



# Luxembourg

## MAJOR FUND LEGISLATION AND CIRCULARS

- Law dated 20 December 2002 (2002 Law) relating to undertakings for collective investment and amending the law of 12 February 1979 concerning the value added tax as amended;
- Law dated 13 February 2007 (SIF Law) relating to Specialised Investment Funds;
- CSSF Circular 02/80 relating to funds pursuing alternative investment strategies;
- CSSF Circular 91/75 relating to undertakings for collective investment;
- Grand-ducal regulation of 8 February 2008, concerning certain definitions of the law of 20 December 2002 relating to undertakings for collective investment (as amended).

## NUMBER OF FUNDS

Overall.....3,521 funds

### By category

Total FCP.....1,913

Total SICAV.....1,586

Total Others.....22

Total.....3,521

### 2002 Law, Part I

FCP.....1,182

SICAV.....660

Others.....0

Total.....1,842

### 2002 Law, Part II

FCP.....283

SICAV.....350

Others.....7

Total.....640

## SIF

FCP.....448

SICAV.....576

Others.....15

Total.....1039

(situation as for 30/04/10)

## ADMINISTERED FUND ASSETS

### Total

FCP.....630,392

SICAV.....1,376,279

Others.....6,216

Total.....2,012,887

### 2002 Law, Part I

FCP.....469,179

SICAV.....1,142,759

Others.....0

Total.....1,611,938

### 2002 Law, Part II

FCP.....82,719

SICAV.....143,908

Others.....924

Total.....227,551

## SIF

FCP.....78,494

SICAV.....89,612

Others.....5,292

Total.....173,398

(in bn EUR, situation as for 30/04/10)

## REGULATOR

Commission for the Supervision of the Financial Sector (CSSF), 110 route d'Arlon, L-2991 Luxembourg.

## DOUBLE TAXATION TREATIES

With 57 countries (as at June 2010): Austria; Azerbaijan; Belgium; Brazil; Bulgaria; Canada; China (P.R.); Czech Republic; Denmark; Estonia; Finland; France; Georgia; Germany; Greece; Hong Kong; Hungary; Iceland; India; Indonesia; Ireland; Israel; Italy; Japan; Korea (Republic of); Latvia; Lithuania; Malaysia; Malta; Mauritius; Mexico; Moldavia; Mongolia; Morocco; Netherlands; Norway; Poland; Portugal; Romania; Russia; San Marino; Singapore; Slovakia; Slovenia; Spain; South Africa; Sweden; Switzerland; Thailand; Trinidad & Tobago; Tunisia; Turkey; United Arab Emirates; United Kingdom; United States of America; Uzbekistan; Vietnam.

There are currently 17 new double taxation treaties under negotiation or awaiting for approval by the Luxembourg Parliament (i.e. Albania; Argentina; Armenia; Bahrain; Barbados; Cyprus; Kazakhstan; Kuwait; Kirghizstan; Lebanon; Macedonia; Pakistan; Qatar; Serbia and Montenegro; Syria; Ukraine; United Kingdom (new conventions under discussion)).

## ALTERNATIVE FUND, MANAGER AND SERVICE PROVIDER INFORMATION

## TYPES OF ALTERNATIVE FUND VEHICLE

### Open-ended investment company

- Investment company with variable capital (société d'investissement à capital variable) (SICAV);
- Investment company with fixed capital (société d'investissement à capital fixe) (SICAF).

**Close-ended investment company**

- Close-ended SICAF;
- Common Contractual Fund (similar to unit trust in UK law)
- Common fund (fonds commun de placement) (FCP).

**AVAILABLE TYPES OF CORPORATE VEHICLE****Under the 2002 Law**

SICAVs under the 2002 Law must be set up as public limited companies (S.A.s).

**Under the SIF Law**

SICAV / SICAF may be set up as a:

- Public limited company (S.A.)
- Partnership limited by shares (S.C.A.)
- Private limited liability company (S.à.r.l.)
- Co-operative organised as an S.A.

**AUDIT REQUIREMENT**

- Audit requirements governed by Article 113 of the 2002 Law and Circulars 02/77 and 02/80
- Luxembourg regulation requires that all Luxembourg Funds be audited at least annually by a Luxembourg auditor, approved by the CSSF (for certain funds semi-annually)
- The auditor must be a member of the Luxembourg Institute of Auditors (Institut des Réviseurs d'entreprises - IRE)

**FINANCIAL STATEMENT REQUIREMENTS****2002 Law**

- Audited annual financial statement (is to be published within 4 months of the financial year end, and be available 15 days prior to the annual general meeting of shareholders)
- Unaudited semi-annual financial statement is to be published and sent to the CSSF within 2 months of the period end

**SIF Law**

- Audited annual financial statement (must be available to investors within 6 months of the end of the financial year)

**REGULATORY FEES****CSSF fees**

Funds set up under the 2002 Law and under the SIF Law

- EUR 2,650 for a single compartment fund
- EUR 5,000 for a multiple compartment fund

**OVERALL COST OF FUND ESTABLISHMENT****Regulatory fee:**

Funds set up under the 2002 Law and under the SIF Law

- EUR 2,650 for a single compartment fund
- EUR 5,000 for a multiple compartment fund

**Luxembourg and EU-domiciled UCIs**

- Listing fee: EUR 1,250
- Visa fee (for EU-domiciled funds other than in Luxembourg): EUR 1,250
- Maintenance fee
  - EUR 1,875 for 1st line of quotation
  - EUR 1,250 for 2nd line of quotation
  - EUR 875 for 3rd line of quotation
  - EUR 500 for the 4th and following lines of quotation

**Non EU-domiciled UCIs**

- Listing fee: EUR 2,500

- Visa fee: EUR 2,500
- Maintenance fee
  - EUR 2,500 for 1st line of quotation
  - EUR 1,875 for 2nd line of quotation
  - EUR 1,250 for 3rd line of quotation
  - EUR 625 for 4th and following line of quotation

**REGULATORY APPROVAL TIME (BY THE CSSF)****Funds set up under the 2002 Law**

4/8 weeks.

**Funds set up under the SIF Law**

No prior authorisation required.

# Luxembourg

By Rémi Chevalier and Olivier Sciales, Chevalier & Sciales

## Why Luxembourg?

The Grand Duchy of Luxembourg became in a few decades one of the leading locations for investment funds, being today the world's second fund centre, overtaken only by the USA. Since 1959, when the first fund was established, the investment fund industry hugely expanded, counting 3,521 funds at the end of April 2010. This success originated with the authorities' encouraging attitude to foreign capital and investment, and was considerably strengthened by its prime location in the heart of Europe – close to the main markets targeted by investment funds – by its highly qualified multilingual workforce, as well as by its political, economic and social stability. An appropriate tax regime and the enactment of a favourable and well-defined legislation resulted in Luxembourg consolidating in recent years its position as an international investment fund distribution hub, with around EUR 2 trillion (about US\$ 2.4 trillion) in net assets at the end of April 2010.

## Legal and regulatory framework

The ground breaking Law of 20th December 2002 shaped the Luxembourg investment fund market, differentiating between undertakings for collective investment in transferable securities (UCITS, Part I of the 2002 Law) and undertakings for collective investment (UCIs, Part II of the 2002 Law). Following the enactment in February 2007 of the Law relating to Specialised Investment Funds (the 'SIF Law'), the Luxembourg investment funds are now divided into three categories:

- Undertakings for Collective Investment (UCIs, 640 in April 2010);
- Undertakings for Collective Investment in Transferable Securities (UCITS, 1842 in April 2010); and
- Specialised Investment Funds (SIFs, 1039 in April 2010).

## UCITS

UCITS are designed for retail investors, and benefit from the European Passport, enabling them to be freely marketable throughout the EU countries with a minimum of formalities. Transferable securities are defined in Article 1 of the 2002 Law as either shares or other securities equivalent to shares, bonds and other forms of securitised debt, or any other negotiable securities which carry the right to acquire such transferable securities by subscription or exchange. In this context, four categories of funds are excluded from Part I of the 2002 Law:

- Funds of the closed-ended type;
- Funds which raise capital without promoting the sale of their units to the public within the European Union or any part of it;
- Funds the units of which, under their constitutional documents, may be sold only to the public in countries which are not member of the European Union; and
- Categories determined by the CSSF, for which the investment policy rules laid down in Chapter 5 of the 2002 Law are inappropriate in view of their investment and borrowing policies.

## UCIs

In contrast, UCIs established under Part II of the 2002 Law may only market their units in other EU countries after complying with the specific conditions stipulated by the authorities in the country concerned. The criterion defining whether a UCI is subject to Part I or Part II of the 2002 Law is the planned investment objective, as Part I of the 2002 Law applies only to UCI the sole objective of which is the investment in transferable securities, whereas a UCI may invest in activities such, inter alia, alternative investments (i.e. Hedge Funds), venture capital, and real estate.

## SIFs

The SIF Law replaces the legal framework previously applicable to institutional UCIs (the '1991 Law') by providing for a separate statutory regime specifically designated for investment funds dedicated to sophisticated investors. The SIF is a lightly regulated and tax efficient fund which gives an on-shore alternative to consider (as compared to traditional off-shore jurisdictions such as the Cayman Islands or the BVI) when deciding on the jurisdiction for setting up a fund and the type of fund vehicle to use. Investment funds created under the SIF Law are subject to each country's distribution rules.

## Regulatory body

The regulatory body is the Commission for the Supervision of the Financial Sector, the CSSF, which authorises and monitors all Luxembourg registered funds. Its annual regulatory fees will be, under the 2002 Law and the SIF Law, EUR 2,650 for a single compartment fund, and EUR 5,000 for a multiple compartment fund. Moreover, a single lump sum of EUR 2,650 applies for the examination of each authorisation request by an

investment fund; this fee amounts to EUR 5,000 in case of an investment fund with multiple compartments.

### Constitution of a fund / Legal structures available

Investment funds may take the form of an open-ended legal entity (investment company with variable capital, SICAV, 1,586 in April 2010) a closed-ended legal entity (investment company with fixed capital, SICAF, 22 in April 2010), or of a common contractual fund which has a management company (FCP, 1,913 in April 2010). All those different entities may create sub-funds, each with a different investment policy. In this context, each compartment will be deemed to be a separate entity, which implies that the assets of a compartment are exclusively available to satisfy the rights of investors in relation to that compartment. A total of 2,149 entities have adopted an umbrella structure, which represents 11,146 sub-funds. When adding the 1,367 entities with a traditional structure to the previous figure, a total of 12,513 entities are active in the financial centre as at 30 April 2010.

### SICAV / SICAF

A SICAV is a limited liability company whose capital is at any time equal to its net assets, and no formalities are required for increases and decreases in capital, whereas a SICAF is a limited liability company with fixed capital, open-ended only if the investors can buy and sell shares at their request and at a price equal to the net asset value per share.

### FCP

In contrast, a FCP is a co-proprietorship whose joint owners are only liable up to the amount they have contributed. A key feature to be noted is that a FCP is deprived from a legal personality and must therefore be managed by a Luxembourg management company, whereas SICAVs can be managed by their Board of Directors. UCITS in the form of FCPs are managed by management companies under the conditions laid down in Chapter 13 of the 2002 Law, whereas Chapter 14 of the 2002 Law lays down the conditions under which management companies are ruling UCIs and SIFs.

### Choosing a legal structure

The choice of whether to create a fund as a FCP or as an investment company is mainly based on tax considerations, as a FCP is tax transparent, this concept of transparency being guaranteed in the Luxembourg tax legislation. Marketing and operational considerations are also relevant in this vehicle as a FCP, being domiciled in Luxembourg, benefits from the high standard of service provided by managers, custodians, legal and tax professionals present in Luxembourg. In contrast, the two other forms, because of their flexibility, are more often

reserved for funds investing in transferable securities or derivatives, and for funds where shareholders/unit-holders need to purchase or redeem their shares/units freely. Interestingly, the cultural background of each country seems to influence the choice as whether to create a fund as a FCP or as an investment company, as the FCPs are traditionally widely used in Germany, especially compared to a country like France, where investors prefer to have recourse to SICAVs.

### Formation expenses

The formation expenses will consist for all funds in a fixed capital duty amounting to EUR 75, notary fees, legal fees, a CSSF filing duty, fixed at EUR 2,650 for a single compartment UCI and EUR 5,000 for a multiple compartment UCI. The formation expenses may also comprise, if a listing to the Stock Exchange is contemplated, its admission fee, fixed at EUR 1,250.

### Minimum capitalisation

The minimum capitalisation required under both Laws, namely EUR 1,250,000, must, in the case of a SIF, be reached within 12 months from the approval by the CSSF, in contrast with 6 months in the case of an investment fund set up under the 2002 Law.

### Regulatory control

If it is subject to a continuous control by the CSSF, a fund set up under the SIF Law does not need its prior approval for being incorporated, while it is still a condition sine qua non for funds set up under the 2002 Law. If there is no more a requirement for a fund established under the SIF Law to have a promoter, the directors of the fund will still be subject to the CSSF approval. This implies that the directors must have good reputation and justify of adequate experience.

To comply with the setting-up requirements, investors will benefit from the financial facilities offered by the high-profiled Luxembourg economic environment, counting 149 banks registered as of 8 June 2010 which offer their services in this field.

### Investors' eligibility

Investment funds set up under the 2002 Law are available to public distribution. Hence, no restriction applies upon eligible investors, whereas the SIF Law introduces a qualified investor scheme. In this context, SIFs are reserved for well-informed investors who are able to understand and assess the risks associated with investments in such a fund, well-informed investor meaning either an institutional investor, a professional investor, or any other investor who has declared in writing that he is an informed investor and either invests a minimum of EUR 125,000 or has an appraisal from a bank, an investment

firm or a management company certifying that he has the appropriate expertise, experience and knowledge to adequately understand the investment in the fund.

### Investment restrictions

Under the broad principle of risk spreading, all funds are subject to different rules restricting the scope of their investment policy. Those rules are quite restrictive towards UCITS, somewhat lighter concerning UCIs, and much lighter when it comes to SIFs.

### UCITS

The 2002 Law provides for numerous restrictions upon investments by UCITS, restrictions which have been clarified in recent regulatory developments:

- Circular CSSF 07/308 lays down rules for the implementation of a risk management framework, relating, inter alia, to the conduct to be adopted by UCITS with respect to the use of derivative financial instruments. Those rules, rendered necessary following the extension, in the 2002 Law, of the list of financial instruments in which UCITS may invest, precise that a UCITS must self-assess itself as either 'sophisticated' or 'non-sophisticated'. A sophisticated UCITS, being in the obligation of entrusting to a developed risk management unit, is able to make a significant use of derivative financial instruments. In contrast, non-sophisticated UCITS, with a much less developed risk management unit, can make use of derivative financial instruments only for hedging purposes. This Circular also specifies some valuation rules stating, inter alia, that overall risk exposure related to financial derivative instruments should not exceed the total net asset value, the net asset value being the total value of the fund's portfolio less its liabilities. Consequently, the UCITS' overall risk exposure may not exceed 200% of the NAV on a permanent basis;
- The Grand-ducal regulation of 8th February 2008 clarifies the notion of UCITS as provided in the 2002 Law, in light of the Commission Directive 2007/16/EC; and
- The Circular CSSF 08/339 (as amended by Circular 08/380) displays the guidelines given by the CESR in relation to eligible assets for investment by UCITS, and in this context provides additional provide additional clarifications relating to eligible assets for investment by UCITS covered by Directive 85/611/EEC, as amended. As a result, the range of financial instruments that a UCITS may invest in was expanded to include transferable securities and money market instruments, bank deposits, fund of funds, financial derivatives and, finally, index tracking funds.

### Non-UCITS Part II Funds

If there are no restricted eligible assets for a UCI, its

investment policy is subject to the CSSF approval, and specific rules are laid down in Circular IML 91/75 (as amended by Circular CSSF 05/177), whilst others are specifically applicable to UCIs pursuing alternative investment strategies. Those rules are laid down in Circular CSSF 02/80 which states, inter alia, that:

- Aggregate commitment in terms of short selling may not exceed 50% of assets, and no more than 10% of the same type issued by the same issuer may be sold short;
- Borrowings must not exceed 200% of the net assets;
- Counterparty risk, defined as the difference between the value of assets given as guarantee and the amount borrowed, cannot represent more than 20% of the UCI's assets per lender.

### SIFs

Specialised investment funds set up under the SIF Law are not required to comply with any detailed investment restrictions or leverage rules, the SIF Law merely stating that a SIF should apply the principle of risk diversification. This principle provides that the collective investment of funds must be made in assets "in order to spread the investment risks". The CSSF clarified in its Circular 07/309 that:

- A SIF may not invest more than 30% of its assets or commitments to subscribe securities of the same type issued by the same issuer;
- Short sales may not result in the SIF holding a short position in securities of the same type issued by the same issuer representing more than 30% of its assets;
- When using financial derivative instruments, the SIF must ensure, via appropriate diversification of the underlying assets, a similar level of risk-spreading. However, it should be noted that the CSSF may, upon appropriate justification, grant exemptions to these rules on a case-by-case basis.

### Reporting and audit requirements

#### Prospectus

Funds are also in the obligation to issue a prospectus containing information concerning the fund and its management company (presentation, economic and commercial information, etc.. The Law of 10th July 2005 on prospectus for securities specified that the obligation to publish a full prospectus shall not apply to undertakings for collective investment of the closed-ended type, meaning funds excluded from Part I of the 2002 Law. In this context such a fund is still in the obligation to publish a simplified prospectus. According to the 2002 Law, both the simplified and the full prospectus must include the information necessary for investors to make an informed judgment of the investment proposed to them, and especially of the risks attached thereto. The simplified prospectus is however somewhat more basic,

as it must be structured in such a way so as to be easily understood by the average investor.

### Issuing document

In line with a somewhat lighter regulatory regime than UCIs governed by the 2002 Law, funds subject to the SIF law are only required to produce an 'issuing document', displaying, with no minimum content, the information

necessary for investors to be able to make an informed judgment about the investment proposed to them. The issuing documents and any modifications thereto must be communicated to the CSSF.

### Financial statement

A final obligation is to publish regularly a financial statement, which must describe adequately the

### General chart

	UCITS III (Part I of the 2002 Law)	Other UCIs (Part II of the 2002 Law)	SIF under SIF Law
Prior approval of CSSF needed for incorporation	Yes	Yes	No
Control by CSSF	Yes	Yes	Yes
European Passport	Yes	No	No
Eligible assets	<ul style="list-style-type: none"> <li>- Transferable securities</li> <li>- Bank deposits</li> <li>- Money market instruments</li> <li>- Fund of funds</li> <li>- Financial derivatives</li> <li>- Index tracking funds</li> </ul>	Unrestricted, but subject to CSSF approval	Unrestricted
Eligible investors	Unrestricted	Unrestricted	Well-informed investors <ul style="list-style-type: none"> <li>- Institutional investors</li> <li>- Professional investors</li> <li>- Investors who confirm in writing that they adhere to the status of well-informed investors and either (i) invest a minimum of EUR 125,000 or (ii) benefit from an assessment made by a credit institution, an investment firm or a management company certifying their capacity to appraise the contemplated investment in the fund</li> </ul>
Need for a promoter	Yes	Yes	No
Investment restrictions	<ul style="list-style-type: none"> <li>- Provisions of the 2002 Law</li> <li>- Provisions of the Circular CSSF 08/339, investment possible in:               <ul style="list-style-type: none"> <li>- Transferable securities</li> <li>- Deposits</li> <li>- Money market instruments</li> <li>- Liquid financial assets</li> <li>- Other undertakings for collective investment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Circular IML 91/75 (as amended by Circular CSSF 05/177)</li> <li>- UCIs pursuing alternative investment strategies (Circular CSSF 02/80), relating to short sales, borrowing and investment restrictions in UCIs</li> </ul>	Compliance with risk-diversification rules: <ul style="list-style-type: none"> <li>- SIF may not invest more than 30% of its assets or commitments to subscribe securities of the same type issued by the same investor</li> <li>- Short sales may not result in the SIF holding a short position in securities of the same type issued by the same issuer representing more than 30% of its asset</li> <li>- When using financial derivative instruments, the SIF must ensure, via appropriate diversification of the underlying assets, a similar level of risk-spreading</li> </ul>
Tax Treatment	<ul style="list-style-type: none"> <li>- No income tax</li> <li>- Annual subscription tax of 0.05% of the NAV</li> <li>- Fixed capital duty of EUR 75</li> <li>- No WHT on dividend distributions and interest payments</li> </ul>	<ul style="list-style-type: none"> <li>- No income tax</li> <li>- Annual subscription tax of 0.05% of the NAV</li> <li>- Fixed capital duty of EUR 75</li> <li>- No WHT on dividend distribution and interest payments</li> </ul>	<ul style="list-style-type: none"> <li>- No income tax</li> <li>- Annual subscription tax of 0.01% of the NAV</li> <li>- Fixed capital duty of EUR 75</li> <li>- No WHT on dividend distributions and interest payments</li> </ul>
Issue and redemption of securities	For a SICAV or a FCP, requirement that the issue, redemption or repurchase price be based on NAV	For a SICAV or a FCP, requirement that the issue, redemption and repurchase price be based on NAV	<ul style="list-style-type: none"> <li>- No requirement that the issue, redemption or repurchase price be based on NAV</li> <li>- Can issue shares at a pre-determined fixed price</li> <li>- Can repurchase shares below NAV</li> </ul>
Disclosure of portfolio	Yes	Yes	No

financial situation of the fund. It must be audited by a Luxembourg authorised independent auditor, member of the Luxembourg Institute of Auditors (Institut des Réviseurs d'Entreprises - IRE), who is suitably qualified in terms of relevant experience. This auditor is in the obligation, if any information provided to investors does not truly describe the financial situation of the fund, to report promptly to the CSSF. The same obligation applies if the auditor becomes aware during the audit that any fact or decision is liable to constitute a material breach of the Law or regulations, or to affect the continuous functioning of the UCI.

A difference to draw between the 2002 Law and the SIF Law is that the obligation to publish a financial statement is only annual in the case of a SIF, whereas an investment fund subject to the 2002 Law must publish such an audited financial statement annually and semi-annually. A confidentiality feature in the case of a SIF is also to be pointed out, as a SIF does not necessarily have to disclose details of the portfolio in addition to the information necessary for investors to make an informed judgment about the evolution of the activity of the fund, and there is no more a requirement to publish the net asset value per share, as it is the case for UCITS and UCIs.

### Taxation of funds

A first point to make is that Luxembourg UCITS, UCIs and SIFs do not pay Luxembourg income and capital gain taxes, nor is a stamp duty on share issues or transfers to be paid.

However, in addition to a fixed capital duty of EUR 75 to be paid upon incorporation, some funds are also subject to an annual subscription tax. Under the SIF Law this annual subscription tax has been fixed at 0.01% of net assets, compared to 0.05 % for funds under the 2002 Law. It is however only of 0.01% for UCIs whose exclusive policy is the investment in money market instruments or deposits with credit institution. Other funds, such as certain institutional cash funds and pension pooling funds, are exempted from this subscription tax, no matter under which Law they are set up under. It should be noted that investors may invest in a SIF by means of equity or debt, hence benefiting from an effective tax optimisation, and that there is no debt-equity ratio to be respected in the case of a SIF.

In order to avoid double taxation, Luxembourg has signed double taxation treaties with 57 countries, and 17 others are under negotiation or awaiting approval of the Luxembourg Parliament or the foreign country. The object of such agreements is to eliminate or reduce withholding taxes on foreign income or capital gains. However, it has to be emphasised that only 32 of these treaties are applicable to SICAVs, whether in the form of a UCITS, UCI or SIF.

### Luxembourg Stock Exchange Listing

Both Luxembourg funds (UCITS, UCIs and SIFs) and foreign funds may be listed on the Luxembourg Stock Exchange (LSE). A few conditions have been imposed for a foreign fund to be listed on the LSE, mainly that the fund promoter must be of good repute, have adequate professional experience, and that the functions of investment manager, management company, custodian and transfer agent must be carried out by a separate entity.

The Stock Exchange maintenance fee has been fixed at EUR 1,875 for the 1st line of quotation, EUR 1,250 for a 2nd one, EUR 875 for a 3rd one, and EUR 500 for the 4th and the following lines of quotation. A listing fee of EUR 1,250 also applies indecently of the number of line to be listed.

### Conclusion

The Luxembourg investment fund industry, largely benefiting from its location in a strong financial centre, is now an internationally recognised label for investment funds. The greatest asset of Luxembourg is undoubtedly political voluntarism, demonstrated by a constant anticipation of the need of investors - either in the transposing of European legislation or in the shaping of national legislation - in order to create a stable, protective, and favourable environment according to the expected development of the market.

This continuous pragmatism on the part of the Luxembourg authorities, exemplified by the way the CSSF dealt with the global financial turmoil, is invaluable when shepherding investors in days of global uncertainty.

Lastly, the increasingly important issue of transparency is covered by national and European regulations and provides new investors with an especially protective framework, especially when compared to traditional off-shore jurisdictions. The European Commission has indeed recently proposed a Directive on Alternative Investment Fund Managers (AIFMs), which intends to introduce a harmonised regulatory framework for AIFMs within the EU and provides for a broadening of the disclosure requirements generally expected for such managers. Such text is still under discussion.

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