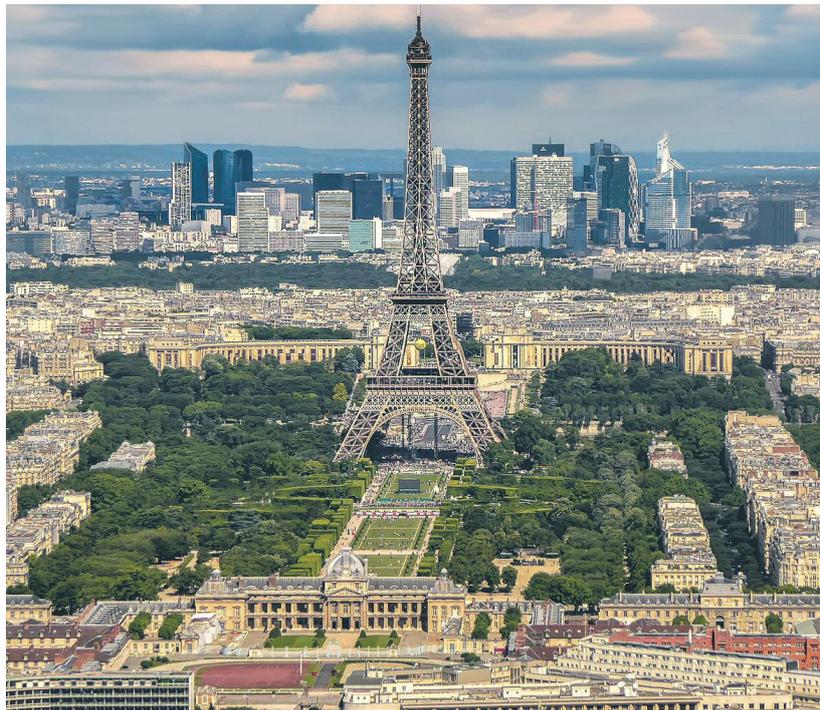




PREMIER MINISTRE

# Our Ambition for the Paris Financial Centre: delivering on our commitments and undertaking new initiatives



11 July 2018

Contact

Service de presse  
de Matignon  
57, rue de Varenne  
75007 Paris  
Tél. : 01 42 75 50 78/79





## Introduction

# Our ambition in making France the most attractive economy in Europe

In July of last year, the Prime Minister announced a reform agenda to make our financial centre more attractive, alongside local and regional authorities, with the shared ambition of making Paris the leading European financial centre.

One year on, all the measures announced by the Government have been implemented, demonstrating our commitment to improve the business environment significantly and sustainably, facilitate the mobility of employees and businesses towards France and make all aspects of our market, including its financial infrastructures, its talent pool and its legal system, more attractive for international investors and business.

At the Europlace international meetings held on 11 July 2018, the Prime Minister renewed the Government's commitment with three priorities for action:

- mobilisation for the financing of growth, the transforming of French companies and job creation, as priorities of the "PACTE" bill,
- bring the spirit of conquest to the centre-stage of Europe to ensure that the euro zone asserts its economic and financial sovereignty,
- bring a spirit of openness to new financial players developing their businesses in Paris, create jobs and contribute their know-how.

Attractiveness is a global approach that goes beyond the regulatory and fiscal framework. For this reason, an action plan for the development of the provision of international educational in the Ile-de-France region has been initiated by the Government, alongside the region and the other local authorities concerned. From the start of the 2018 school year, 1,000 new places will be opened in high schools and international sections. And to support the relocation in 2019 of the European Banking Authority to Paris, **the Prime Minister announced the creation of a "European School" in Courbevoie, which will improve our position at the centre-stage of European dynamics.**

*"I am convinced that developing our country's financial attractiveness means developing its economic attractiveness, participating in its economic development, creating wealth, creating jobs and creating something that will benefit everyone.»*

**Édouard PHILIPPE's**  
speech at the Paris Europlace forum on 11 July 2017





# Summary

**Commitments fulfilled in reinforcing  
the Paris financial centre . . . . . 7**

**New initiatives for regulatory  
and fiscal simplification . . . . . 11**

**A new stage in the development of the international  
education with the project to create a European  
school . . . . . 13**

**Paris, an international legal centre with  
international chambers to handle international  
business law which are now operational . . . . . 15**

**Why choose the Paris financial centre? . . . . . 17**

**The Choose Paris Region one-stop shop . . . . . 21**

**Useful contacts for investors . . . . . 23**





**Commitments fulfilled  
in reinforcing the Paris  
financial centre**

# Commitments fulfilled in reinforcing the Paris financial centre

On 7 July 2017, the Prime Minister announced a new strategy for the attractiveness of the Paris financial centre, with a plan of measures to correct some of our handicaps in terms of fiscal instability, labour law and costs, and consolidate the assets of the Paris financial centre.

At the “Choose France Summit” on 22 January 2018, the Prime Minister announced new measures, with in particular the creation of international chambers within the Paris Commercial Court and the Paris Court of Appeals.

Announcements of 7 July 2017	Implementation	Vector
Stabilisation of the tax strategy	✓	Public finance programming law
Abolition of the planned extension of the financial transaction tax to intraday transactions	✓	2018 finance law
Defining of a corporate tax reduction path to converge towards the European average	✓	Public finance programming law
Abolition of the marginal band of the payroll tax	✓	2018 finance law
Improvement of labour law and, in particular, exclusion of the recoverable bonus from severance pay for “risk-taking” employees in the financial sector	✓	“Labour” decrees PACTE bill
Simplifying of the law and abolition of over-transpositions of European legislation	✓	Projet de loi ESSOC Projet de loi PACTE

Announcements of 7 July 2017	Implementation	Vector
Temporary exemption from the mandatory retirement pension insurance scheme for expatriate employees	✓	PACTE bill
Action plan for international education	✓	Action plan initiated by the Government and the Ile-de-France Region
Creation of international chambers within the Paris Commercial Court and the Paris Court of Appeals	✓	Signing of implementation protocols in February 2018 Specialised judgement training courses are now operational
Creation of an ISDA framework contract under French law for derivatives markets	✓	PACTE bill

**Focus: the measure relating to the temporary exemption from the mandatory retirement pension insurance scheme for impatriate employees**

A large number of impatriate employees, who come to work in France for a limited period as part of increasingly international career paths, are required to contribute to the retirement pension insurance scheme but will not benefit from it in practice.

To facilitate international mobility within international and French groups, a mechanism for the temporary exemption from the French retirement pension insurance scheme will be introduced for such employees, regardless of their nationality, as long as they can provide proof of minimum cover elsewhere. This exemption will be valid for a period of three years, which can be renewed once, i.e. six years in all, under the conditions provided for by the “PACTE” bill (Article 23).

This measure will strengthen and extend the French impatriate employee regime.

**This measure will apply to those taking up their duties in France as of 11 July 2018.** The Government plans to table an amendment to the PACTE bill to this effect, to provide for the implementation of this mechanism as of 11 July 2018.

## **Focus: implementation of the labour market reforms**

Over the last two years, labour litigation has undergone two major reforms: Law No. 2015-990 of 6 August 2015 on growth, activity and equal economic opportunities for industrial tribunals and Decree No. 2017-1387 of 22 September 2017 on the predictability and security of labour relations.

**An initial assessment already shows a definite decrease in labour litigation as a factor of France's attractiveness in the business environment**

### **The law on growth, activity and equal economic opportunities for industrial tribunals (2015)**

The task of supporting the reform of the courts and the observatory set up to measure its effects has allowed an initial assessment of the implementation of the new measures resulting from the law of 6 August 2015 as well as the measures of its implementing decrees which aim to shorten the time taken by industrial tribunal procedures so as to provide higher quality justice.

The introduction of a procedure consistent with parity principles provides industrial tribunals (CPH) with the procedural means to provide better control over the hearing process, while the implementation of the written appeal procedure should also reduce the time required to deal with such disputes before appeal courts.

The increased use of contractual termination (+120% between 2009 and 2017) enshrines the residual function now assigned to industrial tribunals, namely that of settling disputes that cannot be settled amicably or by settlement, and which are therefore inherently more conflictual. In this respect, the number of referrals to industrial tribunals in 2017 (127,000 cases and referrals) represents less than 30% of contractual terminations, which consequently represents the way the ordinary employment contract is terminated.

### **The mandatory scale of the predictability and security of labour relations Decree (2017)**

While, since November 2016, judges had been able to refer to a benchmark for determining dismissal compensation, this benchmark was not mandatory. A mandatory scale was adopted by Decree on 22 January 2017. It is applicable to dismissals occurring from 24 September onwards. While it is still too early to assess the effects of this measure, it is expected that the decrease in labour disputes will intensify.

As such, it should be noted that, in accordance with enabling legislation, a committee for assessing the decrees of September 2017 has been set up. It should allow the effects of the reforms on the functioning of the labour market to be measured over time.





# New initiatives for regulatory and fiscal simplification

To facilitate the reorganisation and relocation of businesses to France and limit the friction associated with the transfer of businesses and employees to France, a global simplification of the statutory and fiscal framework has been initiated.

## Committed approach to simplifying regulation

Since the summer of 2017, the Government has been working to eliminate the over-transposition of European Union law, with particular attention being paid to financial services. A broad public consultation was carried out in the autumn of 2017 and an inter-inspection committee submitted a report in May 2018, identifying 137 directives which have supposedly given rise to over-transpositions. In addition to the measures already included in the ESSOC bill (discontinuing of the requirement to draw up a management report for all small businesses, alignment of the French third-party liability regime for credit rating agencies with the unified European regime, etc.), several simplification and over-transposition measures were introduced in the PACTE bill (and the implementing measures) which will be examined from the start of the 2018 school year:

- Subject to a short information document a few pages long filed but not approved by the AMF, issues of securities will be exempt from issue prospectuses below a upper limit now raised from €2.5 million to €8 million, which corresponds to the highest level allowed by European regulations;
- Decrease in the threshold required for the activation of the compulsory delisting procedure from 95 to 90% of the capital held, i.e. an alignment with common law governing the Takeover Directive. This measure is intended to facilitate the delisting of companies that so wish, and to make it more difficult for the investment of activist funds that may ultimately seek to cash in on their exit to the detriment of other shareholders;
- Opening of the possibility for branches of companies from third party countries to provide investment services to professional customers and eligible counterparts;
- Facilitation of the emergence of secondary platforms for the exchange of negotiable debt securities to stimulate the NeuCP market;
- Optional status of a credit institution as a clearing house. This will ease the restrictions on clearing houses wanting to set up or emerge in France and introduces a certain flexibility allowing the specificities of the clearing services offered to be tailored on a case-by-case basis;
- Broadening of the list of entities eligible to participate in a clearing house and a settlement system for financial instruments. This measure will enable back office players in France to include new participants and integrate their partners and customers more closely into their operations.

In addition, as part of its ongoing across the board review of over-transpositions, the Government is soon to announce a cross-cutting action plan to simplify the law at the legislative and statutory level.

The Minister for Economic Affairs and Finance is to ask the supervisory authorities to undertake an in-depth review of their technical regulations and recommendations so as to identify situations of over-transposition of European law.

### Committed approach to fiscal simplification

To inform international players wanting to invest in France and facilitate their procedures and their proper understanding of our fiscal framework (for example, the impatriate employee regime), the Ministry of Action and Public Accounts has set up a “Tax 4 business” single entry point with the Director General of Public Finance.

To limit the tax friction that transfers of businesses and individuals in France can cause, the impatriate employee regime will be simplified. As regards the investment funds and asset management world, the mechanism applicable to distributions relating to shares in investment vehicles acquired abroad in terms of "carried interest" will be improved. These distributions will be systematically qualified as capital gains in the impatriate employee tax system, subject to the flat tax rate.

More broadly, the Government supports the speeding up of fiscal convergence with regard to corporate taxation in Europe, bringing greater simplicity for investors and greater fiscal transparency in Europe. The Franco-German roadmap for the euro zone, adopted on 19 June 2018, stipulates the speeding up of the European project to harmonise the corporate tax base in Europe, which will provide the same definition of the tax base. For this project (CCCTB project), the possibility of writing off goodwill for tax purposes will be introduced in France.



**A new stage in the development  
of the international education with  
the project to create a European school**

# A new stage in the development of the international education with the project to create a European school

Last July, the Prime Minister and the President of the Ile-de-France region gave Daniel Filâtre, Rector of the Académie de Versailles and Agnès Evren, Vice-President of the region, the task of developing international education in the Ile-de-France region.

The report was submitted to the Prime Minister in January 2018. The proposals are to be implemented by the Ministry of National Education and the local authorities concerned.

## Welcoming families in the Ile-de-France region

Since March 2018, families have had a dedicated address and a *bilingual* telephone *hotline* to obtain information on school provision in the Ile-de-France region.

[ce.contactinternational@ac-versailles.fr](mailto:ce.contactinternational@ac-versailles.fr) | (+33) 1 30 83 51 02

**A guide to international education in the Ile-de-France region** has also been made available online to allow parents to find schools (from primary to secondary school) offering language teaching suiting their children's needs and to make contact with them.

(<http://internationaleducation.parisregion.eu>).

## A broader school provision from the start of the 2018 school year

By the start of the 2017 school year, public and private primary schools, middle schools and high schools under contract in the Ile-de-France region provided 14,262 places in International and Bi-national Sections.

1,089 additional places will be provided at the start of the 2018 school year through the development of international sections and bi-national sections or through the experimenting with classes with a bilingual parity timetable, in particular in primary schools.

This international education development movement is set to continue in the new 2019 school year in the Ile de France region.

## A new stage in the development of the international education with the project to create a European school

### A project to create a European school

To support the prospect of the setting up of a European Banking Agency (EBA) in the Ile-de-France region, the French Ministry of Education and local authorities are planning to open a European School in Courbevoie (Paris-La Défense) at the start of the 2019 academic year and have submitted an accreditation application to this effect to the Board of Governors of European Schools.

The aim of European Schools is to educate the children of the staff of European institutions and their agencies and to provide **them comprehensive education** in their mother tongue. This training prepares pupils for the **European Baccalaureate**. The school will also be open to other children in the area, in a diversity in the community approach.

The image shows a screenshot of a website homepage. At the top left, there is a logo for 'PARIS REGION' with a colorful sunburst icon. Below it, a section titled 'With the participation of' features logos for the 'MINISTRE DE L'EDUCATION NATIONALE' and 'onisep'. To the right, there are three house icons with location pins above them, representing different countries: China, the United Kingdom/France, and Ireland. In the top right corner, there are language selection buttons for 'FR' and 'EN'. The main content area has a light beige background with the title 'International education in Paris Region' in red. Below the title, it says 'Find the most appropriate language education offer in Paris Region' and a prominent red 'Start' button.

Internet homepage <https://internationaleducation.parisregion.eu>



**Paris, an international legal centre with international chambers to handle international business law which are now operational**

# Paris, an international legal centre with international chambers to handle international business law which are now operational

**France makes use of two courts with recognised expertise in international business law** — the Paris Commercial Court and the Paris Court of Appeals — to set up international chambers. The challenge is to attract to these courts operators who up to now have submitted their disputes to London courts, but who will no longer be able to benefit from the free movement of court decisions within the EU. Before the Commercial Court and the Court of Appeals, parties may use the English language at all stages of the proceedings. The decision-makers of the companies involved will be able to appear before these courts and be heard in English by judges who are also perfectly familiar with *common law*.

These chambers will be responsible for the following litigation: business contracts and termination of business relations; unfair competition; transactions with financial instruments and framework agreements relating to markets, contracts, instruments and financial products; international transport; redress actions following the implementation of anti-competitive practices. For example, enforcement difficulties associated with payment terms provided for in an ISDA contract entered into in London — or in its French law version (see below) — may be submitted to the French court.

The advantages for operators are the attractiveness of the French civil procedure (which allows the parties to be heard), the lower cost of French justice and the ability to guarantee predictable processing times. Above all and unlike decisions handed down by British courts, these decisions will be able to circulate within the European Union without exequatur, under “Brussels I bis” Regulation 1215/2012.

**The mechanism announced last January at the “Choose France” Summit by the Prime Minister is now fully operational.** Through the experience acquired since 2010, the international chamber of the Paris Commercial Court has seen its effectiveness reinforced by the coming into force, on 1 March 2018, of a protocol relating to the procedure applicable before it. The new international chamber of the Paris Court of Appeal came into operation on 1 March 2018. It held its first status hearing on 4 June 2018, with a first case called. This new legal provision of the courts benefits from the mobilisation of the Bar and all the players of Paris, Place de Droit.

Paris, an international legal centre with international chambers to handle international business law which are now operational

### **Zoom: the ISDA framework contract**

The International Swaps and Derivatives Association (ISDA) has adopted French law to develop its framework contract in civil law, as a central tool for the operation of derivatives markets. The official presentation of this document took place on 28 June 2018 in Paris. This choice confirms the position of the Paris financial centre as the central legal position for the operation of European financial markets, and firmly establishes the position of French law as business law. In the PACTE law, the French Government has made two adjustments to the law to allow the broad adoption of the contract in French law by international players:

- ▶ extension of the scope of operations eligible for clearing-cancellation to cover currency operations on the spot market (spot FX) and the sale, purchasing and delivery of precious metals or transactions on CO<sub>2</sub> quotas;
- ▶ as regards the possibility for two parties to a derivatives contract to charge capitalised late payment arrears in the event of non-payment, it is proposed to open this possibility for arrears that have fallen due less than one year previously, by specifically providing for ISDA-type financial agreements (and thus excluding current contracts, e.g. consumer credit contracts) that capitalisation of interest is possible when the interest is due for a period of less than one full year.

**This new instrument is available to Paris financial centre participants for use in new derivatives contracts. The centre's mobilisation is essential to ensure the market depth and liquidity of this new provision.**



## Why choose the Paris financial centre?

# Why choose the Paris financial centre?

Choosing the Paris financial centre means having the assurance of joining a global financial ecosystem which has demonstrated its ability to provide for the emergence of and support the development of world-class financial players and to maintain a talent pool and a financial innovation culture

### A comprehensive, open, global ecosystem

**Paris is the only financial capital of continental Europe with a comprehensive ecosystem in a single location** providing a critical size for most financial activities (market infrastructures, banking, insurance, asset management and fintechs), and a central position in Europe with an easy interconnection with London.

Paris is home to five of the twenty largest European banks and three of the twenty-five largest insurance companies worldwide. Paris is also the leading asset management centre in continental Europe with five of the twenty largest managers in the world.

**Paris is also opening up to market infrastructures.** The Paris financial centre has already acquired an international dimension in collateral management, but also through its predominant position in the clearing of products such as pensions or CDSs. Some measures contained in the PACTE bill will make it possible to go even further by simplifying the procedures for establishing a clearing service and by opening up the possibility of associating new types of participants with existing systems, so that all financial players can find ever more innovative and efficient back office services in Paris.

### A recognised supervision mechanism

**The ability of the French financial supervisory authorities** (the French financial markets authority (Autorité des Marchés Financiers) and the Banque de France prudential supervision and resolutions authority (Autorité de contrôle prudentiel et de résolution auprès de la Banque de France) to regulate major financial players is universally recognised, in particular to effectively supervise complex market operations. Indeed, French banks continue to carry out a significant portion of their trading activity from Paris, which is no longer the case elsewhere in Europe. The French supervisory authorities have set up dedicated procedures to support financial players relocating to Paris.

**Paris is also the headquarters of the European Securities and Markets Authority and will within a few months be the headquarters of the European Banking Authority. The relocation of this agency to Paris reinforces Paris' central position within the European supervision framework.**

### A talent and skill pool

French know-how in high-added-value activities is unanimously recognised, as is the excellence of its financial training (the five best Masters in finance are French, according to the Financial Times 2018 ranking) and quantitative training. Another real strategic asset for Paris and its players is the talent pool of human resources required for their development.

### A financial centre focused on innovation

Paris has a remarkable network of start-ups in the financial sector. A recent KPMG report on Fintechs<sup>1</sup> showed a rise in power of our capital, which includes an increasing number of **top rank Fintechs**. Lendix, Alan, Lydia, Payfit and Qonto are in the spotlight this year for example. This list can be added to the ones mentioned in previous years, such as Leetchi, Fluo or Slimpay. These players are all based in Paris and its region, which can be explained by the existence of large-scale welcoming structures such as Swave at La Défense, or the Halle Freyssinet Station F, but also by the siting of large financial institutions, some of which make innovative partnerships with Fintechs a central aspect of their identity.

The French authorities have also adopted a proportionate, progressive and open-ended approach to financial regulation for several years now. First applied to **crowdfunding**, it has expanded in recent months in areas such as green finance as well as in **“blockchain” technology**: France was the first country worldwide to adopt a genuine framework for the transmission of some categories of financial securities using this technology, with the adoption of a Decree last December. The Paris financial centre has also been organised to remain at the forefront of **green finance**. I welcome the creation of *Finance for Tomorrow*, within Paris Europlace, an initiative that brings together public and private players working to develop expertise in green, sustainable finance.

More recently, the Government has replicated this pioneering approach in the “crypto-assets” field: the PACTE bill thus includes provisions that will allow start-up issuers of “coins” based in France to apply for an optional visa from the AMF, so as to ensure that they comply with certain good practices designed to protect investors. This visa will allow the emergence of a new generation of high quality initial coin offerings and ensure the deployment of this new fund raising approach within a framework that is both reassuring and incentive.

### A financial centre essential to France's overall attractiveness for international investments

The Paris financial centre provides companies with all the financing tools required for their development. It is one of France's major assets for international investment. The EY barometer of France's 2018 attractiveness<sup>2</sup> showed a significant increase in France's attractiveness in 2017:

- ▶ **+ 31% more investment projects announced in 2017 compared to 2016**
- ▶ **For the first time, Paris became the leading European metropolis, ahead of London, in the ranking of the most attractive European metropolises**

---

1- KPMG, 2017 Fintech 100, December 2017.

2- EY barometer of France's attractiveness in 2018, June 2018.

### A significant contribution to the French economy and employment in France

Representing 4.5% of French added value, the financial sector plays an essential role in financing companies and their development projects. The financial industry's contribution to gross domestic product (GDP) is thus ten times higher than that of the automobile industry. The financial sector as a whole provides a range of services for financing the economy through the banking system and financial markets. It develops tools for financing the energy transition, with green bonds, for example.

Jobs in the financial sector contribute to the dynamism of the job market with 800,000 direct jobs as well as a large number of indirect jobs through the provision of services to the accounting and legal professions (lawyers, accountants), as well as IT services. On average, one job in the financial sector generates three indirect jobs.





**The Choose Paris  
Region one-stop shop**

# The *Choose Paris Region* one-stop shop



<https://www.chooseparisregion.fr/>

*Choose Paris Region* supports captive international investment projects in the Ile de France region, within the Brexit context. Prospecting is based on the expertise of one-stop shop partners (Business France, Paris Région Entreprises, Ville de Paris, CCIP and Métropole du Grand Paris).

Its service offering includes the provision of information on Ile-de-France ecosystems, information on the French statutory, legal and fiscal framework, support for entrepreneurship and recruitment, contacts with public or private partners, as well as support for executives and their families (international mobility, personal taxation and daily life).

90 files have been supported by the one-stop shop since its creation. 55% of files are related to business relocation. The other files relate to the creation of an additional structure in continental Europe. The current portfolio includes over 50 active projects for 4,000 jobs relocated or potential jobs created.

To date, more than 1,800 jobs have thus been created in the Paris region. These jobs are related to specialised funds, independent management companies, "fintechs" or financial institutions.

The one-stop shop is also involved in the European Banking Authority's relocation project: a dedicated team, bringing together the one-stop shop, ministries and administrations, was set up at the end of 2017. A *Choose Paris Region* relay will be operational in London from the start of the next school year to supplement the support system for the Authority's staff.

Being effectively connected to all European capitals, with a critical mass of companies, talents and activities in the major financial sectors, the Ile-de-France region has all the assets, combined with an internationally recognised statutory practice, needed to attract all finance players worldwide.





## Useful contacts for investors

# Useful contacts for investors

## Choose Paris Region, a one-stop shop approach in supporting international investors

- Service proposal: <https://www.chooseparisregion.fr/>
- Contact point: [contact@chooseparisregion.fr](mailto:contact@chooseparisregion.fr)

## Facilitated access to financial supervisory authorities

### The prudential supervision and resolution authority

- Contact point: [brexit-acpr@acpr.banque-france.fr](mailto:brexit-acpr@acpr.banque-france.fr)
- Standard approval application files:  
<http://acpr.banque-france.fr/agrements-et-autorisations.html>

### The financial market authority

- A welcoming system with the dedicated AGILITY program for management companies and FinTech companies based in the United Kingdom:  
<http://www.amf-france.org/Acteurs-et-produits/Societes-de-gestion/Agrement-de-la-societe/Fintechs-two-week-tickets.html>
- Contact point for the “2WeekTicket Desk”: [2WeekTicket@amf-france.org](mailto:2WeekTicket@amf-france.org)

## Portal for the international education

- International education guide:  
<http://internationaleducation.parisregion.eu>
- Single contact number for families and international companies:  
[ce.contactinternational@ac-versailles.fr](mailto:ce.contactinternational@ac-versailles.fr) | (+33) 1 30 83 51 02

## Tax for Business, the single entry point to tax services

[tax4business@dgfip.finances.gouv.fr](mailto:tax4business@dgfip.finances.gouv.fr)

## An attractive judicial system: international chambers to handle international business law

- Legal offer:  
<https://www.cours-appel.justice.fr/paris/presentation-des-chambres-commerciales-internationales-de-paris-ccip>
- Contact point: [chambre5-16.ca-paris@justice.fr](mailto:chambre5-16.ca-paris@justice.fr)

Our Ambition for the Paris  
Financial Centre: **delivering**  
on our commitments and  
undertaking new initiatives



11 July 2018