



Luxembourg Alternative Investment Toolbox

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Luxembourg toolbox for alternative investments

Making the right choice

Luxembourg, the right place for your alternative investment funds

For many years, the Grand Duchy has been the main European centre for investment funds, second to the US only. The country is also equipped, from a regulatory and legal standpoint, to address the growing investors' focus on alternative investments, and is now one of the main alternative investment fund centres, attracting global investors and asset managers.

A large range of choices

The Luxembourg alternative investment toolbox proposes a large choice of regulations and legal forms. Understanding their key features and ensuring they fit your and your investors' needs. From high regulation to almost none, from corporate to contractual forms, from tax opaque to tax transparent structures, the initial set-up of your investment fund could be complex, but it will secure your structure for the coming years.

Key considerations

Investors

Who are you targeting?

Would your investors prefer tax transparent or opaque structures?

Do they request a supervised or regulated fund in order to comply with their investments' requirements?

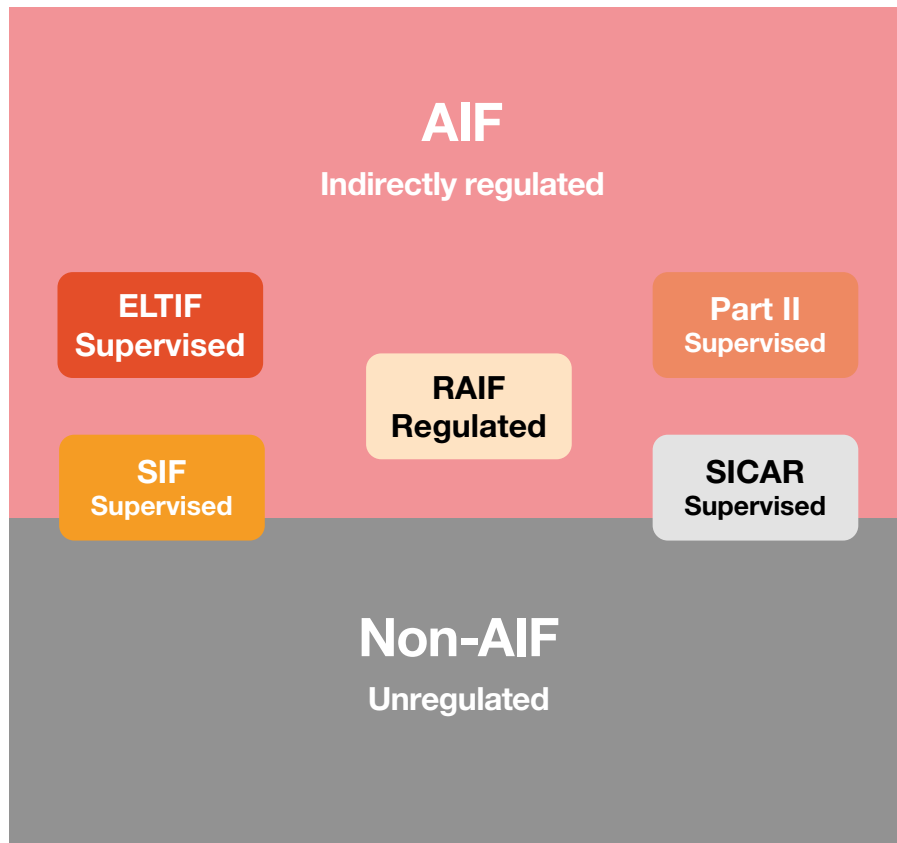
What are their liquidity needs?

Investments

What is your investment policy?

How to structure a sustainable and efficient investment platform, compliant with latest global tax standards?

Regulatory environment



Supervised fund

The fund is subject to a specific law and the prospectus of the fund must be approved by the CSSF

Regulated fund

The fund is subject to a specific law, but no approval of prospectus by the CSSF

Unregulated fund

No specific law applicable, falls under the Luxembourg corporate law

Indirectly regulated fund

The fund is subject to AIFMD rules applicable to the AIFM.

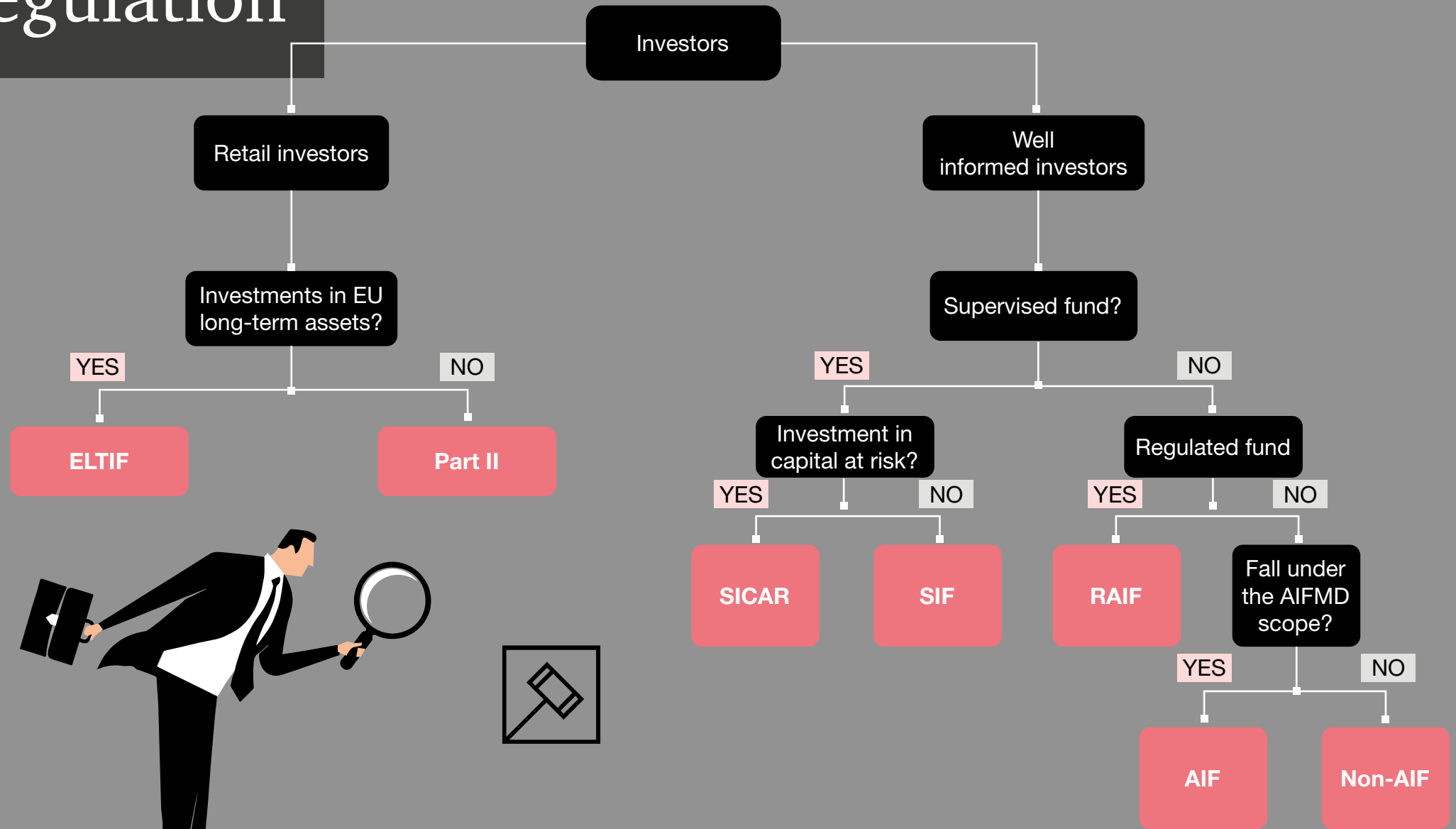
SIF and SICAR

could not qualify as an AIF if there is only a single investor

AIF

The management company of the AIF shall comply with AIFMD and be supervised by an EU supervisory authority.

Choosing the right regulation



Regulation comparison

	Part II	ELTIF	SIF	SICAR	RAIF	AIF		Non-AIF	
						Corporate	SCSp	Corporate	SCSp
Legal framework									
CSSF supervision	Yes				No				
Legal form	Corporate or contractual			Corporate	Corporate or contractual	Corporate	Contractual	Corporate	Contractual
Multiple compartments	Possible				Not possible				
Investments									
Risk diversification	Yes			No	Yes (except if RAIF SICAR)	No			
Eligible assets	Unrestricted	Long-term assets	Unrestricted	Capital at risk	Unrestricted (except if RAIF SICAR)	Unrestricted			
Investors and capital accounts									
Eligible investors	Retail	Retail (with minimum investment threshold)	Well informed investors			Professional investors		Determined by local distribution rules	
Capital	Variable / Fixed					Fixed	Determined by LPA	Fixed	Determined by LPA
Minimum capital (in EUR million)	1,25	None	1,25	1	1,25	Based on legal form	None	Based on legal form	None
Share classes	Possible								
Dividend	No restriction within the minimum capital limit					Based on legal form	Determined by LPA	Based on legal form	Determined by LPA

Regulation comparison

	Part II	ELTIF	SIF	SICAR	RAIF	AIF		Non-AIF	
						Corporate	SCSp	Corporate	SCSp
Distribution									
EU passport	Yes to professional investors only if managed by an authorised EU AIFM							No	
Private placement	Possible, depending on regulation of each jurisdiction where the fund is distributed								
Accounting and tax									
Listing	Possible		Possible, subject to specific conditions			Possible			
Filing of accounts with CSSF	Yes - filing with CSSF				No - filing with the financial regulator of the EU AIFM			No	
NAV frequency	Monthly	At least, once a year						No requirement	
Accounting framework	Lux GAAP or IFRS as adopted by the EU				Lux GAAP or IFRS as adopted by the EU (or any GAAP, in accordance with LPA, for SCSp)	Lux GAAP or IFRS as adopted by the EU	Any GAAP, in accordance with LPA	Lux GAAP or IFRS as adopted by the EU	Any GAAP, in accordance with LPA
Audit requirement	Yes							Based on legal form and size	Determined by LPA
Consolidation exemption	Yes					No	Determined by LPA	No	Determined by LPA
Taxation	Subscription tax			Tax exempt	Subscription tax	General tax regime	Tax transparent	General tax regime	Tax transparent
Compulsory service providers									
AIFM	Required		Required (unless if the fund does not qualify as an AIF)		Required			Not required	
Depositary bank	Required							Not required	

Legal form comparison

	Corporate form				Contractual form	
	SA	SCA	Sarl	SCS	SCSp	FCP
Constitution	Full published notarial deed			Private or notarial deed, with published extract		Full published management regulations
Legal personality	Yes				No	
Minimum capital (in EUR)	30,000		12,000	None		1,250,000
Contribution in cash or in kind	Allowed					
Transfer of shares	Freely transferrable	Transferrable, upon conditions		Determined by the LPA		Determined by management regulations
Partners/Shareholders	At least 1	At least 2 (GP + LP)	1 to 100	At least 2 (GP + LP)		At least 1
Financial liability	Limited to the contribution	LP (limited to the contribution) & GP (unlimited)	Limited to the contribution	LP (limited to the contribution) & GP (unlimited)		Limited to the contribution
Governing body	Board of directors	GP	Board of managers	GP		Management company
Filing of accounts with Luxembourg Trade Register	Yes			Yes if all GPs are SA/SCA/Sarl		No

Spotlight on RAI Fs and SCSps

How we can help

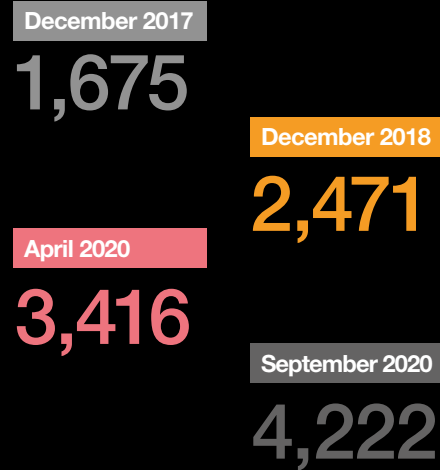
Number of active RAI Fs



Source: RC SL official liste de RAI F, Staus at 14.04.2020, and PwC analysis

Launched in 2016, the **Reserved Alternative Investment Fund (RAIF)**, is a flexible, multipurpose alternative investment fund. This AIFMD-compliant and non-supervised by the CSSF product can be marketed quickly.

Number of active SCSps



Source: RC SL - Statistiques de dépôt, PwC analysis

Launched in 2013, the **SCSp (Luxembourg special limited partnership, Société en Commandite Spéciale)**, is the Luxembourgish equivalent of the Anglo-Saxon LP, successful for Alternative investments.

From the set-up of the structure and throughout its entire life cycle, we're by your side at each stage.

Strategy and market analysis

- In-depth market analysis
- Definition of your strategic targets
- Design of a strategic roadmap
- Service provider selection

Global Fund Distribution

- Distribution strategy and set-up
- Advice on local EU rules for cross-border distribution
- Compliance with reporting related to distribution
- Distributor due diligence
- Publication requirements

Fund Structuring

- Regulation choice and fund structuring
- Fund documentation and set-up process
- Tax product design and choice of the legal structure
- Tax advice and monitoring of targeted portfolio taxation

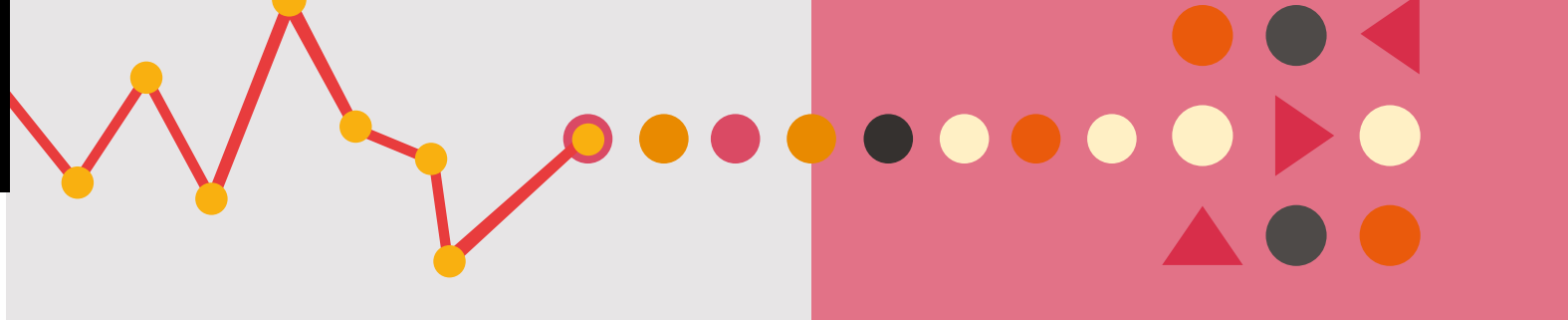
Accounting and reporting

- Corporate tax compliance and accounting
- Tax information reporting
- Periodical reports and financial statements
- Corporate secretary

Other services

- Audit
- Risk assurance and controls report
- ESG & sustainability

Glossary



AIF

Alternative Investment Fund, as prescribed by AIFMD

AIFM

Alternative Investment Fund Manager

AIFMD

Alternative Investment Fund Manager Directive

RAIF

Reserved Alternative Investment Fund

ELTIF

European Long Term Investment Fund

FCP

Fonds Commun de Placement

SA

Société Anonyme

Sarl

Société à Responsabilité Limitée

SCA

Société en Commandite par Actions (corporate partnership)

SCS

Société en Commandite Simple (limited partnership)

SCSp

Société en Commandite Spéciale (special limited partnership)

GP/LP

General Partner/Limited Partner

LPA

Limited Partnership Agreement

SICAR

Société d'Investissement en Capital à Risque – Investment Company in Capital at Risk

PART II

Investment fund regulated by the 2010 Law

Professional investors

Investors with the meaning of Annex II to the Directive 2004/39/EC

SIF

Specialised Investment Fund

Well informed investors

Institutional or professional investors, or any other investors investing at least 125.000€

Contacts

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