

AKD Luxembourg Capital Markets Capabilities

Luxembourg: a prime location for capital markets

Luxembourg has for long been at the forefront of the trends and evolutions of the financial markets. It grew to become a well-established financial centre in Europe with worldwide recognition, known as one of the world's safest and business friendly environment. Issuers, investors and other actors benefit in Luxembourg from comprehensive and stable regulatory and tax frameworks, within the environment shaped by European Union directives and regulations. Capital markets are no exception to this trend and Luxembourg is indubitably a go-to venue to structure all types of capital markets transactions, both on the debt and equity sides.

On the debt side, issuances having a nexus with Luxembourg are common, either by reason of the issuance being structured through a Luxembourg issuing vehicle or the issued securities being listed on the Luxembourg Stock Exchange (the **LuxSE**). Debt securities issued by Luxembourg issuers on capital markets are typically governed by foreign law, such as New York, English and German law. Recent trends indicate however that a growing number of transactions are structured around Luxembourg law as the law governing the debt securities.

Many equity capital markets transactions are also structured through Luxembourg, a key reason being that the holding entity of multinational groups is often a Luxembourg company. The Luxembourg company can be the vehicle whose shares will be offered in the framework of initial public offerings, in the European Union or the United States, but also the seller of the publicly offered shares in a subsidiary.

A leading listing venue

The LuxSE grew from its inception over 90 years ago to a global leader in the listing of securities, with nowadays over 36,000 quotation lines of securities, of which more than 28,000 are debt securities, from over 2,000 issuers spread over around 100 countries.

The LuxSE operates two markets:

- The regulated market *Bourse de Luxembourg* (a regulated market in the sense of MiFID II) which falls within the scope of the EU harmonised regime on prospectuses, transparency and market abuse rules and regulations. A listing on the regulated market requires the Luxembourg financial regulator's (CSSF) or the foreign competent authority's prior approval of a Prospectus Regulation-compliant prospectus.
- The Euro MTF market, which is not a regulated market and therefore does not fall within the scope of application of the Prospectus Regulation or the harmonised EU transparency requirements. It is typically designed to offer issuers an alternative market with more flexibility and less stringent disclosure and reporting requirements. The Euro MTF is a popular listing venue for issuers of high yield bonds and debt securities restricted to qualified investors. Applications for trading on the Euro MTF are considered and approved only by the LuxSE, and the prospectus and listing application are only subject to the Rules and Regulations of the LuxSE.

The LuxSE has been very dynamic over the last decade and developed new interesting listing options, such as the LGX launched in 2016, which is a platform (initially) dedicated to green securities. The LGX has become the global market leader in the listing of green and

sustainable securities. The LuxSE also launched two professional segments available for the regulated market and the Euro MTF reserved to professional clients, alleviating compliance costs for issuers. More recently, the LuxSE launched the Securities Official List in view of offering a listing-only option for issuers. This is gaining interest among issuers looking to avoid the application of the Market Abuse Regulation and whose securities do not require to be traded on a market.

Innovative framework

The Luxembourg legal and tax environment enables the set-up of robust and efficient structures for both equity and debt issuances, in the heart of Europe. Working hand in hand with the representative bodies of the financial place, the Luxembourg legislator has been steadily offering alternative and innovative tools. This includes the outstanding framework for securitisation undertakings governed by the law of 22 March 2004 on securitisation, to the recent law of 22 January 2021 allowing the issuance of dematerialised securities using distributed ledger technology. Such initiatives are also complemented by initiatives of other market players such as the LuxSE. Luxembourg benefit furthermore from experienced and skilled legal, tax and services providers that can assist foreign entities and prospects to achieve successfully their capital markets transactions.

Track record

Members of the team at AKD Luxembourg have longstanding experience with the Luxembourg capital markets environment, stretching over decades. We provide the full range of legal, tax and listing agency services as to assist our clients throughout the entire process of capital markets transactions, from the incorporation of the issuing vehicle and the preparation of the issuance documents, to the preparation of the prospectus and coordination of the approval and listing processes. Our team also assist issuers with their ongoing and periodic reporting and disclosure obligations. Recent track records include the assistance of experienced issuers with the implemen-

tation of new structures in view of the offering of notes and asset-backed notes for large automotive players, assistance with the prospectus approval process with the CSSF in connection with listings on the regulated market of the LuxSE, but also first-time issuers with their first public offering of securities in Luxembourg and other European countries.

Your key contacts

In case of interest or questions, please do not hesitate to reach out to our specialists.



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