

ARENDT IS BY YOUR SIDE

# Unlocking the potential of active ETF share classes

Active ETFs are transforming the European fund landscape, offering the benefits of traditional active management with the efficiency, cost incentives and transparency of ETFs.

As a premier fund domicile, Luxembourg is at the forefront of this evolution, providing a robust regulatory framework and a proven ecosystem for ETF innovation.

## Why choose active ETF share classes in Luxembourg?

**Best of both worlds** – Active ETFs combine active investment strategies with the liquidity, flexibility and operational-efficiency of ETFs.

**Regulatory clarity** – Luxembourg offers a well-defined and efficient regulatory environment under the UCITS framework, facilitating ETF share class launches and cross-border distribution.

**Keep up with a growing trend** – Net assets under management by Luxembourg ETFs doubled between 2023 and 2024 and similar growth is expected by the market over the upcoming years.

**Tax** – Tax advantages, such as no subscription tax in Luxembourg.

**Transparency of portfolio disclosure** – A Luxembourg framework makes it possible to strike the perfect balance between transparency and proprietary strategy protection.

**Internationally recognised and efficient distribution** – Opens a new operationally-efficient distribution channel that benefits from Luxembourg's worldwide recognition and efficient distribution capabilities.

## Key considerations for an active ETF

**Regulatory and listing requirements** – Meeting national and EU regulatory requirements as well as ensuring compliance with the target exchanges' specific rules.

**Impact on documentation and policies** – Specific ETF disclosure requirements in the prospectus, KIIDs and marketing communications of the fund and implementation of specific policies at manager level.

**Contractual arrangements** – Setting up contractual arrangements with market makers and authorized participants, as well as updating existing service provider agreements to encompass ETF specificities.

**Operational setup** – Market maker arrangements, authorized participant network, trading mechanisms tailored for active strategies, updating processes with service providers and implementing target exchange requirements.

## How Arendt can help

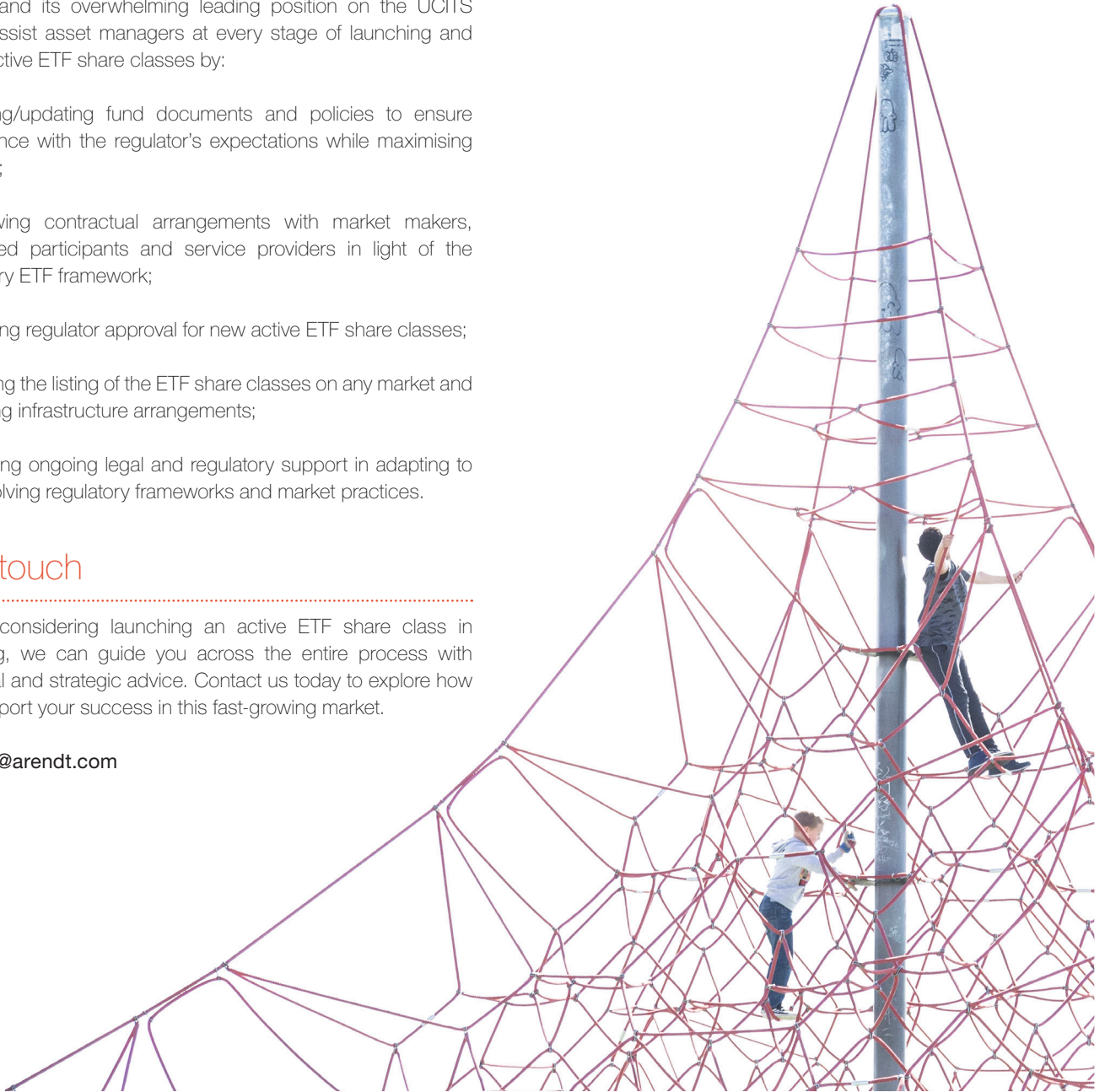
We draw on Arendt's in-depth expertise in Luxembourg fund structuring and its overwhelming leading position on the UCITS market to assist asset managers at every stage of launching and operating active ETF share classes by:

- drafting/updating fund documents and policies to ensure compliance with the regulator's expectations while maximising flexibility;
- reviewing contractual arrangements with market makers, authorized participants and service providers in light of the regulatory ETF framework;
- obtaining regulator approval for new active ETF share classes;
- ensuring the listing of the ETF share classes on any market and facilitating infrastructure arrangements;
- providing ongoing legal and regulatory support in adapting to ever-evolving regulatory frameworks and market practices.

## Get in touch

If you are considering launching an active ETF share class in Luxembourg, we can guide you across the entire process with tailored legal and strategic advice. Contact us today to explore how we can support your success in this fast-growing market.

[ArendtETF@arendt.com](mailto:ArendtETF@arendt.com)



# arendt is by your side

## Your Investment Management experts



Florence Stainier  
Partner  
Arendt & Medernach  
[florence.stainier@arendt.com](mailto:florence.stainier@arendt.com)  
+352 40 78 78 543



Florent Denys  
Counsel  
Arendt & Medernach  
[florent.denys@arendt.com](mailto:florent.denys@arendt.com)  
+352 40 78 78 7778



Josiane Schroeder  
Counsel  
Arendt & Medernach  
[josiane.schroeder@arendt.com](mailto:josiane.schroeder@arendt.com)  
+352 40 78 78 9372



Thomas Hulet  
Senior Associate  
Arendt & Medernach  
[thomas.hulet@arendt.com](mailto:thomas.hulet@arendt.com)  
+352 40 78 78 2449