



INVESTMENT MANAGEMENT IN LUXEMBOURG



RIGHT BY YOU
IN LUXEMBOURG

PRACTICE OVERVIEW

Representing the second largest fund market in the world, after the U.S., Luxembourg has earned itself a reputation for stability, a business-friendly environment and excellence in the provision of services to the investment management industry. The world's leading asset managers have chosen Luxembourg as a centre for their international fund ranges and Luxembourg funds are now distributed in more than 75 countries throughout the world.

From the first UCITS Directive in 1985, Luxembourg has been at the forefront of the implementation of European financial legislation showing an ability to evolve and adapt quickly to changing requirements. There now exists a wide choice of vehicles, allowing managers to structure a fund in Luxembourg that best suits their and their investors' needs.

Our expertise

Our team has a strong experience in delivering the required support to fund managers to establish their funds, utilising the full array of available vehicles in Luxembourg. It comprises pro-active, competent and reliable lawyers. Our strong technical skills and pragmatic approach enable us to understand and respond to a client's needs.

We can assist with the authorisation and establishment of the regulated fund structures (UCITS, SIF, SICAR and Part II) as well as those fund structures not directly regulated by the CSSF (RAIF, SCSp, SCS). The funds we advise invest across a variety of asset classes from long-only equity to venture capital, private equity, real estate, debt and infrastructure funds.

Our assistance does not just stop once the fund has been launched. We continue to support and advise in relation to changing and new regulation and to events arising during the life of the fund.

In addition to advising on the Luxembourg aspects of the fund establishment, we also have a wide experience on pan-European regulation, which may be applicable to both funds and their managers such as pursuant to AIFMD, the EUVECA or ELTIF regulations or the EU regulation relating to ESG and sustainability. We assist AIFMs and management companies with authorisation or registration applications as well as with their compliance with ongoing regulatory compliance.

Our integrated approach

At BSP, we pride ourselves in being able to offer an integrated service and our ability to work seamlessly with our tax and banking teams is an important factor in ensuring the success of our clients' projects.

REPRESENTATIVE MATTERS

The lawyers of BSP have led the successful completion of many prominent local and cross-border transactions. Examples include:

- Assistance on the establishment of a specialised investment fund (SIF) for **investment in Senior Loans/Bonds issued by SMEs and Small Mid-Cap Enterprises** established or mainly operating in Italy, France and Germany. The fund backed by the European Investment Fund is part of the EU Commission's priority programmes to drive more institutional investments in European SMEs.
- Assistance on the establishment of a fund for **investment in real estate** in Italy. The assistance to the AIFM in Luxembourg included AIFMD-related matters, reviewing fund documentation for AIFMD compliance, assistance in corporate resolutions at AIFM level, passporting management by the AIFM and setting up of an SPV within the structure.
- Establishment of several **unregulated funds** and registration of their GPs (General Partners) with the Luxembourg regulator as below-threshold alternative investment fund managers (AIFMs).
- Assistance to various institutional investors including **pension funds** in respect of the due diligence to be carried out relating to their investment into Luxembourg funds, negotiation on their behalf with fund promoters on fund documentation and side letters.
- Assistance to a UK fund promoter in assessing steps involved in moving their **Irish UCITS funds** into their Luxembourg **UCITS platform**.
- Assistance in the setting up of several **alternative investment fund feeder fund structures** investing into a Luxembourg alternative investment master fund managed by one of the world's largest dedicated fund manager in greenfield renewable energy.
- Establishment of reserved alternative investment funds (**RAIFs**) investing into private equity including umbrella structures with stand-alone sub-funds and sub-funds investing in parallel with the main US structures.
- With an increasing focus on **ESG funds** and the disclosure around the same, we assisted several clients on the **Sustainable Finance Disclosure Regulation** as the relevant regulation came into force on March 10, 2021.
- Assistance in converting an open-ended reserved alternative investment fund for investment in private assets to a **Part II Fund** pursuant to the Luxembourg law of December 17, 2010 in order to widen the pool of potential investors.

WHAT OTHERS SAY

*"Now headed by **Evelyn Maher**, [...] **Bonn Steichen & Partners**' seven-strong team advises fund promoters and asset managers on the structuring and establishment of a wide range of funds, including UCITS and AIFs. As well as her expertise on the structuring front, Maher is also well-equipped to handle ongoing operational and regulatory matters throughout the fund's lifecycle."*

RELATIONSHIP CONTACTS

BSP approachable lawyers have the background, skills and knowledge to give clients the best possible representation. We constantly strive to provide legal representation and advice driven by integrity, excellence and dedication; qualities which our clients appreciate about us as a firm and also as individual trusted advisors.



Evelyn Maher emaher@bsp.lu | Partner

Evelyn is Head of BSP's Investment Management department. She has been active in the Luxembourg investment fund market since 2001 assisting fund promoters and asset managers in relation to the structuring and establishment of a wide range of funds including private equity, venture capital, loan origination, loan participation and real estate. She provides advice on compliance with all aspects of the regulatory regime applicable to investment funds and in particular the alternative investment fund managers directive (AIFMD).

Following launch of the fund Evelyn offers on-going assistance in relation to closings, investments, divestments, liquidation and general issues arising throughout the life of the fund. She has also provided assistance in relation to the listing of securities on both the regulated and Euro MTF markets operated by the Luxembourg Stock Exchange. She has extensive experience in relation to Luxembourg regulatory and corporate law.



Isabel Høg-Jensen ihog-jensen@bsp.lu | Counsel

Isabel has more than nineteen years' experience in the Luxembourg investment fund market. Her practice mainly consists in assisting fund promoters and asset managers in relation to the structuring and establishment of a wide range of funds including undertakings for collective investment in transferable securities, private equity (including Luxembourg regulated private equity funds and private equity funds set up in the form of special limited partnership), real estate and debt funds.

She provides advice on compliance with all aspects of the regulatory regime applicable to investment funds and in particular the alternative investment fund managers directive (AIFMD). She advises alternative investment fund managers in Luxembourg with the review of their internal policies and procedures. Isabel is in charge within the investment management department for the sustainable finance development and regulatory follow up. She holds a Master certificate from Cambridge Sustainable Finance Leadership Institute.



Alessia Donati adonati@bsp.lu | Of Counsel

Alessia has been active in the investment funds and financial services market in Italy, with more than 20 years of experience, with a key focus on alternatives. Her experience ranges from Italian Fund Management Industry Association of Category and specialized regulatory law firms to leading Real Estate AIFMs, in the role of general counsel.

She has been providing legal advice on investment fund formation and life cycle management events, as well as on compliance with applicable regulatory regimes such as AIFMD and MiFID, including assistance to financial intermediaries when dealing with Regulators or designing policies and procedures.



SIF

SPECIALISED INVESTMENT FUND



SIF - Specialised Investment Fund

Law of February 13th 2007

SIF	
Investors	Well Informed Investors
Eligible Assets	Unrestricted (except for retail SIF)
Regulatory Approval	Yes
Service Providers	AIFM, Depositary, Administrative Agent, Auditor
Reporting	Annual Audited Accounts, CSSF Monthly Reporting, AIFMD Reporting
Risk Diversification Limits	Maximum 30% in securities of the same issuer
Variable Capital	Yes
Entity Type	FCP SICAV/SICAF: SA, SCA, SàRL, SCoSA, SCS, SCSp The entities may be open-ended or close-ended
Compartments	Yes
Listing	Possible <u>but</u> restriction to Well Informed Investors can be an obstacle to listing in certain jurisdictions
Net Wealth Tax	No
Income Tax	No
Withholding Tax	No
Annual Subscription Tax	0.01% on NAV Exemption for some types of funds
Access to Double Tax Treaties	FCP: no SICAV/SICAF: limited to some double tax treaties



SICAR

INVESTMENT COMPANY IN RISK CAPITAL



SICAR - Investment Company in Risk Capital

Law of June 15th 2004

SICAR	
Investors	Well Informed Investors
Eligible Assets	Risk Capital only
Regulatory Approval	Yes
Service Providers	AIFM, Depositary, Administrative Agent, Auditor
Reporting	Annual Audited Accounts, CSSF Monthly Reporting, AIFMD Reporting
Risk Diversification Limits	None
Variable Capital	Yes
Entity Type	SA, SCA, SàRL, SCoSA, SCS, SCSp The entities may be open-ended or close-ended
Compartments	Yes
Listing	Possible <u>but</u> restriction to Well Informed Investors can be an obstacle to listing in certain jurisdictions
Net Wealth Tax	Yes (less than EUR 5,000)
Income Tax	Fully taxable at normal rate (corporate income tax and municipal business tax) <u>but</u> exemption of income derived from transferable securities and income from cash held for a maximum period of one year prior to its investment in risk capital
Withholding Tax	No
Annual Subscription Tax	No
Access to Double Tax Treaties	Generally yes (except SCS and SCSp)



RAIF-SIF

RESERVED ALTERNATIVE INVESTMENT FUND –
SPECIALISED INVESTMENT FUND

RAIF-SIF - Reserved Alternative Investment Fund – Specialised Investment Fund

Law of July 23rd 2016

RAIF-SIF	
Investors	Well Informed Investors
Eligible Assets	Unrestricted
Regulatory Approval	No
Service Providers	AIFM, Depository, Administrative Agent, Auditor
Reporting	Annual Audited Accounts, AIFMD Reporting
Risk Diversification Limits	Maximum 30% in securities of the same issuer
Variable Capital	Yes
Entity Type	FCP SICAV/SICAF: SA, SCA, SàRL, SCoSA, SCS, SCSp The entities may be open-ended or close-ended
Compartments	Yes
Listing	Possible <u>but</u> restriction to Well Informed Investors can be an obstacle to listing in certain jurisdictions
Net Wealth Tax	No
Income Tax	No
Withholding Tax	No
Annual Subscription Tax	0.01% on NAV - Exemption for some types of funds
Access to Double Tax Treaties	FCP: no SICAV/SICAF: limited to some double tax treaties



RAIF-SICAR

RESERVED ALTERNATIVE INVESTMENT FUND –
INVESTMENT COMPANY IN RISK CAPITAL

RAIF-SICAR - Reserved Alternative Investment Fund – Investment Company in Risk Capital

Law of July 23rd 2016

RAIF-SICAR	
Investors	Well Informed Investors
Eligible Assets	Risk Capital only
Regulatory Approval	No
Service Providers	AIFM, Depositary, Administrative Agent, Auditor
Reporting	Annual Audited Accounts, AIFMD Reporting
Risk Diversification Limits	None
Variable Capital	Yes
Entity Type	SA, SCA, SàRL, SCoSA, SCS, SCSp The entities may be open-ended or close-ended
Compartments	Yes
Listing	Possible <u>but</u> restriction to Well Informed Investors can be an obstacle to listing in certain jurisdictions
Net Wealth Tax	Yes (less than EUR 5,000)
Income Tax	Fully taxable at normal rate (corporate income tax and municipal business tax) but exemption of income derived from transferable securities and income from cash held for a maximum period of one year prior to its investment in risk capital
Withholding Tax	No
Annual Subscription Tax	No
Access to Double Tax Treaties	Generally yes (except SCS and SCSp)



UCITS

UNDERTAKINGS FOR COLLECTIVE INVESTMENT
IN TRANSFERABLE SECURITIES

UCITS - Undertakings for Collective Investment in Transferable Securities

Law of December 17th 2010

UCITS	
Investors	Unrestricted but must be available to the public
Eligible Assets	Transferable securities, money market instruments, bank deposits, UCITS, other UCI, financial derivatives, ancillary liquid assets
Regulatory Approval	Yes
Service Providers	Manco if not self-managed SICAV, Depositary, Administrative Agent, Auditor
Reporting	Monthly and annually
Risk Diversification Limits	<ul style="list-style-type: none"> • Maximum 10% in transferable securities and money market instruments of the same issuer • Maximum 20% in deposits with the same entity • Maximum 10% risk exposure to a counterparty for OTC derivatives • Maximum 20% in one UCITS/UCI
Variable Capital	Yes
Entity Type	FCP; SICAV:SA; SICAF:SA, SCA, SàRL, SCoSA
Compartments	Yes
Listing	Possible
Net Wealth / Income / Withholding Tax	No
Annual Subscription Tax	<ul style="list-style-type: none"> • 0.05% of NAV • Except 0.01% for (i) money market funds and funds investing in deposits and (ii) sub-funds or classes of securities reserved to institutional investors • Exemptions for special institutional money market funds, pension funds, exchanged traded funds, microfinance funds and funds investing in other funds already subject to subscription tax
Access to Double Tax Treaties	FCP: no SICAV/SICAF: limited to some double tax treaties

ABOUT BSP

BSP is an independent full-service law firm based in Luxembourg. We are committed to providing the very best legal services to our domestic and international clients in all aspects of Luxembourg business law.

Talented and multilingual, our teams of lawyers work side by side with our clients to help them reach their objectives and support them with tailor-made legal advice, creating in the process professional relationships based on mutual trust and respect.

Building on the synergy of our different professional experiences and the richness of our diverse cultural background, we stand ready to meet our clients' legal needs, no matter how challenging they are.

For more information, please browse through our site [bsp.lu](https://www.bsp.lu) or contact us at mail@bsp.lu.

Our practice areas include:

AML Compliance | Bank Lending, Structured Finance & Securitisation | Banking & Financial Services | Capital Markets | Corporate and M&A | Data Protection & Privacy | Dispute Resolution | Employment, Compensations & Benefits | Insolvency & Restructuring | Intellectual Property & General Commercial | Investment Management | Private Equity | Private Wealth & Business Planning | Real Estate & Construction | Startup & Fintech | Tax



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