

LuxSE unveils the European Safe Asset Gateway to strengthen Europe's capital markets



In its latest move to contribute to the objectives of the Savings and Investments Union and help foster an investment culture in Europe, the Luxembourg Stock Exchange has developed the European Safe Asset Gateway, especially designed for retail investors.

The European Safe Asset Gateway (ESAG) is the latest initiative brought to market by the Luxembourg Stock Exchange (LuxSE). It offers a transparent, freely accessible gateway to euro-denominated benchmark bonds issued by highly-rated public sector issuers in the European Union, helping to channel retail savings into reliable and liquid, long-term investments.

The Exchange developed ESAG to provide a centralised access to a large list of benchmark bonds issued by triple-A rated Sovereign, Supranational and Agency (SSA) issuers in the European Union. It combines comprehensive asset class coverage, issuer documentation and price transparency, and facilitates retail-sized trading in the secondary market supported by liquidity provision mechanisms.

LuxSE marked the launch of the European Safe Asset Gateway in a dedicated event at the Exchange on 1 October, in the presence of European Commissioner for Budget, Anti-Fraud and Public Administration Piotr Serafin and Luxembourg Minister of Finance Gilles Roth.

The ESAG universe at launch

LuxSE is the world's leading exchange for the listing of international debt instruments and serves more than 100 sovereign and sub-sovereign issuers as well as leading supranational institutions including the European Union (EU), the European Investment Bank (EIB), the European Stability Mechanism (ESM) and the European Financial Stability Facility (EFSF).

The European Safe Asset Gateway is exclusively dedicated to debt instruments. To be eligible, bonds need to be euro-denominated, issued by one of the qualified triple-A rated SSA issuers in the European Union, have a minimum issued amount of EUR 1 billion and a maturity of at least 12 months.

At launch, ESAG covers 370+ debt instruments issued by 10 public issuers carrying a top-tier rating from at least one of the leading rating agencies. It includes four supranational

issuers being the EU, the EIB, the ESM and the EFSF. It also features five sovereign issuers, namely Denmark, Germany, Luxembourg, the Netherlands and Sweden, as well as the German agency issuer Kreditanstalt für Wiederaufbau (KfW).

These issuers all play an important role in financing economic and infrastructure development at local, national and European level. The bonds included in ESAG consequently offer both institutional and retail investors a reliable, diversified way to earn fixed income while supporting national or regional economic goals.

The universe of bonds featured in ESAG at launch represents a total outstanding value of approximately EUR 3.6 trillion. LuxSE plans to expand its coverage at subsequent stages by including benchmark bonds issued by other triple-A rated public institutions in the EU that meet the criteria defined for the gateway.

Powered by LuxXPrime

ESAG builds on LuxSE's existing listing and trading infrastructure to provide a single entry point into Europe's highest-quality, public debt assets. It offers investors centralised access to issuer documentation, and a clear presentation of valuation or indicative prices and yield data. ESAG includes a number of sustainable bonds for which relevant frameworks and sustainability information and impact metrics are also made available.

All the bonds featured in ESAG are available for trading via LuxSE's eligible trading members on LuxXPrime, LuxSE's dedicated platform for retail-sized trading in fixed-income securities. Launched in 2019, LuxXPrime now covers 3,000 bonds from 500+ issuers, and the trading activity on this platform is supported by liquidity provision mechanisms that allow investors to exit their investments.

In addition to trading members that already operate on LuxXPrime, two Luxembourg banks, Spuerkeess and Raiffeisen, have expressed support of the initiative and committed to put in place solutions to facilitate access to ESAG for their retail clients.

Supporting the EU's strategic agenda

The SIU aims to empower EU citizens to grow their wealth by investing in European capital markets. Its stated objective is to redirect some of the estimated EUR 10 trillion of household savings into market investments to boost economic growth and innovation in Europe.

By making European Safe Assets easier to identify, compare and access, ESAG supports the broader objective of encouraging greater participation in capital markets and providing European retail investors with more opportunities to invest in high-quality instruments and diversify their portfolio.

ESAG brings together a large, diversified pool of liquid euro-denominated bonds and thereby also supports the EU's strategic ambition to strengthen the Euro as a global reserve and investment currency.

Julie Becker, Chief Executive Officer of LuxSE explained: *« We developed the European Safe Asset Gateway to make it easier, particularly for retail investors, to find and access bonds issued by the top-rated public issuers in the EU. Our ambition is to give European retail investors more opportunities to mobilise their savings and to invest in high-quality financial instruments. As an exchange, we have an important role to play in connecting European savings with capital markets. This role begins with clear information, transparent pricing and practical access to investment opportunities.»*

Piotr Serafin, Commissioner for Budget, Anti-Fraud and Public Administration, European Commission, said: *"The European Safe Asset Gateway will give investors a trusted entry point for investing in Europe's safest assets. In a way, it will act as a lighthouse that will guide ships to Europe's safest harbours. »*

Luxembourg Minister of Finance Gilles Roth stated: *"The European Safe Asset Gateway marks an important step in transforming the Savings and Investments Union into concrete results. By*

making European capital markets more accessible and connected, it will help unlock investment, support growth, and deliver benefits for citizens. The stronger our markets are, the better Europe will be placed to finance its own priorities. Luxembourg is proud to remain at the centre of this effort.”

Kalin Anev Janse, CFO of the European Stability Mechanism commented: *“Europe already has a strong base of highly rated public issuers, whose bonds are valued by large institutional investors for their liquidity and creditworthiness. The challenge has been making these assets easier for smaller European investors to access. The European Safe Asset Gateway helps address that gap, giving small investors a simpler way to invest in high-quality European assets. It is a concrete step towards turning the ambitions of the Savings and Investments Union into tangible opportunities for Europeans. »*

Ambroise Fayolle, Vice President of the European Investment Bank stated: *« The European Safe Asset Gateway is a practical way to bring Europe’s capital markets closer to its citizens. By improving transparency and access, notably to bonds issued by European institutions, the initiative helps retail investors participate more directly in financing Europe’s priorities while benefiting from the strength and resilience of the European issuers. »*

Georges Heinrich, Member of the Management Board of Banque Raiffeisen added: *“Banque Raiffeisen welcomes the launch of the European Safe Asset Gateway, which gives retail investors easier access to some of Europe’s highest-quality issuers. This initiative supports our ambition to offer our clients investment solutions that combine transparency, security and attractive long-term return potential, while helping finance the economic development of Luxembourg and Europe.”*

For more information about LuxSE’s European Safe Asset Gateway, go to:

<https://www.luxse.com/trading/luxxprime/european-safe-asset-gateway>