

LPEA's Private Equity 4 Women initiative celebrates 1st anniversary

Raising Gender Parity in Private Equity

One year ago, the LPEA - Luxembourg Private Equity & Venture Capital Association launched a dedicated group called PE4W (Private Equity for Women) in order to empower women in the Private Equity Sector.

In order to celebrate the International Women's Day and the 1st year anniversary of the PE4W group, the LPEA organized, together with WIDE (Women in Digital Empowerment) an event on Friday 6th March hosted by EY. Motto of the day: "Gender Parity 3.0" in presence of two inspiring speakers: Fanny LETIER, Co-founder at GENE Capital Entrepreneur and Ludovic de Gromard, Co-founder at Chance.

Fanny LETIER is co-founder of the investment platform co-founder of GENE capital entrepreneur, a small cap investment company with a strong operational and positive impact approach to accelerate growth of European SMEs.

Fanny was previously an Executive Director at Bpifrance, in charge of Small and mid-cap investments and Bpifrance's advisory services. Fanny has built over the



From left to right: Fanny LETIER, GENE Capital Entrepreneur, Isabelle NICKS, EY, Manon AUBRY, RSM Luxembourg (and Co-Chair of the PE4W), Ludovic de GROMARD, Chance, Rajaa MEKOUAR SCHNEIDER, LPEA, Aissata COULIBALY, EY ©LPEA

years a great career motivated by her passion, knowledge and expertise. She is a multi-award recipient and a hugely inspiring female figure in the world of PE where she was credited for top performing methods to support SME growth dur-

ing her mandate at BPI. Through mainly European companies, she dedicates herself to create jobs and a sustainable economy by helping SMEs and Midcaps to grow faster and further. She truly believes that entrepreneurs are "the heroes of a soci-

ety because they create jobs and that's what people need to live" she said.

Moreover, Fanny LETIER donates a part of the profit from investments into philanthropic actions in order to create jobs in "the French banlieue, the countryside, where finance doesn't go" she said. She ended her remarkable speech giving a good advice to women: "Mentoring is key. Look around and try to get several mentors". This advice recalls us that the successful woman Christine LAGARDE mentored Fanny LETIER for several years.

Ludovic DE GROMARD's speech gave us another way to approach the recruitment process: So far, companies were used to hire according to their needs and are wondering why people are disengaged. According to Ludovic "it would be much better to think the other way around and to find the right job for a person according to his/her talents and deepest motivations".

That is how he got the idea to create Chance (www.chance.com) with the help of the Nobel Laureate Pr. Muhammad Yunus and Clemence COGHLAN. Chance is a start-up that intertwines psychology and technology to help people find their higher purpose in their careers

with unique online tools, which closely touches upon gender parity, in its 3.0 version. Chance is talent centric and is successful because the all team believes in equal opportunities. According to a quality survey and Ludovic DE GROMARD who graduated a psychology degree, the majority of Chance's clients are women because "they tend to question themselves more than men and are humble enough to ask for support".

PE4W has been launched with Rajaa Mekouar Schneider, CEO of the LPEA, as president, with Manon Aubry, Manager at RSM Luxembourg and Nicolas Gauzes, Partner at Linklaters as Co-Chairs and with Michaela Viskupiová, as Coordinator. The group counts today more than 100 members: all keen to build more diversity within the PE sector.

PE4W organizes regular events such as conferences, interactive panel discussions, keynote interviews, networking roundtables and workshops. The idea is to allow the members to freely discuss exchange and share knowledge/ideas but also develop their own network. PE4W also launched a mentoring program to support women in the Private Equity and Venture Capital sector.

Bills of law n°7467 and n°7512

AML V and virtual asset service providers

By Aurélie VIÉMONT & Sarah HANTSCHER, CMS Luxembourg

Directive 2018/843 of the European Parliament and of the Council of 30 May 2018 ("AMLDV") is currently being implemented under Luxembourg law by way of two bills of law (n°7467 and n°7512 – together the "Bills of Law"). The Bills of Law amend the law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (the "2004 Law"), by notably extending its scope of application to include virtual asset service providers ("VASPs").

In line with the recommendations of the Financial Action Task Force ("FATF") on virtual assets and VASPs, AMLDV subjects VASPs to anti-money laundering and terrorist financing ("AML-CTF") obligations in order to reduce the risks relating to virtual currencies and assets.

VASPs fall within the scope of AML-CTF obligations

In light of recent technology innovations and the development of new products, assets and service providers relating to virtual assets, the scope of application of AMLDV is extended to include VASPs. Whilst still encouraging technological progress, transparency is improved, thereby making it harder for criminals to exploit these technologies.

In light of the above, the Bill of Law n° 7467 sets out the following new definitions:

- **Virtual currency**, which is defined as a digital representation of value that can be used as a means of ex-

change between persons and which may be digitally transferred, kept and exchanged and which is not issued or guaranteed by a central bank or a public authority and which is not necessarily linked to a legal currency and does not legally qualify as a currency or fund⁽¹⁾.

- **Virtual assets**, which are defined as the digital representation of a value, including a virtual currency, that can be digitally exchanged and transferred and which may be used for payment or investment purposes. Virtual assets do not include electronic money in the sense of article 1 point 29) of the law of 10 November 2009 on payment services, as amended, and financial instruments in the sense of article 1 point 19) of the law of 5 April 1993 on the financial sector, as amended⁽²⁾.

- **Virtual asset service provider**, which is defined as an entity that provides, in its own name or for the account of a client, one or more of the following services:

- Exchange between virtual assets and fiat currencies, including exchange between virtual currencies and fiat currencies⁽³⁾.
- Exchange between one or more forms of virtual assets.
- Transfer of virtual assets.

- Safekeeping or administration of virtual assets or instruments enabling control over virtual assets.

- Participation in and provision of financial services related to an issuer's offer or sale of virtual assets⁽⁴⁾.

- **Safekeeping or administration service provider**, which is defined as a provider of services relating to the safekeeping or administration of virtual assets or instruments enabling the control over virtual assets, including the service of custody of wallets⁽⁵⁾.

- **Custody wallet service**, which is defined as the service of safeguarding private cryptographic keys on behalf of customers, to hold, store and transfer virtual currencies⁽⁶⁾.

Under the Bill of Law n°7467, VASPs (including safekeeping or administration service providers) are in-

cluded within the scope of the 2004 Law. These service providers are therefore subject to AML-CTF obligations, including the obligation to know their client, have adequate internal control organisation and to cooperate with the relevant authorities. Additional obligations may seem cumbersome in terms of human resources, costs and administrative processes. However, compliance with AML-CTF obligations may also create new opportunities for VASPs by favouring transparency and reliance thereon.

VASPs are subject to a registration obligation

The Bill of Law n°7512 introduces an obligation for VASPs that carry out activities which do not fall within the definition of payment services⁽⁷⁾ and that are established or provide services in Luxembourg to register with the CSSF. Therefore, the CSSF will hold a register of VASPs, which will be published on its website.

The registration of VASPs is subject to compliance with certain conditions:

- the relevant VASP must file a registration request with the CSSF along with information pertaining to (i) the name of the applicant, (ii) the address of the applicant, (iii) a description of the activities carried out and (iv) a description of the AML-CTF risks to which the applicant is exposed, along with a description of the internal control mechanisms the applicant will implement to mitigate such risks;

- the registration is subject to demonstrating that the persons managing the VASP and the beneficial owners thereof provide the CSSF with the required information to justify their professional standing⁽⁸⁾;

- persons managing the VASP must be at least two in number and have the ability to effectively direct the business. They must have adequate professional experience.

If the conditions above (paragraphs 2 and 3) are not complied with or the VASPs do not comply with their obligations under the 2004 Law, the CSSF may remove the relevant VASP from the register of VASPs. The question remains, however, as to applicable sanctions in the event the VASPs fail to register with the CSSF and nonetheless carry out activities in Luxembourg.

Conclusion

The development of new technologies has favoured innovative business cases and enhanced opportunities in the financial sector. In order to avoid creating a parallel market falling outside the scope of regulation along with corresponding risks of enabling illicit activities, regulators have rapidly identified the need to subject VASPs to the scope of AML-CTF obligations. By further subjecting these professionals to registration requirements, the CSSF will be able to verify the professional standing of the managers and beneficial owners thereof in order to prevent criminals or their associates from holding virtual assets or being the beneficial owner or having a management function in a VASP⁽⁹⁾. VASPs are slowly but surely falling within the scope of supervision under Luxembourg law.

1) Article 1 (20bis) of the 2004 Law

2) Article 1 (20ter) of the 2004 Law

3) Exchange between virtual currencies has not, for now, been included in the definition of VASP

4) Article 1 (20quater) of the 2004 Law

5) Article 1 (20quinquies) of the 2004 Law

6) Article 1 (20sexies) of the 2004 Law

7) Article 1 point 38 of the law of 10 November 2009 on payment services, as amended

8) The Bill of Law n°7512 specifies in this context that this obligation also pertains to intermediary structures

9) Interpretative note to recommendation 15 of the FATF recommendations 2012 as amended

Actions des marchés émergents : sources de profit

Par Laurent NGUYEN, Head of Quest Equities, Pictet Asset Management

Les raisons pour lesquelles les investisseurs pourraient fortement sous-estimer la rentabilité des sociétés des marchés émergents.

Les actions des marchés émergents mériteraient d'occuper une place plus importante dans le portefeuille des investisseurs, tandis que les allocations en actions des marchés développés devraient être réduites. C'est un point de vue que nous affichons depuis quelque temps, notamment parce que nos économistes tablent sur une croissance des pays émergents supérieure de plus de 3% par an à celle des pays développés au cours des cinq prochaines années.

Notre thèse d'investissement s'appuie également sur un autre élément. Notre analyse montre que les investisseurs paient en moyenne pratiquement deux fois plus pour une exposition à la rentabilité des capitaux

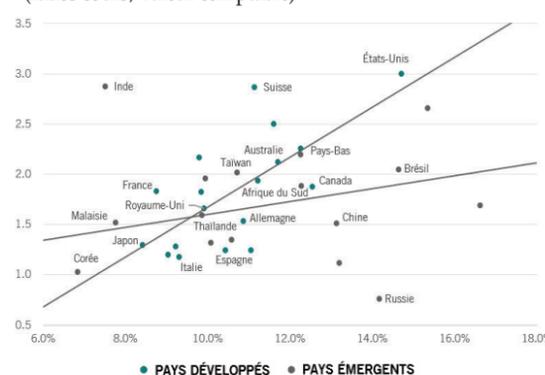
propres (RoE) générée par les actions mondiales que pour le même niveau de RoE de la part d'actions des marchés émergents⁽¹⁾. En outre, la moindre amélioration des prévisions de bénéfices a été davantage récompensée dans les marchés développés que dans leurs homologues émergents.

Le graphique ci-après le montre clairement. On y voit que la courbe de tendance pour le RoE attendu par rapport au ratio cours/valeur comptable est plus plate pour les entreprises des marchés émergents que pour celles des pays développés. Nous estimons qu'il s'agit d'une anomalie qui se dissipera avec le temps.

Notre opinion est confortée par le fait que le RoE des sociétés des marchés développés est déjà proche de sa moyenne à long terme de 11-12% et qu'il a peu de chances d'évoluer à la hausse⁽²⁾. Dans les pays développés, le RoE est en fait stable depuis une quarantaine d'années, en partie en raison de la baisse du chiffre d'affaire généré par unité d'actifs. Nos calculs montrent que les socié-

Rentabilité des marchés émergents : sous-estimée

Rentabilité des capitaux propres (RoE) par valorisation (ratios cours/valeur comptable)



Source : MSCI, Refinitiv, Pictet Asset Management. 25 plus grands pays de l'indice MSCI All-Country World. Données au 30.09.2019

tés des économies avancées génèrent du chiffre d'affaires à partir de leurs actifs de moins en moins efficacement. Il y a 40 ans, elles génèrent 1,2 USD de chiffre d'affaires pour chaque dollar d'actif détenu. Ce rapport a depuis chuté à 0,7⁽³⁾.

La volonté marquée des sociétés à racheter les actifs des concurrents lors d'opérations de fusions-acquisitions en est partiellement responsable.

[1] Nous utilisons le cadre de DuPont pour calculer la rentabilité des capitaux propres: marge bénéficiaire nette x rotation de l'actif x endettement financier

[2] Source: Worldscope, Pictet Asset Management, Somme des résultats nets (avant éléments extraordinaires) divisée par somme des actions ordinaires de toutes les sociétés cotées qui forment les 99% supérieurs de la capitalisation de marché aux États-Unis, dans les autres pays développés et dans les régions émergentes. Données annuelles exprimées en USD. La rentabilité des capitaux propres de l'indice MSCI World est tout juste inférieure à 12%.

[3] Taux de rotation de l'actif, hors valeurs financières. Somme des chiffres d'affaires divisée par somme des actifs totaux de toutes les sociétés non financières cotées qui forment les 99% supérieurs de la capitalisation de marché aux États-Unis, dans les autres pays développés et dans les régions émergentes. Données annuelles exprimées en USD. Source: Worldscope, Pictet Asset Management