE LSE?

The term "issuer" is defined very broadly by the rules and regulations of the LSE (LSE Rules) as *"any legal entity that has issued Securities admitted to trading or wishing to proceed to such an admission"*.

Issuers of securities listed on the LSE include Luxembourg and foreign corporate issuers as well as sovereigns and international institutions.

WHICH TYPES OF SECURITIES MAY BE ADMITTED ON THE LSE?

The LSE Rules provide for the possibility to admit:

(i) shares of companies and other securities equivalent to shares of companies and partnerships, and share depositary receipts;

(ii) bonds and other debt securities including depositary receipts representing such securities;

(iii) any other security giving the right to buy or sell such securities or with a cash settlement, determined by reference to transferable securities, a currency, a rate of interest or yield, commodities or indices;

(iv) shares and units in undertakings for collective investment;

(v) money market instruments and all other securities which the LSE may determine can be traded on a securities market of the LSE.

LISTING

The LSE is the leading international bond listing venue worldwide and has become the leading exchange in Europe for RMB listing: 90 Dim Sum bonds have been listed on the LSE since 2011 and 40 issuers from 23 different jurisdictions have chosen the LSE for raising capital in RMB. Many Chinese issuers have also chosen the LSE for their listings: Hainan Airlines, China International Capital Corporation Limited and many Chinese banks.

GREEN BOND

In 2007, the LSE became the first exchange in the world to list a Green Bond – issued by the European Investment Bank (EIB) to finance part of its climate projects. A number of issuers have since listed, and earlier this year LSE marked its 100th listed green bond. The value of all Green Bonds on LSE has surpassed $45 billion. Green listings on LSE represent the highest number of listed green bond offering globally (September 2016). Bank of China became the first Chinese bank to list a Green bond in Europe after issuing a $2.8bn green bond on the LSE.

"*Luxembourg legislation offers a complete toolbox of dedicated solutions to Asian asset managers, investors and family offices including tailor-made regulated or non-regulated structures.*"

KATIA PANICHI
Partner – Luxembourg

MILESTONES IN LUXEMBOURG LAW

We are proud of the part we have played in the development of Luxembourg law and of the many opportunities we have created for our clients.

1964

Our firm was founded by lawyers committed to excellence and creativity in legal practice.

1966

We acted as legal adviser for the first Luxembourg investment fund, The United States Trust Investment Fund.

1973

We advised on the structure and set-up of the first Luxembourg investment fund to be publically offered in Japan – the Fidelity World Fund.

1983

Working with the Luxembourg supervisory authority, our partners drafted the first comprehensive set of Luxembourg investment fund legislation.

We advised on the first bond issue in the form of a fiduciary contract – now commonly used to structure tier 1 financing for banks.

2007

We helped set up the first UCITS 130/30 fund registered in Hong Kong.

2009

Following the liquidation of Kaupthing Bank, we assisted in the first successful reorganisation of a Luxembourg credit institution, using a securitisation vehicle to act as a "bad bank".

2011

We provided guidance to the first UCITS RMB bond fund permitted to invest up to 100% of net assets in the Hong Kong RMB OTC bond market.

2012

Our Hong Kong office opened.

We acted for the first Luxembourg UCITS IV Management Company to be authorised with the full benefit of the EU passport (Mirabaud Management Company).

1988

We were proud to assist in the set-up of the World Capital Fund, the first investment fund authorised as a UCITS (Undertakings for Collective Investments in Transferable Securities) in Europe.

2000 -2001

We were lead advisers in creating the then largest steelmaker in the world. ARCELOR was the result of the first tripartite merger in the form of three interconditional public exchange offers.

2004

We helped the first Investment Company in Risk Capital register with the CSSF (Commission de Surveillance du Secteur Financier), the first to take advantage of this structure from the new SICAR law.

2006

We assisted ARCELOR with an initially unsolicited takeover by Mittal Steel – resulting in a friendly merger of both companies and the creation of the world's number one steelmaker.

2013

We gave legal advice to the first UCITS to be authorised by the CSSF to invest 100% in China A Shares under the RFQII (renminbi qualified foreign institutional investor scheme) quota.

Our clients included the major private equity players and investment funds with assets under management exceeding EUR 1,000 bn.

2014

We received CSSF clearance for the classification of the China Interbank Bond Market as regulated market for UCITS.

We advised clients on investment by UCITS through the Shanghai – Hong Kong Stock Connect Program.

2015

We advised the private banking department of a major Chinese bank on the creation and approval of a specialised investment fund offering wealth management solutions for a global client base.

2016

We were instrumental in the development of the legislation on the reserved alternative investment fund (RAIF) and on 23 July 2016, the day of publication of the RAIF law, we created the first Luxembourg RAIF.

We advised the first RQFII UCITS ETF initiated by an independent Chinese issuer and the first RQFII UCITS ETF launched by a Chinese asset management firm based in Europe. The shares of both are listed on the Luxembourg and London Stock Exchanges.

TODAY

Our partners guide companies, professionals, bond issuers, investment managers and financial institutions on their most critical Luxembourg legal matters.

We are ranked top tier in investment funds, banking and finance, capital markets, corporate and M&A by Chambers & Partners, IFLR 1000 and Legal 500.

WE ARE READY TO ASSIST YOU IN ASIA ON ALL ASPECTS OF LUXEMBOURG LAW.

WHAT MAKES US DIFFERENT

Fiercely independent in structure and spirit, Elvinger Hoss Prussen guides clients on their most critical Luxembourg legal matters.

Our firm was founded in 1964 by lawyers committed to excellence and creativity in legal practice. Since then, we have shaped a firm fit for one purpose: to deliver the best possible advice for businesses, institutions and entrepreneurs.

Delivering this responsive service, to an exceptional degree of precision, means working a little differently. Our partners are uncommonly supportive of clients and of each other; we form cross-border arrangements with peers based on the demand of each case and our colleagues are unusually united around our values.

We are proud to play a unique role in the development of Luxembourg as a financial centre.

WHY WORK WITH US?

- We are ranked top tier in Chambers & Partners, IFLR 1000 and Legal 500.
- Our position in the Luxembourg financial community means you will always be ahead of the opportunities and implications associated with legal change.
- Our partners will always deliver a responsive service, pragmatic advice and work delivered to the highest precision, working efficiently and in the way that best serves your interests.

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