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## Luxembourg, the chain of direct investment ownership and the residence principle<sup>1</sup>

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<sup>1</sup> This presentation was prepared for the meeting. The views expressed are those of the author and do not necessarily reflect the views of the BIS, IFC, BoP, ECB or the central banks and other institutions represented at the meeting.

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# Luxembourg, the chain of direct investment ownership and the residence principle<sup>1</sup>

Paul Feuvrier, Banque centrale du Luxembourg

Foreign Direct Investments (FDI) positions and transactions in and out of Luxembourg are very high, largely because of activities linked to the Luxembourg's role as a financial centre, executed through captive financial institutions. This is true even after switching from an asset/liability principle to the extended directional principle. On the one hand, the argument goes, this would somewhat highlight the limits or even the irrelevance of the residence principle applying to the FDI methodology. What matters would be the investor's "lasting interest", irrespective of the chain of direct investment ownership. On the other hand, in 2018 the IMF initiated an ambitious data collection framework for special purpose entities (report of the Task Force on SPEs) and confirmed that SPEs were residence-based institutional units. Reinforcing the link between micro and macro data would overcome this apparent paradox: "transparent" statistics with proper identification of each component of the chain would allow for a relevant information system, including on "ultimate investment". In the medium term, interconnected registers may help national and European compilers to document these links between financial entities. In this regard, the Legal Entity Identifier (LEI) system is now covering the Luxembourg financial industry very well. Finally, the BCL has been sharing selected micro data with counterpart countries since 2009.

Keywords: SNA 2008, BPM6, Foreign Direct Investment, residence principle.

## High FDI figures for Luxembourg

Foreign Direct Investment (FDI) positions and transactions in and out of Luxembourg are very high, largely because of resident captive financial institutions (CFIs).

**Captive Financial Institutions flow/stock reconciliation 2018 Q4**

EUR bn	Assets					Liabilities				
	Position 2018 3	Trans.	FX	Price & Oth. Vol. Change	Position 2018 4	Position 2018 3	Trans.	FX	Price & Oth. Vol. Change	Position 2018 4
Total - Captive fin. inst. / RoW	5 590	-315	23	-32	5 267	5 607	-351	32	-15	5 273
<b>Direct investment</b>	<b>5 251</b>	<b>-307</b>	<b>31</b>	<b>-27</b>	<b>4 948</b>	<b>4 560</b>	<b>-289</b>	<b>28</b>	<b>-5</b>	<b>4 294</b>
Equity	3 940	-213	24	-23	3 728	2 988	-151	17	-2	2 852
Loans	1 310	-94	7	-4	1 220	1 572	-138	10	-3	1 442
Portfolio investment	140	-7	1	-4	130	775	-52	5	-8	720
Financial derivatives & Other Investment	200	-1	-9	-1	189	273	-10	-1	-3	259

Source: BCL

The magnitude of these Luxembourg FDI figures is confirmed by partner countries. Although the figures for Luxembourg are compiled in line with international standards (SNA 2008<sup>2</sup> and BPM6<sup>3</sup>), it has increasingly been argued that

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<sup>2</sup> System of National Account

<sup>3</sup> Balance of Payments Manual

such high FDI figures in the non-banking sector would introduce opacity into global FDI figures and blur competitiveness analysis. An entity in the middle of the FDI chain does not really matter, it is argued, but only the investment's initiator and its final target. In addition, a "true" FDI, so the argument goes, would typically be a "greenfield" investment generating tangible assets.

## Extended Directional Principle

In the early 2000's, this old question led to a second form of FDI presentation, namely the Extended Directional Principle (ExDP), complementing the Asset/Liability principle<sup>4</sup>. However, the ExDP approach only partially fixes the issue. Gross positions are reduced by 23% and 27% on the asset and liability side respectively, but they remain quite high.

<b>Asset / Liability &amp; Extended Directional Principle</b>					
<b>Luxembourg Direct Investment Position</b>					
December 2018 - EUR bn					
<b>1 - Asset Liability principle</b>					
<i>bn euros</i>		<i>conversion</i>		<i>ExDP</i>	
Asset	Outwards	AOF +	D1	In direct investment enterprise	4 262
Asset	Inwards	AIF -	D2	In direct investor (reverse)	155
Asset	Outwards	AOF+	U1	Between fellow UCP resident	31
Asset	Inwards	AIF -	U2	Between fellow UCP non resident	772
<b>Asset</b>					<b>5 221</b>
Liability	Inwards	LIF +	D1	In direct investment enterprise	3 431
Liability	Outwards	LOF -	D2	In direct investor (reverse)	254
Liability	Outwards	LOF -	U1	Between fellow UCP resident	20
Liability	Inwards	LIF +	U2	Between fellow UCP non resident	779
<b>Liability</b>					<b>4 484</b>
<b>Net</b>					<b>737</b>
<b>2 - Extended Directional Principle</b>					
<b>Outwards</b>					<b>4 020</b>
<i>Reduction</i>					<i>23%</i>
<b>Inwards</b>					<b>3 283</b>
<i>Reduction</i>					<i>27%</i>
<b>Net</b>					<b>737</b>

Source: BcL

## Institutional unit test

A much more radical strategy sometimes advocated (again with a view to reducing some gross FDI positions in so-called "financial centres") would be to "go through" the chain of direct investment, i.e. to make a change to the so-called "institutional unit test". Indeed, a (currently) sufficient condition for an entity to constitute a resident institutional unit is to be controlled by a non-resident entity. In other words, one should not perform cross-border consolidation on External Sector Statistics, at least for their standard presentation.

SNA 2008 § 4.61

*An entity of this type that cannot act independently of its parent and is simply a passive holder of assets and liabilities (sometimes described as being on auto-pilot) is not treated as a separate institutional unit **unless it is resident in an economy different from that of its parent**. If it is resident in the same economy as its parent, it is treated as an "artificial subsidiary".*

<sup>4</sup> BPM6 standard

Should future SNA and BPM standards come back to this approach? From the perspective of Luxembourg, this “non-resident control makes institutional unit” principle remains valid, for various reasons.

First, taking into account the very complex chains of Direct Investment ownership on the one hand, and the significant current cross-country Direct Investment asymmetries on the other, one needs simple rules to derive cross-border financial assets and liabilities in a transparent and efficient way. The “immediate counterpart country” principle is one of those basic rules. In addition, computing regional aggregates (e.g. euro area totals) by “looking through” CFIs would probably be extremely challenging, at least as long as the regional compiler is working on national aggregates without underlying micro data.

Second, due to a new international environment<sup>5</sup>, Luxembourg Captive Financial Institutions are progressively gaining “substance” and therefore staff. Against this backdrop, an increasing proportion of Luxembourg CFIs is expected to no longer meet the IMF definition of SPEs in a near future. The following section presents a tentative implementation in Luxembourg of this definition of SPE’s.

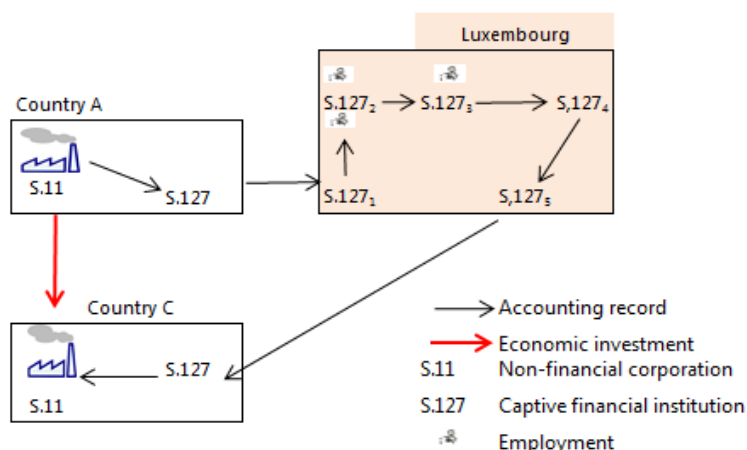
### Captive financial institutions (CFIs) and special purpose entities (SPEs)

Multinational Enterprises (MNEs) usually do not set up a single legal entity in Luxembourg, but rather a network of units. We distinguish between four patterns:

#### 1 - Network of entities with total employment not exceeding 5 Full Time Equivalent (FTE) positions

Despite the fact that the pattern is usually trickier than the one shown in the example below (inward position in the first entity and outward position in the last), the consolidation or non-consolidation of these Luxembourg entities does not affect the network’s gross external assets and liabilities. In all cases, the Luxembourg entities are CFIs and SPEs.

Less than 5 persons (FTE) in Luxembourg --> CFIs & SPEs



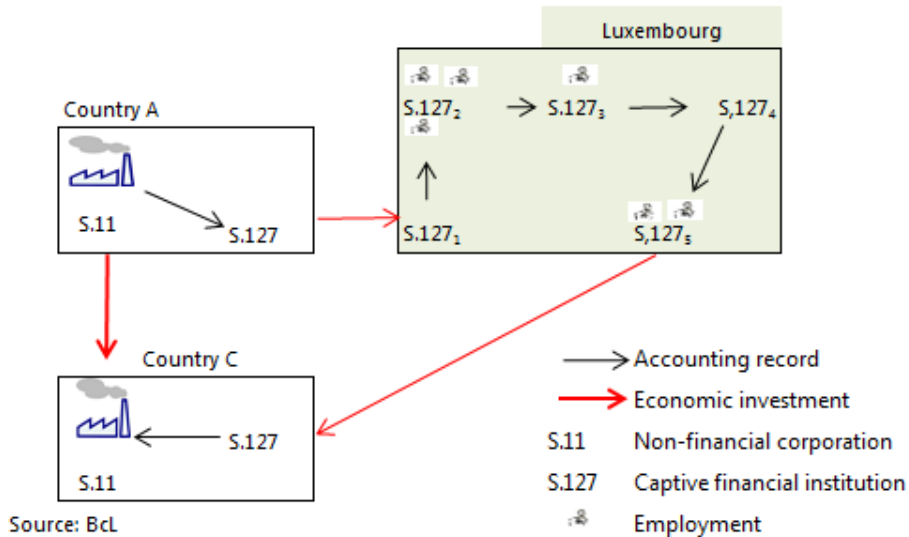
Source: Bcl

<sup>5</sup> The EU’s Anti-tax Avoidance Directive (ATAD) was transposed into national law in 2019, with an incentive to reduce the use of some sophisticated instruments and enhance the “substance” of some institutions.

## 2 - Network of entities with total employment exceeding 5 FTEs

In this second pattern, total employment in Luxembourg entities exceeds 5 FTEs. The entities remain institutional units, but turn into non-SPEs, in accordance with the IMF definition. As has been previously emphasized, CFIs in the new international environment will probably carry on gaining more “substance” and thus have more staff in the future.

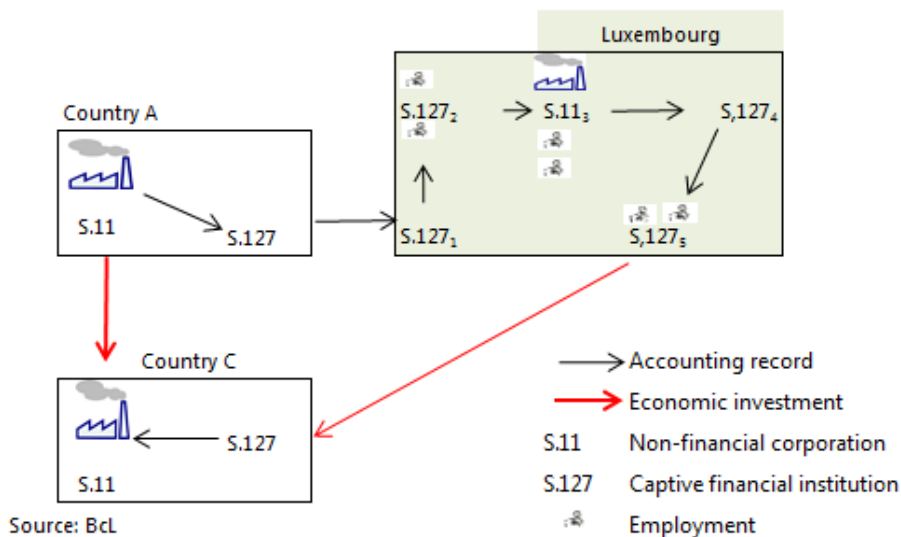
More than 5 persons (FTE) in Luxembourg --> CFIs but **non-SPEs**



## 3 - Network of entities including a non-financial corporation (NFC)

In this pattern, one of the entities set up by the MNE is a non-financial corporation (NFC), which is itself a non-SPE. Remaining units (theoretically consolidated in the NFC) are in this context non-SPEs.

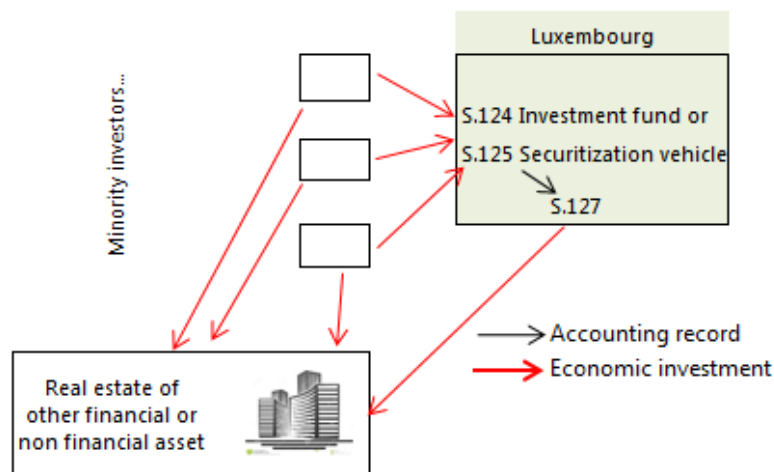
Resident non-financial corporation in the network: **non-SPEs**



#### 4 - CFI set up by an investment fund or securitization vehicle

Most Luxembourg real estate investment funds do not hold real estate directly, but do so through a resident structure. This structure does not meet the SPE definition either, because investment funds are usually held by minority investors and are therefore not “controlled” by non-residents. The same goes for securitization vehicles.

Resident structure set up by a resident fund or a securitization vehicle: **non-SPEs**



Source: BCL

All in all, following these implementation rules, 21% of CFIs surveyed by the BCL and 35% of aggregate balance sheets (B/S) are non-SPEs, first and foremost because of the employment criterion.

#### Luxembourg Captive Financial Institutions surveyed by BCL

*Companies which B/S is higher than 500 EUR million*

December 2018 - provisional data

Entities	2 635	100%
of which SPEs (pattern 1 above)	2 080	79%
of which non SPEs (pattern 3 to 4)	555	21%
<i>of which SPEs because of employment (pattern 2)</i>	333	13%
<i>of which non SPEs because of a "non captive" in the group (pattern 3 to 4)</i>	222	8%
Ag. B/S (EUR bn)	8 921	100%
of which SPEs (pattern 1 above)	5 810	65%
of which non SPEs (pattern 3 to 4)	3 111	35%
<i>of which SPEs because of employment (pattern 2)</i>	1 970	22%
<i>of which non SPEs because of a "non captive" in the group (pattern 3 to 4)</i>	1 141	13%

Source: BCL

## Data sharing on FDI and Legal Entity Identifier (LEI) level 2

In a nutshell, FDI is a combination of:

- 1 cross-border financial links between companies;
- 2 valuation (position, transaction, income) of cross border equity positions;
- 3 position, transaction and income on cross-border debt between entities of the chain of direct investment.

The BCL collects monthly and quarterly reports on CFIs. Both the valuation and the timing of equity transactions should be consistent with those of mirror countries. At the European level, this often requires bilateral discussions. International organizations have recently launched several such coordination initiatives, in which the BCL actively participates: the “FDI network” project and more recently the “Asymmetry Resolution Meetings”. Statistical confidentiality remains an obvious non-negotiable rule often preventing the exchange of detailed information with international organisations and partner countries. However, these coordination initiatives are starting to bring about some positive results and progress will be made step by step.

Against this backdrop and as far as the record of cross-border financial links between companies (the first of the three elements of FDI) is concerned, one should mention the LEI level 2 database. This database documents (to simplify) the chain of direct investment relationship and combines four strong points for an entity:

- It is identified by an internationally recognised identifier (reporter, national compiler, counterparty of the transaction and cross-border compiler).
- The database displays its immediate shareholder.
- The database displays its ultimate shareholder as well.
- This whole set of information is public.

For instance, Pfizer Holdings International (first row) is held by Pfizer inc (ultimate investor) and itself holds Pfizer Shareholdings Intermediate SARL and Phivco Luxembourg S.à r.l.

Some Luxembourg entities set up in Luxembourg by Pfizer inc.  
DC = Direct Control, UC = Ultimate Control

LEI	name_LEI	LEI_DC	LegalName_DC	Country DC	LEI_UC	LegalName UC	Country UC
54930006V68Z7QV3936	Pfizer Holdings International Luxembourg (PHIL) Sàrl		PFIZER INC.		765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
549300FZLOEGOV2V4Y587	Pfizer Shareholdings Intermediate SARL	54930006V68Z7QV3936	Pfizer Holdings International Luxe	LU	765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
549300RNRW915T3XFM57	Pfizer Luxco Holdings S.à r.l.		PFIZER INC.		765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
5493000L0SVQ6LE03481	Phivco Luxembourg S.à r.l.	54930006V68Z7QV3936	Pfizer Holdings International Luxe	LU	765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
5493000Q0H20F5AVNDU78	PHVCO Holdco S.à r.l.	5493000DNQE4U6N6TG78	C.P. Pharmaceuticals International	NL	765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
54930045CYQMKWCMRK30	Pfizer Mexico Luxco SARL	549300FGM84P662T388	Pfizer Healthcare Ireland	IE	765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
54930082ZAKQZEPH856	Pfizer Luxembourg Global Holdings S.à r.l.		PFIZER INC.		765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
222100XNZ78X76QGI59	Pfizer Group Luxembourg S.à r.l.	549300N17RC89JBP055	Pfizer Luxembourg SARL	LU	765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
549300XNTRS87TGGHK03	PHILCO Holdings S.à r.l.	549300RNRW915T3XFM57	Pfizer Luxco Holdings S.à r.l.	LU	765LHXWGK1XXCLTFYQ30	PFIZER INC.	US
549300N17RC89JBP055	Pfizer Luxembourg SARL		PFIZER INC.		765LHXWGK1XXCLTFYQ30	PFIZER INC.	US

Source: GLEIF, LEI level 2

33% of Luxembourg CFIs surveyed by the BCL have an LEI code (LEI level 1) and 14% document Direct Control in LEI level 2. Even if the chain of direct investment relationship is only the starting point of direct investment statistics, these results are somewhat promising and may facilitate the exchange of micro data in the medium or

long run. In accordance with a 2017 EU Regulation, CFIs issuing debt securities on open markets are now identified by a Legal Entity Identifier (LEI)<sup>6</sup>

Coverage of LEI and LEI level 2 in Captive Financial Institutions surveyed by BcL  
*Companies which B/S is higher than 500 EUR mio*  
 December 2018 - EUR bn

		%
Number of companies	2 635	100%
LEI available	860	33%
of which LEI level 2 Direct Control available	380	14%
of which LEI level 2 Ultimate Control available	356	14%
Ag. B/S (EUR bn)	8 921	100%
LEI available	3 588	40%
of which LEI level 2 Direct Control available	2 076	23%
of which LEI level 2 Ultimate Control available	2 021	23%

Source: BcL, GLEIF

## Conclusion

The residence principle remains valid for FDI statistics, in particular with reference to CFIs, even if it can obviously be complemented by nationality-based statistics. CFIs meet various objectives and one has to distinguish in this population between SPEs and non-SPEs. Finally, the work on CFIs (valuation of unlisted equities, timing of transactions, etc.) often requires international data exchange, which may be facilitated, in the medium run, by a broader use of LEIs.

<sup>6</sup> Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market





BANQUE CENTRALE DU LUXEMBOURG

EUROSYSTÈME

# Luxembourg, the chain of direct investment ownership and the residence principle

Lisboa, 18 February 2020

Paul Feuvrier, Banque centrale du Luxembourg



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# 1 - High FDI figures in Luxembourg

**1 - High FDI figures in Luxembourg**

**2 - Extended Directional Principle**

**3 - Institutional unit test**

**4 - Captive Financial Institutions (CFIs) and Special Purpose Entities (SPEs)**

**5 - Data sharing on FDI and possible future role of Legal Entity Identifier (LEI)**

**6 - Conclusion**

# 1 - High FDI figures in Luxembourg

- **High FDI positions and transactions in Luxembourg**
  - Overall because of Captive Financial Institutions
  - Difficult economic interpretation
    - Competitiveness analysis...
  - What to do with entities in the middle of FDI chain?
    - Statistical standard
    - Taking into account compilation constraints...

## Captive Financial Institutions flow/stock reconciliation 2018 Q4

EUR bn	Assets					Liabilities				
	Position 2018 3	Trans.	FX	Price & Oth. Vol. Change	Position 2018 4	Position 2018 3	Trans.	FX	Price & Oth. Vol. Change	Position 2018 4
Total - Captive fin. Inst. / RoW	5 590	-315	23	-32	5 267	5 607	-351	32	-15	5 273
<b>Direct investment</b>	<b>5 251</b>	<b>-307</b>	<b>31</b>	<b>-27</b>	<b>4 948</b>	<b>4 560</b>	<b>-289</b>	<b>28</b>	<b>-5</b>	<b>4 294</b>
<b>Equity</b>	<b>3 940</b>	<b>-213</b>	<b>24</b>	<b>-23</b>	<b>3 728</b>	<b>2 988</b>	<b>-151</b>	<b>17</b>	<b>-2</b>	<b>2 852</b>
<b>Loans</b>	<b>1 310</b>	<b>-94</b>	<b>7</b>	<b>-4</b>	<b>1 220</b>	<b>1 572</b>	<b>-138</b>	<b>10</b>	<b>-3</b>	<b>1 442</b>
<u>Portfolio investment</u>	140	-7	1	-4	130	775	-52	5	-8	720
<u>Financial derivatives &amp; Other Investment</u>	200	-1	-9	-1	189	273	-10	-1	-3	259

Source: BCL

## 2 - Extended Directional Principle

- **Historical reply : Directional principle (BPM 5)**
  - Followed by *Extended* Directional Principle (BD 4)
- **From A / L to Extended Directional Principle**

### Asset / Liability & Extended Directional Principle

#### Luxembourg Direct Investment Position

December 2018 - EUR bn

#### 1 - Asset Liability principle

<i>bn euros</i>		conversion ExDP			
Asset	Outwards	AOF +	D1	In direct investment enterprise	4 262
Asset	Inwards	AIF -	D2	In direct investor (reverse)	155
Asset	Outwards	AOF+	U1	Between fellow UCP resident	31
Asset	Inwards	AIF -	U2	Between fellow UCP non resident	772
<b>Asset</b>					<b>5 221</b>
Liability	Inwards	LIF +	D1	In direct investment enterprise	3 431
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Liability	Outwards	LOF -	U1	Between fellow UCP resident	20
Liability	Inwards	LIF +	U2	Between fellow UCP non resident	779
<b>Liability</b>					<b>4 484</b>
Net					737

#### 2 - Extended Directional Principle

<b>Outwards</b>	<b>4 020</b>
<b>Reduction</b>	<b>23%</b>
<b>Inwards</b>	<b>3 283</b>
<b>Reduction</b>	<b>27%</b>
Net	737

Source: BcL

## 3 - Institutional unit test

- **Key SNA item for high FDI Luxembourg figures**
  
- **SNA 2008 § 4.61**
  - An entity that cannot act independently of its parent and is simply a passive holder of assets and liabilities is not treated as a separate institutional unit
    - **unless it is resident in an economy different from that of its parent.**
  - *If it is resident in the same economy as its parent, it is treated as an "artificial subsidiary"*
  
- Future SNA: such Captive Financial Institutions to remain as Separate Institutional Units ?
  - *Or reclassified with their parents ?*

# 3 - Institutional unit test

- **“Non-resident control makes institutional unit” principle**
  
- **Still valid principle for four reasons:**
  - 1 Changing international environment (BEPS, ATAD in Europe)
    - What does it bring about ?
  
  - 2 Simple compilation rules to derive cross-border financial assets and liabilities
    - If one “goes through” non resident SPEs, where to stop ?
      - Possible blurred lines between SPEs and operating entities
        - Taking into account SPE IMF TF definition...

# 3 - Institutional unit test

- **“Non-resident control makes institutional unit” principle**
- **Still valid principle for four reasons:**
  - 3 Principle endorsed by SPE IMF TF
    - Distinction between
      - FDI / captive Financial Institutions / SPEs
      - FDI / captive Financial Institutions / non SPEs
  - 4 Macro economic statistics increasingly linked to micro data
    - Future role of LEI
  - Resident principle = single SNA & BPM standard
    - complemented by “alternative” presentations
      - e.g. “consolidated” or “nationality based” aggregates



# 4 - Captive Financial Institutions (CFIs) and Special Purpose Entities (SPEs)

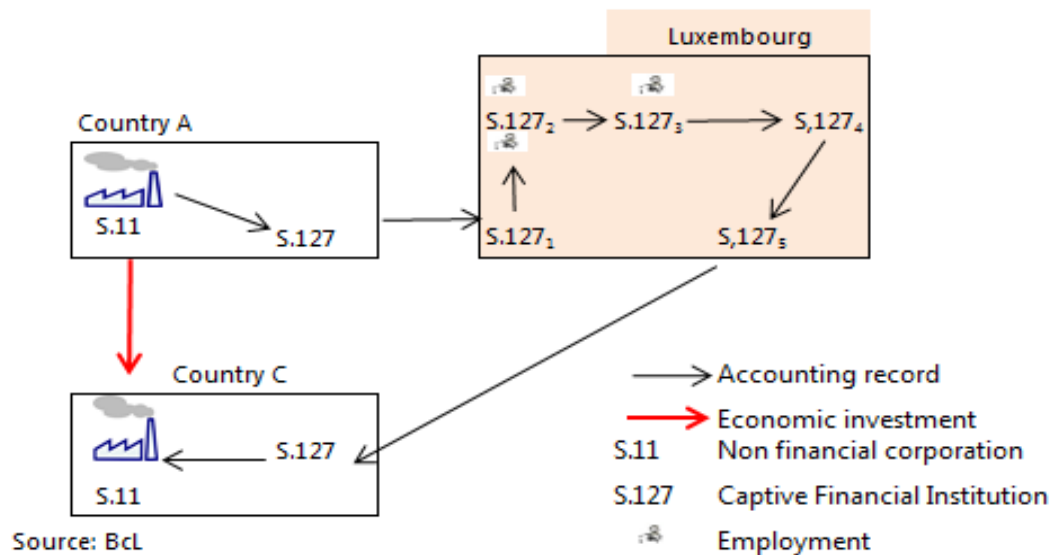
## ➤ 4.1 - Network of entities with total employment not exceeding 5 Full Time Equivalent

### ➤ Luxembourg entities

➤ = CFIs

➤ = SPEs.

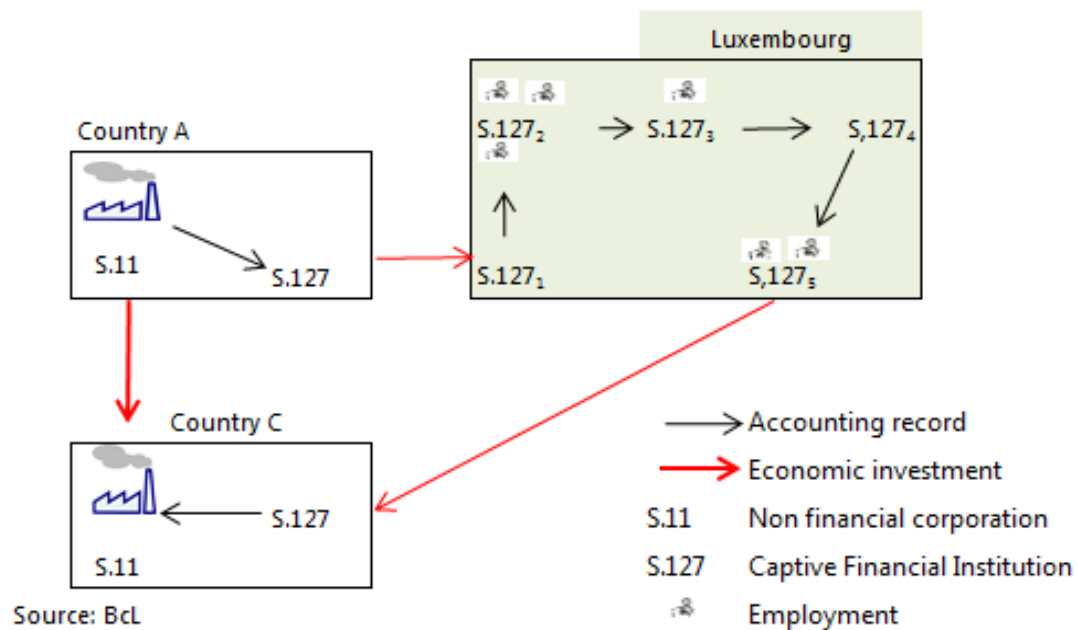
Less than 5 persons (FTE) in Luxembourg --> CFI & SPEs



# 4 - Captive Financial Institutions (CFIs) and Special Purpose Entities (SPEs)

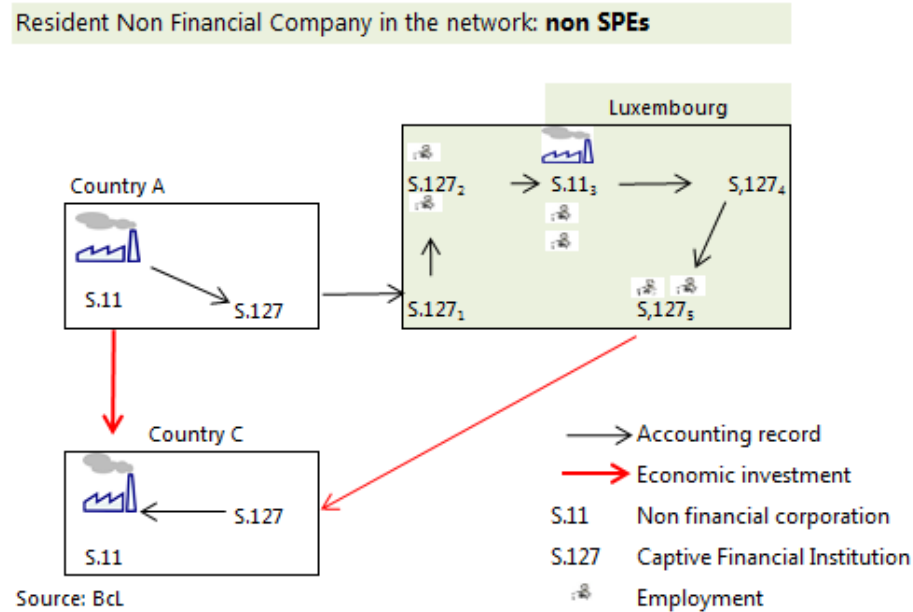
- 4.2 - Network of entities with total employment exceeding 5 Full Time Equivalent
  - Luxembourg entities
    - = CFIs
    - = **non SPEs**

More than 5 persons (FTE) in Luxembourg --> CFI but **non SPEs**



# 4 - Captive Financial Institutions (CFIs) and Special Purpose Entities (SPEs)

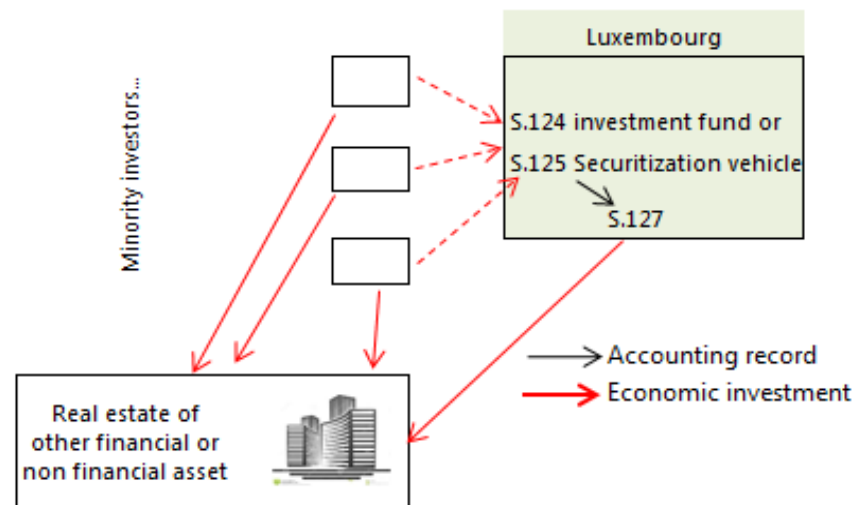
- 4.3 - Network of entities including a Non-Financial Company
- Luxembourg entities
  - = non SPEs



# 4 - Captive Financial Institutions (CFIs) and Special Purpose Entities (SPEs)

- 4.4 - CFIs set up by an investment fund or a securitization vehicle
  - Luxembourg entities
    - = CFIs
    - = **non SPEs**

Resident structure set up by a resident fund or a securitization vehicle: **non SPEs**



Source: BcL

## 4 - Captive Financial Institutions (CFIs) and Special Purpose Entities (SPEs)

- **35 % of CFIs B/S non SPEs**
  - Main factor Employment criterion
    - Employment up to maximum of 5 employees

Luxembourg Captive Financial Institutions surveyed by BcL

*Companies which B/S is higher than 500 EUR mio*

December 2018 - provisional data

Entities	2 635	100%
of which SPEs (pattern 1 above)	2 080	79%
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<i>of which non SPEs because of a "non captive" in the group (pattern 3 to 4)</i>	1 141	13%

Source: BcL

# 5 - Data sharing on Foreign Direct Investment

- Foreign Direct Investment = combination of:
  - Cross-border financial links between companies
    - infrastructure
  - Position, transaction & income of cross border
    - equity positions
    - debt between entities of the chain of direct investment
  
- Valuation and timing of CFI equity transactions
  - should be consistent with those of mirror countries
  - requires bilateral/multilateral discussions
    - implemented at the European level
      - FDI network, Asymmetry Resolution Mechanism...
    - restricted by statistical confidentiality
    - European initiatives start to bring about some positive results...

# 5 – Improved data sharing with legal Entity Identifier ?

- LEI: Legal Unit
  - identified by an internationally recognised identifier
    - reporter, national compiler, counterparty of the transaction and cross border compiler
  - Immediate and ultimate shareholder
  - **Whole set of information is public**
  
- Limitations
  - Only touches upon “infrastructure”
  - LEI does not *immediately* addresses pending issues
    - Valuation of unlisted equities
    - Statistical confidentiality

# 5 - Data sharing and LEI level 2

## Some Luxembourg entities set up in Luxembourg by Pfizer inc.

LEI	name_LEI	LEI_DC	LegalName_DC	Country_DC	LEI_UC	LegalName_UC	Country
54930006IY68Z7QV3936	Pfizer Holdings International Luxembourg (PHIL) Sàrl				765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
549300FZLOEGO2V4Y587	Pfizer Shareholdings Intermediate SARL	54930006IY68Z7QV3936	Pfizer Holdings International Luxemb	LU	765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
549300RNRW915T3XFM57	Pfizer Luxco Holdings S.à r.l.				765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
549300ILO5VQ6LE03481	Phivco Luxembourg S.à r.l.	54930006IY68Z7QV3936	Pfizer Holdings International Luxemb	LU	765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
549300Q0H2OF5AVNDU78	PHIVCO Holdco S.à r.l.	549300DIVQE4U6N6TG78	C.P. Pharmaceuticals International C.V	NL	765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
54930045CYQMKWCMRK30	Pfizer Mexico Luxco SARL	549300FGM84PB862TJ98	Pfizer Healthcare Ireland	IE	765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
5493008Z2AOK9ZEPHB56	Pfizer Luxembourg Global Holdings S.à r.l.				765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
222100XNZ78X76QG1E59	Pfizer Group Luxembourg S.à r.l.	549300N17RCB9JBP055	Pfizer Luxembourg SARL	LU	765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
549300XMTR587TGGHK03	PHILCO Holdings S.à r.l.	549300RNRW915T3XFM57	Pfizer Luxco Holdings S.à r.l.	LU	765LHXWGK1KXCLTFYQ30	PFIZER INC.	US
549300N17RCB9JBP055	Pfizer Luxembourg SARL						

Source: GLEIF, LEI level 2



## 5 - LEI level 2 in Luxembourg Captive Financial Institutions

Coverage of LEI and LEI level 2 in Captive Financial Institutions surveyed by BcL  
*Companies which B/S is higher than 500 EUR mio*  
 December 2018 - EUR bn

		%
Numbe of companies	2 635	100%
LEI available	860	33%
of which LEI level 2 Direct Control available	380	14%
of which LEI level 2 Ultimate Control available	356	14%
Ag. B/S (EUR bn)	8 921	100%
LEI available	3 588	40%
of which LEI level 2 Direct Control available	2 076	23%
of which LEI level 2 Ultimate Control available	2 021	23%

Source: BcL, GLEIF

## 6 - Conclusion

- TF on SNA Research Agenda
  - Subgroup on Globalization
    - Ongoing consultation on MNEs and SPEs...
- Increasing role of micro data sharing in the medium run
  - Broader use of LEI
- Implementation of SPE IMF TF definition
  - Distinction between
    - FDI / captive Financial Institutions / SPEs
    - FDI / captive Financial Institutions / non SPEs
      - “substantial” institutions
- Residence principle remains valid for FDI statistics
  - In line with SPE IMF TF definition
  - Also for compilation purposes
  - Can obviously be completed by nationality-based statistics