

RELEVANT NEWS FOR THE LUX FINANCIAL CENTRE

15 June:

The European Commission finalises the draft agreement on transferring European banking data to the US as part of anti-terrorist investigations. The text says that all data sent to the US has to be based on an anti-terrorist investigation and that no random scanning, profiling or data mining will be allowed.

14 June:

The European Commission outlines the potential new measures it is considering to ensure that short-selling of stocks and bonds doesn't destabilize financial markets or national economies.

German Chancellor Angela Merkel and French President Nicolas Sarkozy highlight international financial reforms and announce they will send a joint letter to the G20 leaders to urge for more international financial regulations, including a tax on international financial transactions.

11 June:

The Committee of European Banking Supervisors (CEBS) publishes its report on national implementation of high-level principles for remuneration policies.

Hong Kong's Inland Revenue Department issues interpretation and practice notes for the exchange of tax information upon request received from double taxation treaty partners.

According to Moody's, European banks are strong enough to withstand any sharp losses on their holding of government debt issued by Greece, Portugal, Spain and Ireland.

10 June:

Liechtenstein's government approves double taxation agreements with Luxembourg and the Republic of San Marino.

UBS Luxembourg unit is being probed by prosecutors over allegations of forgery when it oversaw two funds linked to Bernard Madoff.

The Institute of International Finance (IIF) underscores its commitment to a constructive dialogue with governments and regulatory authorities to create the conditions for financial sector stability and economic growth. They call on the heads of government to seek to reach a timely consensus on the key elements of proposed bank regulatory reforms.

The European Banking Federation issues the warning that new global rules forcing banks to put aside more capital could keep the eurozone economy in or close to recession through 2014.

9 June:

SkyBridge Capital AG plans to establish SICAV structures for offshore funds as part of its acquisition of Citigroup's hedge fund business in Luxembourg.

Brazil's Ministry of Finance publishes a list of tax haven countries. Luxembourg is taken off that list, but is included on a list of countries with favourable tax regimes with respect to its holding companies.

The Italian Economic Ministry announces that EUR 104.5 bn have been repatriated as a result of a tax amnesty launched by the government last October.

Germany and the federal state of Lower Saxony buy a CD said to contain the bank data of 20'000 alleged tax cheats with assets hidden in Switzerland.

Swiss Lower House rejects UBS pact.

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7 June:

European Finance Ministers agree to have budget drafts examined by EU executive and other states and that sanctions for breaking fiscal rules should kick in more quickly. They also indicate that they would go ahead with considering a bank tax. Furthermore, Finance ministers of the euro zone agree to set up a special purpose vehicle to safeguard the stability of the euro.

5 June:

G20 leaders are unable to agree on a multilateral bank levy due to opposition by Japan, Canada and Brazil but affirm their commitment to intensify their efforts and accelerate international repair and reform.

Data retention: The European Commission approaches the Court of Justice against Luxembourg for failing to transpose EU legislation.

3 June:

The International Monetary Fund (IMF) Executive Board notes that Luxembourg with its open economy and large internationally-integrated financial sector experienced a severe shock from the global financial crisis. It commends the authorities' prompt and forceful policy response, which safeguarded the financial sector.

The European Commission urges France to implement the 2005 directive on anti-money laundering.

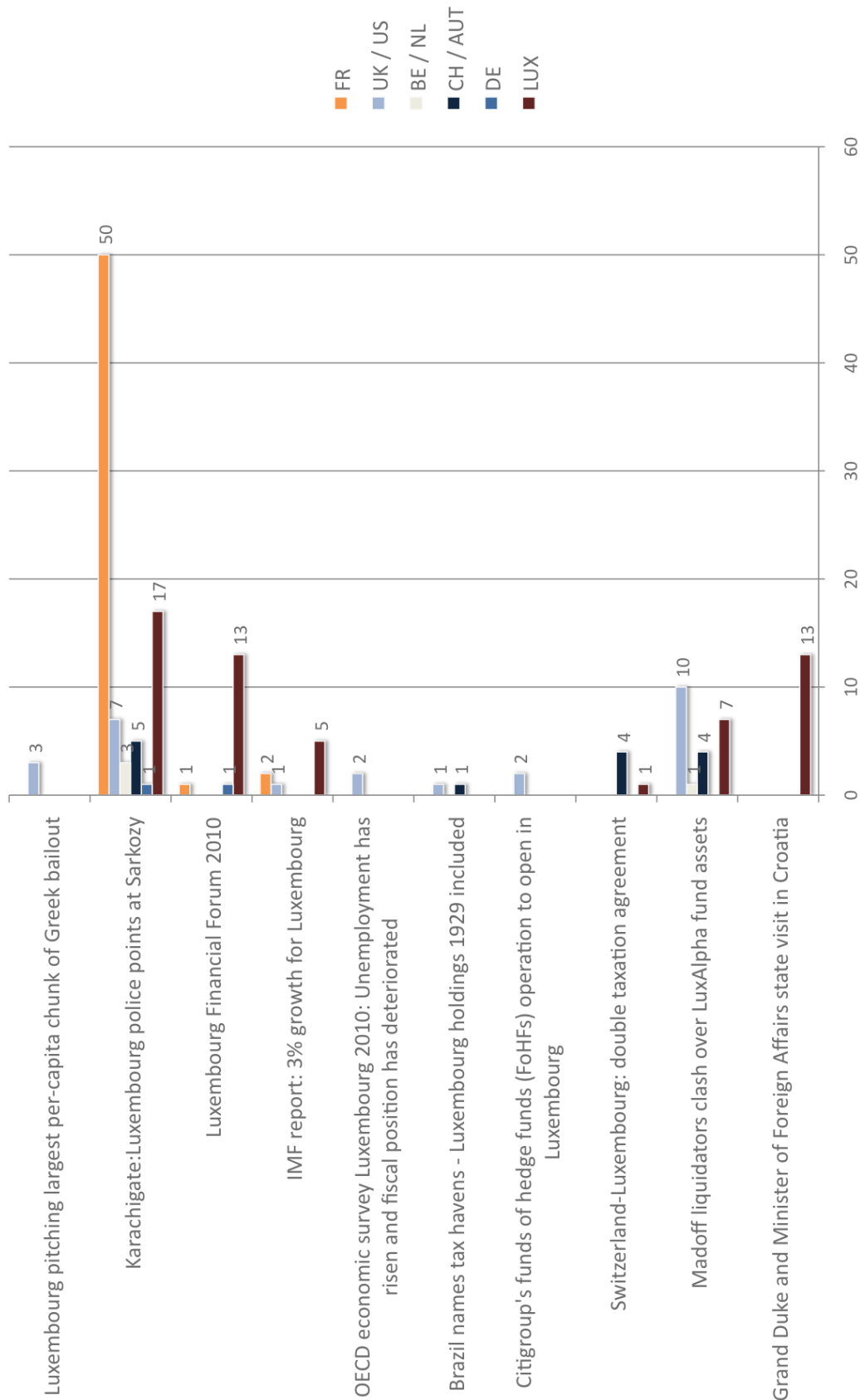
Swiss Upper House approves UBS settlement with US.

2 June:

French President Sarkozy named by police in a Luxembourg inquiry into Pakistan submarine payments as originator of a company that handled millions of EUR in illegal funds.

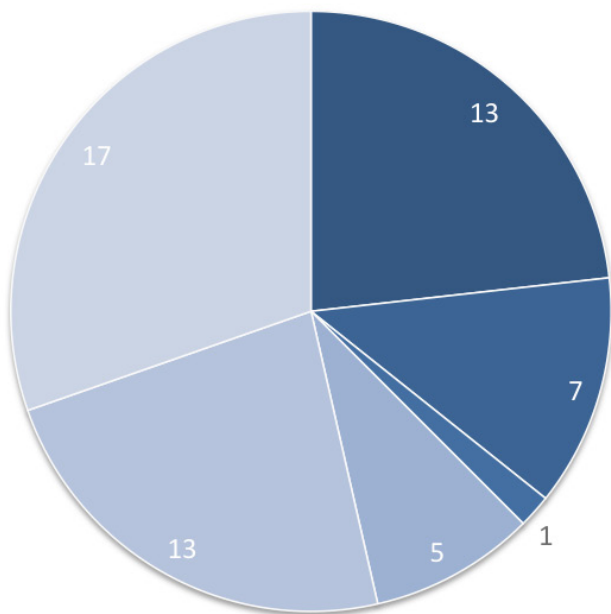
Credit rating firms face single new regional regulator under EU proposals to increase competition.

FINANCIAL CENTRE: MEDIA COVERAGE (by number of articles)



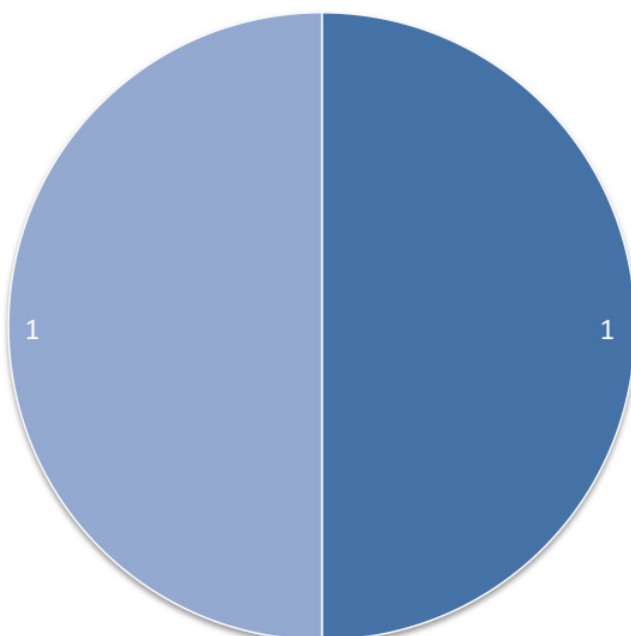
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

Luxembourg



- Grand Duke and Minister of Foreign Affairs state visit in Croatia
- Madoff liquidators clash over LuxAlpha fund assets
- Switzerland-Luxembourg: double taxation agreement
- IMF report: 3% growth for Luxembourg
- Luxembourg Financial Forum 2010
- Karachigate:Luxembourg police points at Sarkozy

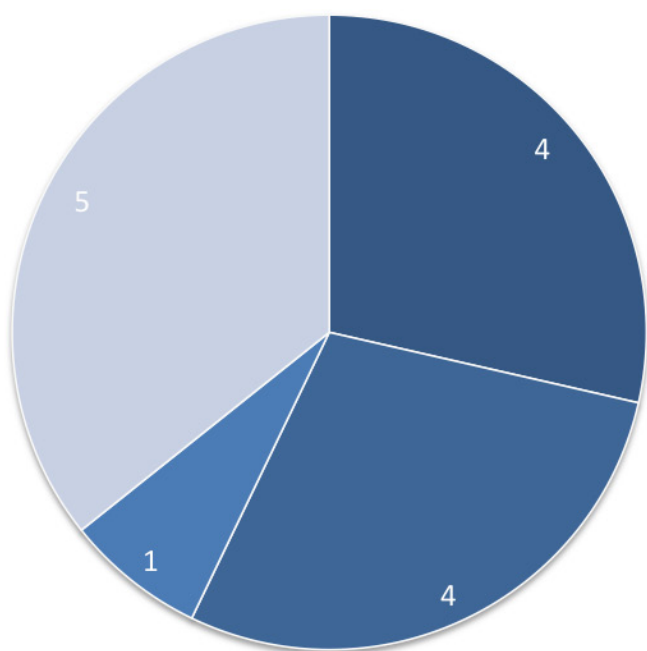
Germany



- Luxembourg Financial Forum 2010
- Karachigate:Luxembourg police points at Sarkozy

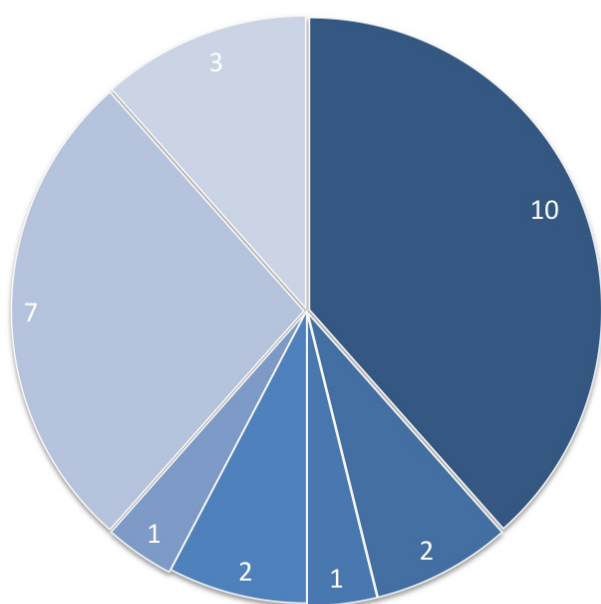
FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

Switzerland/Austria



- Madoff liquidators clash over LuxAlpha fund assets
- Switzerland-Luxembourg: double taxation agreement
- Brazil names tax havens - Luxembourg holdings 1929 included
- Karachigate: Luxembourg police points at Sarkozy

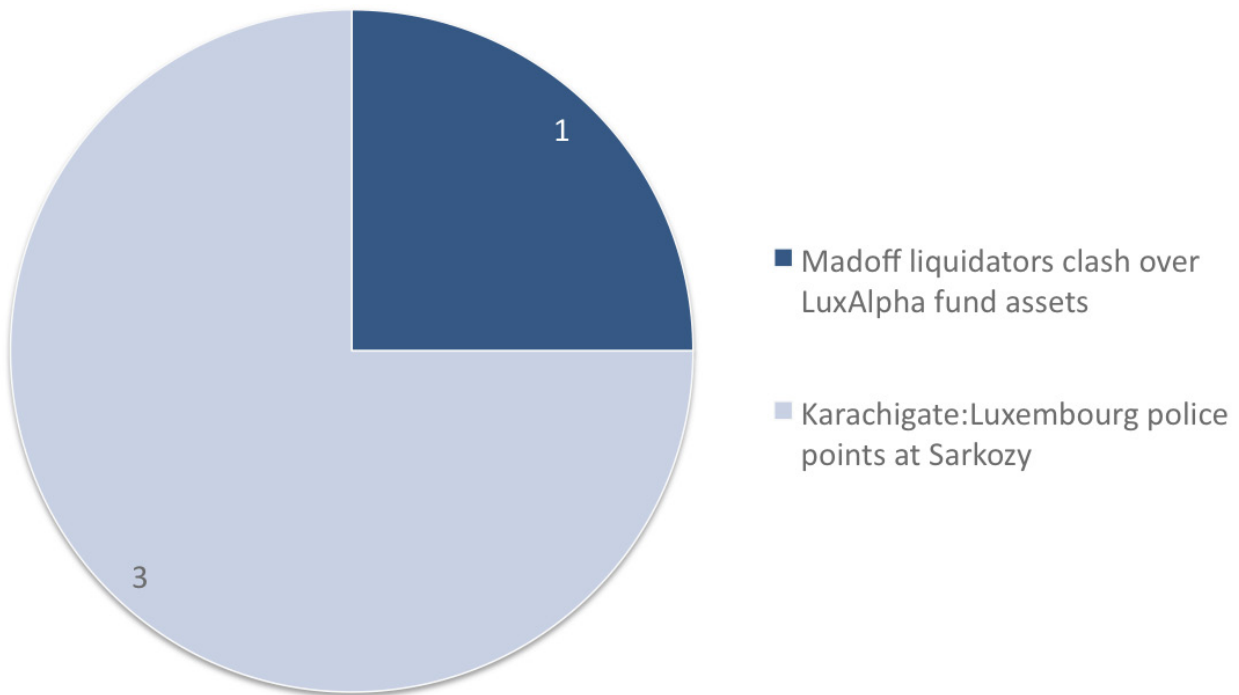
UK / US



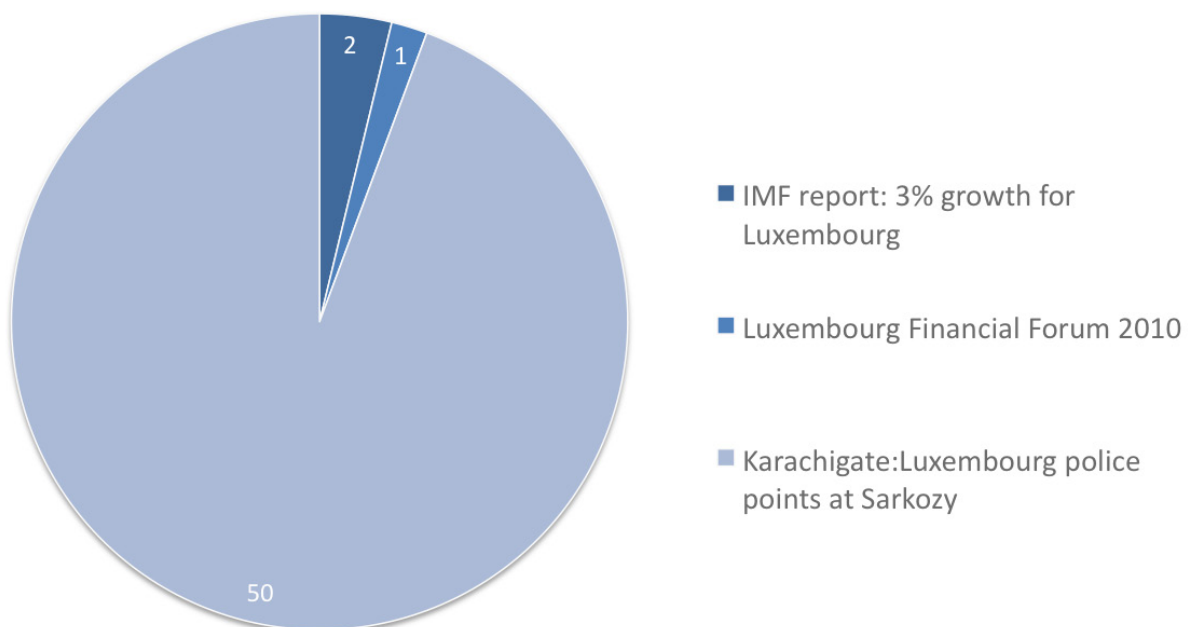
- Madoff liquidators clash over LuxAlpha fund assets
- Citigroup's funds of hedge funds (FoHFs) operation to open in Luxembourg
- Brazil names tax havens - Luxembourg holdings 1929 included
- OECD economic survey Luxembourg 2010: Unemployment has risen and fiscal position has deteriorated
- IMF report: 3% growth for Luxembourg
- Karachigate: Luxembourg police points at Sarkozy

FINANCIAL CENTRE: COVERAGE BY COUNTRY (by number of articles)

Belgium / Netherlands



France



STATEMENTS ABOUT LUXEMBOURG

	Name	Position	Organisation	Source	Date
Economy	Ulrika Lomas	Journalist	Tax News	Tax News	08/06/10
	Luxembourg's exceptionally open economy and internationally-integrated financial centre endured its worst economic performance in 30 years in 2009, with the economy contracting by 3.5%, according to the International Monetary Fund (IMF). During 2009, the investment fund industry endured large redemptions, two systemically important banks were bailed out, and three smaller Icelandic banks failed. Despite this, the IMF said a prompt and aggressive policy response safeguarded financial stability and mitigated adverse economic effects.				
Fund industry	Suchita Nayar	Journalist	Financial Times	Financial Times	07/06/10
	However, launching in Europe is no easy option. One of the key initial hurdles is the requirement to locate the fund management company within the European Union. For example, a New York manager that wants to set up Ucits funds in Luxembourg would have to operate a management company locally. Alexandra Tzalla, a solicitor with Laven Legal Services in London, says: "The regulator doesn't want you to set up a fund in Luxembourg and then disappear. This may be one of the biggest problems for US managers." There are ways around this, though, market participants say. A US manager could partner with a European firm, which would, among other things, distribute the fund in Europe for a share of its fees. Some local firms are marketing funds under their own brands that are sub-advised by US managers.				
	Not named	Journalist	FINalternatives	FINalternatives	09/06/10
	The hedge fund seeding firm, which is buying Citi Alternative Investments fund of funds, seeding and advisory businesses, will move the former to Luxembourg following the closing of its deal with Citi, expected within weeks. "The preferences that we hear are that European investors like to see a European fund with a European fund manager and European regulators, administrators and custodians," Tom Gallagher, chairman of SkyBridge, told HFMWeek. The funds moving from the Cayman Islands to Luxembourg manage several hundred million dollars. They will be available through SkyBridge's recently-launched SICAV structure as soon as the Citi deal closes.				
	Benjamin Lam	Audit Partner	Deloitte Luxembourg	HedgeWeek	10/06/10
	"One thing that's very encouraging is the increasing number of new service providers such as Augentius coming to Luxembourg from offshore locations," says Benjamin Lam, an audit partner and head of private equity at Deloitte Luxembourg. "It's a very strong signal that it is becoming the administration location of choice for the private equity industry." "Service providers asked about their reasons for coming to Luxembourg say it is very much driven by their clients, which are setting up structures here. Even before the EU Alternative Investment Fund Managers (AIFM) directive is in place, more people are realising it's better to put their structures in jurisdictions that are well recognised, such as Luxembourg."				
	Tom Cahill	Journalist	Bloomberg Business Review	Bloomberg Business Review	13/06/10
	Ucits, usually based in Luxembourg or Dublin, where regulators are most familiar with the format, are gaining popularity in part because they're exempt from the European Union's proposed Alternative Investment Fund Management Directive, which would limit the access of funds domiciled in the Cayman Islands and elsewhere outside the 27-nation bloc. Lawmakers will publish a final version of the proposal in July, over objections from the U.S. and the U.K., where 80 percent of Europe's hedge funds are managed.				
Image	James Roper-Piesse	PR-Urgent	Longtail International	Longtail International	11/06/10
	Indian companies have used Mauritius as a base for outward investment for many years but astute directors are starting to use a variety of other IFCs. Deloitte in Luxembourg made a presentation on the tiny nation state – which is the second largest investment fund centre in the world with over 2000 Billion euros net of funds under management. The recent \$2 billion acquisition of Luxembourg's KBC Groep private bank by Hinduja is a timely example of the importance of this dynamic financial centre.				
Taxation	Jean-Yves de Both	Advocat	Schellenberg Wittmer	Le Temps	14/06/10
	Cela fait plusieurs années que des compagnies d'assurances étrangères – sises principalement au Luxembourg – proposent aux clients de banques suisses de restructurer tout ou partie de leur patrimoine, sous forme d'assurance vie. (...) Dans la mesure où c'est la compagnie d'assurances qui devient le client de la banque, celle-ci peut en principe renoncer à identifier l'ayant droit économique du dépôt. En application de la Convention de diligence des banques (ch. 34 CDB 08), un texte émis par l'Association suisse des banquiers et approuvé par la Finma, une banque peut renoncer à toute déclaration concernant l'ayant droit économique si son contractant est soumis à une surveillance prudentielle et anti-blanchiment équivalente aux règles en vigueur en Suisse. Il ne fait aucun doute que les compagnies d'assurances luxembourgeoises, soumises à autorisation et surveillance du Commissariat aux assurances au Luxembourg, remplissent ces critères.				

FINANCIAL CENTRES MONITORING

Luxembourg:

Luxembourg weathers crisis

08/06/10, tax-news.com

http://www.tax-news.com/news/Luxembourg_Weathers_Crisis____43649.html

Luxembourg's exceptionally open economy and internationally-integrated financial centre endured its worst economic performance in 30 years in 2009, with the economy contracting by 3.5%, according to the International Monetary Fund (IMF).

During 2009, the investment fund industry endured large redemptions, two systemically important banks were bailed out, and three smaller Icelandic banks failed.

Despite this, the IMF said a prompt and aggressive policy response safeguarded financial stability and mitigated adverse economic effects. "The authorities' decisive action in tackling troubled banks, combined with increases in deposit guarantees and substantial emergency liquidity provided by the European Central Bank, helped ameliorate financial contagion and restore market confidence. In addition, Luxembourg's enviable position of public finances at the outset of the crisis provided the necessary space for the government to extend fiscal support to the economy, boost social transfers, and protect household income," the IMF said.

Switzerland:

Verlust an Souveränität

10/06/10, NZZ Online

http://www.nzz.ch/nachrichten/wirtschaft/aktuell/verlust_an_souveraenitaet_1.6060605.html

Die Schweiz wird fremdbestimmt: Auf Druck des Auslands wird sie schon bald bestimmte Steuerdelikte als Verbrechen einstufen müssen. Den Banken bereitet diese Kriminalisierung Sorgen.

Swiss move away from "tax haven" status

10/06/10, swissinfo.ch

http://www.swissinfo.ch/eng/Specials/Swiss_banking_secrecy_under_fire/News/_Swiss_move_away_from_tax_haven_status_.html?cid=9072824

Switzerland is well on the way to getting itself removed from a "grey list" of tax havens, after parliament approved a series of tax agreements.

La Suisse «pique-assiette» se rebiffe et va communiquer

09/06/10, swissinfo.ch

http://www.swissinfo.ch/fre/politique_suisse/La_Suisse_pique-assiette_se_rebiffe_et_va_communiquer.html?cid=9050148&rss=true

Pour contrer une image négative de la Suisse, la Confédération a développé une nouvelle stratégie de communication à Bruxelles, où siègent les institutions de l'Union européenne. Elle va dévoiler son concept le 17 juin prochain.

FINANCIAL CENTRES MONITORING

Germany:

Warnung vor deutschem Alleingang

08/06/10, RP ONLINE

http://www.rp-online.de/wirtschaft/eurokrise/Warnung-vor-deutschem-Alleingang_aid_866696.html

Die Privatbanken in Deutschland warnen die Bundesregierung vor Alleingängen bei der Besteuerung von Finanzgeschäften. Eine solche Steuer würde den Finanzplatz Deutschland schädigen, monierte der Bundesverband deutscher Banken in einer Erklärung am Dienstag.

UK:

Analysis: London funds yet to be seduced by Swiss appeal

Reuters, 10/06/10

<http://www.reuters.com/article/idUSTRE6592J020100610>

Swiss efforts to tempt financial professionals away from the UK with the promise of lower taxes are being frustrated by regulatory question marks and high living costs.

UK's Europe minister David Lidington vows to defend City

08/06/10, FT.com

<http://www.ft.com/cms/s/0/4a1ddcba-7258-11df-9f82-00144feabdc0.html>

Britain's new minister for Europe promised on Monday to defend London as a financial centre as the European Union considers new regulations that critics say could drive institutions away from the City.

David Lidington said it was in Europe's interest to reform regulations of banks and hedge funds in a way that protected London's role in global financial markets.

"London is an asset to the UK, it is an asset to the EU. If you harm London as a financial centre, that business is not going to go elsewhere in the EU, it is going to go outside the EU altogether," he told the Financial Times during a visit to Stockholm.

FINANCIAL CENTRES MONITORING

Ireland:

Ireland losing competitiveness

07/06/10, tax-news.com

http://www.tax-news.com/news/Ireland_Losing_Competitiveness_Academic_Claims____43667.html

Improving Ireland's investment environment is critical to staving off a prolonged recession, leading economist, Constantin Gurdgiev of Trinity College, Dublin, told a recent forum.

Amid talks of an imminent recovery, in line with improving economic conditions globally, Gurdgiev said that Ireland continues to face several crises, and will continue to do so unless the government enhances the country's tax regime to attract "investment in human capital."

Ireland's fiscal example no guarantee of safety

08/06/10, Market Watch

http://www.marketwatch.com/story/irelands-example-no-guarantee-of-safety-2010-06-08?reflink=MW_news_stmp

Debt-strapped euro zone governments from Athens to Lisbon have been urged to follow the example of Ireland when it comes to taking the painful measures required to put their budgets in order.

But economists say the export-oriented island's fiscal fate may rest outside of its control, dependent on further depreciation of the euro and a strengthening global recovery.

Singapore:

Singapore leads wealth recovery, becomes 'Monaco of the East'

Bloomberg, 14/06/10

<http://www.businessweek.com/news/2010-06-11/singapore-leads-wealth-recovery-becomes-monaco-of-the-east-.html>

Singapore and Malaysia led a recovery of global wealth to pre-crisis levels as the number of millionaires grew by about 14 percent last year, the Boston Consulting Group said.

The number of millionaire households increased to 11.2 million, according to the annual study released yesterday by the Boston-based firm. In 2008, the number of millionaire households fell about 14 percent to 9.8 million.

Global wealth rose by 11.5 percent as assets under management increased to \$111.5 trillion, approaching 2007's record \$111.6 trillion. Singapore had the highest proportion of millionaire households at 11.4 percent, followed by Hong Kong and Switzerland, after the city-state posted a 35 percent gain.

UAE:

Dubai fights for its finance sector

10/06/10, FT.com

<http://www.ft.com/cms/s/0/f7d581c6-7426-11df-87f5-00144feabdc0.html>

Since the credit crunch struck, Dubai's financial district has emerged in relatively better shape than many other parts of the emirate's economic infrastructure.

While a few restaurants and financial entities have folded, larger institutions continue to base their regional operations in the district, even if they have trimmed their workforces.

But as the government seeks to reduce costs, the Dubai International Financial Centre is set to unveil a series of internal restructurings beginning with deep staff cuts.