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MODERNIZATION OF LUXEMBOURG FUND LAWS

On 11 July 2023, the Luxembourg Parliament (Chambre des Députés) voted by a vast majority in favor of Bill No. 8183 of 24 March 2023, which provides for the modernization of Luxembourg investment vehicles.
The following five Luxembourg laws are impacted by the amendment:

- Law of 15 June 2004 relating to the investment company in risk capital (SICAR Law)
- Law of 13 February 2007 relating to specialized investment funds (SIF Law)
- Law of 17 December 2010 relating to undertakings for collective investment (UCI Law)
- Law of 12 July 2013 on alternative investment fund managers (AIFM Law)
- Law of 23 July 2016 on reserved alternative investment funds (RAIF Law)

The main changes will be as follows:
The term “qualified investor” defined in the SICAR, SIF and RAIF Laws will be updated and brought in line with the European standard by reducing the minimum capital from EUR 125,000 to EUR 100,000. In addition, the period for raising the minimum capital is also expected to be extended. An extension from 12 to 24 months will be granted for SICARs, SIFs and RAIFs and up to 12 months for UCI part II funds. Additional structuring options are provided for funds subject to Part II of the UCI Law. SICAVs governed by Part II of the UCI Law will have the option in the future to adopt other corporate forms (SCA, S.à r.l., SCS, SCSp or the form of société coopérative organisée sous forme de société anonyme) in addition to a corporation.

With the introduction of a new Art. 18bis in the AIFM Law, AIFMs will be able to use contractually bound intermediaries. This is to align the AIFM legal framework with

Part IV, Art. 112bis of the UCI Law concerning authorized management companies. Furthermore, the system of voluntary liquidation of undertakings for collective investment provided for in the UCI Law is also to be extended to management companies and AIFMs in the future.

To support the European Union in creating a single capital markets union, the taxe d'abonnement is to be modernized as well. Subscription tax exemption rules set forth in the UCI, SIF and RAIF Laws applicable to ELTIFs and in the UCI Law applicable to PEPP funds are thus intended to provide tax incentives while also supporting the emergence of ELTIFs and PEPPs.

Finally, the requirement of a notarial deed for RAIFs serving as "statement of incorporation" (Constat de Constitution) will also be eliminated, provided that the fund set-up itself requires notarization (in the case of the formation of SICAVs in the form of an SA, S.à r.l. and SCA).

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Get in touch with us.

I am at your disposal for a personal consultation.

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