



SETTING UP A LUXEMBOURG RAIF

(Reserved alternative investment fund)

Regulatory Framework

RAIFs are governed by the [Luxembourg Law of 23 July 2016, as amended, \(RAIF Law\)](#). They are not supervised directly by the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF) but are indirectly overseen due to the obligation to appoint an authorized alternative investment manager.

RAIFs are typically established as investment vehicles for qualified investors.

Eligibility Criteria

RAIFs are available to both EU and non-EU entities. There are no specific investment restrictions, making them flexible for various types of alternative investments.

Key Features

RAIFs can be established as either a fund with a variable or fixed capital (SICAV or SICAF) or as a common fund (FCP). They can be open-ended or closed-ended funds.

RAIFs can take various legal forms, such as special limited partnership (SCSp), private limited liability company (S.à r.l.), public limited liability company (SA), or corporate partnership limited by shares (SCA).

Incorporation Process

- **Engage legal counsel:** Seek advice from legal professionals experienced in Luxembourg investment funds to guide you through the setup process.
- **Select the fund structure:** Choose the appropriate legal form and structure based on your investment strategy and investor preferences.
- **AIFM authorization:** Appoint an authorized AIFM to manage the RAIF, responsible for regulatory compliance and reporting.
- **Documentation:** Prepare the necessary legal documents, such as the fund offering memorandum, and partnership or incorporation agreements.

Ongoing Obligations

- **Compliance:** Ensure ongoing compliance with Luxembourg laws, regulations, and reporting requirements.
- **Risk management:** Implement appropriate risk management policies and procedures.
- **Financial statements:** Prepare and file audited annual financial statements.
- **Reporting:** Fulfill reporting obligations via the AIFM to the CSSF, including periodic reporting and investor disclosures.

Tax Considerations

Luxembourg offers a favorable tax regime for investment funds, including RAIFs. Tax benefits depend on the specific structure and nature of the investments made by the RAIF.

To summarize, setting up a Luxembourg RAIF (Reserved Alternative Investment Fund) can be interesting for several reasons:

- **Flexibility and Investment Options:** RAIFs offer flexibility in terms of investment strategies and asset classes. There are no specific investment restrictions, allowing a wide range of alternative investments, including private equity, real estate, hedge funds, and more. This flexibility allows investors to tailor their portfolios to meet specific investment objectives.
- **Regulatory Environment:** Luxembourg has a well-established and reputable financial industry with a robust legal and regulatory framework. It provides a stable and investor-friendly environment, attracting investors from around the world. The Luxembourg RAIF Law offers a streamlined and efficient setup process.





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while maintaining regulatory oversight through the appointment of an authorized Alternative Investment Fund Manager (AIFM).

- **Investor Base:** RAIFs are typically designed for well-informed investors, which include institutional investors, professional investors, and high-net-worth individuals. This investor base often seeks alternative investment opportunities with potentially higher returns and diversification benefits.
- **Tax Advantages:** Luxembourg offers favorable tax benefits for investment funds, including RAIFs. The country has a wide network of double tax treaties, which can help mitigate tax burdens and facilitate international investment activities.
- **Prestige and Access to Capital:** Luxembourg is known as a leading global financial center, and setting up a RAIF in Luxembourg can enhance the fund's reputation and credibility. It provides access to a sophisticated and experienced ecosystem of service providers, including custodians, administrators, auditors, and legal firms. This infrastructure can facilitate efficient fund operations and help attract capital from investors globally.
- **Marketing Passport:** Once authorized, a Luxembourg RAIF can benefit from the marketing passport provided by the EU's Alternative Investment Fund Managers Directive (AIFMD). This allows for the distribution of the RAIF to professional investors throughout the European Union, providing a broader market reach.

Remember, setting up a RAIF involves a complex legal, tax and regulatory process. It's essential to seek professional advice from lawyers, tax consultants, and financial experts with expertise in Luxembourg investment fund structures and regulations.

For more detailed insights, our comprehensive [brochure on the Reserved Alternative Investment Fund \(RAIF\)](#) is available for download in English. It provides an in-depth exploration of the RAIF regulatory environment, its benefits, and the process of setting one up in Luxembourg.

Disclaimer: This fact sheet provides general information and should not be considered legal, financial, or tax advice. Please contact us at www.cs-avocats.lu for personalized guidance based on your specific circumstances..

