

# fund formation in Luxembourg





# Luxembourg, the home of Fund Formation

Situated at the political and geographical heart of Europe, Luxembourg has become one of the leading European financial centers and an increasingly competitive location to set up investment funds. Luxembourg combines several factors which have allowed the country to build a strong reputation for longstanding expertise in financial engineering and structuring.

Source: Association of the Luxembourg fund industry (ALFI)

Strong financial  
expertise

**1<sup>st</sup>** investment fund  
centre of the EU

**2<sup>nd</sup>** largest investment  
fund centre worldwide  
(after the US)

Highly skilled  
and multilingual  
workforce

more than  
**160** nationalities  
in Luxembourg

Strong culture of  
investor protection

Country rating **AAA**

Rigorous anti  
money-laundering  
policies

Strategic location

At the crossroads

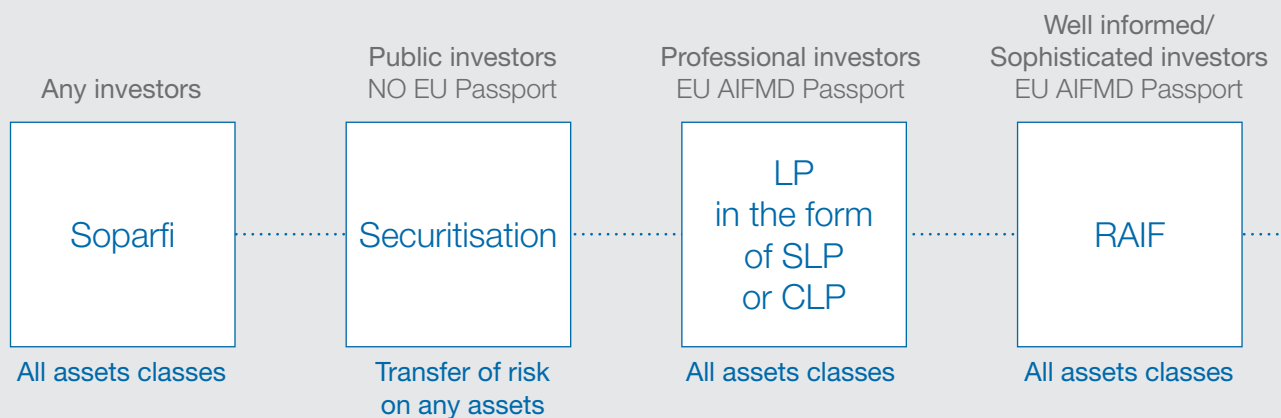
of Europe



# Investment structuring solutions

## The Luxembourg fund structuring toolbox

### FLEXIBILITY

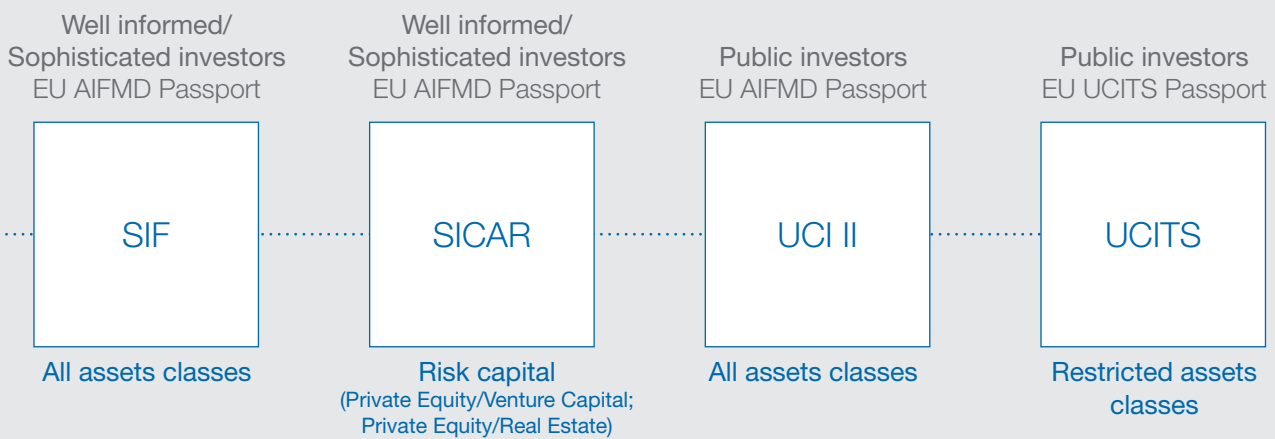


In Luxembourg we have a complete investment toolbox. The country's legal and regulatory approach is to **respond to each investment manager's specific needs.**

Gilles Dusemon and Isabelle Lebbe,  
Partners Arendt & Medernach



## REGULATION



The  
investment  
fund  
managers  
and service  
providers

UCITS  
Management  
Companies  
(ManCo)

Alternative  
Investment  
Fund Managers  
(AIFM)

Central  
administration  
agents

Depositaries

# Arendt at every step of your fund's and manager's lifecycle

Our Fund Formation team is the largest in Luxembourg, with more than 160 fund experts and 22 partners. This gives our clients access to the resources they need, with professionals at Arendt working together with the sole aim of helping our clients succeed. We advise on all types of funds including UCITS, AIF structures such as Part II funds, SIFs and RAIFs, SICARs and any other unregulated alternative investment fund types.

We also advise managers wishing to establish a management platform (either UCITS management company or AIFM or both) in Luxembourg and assist them in their daily operations. Asset services such as depositary banks and fund administrators rely on us for guidance on all their legal and regulatory issues.

Our range of Fund Formation services has evolved over the last 30 years, driven by the needs of our clients, to include not only legal, but also regulatory, tax and consultancy services.

## Project structuring

- Defining a development strategy
- Analysis of the investment strategy and establishment of the risk management process
- Analysis of asset eligibility
- Comparison of operational models as regard to the manager (internal/outsourced)
- Assistance in the choice of service providers: AIFMs or ManCos, depositary banks and fund administrators
- Tax structuring advice including VAT analysis
- Choice of the appropriate legal regimes and corporate forms



Luxembourg remains  
**the central hub of the  
asset management industry,**  
of which our Fund Formation  
team is an integral part.

Michèle Eisenhuth, Partner  
Arendt & Medernach



# Structure set-up

## FUND

- Constitutive documents including prospectus, issuing document, private placement memorandum and offering memorandum
- PRIIPS KID drafting (including all metrics)
- Negotiation with investors including drafting of shareholder agreements and side-letters
- Negotiation with service providers including drafting of agreements
- Drafting of financing documents or review of financing agreements
- Review of contractual documents from a direct and indirect tax perspective
- Creation of carried interest vehicles and investment and holding structures
- Preparation of the application to the Luxembourg regulator and subsequent co-ordination until approval (for regulated funds only)
- Assistance for the launch of the fund

## FUND MANAGER (UCITS ManCo and/or AIFM)

- Definition of target operating and governance model, including exact scope of activity
- Definition of the structure and the internal organisation of the manager
- Assistance with the drafting of the documentation required by the Luxembourg regulator, including procedures and policies
- Drafting of the articles of incorporation and of all required agreements
- Assistance for the approval process by the Luxembourg regulator of the manager and its activities
- Assistance in the incorporation of the manager



Our involvement in different funds associations allows us to **serve as the voice of our clients.**

Claude Niedner,  
Partner and Co-Chairman  
Arendt & Medernach



## Marketing of the fund

- Marketing studies covering relevant jurisdictions and admissible selling support
- Advice on selling restrictions
- Cross-border notification services (passporting of the fund or use of NPPR)
- Marketing authorisation maintenance
- Marketing documentation compliance reviews
- Distribution risk monitoring services

## Day-to-day operations

### FUND

- Advice on all new issues from a legal and operational point of view
- AML/KYC consulting and support services
- Domiciliation and corporate secretariat services
- Central administration services (Fund administration, Transfer agency) for illiquid funds
- SPV and GP administration
- Directorship Services
- Subsequent closing and defaulting investor procedures
- Board trainings



**Our complementary approach,** unique in Luxembourg, enables Arendt to offer legal advice combined with corporate and investor services and efficient regulatory solutions.

Catherine Rasseneur, Partner  
Arendt Regulatory & Consulting





## FUND MANAGER (UCITS ManCo and/or AIFM)

- Passporting of services
- Risk management and investment compliance
- Compliance support
- Reporting services
- Distribution advisory services
- Incident management services (in case of regulatory onsite inspections, breaches of investment policies, NAV errors...)
- Process improvement consultancy services
- Regulatory authorisation maintenance: Change of business model, new services and license extension, shareholding change, etc.

## Termination of the fund

- Drafting of legal documentation and provision of legal assistance
- Assistance to portfolio realisation
- Sale of assets
- Termination of marketing authorisations
- Liquidation services



We believe that sharing is caring. Keeping our clients updated is always a priority for us.

Pierre Beissel, Partner  
Arendt & Medernach  
Gaëlle Schneider, CEO  
AManco



# Arendt at a glance



sources: Monterey Insight - Luxembourg Fund Report 2023; includes regulated and unregulated funds



We employ lawyers and business services professionals from many nations, cultures and backgrounds. This diverse workspace enables us to **understand the different business cultures of our clients** and to work in many languages.

Florence Stainier, Partner  
Arendt & Medernach  
Michel Daemgen, Partner  
Arendt Regulatory & Consulting



# A unique and comprehensive approach

We are dedicated to serve the interests of managers throughout the lifecycle of their fund. Fund Formation is a specialist area and we have grown our practice groups to provide comprehensive support to asset managers. So, why is this different to any other law firm?

We have listened to our clients who tell us that the support they need goes beyond legal advice. There is a requirement to understand:

- The regulatory risks and how to navigate changes
- The impact of taxation
- The opportunities for fund distribution and cross-border activities
- The choice of funds and the most appropriate vehicle for their investors
- How to stay compliant and conform to the rules, standards and specifications applicable to their business
- How to build substance and create strong governance
- The requirements of the regulator
- The practical issues of setting up and managing a fund in Luxembourg

This is why we offer such a broad range of services that match the needs of our clients at every stage of the Fund Formation lifecycle.



We are **connected to all major financial centers** via our representative offices and our networks (Lex Mundi, Terralex, WLG, WSG)."

Francis Kass, Partner Arendt & Medernach  
Henning Schwabe, Partner Arendt & Medernach  
Christophe Lentschat, Member of the Management Committee Arendt Services



## Arendt: your investment funds partner

Our Fund Formation group covers both traditional and alternative investment fund strategies. We have private and public funds specialists in addition to a market leading UCITS practice. Over 160 fund experts makes this group the largest Fund Formation team in Luxembourg.

Our scale brings with it the ability to quickly resource Fund Formation with the right level of skills our clients need; often with a blend of legal, tax and regulatory experience. Arendt operates as one team and having both legal, tax, regulatory and investor services specialists located together brings with it an agility that can't be achieved with remote teams.

Being members of key committees gives Arendt an insight into market developments that then benefit our clients. At a regulatory level we are involved in sub boards and working groups of the Luxembourg regulator, the CSSF. We are also active members of Luxembourg associations such as ALFI and LPEA as well as European associations like EFAMA, Invest Europe, INREV and AIMA amongst others.

Yet we go further still by offering companies bespoke and prepackaged legal, tax and regulatory training courses, access to online resources, webinars and over 120 events per year at Arendt House.



In the constantly evolving legislative environment, it is crucial for any entity to obtain the most recent information impacting its business, be it legal, tax, regulatory, financial or technological

Nicolas Deldime, Partner  
Arendt Regulatory & Consulting  
Stéphane Badey, Partner  
Arendt Regulatory & Consulting



## Our performance

With a **market share of 35%**, Arendt & Medernach is the leading law firm in the Luxembourg market.

We advise 5,640 funds and sub-funds (regulated and unregulated), representing **a total of USD 1,978bn in terms of value of assets** under management.

**We advise 70% of the 30 largest promoters** with funds domiciled in Luxembourg.

### Market share by number of funds and sub-funds



sources: Monterey Insight - Luxembourg Fund Report 2023; includes regulated and unregulated funds



This prestigious firm is a dominant force for investment funds law in Luxembourg. Clients include **major financial institutions and fund managers** from across the globe.

Chambers & Partners



Our team for Investment Management, Private Equity & Real Estate,  
Regulatory & Consulting and Investor Services

## Your Fund Formation team contacts



Adrian Aldinger



Stéphane Badey



Pierre Beissel



Gregory C. Beltrame



Camille Bourke



Nicolas Bouveret



Michael Daemgen



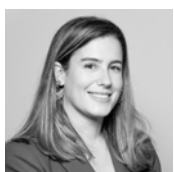
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Nicolas Deldime



Carl de La Chapelle



Fiona de Watazzi



Gilles Dusemon



Michèle Eisenhuth



Yann Fihey



Piotr Giemza-Popowski



Christian Heinen



Michael Jonas



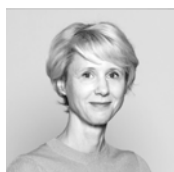
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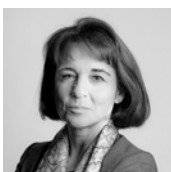
Isabelle Lebbe



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Corinne Prinz



Catherine Rasseneur



Gaëlle Schneider



Henning Schwabe



Stefan Staedter



Florence Stainier

[arendt.com/ourpeople](https://arendt.com/ourpeople)

about  
Arendt

**your legal, tax and business services firm in Luxembourg**

Arendt combines the entire value chain of services  
dedicated to Asset Managers, Banks, Insurers, Public Institutions,  
Commercial Companies and Private Clients operating in Luxembourg.



