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Luxembourg Newsflash - 21 July 2023

## “Fine-tuning” the law on commercial companies

Clarifications and corrections to law of 10 August 1915 on commercial companies adopted by  
Luxembourg Parliament.

### In short

On 19 July 2023, the Luxembourg Parliament adopted a law (**Law**) that aims to correct certain clerical errors and inconsistencies following 2016’s significant reform modernising the law of 10 August 1915 on commercial companies (**Company Law**).

The Law also updates several legal references that have become outdated and corrects a number of clerical errors in the Civil Code, the law of 19 December 2002 on the Trade and Companies Register and the accounting as well as annual accounts of companies, and the law of 24 May 2011 on the exercise of certain shareholder rights at general meetings of listed companies.

### Main amendments to Company Law

The main amendments to the Company Law include:

- Uncertainties regarding certain rules applicable to a *société à responsabilité limitée* (private limited company) with a sole shareholder are clarified: (i) a decision to transfer the registered office can be made by the board of managers and (ii) the articles of association may provide stipulations for authorised capital.
- Shares whose voting rights have been suspended (either by decision of the board or because the shareholder has decided to waive them) and repurchased shares (either of a *société à responsabilité limitée* or a *société anonyme* (public limited company)) are not taken into account in calculating the quorum and majority rules in relation to shareholders’ meetings.
- The current approval procedure for transfers of shares in a *société à responsabilité limitée* is amended (i) to avoid giving a veto right to the outgoing shareholder and (ii) to clarify that shares may be repurchased by the company from the transferring shareholder, with or without a share capital decrease.

- *Clauses léonines* (i.e. clauses allocating all profits to a shareholder or shielding a shareholder from all losses in violation of Article 1855 of the Civil Code) in the constitutive instrument of both a *société en commandite simple* (common limited partnership) and a *société en commandite spéciale* (special limited partnership) are null and void.

## What's next?

The Law still needs to be published in the Luxembourg Official Journal before entering into force.

## How can we help?

**Our Corporate Law, Mergers & Acquisitions team can assist you with all legal matters arising in connection with the Law and its practical impacts.**

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