

Financial Sector Professionals
(FSP) in Luxembourg
2011 Overview and outlook
of a fast-growing sector





Three questions to Jean Fuchs, Chairman of L.A.F.O., Luxembourg Association of Family Offices

What in your opinion are the reasons for the Family Offices draft law?

The Bill has been reviewed and corrected several times and is the product of a compromise between several parties. Fundamentally, we are campaigning for Family Offices legislation with four main aims:

- First, in order to obtain clarification by offering a definition of the term 'Family Office' which is widely used throughout the world but which, according to the participants, covers an extremely varied range of services.
- We also intend to strengthen the professionalism and, dare I say, raise the moral standards of the activity, as successfully done for Luxembourg company administrators a few years ago.
- We believe that a structuring of the activity will clearly lead to expansion of the activity in the Grand Duchy by attracting new clients.
- Finally, we believe that new players may be interested in domiciling their Family Office activities in Luxembourg in order to radiate throughout Europe.

What are the strong arguments for and against a regulated entity status?

Fundamentally, we want to defend the Luxembourg marketplace and we are convinced that all players gravitating around Family Offices - bankers, trustees, lawyers and other service-providers - would benefit from seeing this activity strengthened and gain credibility from regulatory supervision.

If the Family Office status were to be officially put under FSP status, it would also put Luxembourg expertise in this area in the public marketplace, within and beyond our frontiers. Luxembourg could then legitimately market its Family Offices.

I personally see the activities of Family Offices as the spearhead for new growth in the financial sector in Luxembourg and a growth springboard for all sectors.

Naturally some people are still reticent and advocate total liberalism or fear exposure in the public marketplace or the disadvantages of regulation. Apart from the fact that we don't necessarily want anybody and everybody in Luxembourg, single Family Offices are not affected by this new status and the CSSF recognises the principle of proportionality.

Furthermore, a whole series of professions exercising this activity without having to change their current positions (lawyers, etc.).



What benefits would attract and expand these new FSPs to and in Luxembourg?

Luxembourg is the best market I know for a very broad range of expertise, whether it be our bankers, trusts, funds, company administrators, lawyers and many other professions. We have an unparalleled concentration of expertise.

Luxembourg also offers a very broad range of asset management products which offer the best arrangements for all situations (SIF - Specialised Investment Funds, SICAR - *Société d'Investissement en capital à risque* or Venture Capital Companies, securitisation, asset management, insurance, etc.) in a multi-cultural and multilingual environment which can understand and adapt to all types of clientele.

The market would also offer a seal of quality, Luxembourg being one of the few countries in the world which will directly supervise Family Offices.