

Quarterly Focus: Investors find security in Luxembourg's courts

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As a major finance hub, Luxembourg is a natural home for securities litigation, but it will take time before the recent listings boom generates commensurate disputes.

As home to the largest investment funds industry in Europe, Luxembourg hosts a range of corporate headquarters, vehicles, holdings and subsidiaries. The Grand Duchy has combined a central location, multilingual population, favourable tax and banking laws, and a stable regime to become the fourth-largest financial centre in Europe and the 16th in the world, according to the 2025 *Global Financial Centres Index*, and today stands out as one of the world's leading fund administration markets.

A secure environment

Manuel Fernandez, a partner at GSK Stockmann in Luxembourg, attributes this popularity to “an efficient mix of legal certainty and flexibility”. The certainty comes from the country's well-established Civil Code, its 110-year-old companies law (Law of 10 August 1915 on Commercial Companies) and its 20-year old securitisation law.

The flexibility derives from the government's willingness to adopt a “a market friendly approach” to legislation, accommodating new developments such as distributed ledger technologies – the Blockchain Law has had four updates since 2013 – and regularly refreshing its securitisation law, most recently in 2022.

That Act, the Luxembourg Law of 22 March 2004 on Securitisation, itself offers a great deal of flexibility, Fernandez explains: “You can securitise almost any type of asset you want, and you can securitise it in the way you want,” he says, “you can do things as securitisation in Luxembourg which would not qualify as securitisation under the EU STS [simple, transparent and standardised]

framework.”

“The will from the Luxembourg legislator to be flexible, to embrace new techniques and new financial products, that’s something which you have in Luxembourg which you may not find in other countries.”

The resulting growth of securitisation is illustrated by the success of the Luxembourg Stock Exchange (LuxSE), which admitted 15,000 new securities during 2024, the most in its 95-year history and a 9% increase on the previous year, giving it a 33% share of the global market for listed international bonds. Those securities raised EUR 1.5 trillion, up 19% on 2023, while the total number of listed securities was up 5% year-on-year and LuxSE itself saw a 9% increase in operational revenues during 2024.

“The proactive behaviour of the Luxembourg Stock Exchange has made it a pioneer in some domains and that’s a key asset for the issue of security in Luxembourg,” says Fernandez.

LuxSE’s offering includes the Securities Official List (SOL), which allows issuers to list securities without admission for trading, and the Luxembourg Green Exchange, a non-regulated platform for the identification of ESG securities.

Disputes generation

Where corporate activity happens, disputes usually follow and Luxembourg’s courts have long had a steady flow of securities-related activity, based on typical causes of action including prospectus breaches, valuation disagreements or the enforcement of collateral. Further causes include investment choices or demands for further information about the assets.

“We see a lot of valuation and fee disputes,” says GSK Stockmann senior associate Louis-Guillaume Roldan, and the impact of the pandemic is still being felt: “Due to Covid, some of the valuations were revisited or reviewed to the negative or to the positive which led to some disputes.”

Shareholders’ rights often rely on provisions of the 1915 companies act relating to the convening of meetings and rules of deliberation, or on a company’s articles of association, or shareholder contracts.

Despite this, the recent securities boom has not yet resulted in a spike in cases, Fernandez adds: “The increase in the issuances of listed security has not translated into an explosion of specific litigation here in Luxembourg, no.”

Conversely, it has led to a growth in non-securities litigation, for example disputes over the liability of service providers, more general commercial litigation involving investors in the market, insolvency or restructuring.

Many disputes never see the light of day: “There is also a strong culture in Luxembourg for resolving things amicably,” points out Roldan. The financial sector tends to prefer private *ad hoc* mediation rather than formal institutional dispute resolution, adds Fernandez. Although there has been little uptake for arbitration so far, he anticipates greater use over time, capitalising on a well-regarded and efficient local framework.

Arguably, the greater risk comes from regulatory action. The financial watchdog, *Commission de Surveillance du Secteur Financier* (CSSF) is well-resourced, with over 950 agents in a country with a population of under 700,000, and takes a proactive approach to compliance. “The CSSF is very efficient in preparing the listings before they go public,” says Roldan. “It’s part of the ecosystem, but

that prevents litigation.”

Judicial expertise

When it arises, the courts are well-equipped to deal with securities litigation, reflecting the country’s place in the world and canny investment in the system. “Luxembourg lawyers are exposed to financial law issues a lot, directly or indirectly,” says Fernandez. “The result is that when they become judges, they often have had years of exposure to these legal aspects.”

“They have a good understanding of the financial world and of the very peculiar legal aspects of securities, for example, questions of limited recourse for securitisation or matters of private international law, or even the very concept of dematerialised security. This is not something that would be very easy for someone who is a general lawyer,” he adds.

Moreover, the state is investing in its courts and, in keeping with its tradition of adaptability, has plans to hire 200 more judges over the next five years, in part to address current backlogs, and to relocate the commercial chamber of the Luxembourg Court to a larger building.

The country’s favourable location between Western Europe’s leading economies and its status as an EU member, also contribute to the utility of its courts. Civil and commercial judgments are enforceable throughout the EU and beyond via the 2019 Hague Judgments Convention and both lawyers and the judiciary are used to working with a range of legal systems and languages.

“Judges here in Luxembourg are regularly confronted with foreign laws: German law, French law, English law,” says Roldan. “So it’s easy, even within written submissions, to talk about English law and judges are not threatened by it, they do not dislike mentioning foreign law.”

Even the Grand Duchy’s securities documentation is drafted in English and Roldan continues: “It is actually part of Luxembourgish tradition that within your own submission you can use foreign law. You can cite French law in support of your own arguments. I’ve never seen any judge that did not accept evidence in English. You can submit evidence without the need to translate it and that’s a significant advantage over some other continental jurisdictions.”

Further afield

It is not just the courts of the Grand Duchy that are kept busy. The 2025 *Portland Commercial Courts Report* [revealed that Luxembourgish parties](#) were among the top 10 users of London’s commercial courts in 2024-2025 with 30 litigants, a significant leap from the previous year. [Just this month](#), the Court of Appeal of England and Wales ruled on an attempt by an English county council to wind up the sub-fund of a Luxembourg pension fund, in an attempt to recover a GBP 20 million investment.

Roldan is keeping an eye on the impact of wider global events on the securities market: wars, the economy and trade conflicts, to name a few. “These are the kind of things that could change and alter the development of litigation here,” he says, but beyond that, the expectation is of a more gradual increase over time, as the securities market grows: “Otherwise we would just see a normal increase together with the volume of transactions, but nothing extraordinary,” he concludes.

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