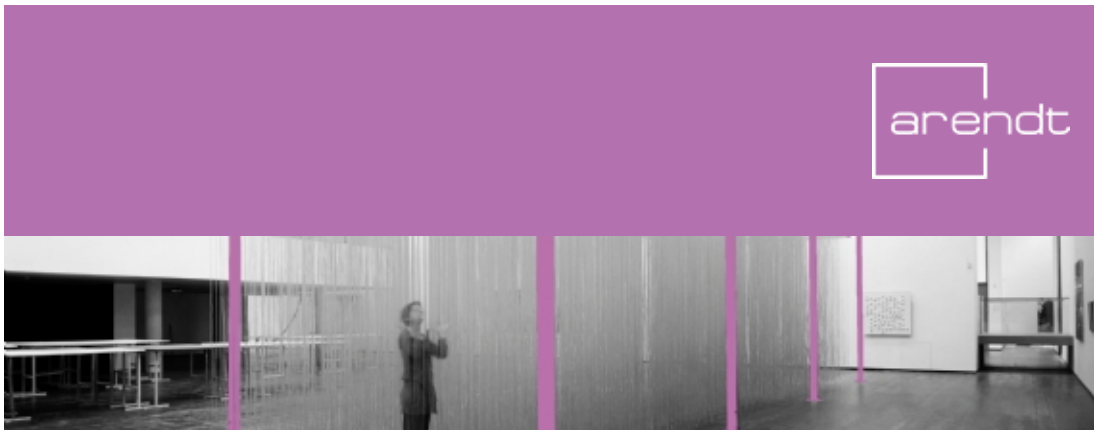


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Luxembourg Newsflash - 27 March 2023

Modernising the Luxembourg fund toolbox

Luxembourg further increases the attractiveness and competitiveness of its financial centre through targeted improvements to the Luxembourg fund rules.

On 24 March 2023, a bill of law proposing amendments to the Luxembourg fund rules was deposited with the Luxembourg Parliament. The amendments affect the Law of 2010 on UCIs (“UCI Law”), the Law of 2007 on SIFs (“SIF Law”), the Law of 2004 on SICARs (“SICAR Law”), the Law of 2013 on AIFMs (“AIFM Law”) and the Law of 2016 on RAIFs (“RAIF Law”). In proposing targeted amendments to these laws, Luxembourg aims to improve and modernise its fund toolbox and increase the attractiveness and competitiveness of the Luxembourg financial centre.

Key amendments

The main changes are:

- Harmonisation of the **“well-informed investor” definition** in the SIF, SICAR and RAIF Laws by (i) cross-referring to “professional investors” as defined under MiFID II, (ii) lowering the EUR 125,000 investment threshold to EUR 100,000 and (iii) aligning the list of entities that may certify the experience of other investors.
- For SICARs, SIFs and RAIFs: increase to **24 months** the time limit by which the subscribed capital must reach the legal minimum. For Part II funds, the time limit increases to **12 months**.
- Harmonisation of the available **legal forms** for **Part II SICAVs** with the legal forms available under the SIF, SICAR and RAIF Laws. Once the bill of law is adopted, a Part II SICAV may also be set up in the form of a partnership limited by shares, a common limited partnership, a special limited partnership, a private limited company or a cooperative in the form of a public limited company.
- **For closed-ended Part II funds**, securities or partnership interests shall be issued and, as the case may be, redeemed in accordance with the conditions and procedures set out in the articles of association or the partnership agreement.

- **Simplification** of the formation formalities where an RAIF is set up by virtue of articles of association and clarification that marketing RAIFs to well-informed investors in Luxembourg is permitted.
- **AIFM Law:**
 - going forward, authorised alternative investment fund managers may have recourse to tied agents within the meaning of the financial sector law of 1993;
 - the article 46(1)(a) requirement that AIFs are subject to permanent supervision in their home State by a supervisory authority set up by law to ensure the protection of investors, is amended to clarify that the requirement is deemed to be fulfilled by SIFs and SICARs;
 - article 46 will not apply to eligible investors within the meaning of the ELTIF, EuVECA and EuSEF Regulations; and
- For **SIFs, RAIFs and Part II funds**: more practical and consistent application of the subscription tax exemption for funds investing in other funds. European long-term investment funds (ELTIFs) will also benefit from the subscription tax exemption.
- Clarification of the terms for replacement of a **depository** in the SICAR, SIF and UCI Laws.
- Insertion into the SICAR Law of provisions relating to **delegation**, with a corresponding transitional period of 12 months from the entry into force of the law.
- Improvement and harmonisation of the various rules relating to **dissolution** of investment funds or fund managers.

This legislative proposal is the result of efforts by the Luxembourg funds industry to harmonise rules introduced over time into the different funds product laws and, at the same time, adapt those rules in response to current business requirements.

Next steps

The bill of law is now subject to the legislative process and remains subject to change. Once adopted by the Luxembourg Parliament, the bill of law will enter into force on the fourth day following its publication. Transitional provisions will apply for some modifications. We understand that the intention is that Parliament will vote on the bill of law in early July before the summer recess.

For further information, please reach out to your usual contact in the Fund Formation Team.

[Access the bill of law \(in FR only\) here_](#)

[Access the Law of 2010 on UCIs in its current consolidated version here_](#)

[Access the Law of 2004 on SICARs in its current consolidated version here_](#)

[Access the Law of 2007 on SIFs in its current consolidated version here_](#)

[Access the Law of 2013 on AIFMs in its current consolidated version here_](#)

[Access the Law of 2016 on RAIFs in its current consolidated version here_](#)



Arendt & Medernach SA
Registered with the Luxembourg Bar
RCS Luxembourg B 186371

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

41A avenue JF Kennedy
L-2082 Luxembourg
T +352 40 78 78 1

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