Luxembourg Investment Vehicles

An overview of the legal and regulatory requirements

Investment Management

September 2016

kpmg.lu

Including the new Reserved Alternative Investment Fund (RAIF)
In this eighth edition of the Luxembourg Investment Vehicles publication we are pleased to provide you with a general overview of the main different fund vehicles that can be established in Luxembourg across all asset classes and investment strategies.

This overview can assist you in better understanding the set-up and operating requirements of the available structures. It focuses on the following aspects:

- Legal and regulatory requirements
- Shareholding
- Reporting requirements
- Approval and supervision
- Taxation

This edition includes the key aspects of the new Luxembourg investment vehicle, the Reserved Alternative Investment Fund (RAIF).

The Luxembourg fund industry today

Luxembourg has continued to develop its strong reputation as a centre of excellence for a large variety of investment funds. The legal and regulatory framework is constantly being improved to offer the best tools for investment managers to structure their investments and to protect investors’ interests.
Alternative Investment Funds and Managers

As one of the first countries to transpose the AIFMD into local law, Luxembourg has consistently taken a leading position for structuring alternative investment funds and is currently home to 2201 authorised alternative investment fund managers and 686 registered sub-threshold managers. Many large UCIs have also opted for an AIM license, building on their existing expertise and substance to manage both AIFs and UCITS funds. Luxembourg has a strong commitment to the funds industry and has recently upgraded its funds toolbox with the creation of a new fund vehicle, the Reserved Alternative Investment Fund (RAIF), which better aligns with the shift in regulatory focus towards the managers of alternative funds. Many AIFMs and their sophisticated investors had been calling for an alternative to the double layer of regulation of both the fund manager and the fund, which were published on 31 March 2016. The UCITS legal and regulatory framework in Luxembourg has been amended significantly in 2016 with the adoption of the law of 10 May 2016 transposing the UCITS V reform package into Luxembourg law. One of the main objectives of the UCITS V reform package was to further enhance investor protection by aligning the roles, responsibilities and regulation of UCITS depositaries with the AIFMD depositary regime. The UCITS depositary responsibilities have been enlarged to include the monitoring of the cash flows in the fund, and the oversight of fund operations in addition to the custody of fund assets. The UCITS governing body must also ensure the observance of relevant UCITS provisions in respect of breaches of the law. The new UCITS V reform package is thus a significant step forward in further enhancing investor protection and confidence in the UCITS framework. As part of its ongoing supervisory work the CSSF has introduced a new semi-annual risk report for the larger UCIFs and UCIMF. The CSSF has also indicated in its Press Release of 10 July 2016 that it would introduce administrative sanctions and other administrative measures to be imposed on companies and persons in respect of breaches of the law.

The objective in regulating remuneration is to ensure that the remuneration paid to key risk-takers promotes sound and effective risk management and discourages disproportionate risk-taking. The UCITS V rules on remuneration are supplemented by the ESMA Guidelines on remuneration of UCITS depositaries, which were published on 31 March 2016. The CSSF has also introduced administrative sanctions and other administrative measures to be imposed on companies and persons in respect of breaches of the law.

The draft regulation would introduce three forms of Money Market Funds (MMF): (1) the public debt constant net asset value, (2) the low volatility net asset value and (3) the variable net asset value. The draft regulation also introduces standards to increase the liquidity of MMFs to ensure a minimum level of daily and weekly liquid assets and require fund managers to gain a better understanding of their investor base. The regulatory agenda will remain challenging for the asset management industry in the years to come but will also offer many opportunities for development.
Legal and regulatory requirements

<table>
<thead>
<tr>
<th>Applicable legislation</th>
<th>UCITS (“Part I Fund”)</th>
<th>Part II Fund with registered AIFM</th>
<th>Part II Fund with authorised AIFM</th>
<th>SIF with registered AIFM</th>
<th>SIF with authorised AIFM</th>
<th>SICAR with registered AIFM</th>
<th>SICAR with authorised AIFM</th>
<th>RAIF only with authorised AIFM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal and regulatory requirements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Valuation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eligible assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted to</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
</tr>
<tr>
<td>Restricted or subject to</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
<td>Unrestricted</td>
</tr>
<tr>
<td><strong>Risk diversification requirements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detailed risk diversification in respect of Articles 42 to 52 of the Fund Law.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
<td>Risk diversification requirements are detailed in CSSF Circular 04/306 and are less stringent than the stringent ones in application for Part I funds.</td>
</tr>
<tr>
<td><strong>Reporting requirements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Prior approval of the investment objective and strategy by the CSSF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entity Type</td>
<td>Segregated sub-funds</td>
<td>Cross sub-funds investment</td>
<td>Master – Feeder</td>
<td>Central administration</td>
<td>Required service providers in Luxembourg</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------</td>
<td>-----------------------------</td>
<td>----------------</td>
<td>----------------------</td>
<td>---------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SICAV (SA)</td>
<td>Yes</td>
<td>Yes, with restrictions.</td>
<td>Yes</td>
<td>Yes</td>
<td>Central administration established in Luxembourg or central administration may be performed in another EU Member State for funds managed by UCITS Management Company established in another EU Member State.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SICAF (SA, SCA, Sàrl, SCoSA, SCS, SCSp)</td>
<td>Yes</td>
<td>Yes, with restrictions.</td>
<td>Yes</td>
<td>Yes</td>
<td>Depository – eligible entity under UCITS directive. Réviseur d’entreprises agréé.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCP</td>
<td>Yes</td>
<td>Yes, with restrictions.</td>
<td>Yes</td>
<td>Yes</td>
<td>Dépositaire – eligible entity under SIF law. Réviseur d’entreprises agréé.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**UCITS (“Part I Fund”)**

- **Part II Fund with registered AIFM**
  - SICAV (SA) / SICAF (SA, SCA, Sàrl, SCoSA, SCS, SCSp)
  - FCP
  - All must be open-ended.
  - Structures may be open or closed-ended.

- **Part II Fund with authorised AIFM**
  - SICAV (SA) / SICAF (SA, SCA, Sàrl, SCoSA, SCS, SCSp)
  - FCP
  - Subject to specific rules (UCITS and CSSF Regulation 10-5).

- **SIF with registered AIFM**
  - SICAV / SICAF (SA, SCA, Sàrl, SCoSA, SCS, SCSp)
  - FCP
  - Structures may be open or closed-ended.

- **SIF with authorised AIFM**
  - SICAV / SICAF (SA, SCA, Sàrl, SCoSA, SCS, SCSp)
  - FCP
  - Structures may be open or closed-ended.

- **SICAR with registered AIFM**
  - Corporate entity with fixed or variable share capital (SA, SCA, Sàrl, SCoSA, SCS, SCSp)
  - FCP
  - Structures may be open or closed-ended.

- **SICAR with authorised AIFM**
  - Corporate entity with fixed or variable share capital (SA, SCA, Sàrl, SCoSA, SCS, SCSp)
  - FCP
  - Structures may be open or closed-ended.

- **RAIF only with authorised AIFM**
  - Corporate entity with fixed or variable share capital (SA, SCA, Sàrl, SCoSA, SCS, SCSp)
  - FCP
  - Structures may be open or closed-ended.
<table>
<thead>
<tr>
<th>UCITS (&quot;Part I Fund&quot;)</th>
<th>Part II Fund with registered AIFM</th>
<th>Part II Fund with authorised AIFM</th>
<th>SIF with registered AIFM</th>
<th>SIF with authorised AIFM</th>
<th>SICAR with registered AIFM</th>
<th>SICAR with authorised AIFM</th>
<th>RAIF only with authorised AIFM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management company requirement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>QCP</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-1 of the Fund law.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-2 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-1 of the Fund law which must designate an AIFM for the FCP managed.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-1 of the Fund law.</td>
<td>Management company established in Luxembourg under Chapter 16, article 125-1 of the Fund law.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 125-2 of the Fund law or a management company established in Luxembourg under Chapter 16, article 125-1 of the Fund law or management company established in Luxembourg under Chapter 15 of the Fund law.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 125-2 of the Fund law (which must designate an AIFM for the FCP managed).</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, both with authorised AIFM license.</td>
<td></td>
</tr>
<tr>
<td><strong>SICAV/SICAF</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>May appoint a Luxembourg (Chapter 15 of the Fund law or EU management company or be set up as a self-managed SICAV.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-2 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-1 of the Fund law which must designate an AIFM for the FCP managed.</td>
<td>Article 125-1 of the Fund law.</td>
<td>Management company established in Luxembourg under Chapter 16, article 125-1 of the Fund law.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law or management company established in Luxembourg under Chapter 16, article 125-2 of the Fund law or a management company established in Luxembourg under Chapter 16, article 125-1 of the Fund law (which must designate an AIFM for the FCP managed).</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 125-1 of the Fund law; or management company established in Luxembourg under Chapter 16, article 125-1 of the Fund law.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, both with authorised AIFM license.</td>
<td></td>
</tr>
<tr>
<td><strong>Registration requirements in Luxembourg</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A fund with activity established in Luxembourg is subject to the CSSF. No nationality or residency requirements for directors of funds which have appointed a management company.</td>
<td>Management company established in Luxembourg under Chapter 15 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-2 of the Fund law; or management company established in Luxembourg under Chapter 16, article 156-1 of the Fund law which must designate an AIFM for the FCP managed.</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Registered office of SICAV/SICAF or of the management company of the FCP must be in Luxembourg. No nationality or residency requirements for directors of funds or Chapter 16 management company.</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Minimum requirements for the two conducting officers of the Chapter 15 management company to be located in Luxembourg unless specific designation is obtained from the CSSF.</td>
<td>Minimum requirements for the two conducting officers of the Chapter 16 management company to be located in Luxembourg unless specific designation is obtained from the CSSF.</td>
<td>Minimum requirements for the two conducting officers of the Chapter 15 management company to be located in Luxembourg unless specific designation is obtained from the CSSF.</td>
<td>Minimum requirements for the two conducting officers of the Chapter 16 management company to be located in Luxembourg unless specific designation is obtained from the CSSF.</td>
<td>Minimum requirements for the two conducting officers of the Chapter 15 management company to be located in Luxembourg unless specific designation is obtained from the CSSF.</td>
<td>Minimum requirements for the two conducting officers of the Chapter 16 management company to be located in Luxembourg unless specific designation is obtained from the CSSF.</td>
<td>Minimum requirements for the two conducting officers of the Chapter 15 management company to be located in Luxembourg unless specific designation is obtained from the CSSF.</td>
<td></td>
</tr>
<tr>
<td><strong>Approval and supervision</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
### Legal and regulatory requirements

#### UCITS (“Part I Fund”) vs. Part II Fund with registered AIFM

<table>
<thead>
<tr>
<th>UCITS (“Part I Fund”)</th>
<th>Part II Fund with registered AIFM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum capital requirement for fund/company</td>
<td></td>
</tr>
<tr>
<td>€1,250,000 to be reached within 6 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>Self-managed €1,250,000 to be reached within 6 months of authorisation. For umbrella structures, this capital requirement applies to the structure as a whole. For umbrella structures, this capital requirement applies to the structure as a whole.</td>
<td></td>
</tr>
<tr>
<td>Internally-managed €1,250,000 to be reached within 6 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>For umbrella structures, this capital requirement applies to the structure as a whole.</td>
<td></td>
</tr>
<tr>
<td>€1,250,000 to be reached within 12 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>Internally-managed €1,250,000 to be reached within 12 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>For umbrella structures, this capital requirement applies to the structure as a whole.</td>
<td></td>
</tr>
<tr>
<td>Internally-managed €600,000 to be reached within 6 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>For umbrella structures, this capital requirement applies to the structure as a whole.</td>
<td></td>
</tr>
<tr>
<td>Minimum capital requirement for fund/company</td>
<td></td>
</tr>
<tr>
<td>€1,250,000 to be reached within 6 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>Internally-managed €1,250,000 to be reached within 6 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>For umbrella structures, this capital requirement applies to the structure as a whole.</td>
<td></td>
</tr>
<tr>
<td>€1,250,000 to be reached within 12 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>Internally-managed €1,250,000 to be reached within 12 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>For umbrella structures, this capital requirement applies to the structure as a whole.</td>
<td></td>
</tr>
<tr>
<td>Internally-managed €600,000 to be reached within 6 months of authorisation.</td>
<td></td>
</tr>
<tr>
<td>For umbrella structures, this capital requirement applies to the structure as a whole.</td>
<td></td>
</tr>
</tbody>
</table>

### Risk management

The risk management function is regulated by the CSSF, through CSSF Circular 12/546 and CSSF Circular 11/498 (implementing CESR guidelines). There are no specific regulatory requirements governing the risk management function.

#### Portfolio management

The portfolio management function is regulated under the asset manager’s local regulation. The portfolio management function is subject to local regulation. The portfolio management may also be performed by a non-EU AIFM under specific third party country regime.

### Shareholding

#### Reporting requirements

#### Taxation

---

*A SSR (SIF/SICAR) that does not qualify as an AIF is subject to the same requirements as a SSR (SIF/SICAR) with a registered AIFM, except where specifically mentioned in italics.*
<table>
<thead>
<tr>
<th>UCITS (Part I Fund)</th>
<th>Part II Fund with registered AIFM</th>
<th>Part II Fund with authorised AIFM</th>
<th>SIF with registered AIFM</th>
<th>SIF with authorised AIFM</th>
<th>SICAR with registered AIFM</th>
<th>SICAR with authorised AIFM</th>
<th>RAIF only with authorised AIFM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting</td>
<td>Possible.</td>
<td>Possible.</td>
<td>Possible.</td>
<td>Possible.</td>
<td>Possible.</td>
<td>Possible.</td>
<td>Possible.</td>
</tr>
<tr>
<td>Capital calls</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
</tr>
<tr>
<td></td>
<td>Capital calls can be made either by way of capital commitments or through the issue of partly paid shares. The law does not prescribe a minimum percentage of payment of the unit.</td>
<td>Capital calls can be made either by way of capital commitments or through the issue of partly paid shares. The law does not prescribe a minimum percentage of payment of the unit.</td>
<td>Capital calls may be made by way of capital commitments or through the issuance of partly paid units. The law does not prescribe a minimum percentage to which each unit must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid units. At least 6% of each share must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</td>
</tr>
<tr>
<td>Capital may only be made by way of capital commitments, as partly paid shares are not allowed for a SICAV.</td>
<td>Capital calls may only be made by way of capital commitments, as partly paid shares are not allowed for a SICAV.</td>
<td>Capital calls may only be made by way of capital commitments, as partly paid shares are not allowed for a SICAV.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 6% of each share must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</td>
<td>Capital calls may be made by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</td>
</tr>
<tr>
<td>Issue of shares/units</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
</tr>
<tr>
<td></td>
<td>Units must be issued at the NAV price.</td>
<td>Units must be issued at the NAV price.</td>
<td>Units must be issued at the NAV price.</td>
<td>Units must be issued at the NAV price.</td>
<td>Units must be issued at the NAV price.</td>
<td>Units must be issued at the NAV price.</td>
<td>Units must be issued at the NAV price.</td>
</tr>
<tr>
<td></td>
<td>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</td>
<td>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</td>
<td>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</td>
<td>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</td>
<td>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</td>
<td>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</td>
<td>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</td>
</tr>
<tr>
<td>Shareholding</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
<td>FCP</td>
</tr>
<tr>
<td></td>
<td>The share price will be determined based on the principles laid down in the management regulations.</td>
<td>The share price will be determined based on the principles laid down in the management regulations.</td>
<td>The share price will be determined based on the principles laid down in the management regulations.</td>
<td>The share price will be determined based on the principles laid down in the management regulations.</td>
<td>The share price will be determined based on the principles laid down in the management regulations.</td>
<td>The share price will be determined based on the principles laid down in the management regulations.</td>
<td>The share price will be determined based on the principles laid down in the management regulations.</td>
</tr>
</tbody>
</table>

**Legal and regulatory requirements**

- **Shareholding**
- **Reporting requirements**
- **Approval and supervision**
- **Taxation**
Legal and regulatory requirements

Shareholding

Reporting requirements

Approval and supervision

Taxation

Luxembourg Investment Vehicles

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.

The share price will be determined based on the NAV by the number of shares outstanding. The share price will be determined by dividing the NAV by the number of shares outstanding.


UCITS ("Part I Fund")

Prospectus directive as transposed into the Luxembourg law

Closed-ended

Part I funds may not be closed-ended.

Open-ended

Part I funds may make a public offer on the basis of their prospectus prepared in accordance with the requirements of the Fund law.

SIF with registered AIFM

The prospectus must be updated on an ongoing basis.

SIF with authorised AIFM

The prospectus must be updated each time new securities are issued.

SIFCAR with registered AIFM

A SIFCAR that makes an offer under an exemption of the SIF law must prepare a prospectus compliant with the SIFCAR law.

SIFCAR with authorised AIFM

A SIFCAR that makes an offer under an exemption of the SIF law must make a prospectus prepared in compliance with the SIFCAR law.

RAIF only with authorised AIFM

A RAIF only with an authorisation made under an exemption of the Prospectus Directive must prepare a prospectus in compliance with the Prospectus Directive.

Reporting requirements

Legal and regulatory requirements

Shareholding

Reporting requirements

Approval and supervision

Taxation

Shareholding

Prospectus directive as transposed into the Luxembourg law

Closed-ended

A prospectus prepared in compliance with the requirements of this Prospectus Directive must be prepared when an "offer to the public" within the meaning of the Prospectus Directive is made unless if the offer falls under any exemption of the Prospectus Directive. In that case, a prospectus must be prepared on the basis of which the offer falls under any exemption of the Prospectus Directive. A prospectus must be updated on an ongoing basis.

Open-ended

A prospectus prepared in compliance with the requirements of the Prospectus Directive must be prepared when an "offer to the public" within the meaning of the Prospectus Directive is made. The information to be communicated to investors stated in article 21 of the AIFM law must either be included in the prospectus or communicated separately to investors.

Part II funds may make a public offer on the basis of their prospectus prepared in accordance with the requirements of the Prospectus Directive. In that case, a prospectus must be prepared when an "offer to the public" within the meaning of the Prospectus Directive is made. The information to be communicated to investors stated in article 21 of the AIFM law must either be included in the prospectus or communicated separately to investors.

Prospectus Directive as transposed into the Luxembourg law

Closed-ended

A prospectus prepared in compliance with the requirements of the Prospectus Directive must be prepared when an "offer to the public" within the meaning of the Prospectus Directive is made. The information to be communicated to investors stated in article 21 of the AIFM law must either be included in the prospectus or communicated separately to investors.

Open-ended

A SIF may make an offer to well-informed investors. If the offer falls under any exemption of the Prospectus Directive, the information to be communicated to investors stated in article 21 of the AIFM law must either be included in the prospectus or communicated separately to investors.

SIFCAR with registered AIFM

A SIFCAR that makes an offer under an exemption of the SIF law must prepare a prospectus compliant with the SICAR law.

SIFCAR with authorised AIFM

A SIFCAR that makes an offer under an exemption of the SIF law must make a prospectus prepared in compliance with the SICAR law.

RAIF only with authorised AIFM

A RAIF only with an authorisation made under an exemption of the RAIF law must prepare a prospectus in compliance with the RAIF law.
Valuation principles

Valuation of assets is made on the basis of the realisable value estimated in good faith, unless provided for differently in the constitutive documents or management regulations.

Assets are to be valued at fair value unless provided for differently in the constitutive documents or management regulations.

Financial reports

Audited annual report is required within 6 months of the year-end. Semi-annual report due within 2 months of the 6 month period-end.

Audited annual report is required within 6 months of the year-end. Semi-annual report due within 2 months of the 6 month period-end.

Audited annual report is required within 6 months of the year-end. Semi-annual report due within 3 months of the 6 month period-end.

Audited annual report is required within 6 months of the year-end. No semi-annual report is required.

Audited annual report is required within 6 months of the year-end. Semi-annual report is due within 3 months of the 6 month period-end.

Audited annual report is required within 6 months of the year-end. No semi-annual report is required.

Audit annual report is required within 6 months of the year-end. Semi-annual report is due within 3 months of the 6 month period-end.

UCITS ("Part I Fund") Part II Fund with registered AIFM Part II Fund with authorised AIFM SIF with registered AIFM SIF with authorised AIFM SICAR with registered AIFM SICAR with authorised AIFM RAIF only with authorised AIFM

Reporting requirements

Legal and regulatory requirements Shareholding Reporting requirements Approval and supervision Taxation
Reporting requirements

Legal and regulatory requirements
• Shareholding
• Reporting requirements
• Approval and supervision
• Taxation

UICIF (“Part I Fund”)  
Part II Fund registered with AIFIM  
SIF with registered AIFIM  
SIF with authorised AIFIM  
SICAR with registered AIFIM  
SICAR with authorised AIFIM  
RAIF only with authorised AIFIM

Generally accepted accounting principles

Inspection of the methodology used for the calculation of the NAV, the reports may be prepared as follows:

Annual report
- Lux GAAP, i.e., provisions of the law of 19 December 2002 (as subsequently amended) except for:
  • The content and layout of the annual report.
  • The valuation of assets which is ruled by articles 88-4, 90, 99§5 of the Fund law.
Q-  
  • IFRS

Semi-annual report
- Lux GAAP, i.e., provisions of the law of 19 December 2002 (as subsequently amended) except for:
  • The content and layout of the annual report.
Q-
  • The valuation of assets which is ruled by articles 88-4, 90, 99§5 of the Fund law.
  • IFRS

Consolidated accounts
- IFRS as mandated by the company is listed in accordance with EU regulation 1606/2002.
- Neither.
  • IFRS

Other reports
- A long form report is to be issued by the auditor with the annual report in accordance with CSSF Circular 02/81.

Consolidated accounts
- IFRS as mandated by the company is listed in accordance with EU regulation 1606/2002.
- Neither.

No exemption granted – normally not required due to diversification requirements.

Luxembourg Investment Funds
<p>| UCITS (\text{Part I Fund}) &amp; Part II Fund with registered AIFM &amp; Part II Fund with authorised AIFM &amp; SIF with registered AIFM* &amp; SIF with authorised AIFM* &amp; SICAR with registered AIFM* &amp; SICAR with authorised AIFM* &amp; RAIF only with authorised AIFM |
|---|---|---|---|---|---|---|---|
| Regular reporting to CSSF | Monthly with due date the 10th of the next month. | Monthly with due date the 10th of the next month. | Monthly with due date the 10th of the next month. | Monthly with due date the 10th of the next month. | Monthly with due date the 10th of the next month. | Monthly with due date the 10th of the next month. | Monthly with due date the 10th of the next month. | Monthly with due date the 10th of the next month. |
| Annually with due date 6 months after year-end. | Annually with due date 6 months after year-end. | Annually with due date 6 months after year-end. | Annually with due date 6 months after year-end. | Annually with due date 6 months after year-end. | No reporting to the CSSF by the RAIF. | No reporting to the CSSF by the RAIF. | No reporting to the CSSF by the RAIF. | No reporting to the CSSF by the RAIF. |
| Semi-annual UCITS risk reporting applicable to Part II Funds. Details for the first reporting were provided in a circular letter dated 23 April 2016. Each reporting will be accompanied by a circular letter to the industry. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. | Internally-managed SICAV/SICAF (registered AIFM): Details on reporting contained in article 3.d) of the AIFM law. |
| Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. | Internally-managed SICAV/SICAF (authorised AIFM): Details on reporting contained in article 22 of the AIFM law. |
| The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. | The latter reporting does not apply for SIFs that do not qualify as AIFs. |
| Approval and supervision |
| Legal and regulatory requirements | Shareholding | Reporting requirements | Approval and supervision | Taxation |</p>
<table>
<thead>
<tr>
<th>UCITS (&quot;Part I Fund&quot;)</th>
<th>Part II Fund with registered AIFM</th>
<th>Part II Fund with authorised AIFM</th>
<th>SIIF with registered AIFM*</th>
<th>SIIF with authorised AIFM*</th>
<th>SCICAR with registered AIFM*</th>
<th>SCICAR with authorised AIFM*</th>
<th>RAIF only with authorised AIFM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
<td>Creation of a fund subject to the CSSF's prior approval of:</td>
</tr>
<tr>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
<td>- Constitutive documents, or management regulations, prospectus and main agreements with service providers</td>
</tr>
<tr>
<td>- Directors of the fund (if applicable)</td>
<td>- Directors of the fund (if applicable)</td>
<td>- Directors of the fund (if applicable)</td>
<td>- Directors of the fund (if applicable)</td>
<td>- Directors of the fund (if applicable)</td>
<td>- Directors of the fund (if applicable)</td>
<td>- Directors of the fund (if applicable)</td>
<td>- Directors of the fund (if applicable)</td>
</tr>
<tr>
<td>- Choice of depositary, auditor and/or AIFM</td>
<td>- Choice of depositary, auditor and/or AIFM</td>
<td>- Choice of depositary, auditor and/or AIFM</td>
<td>- Choice of depositary, auditor and/or AIFM</td>
<td>- Choice of depositary, auditor and/or AIFM</td>
<td>- Choice of depositary, auditor and/or AIFM</td>
<td>- Choice of depositary, auditor and/or AIFM</td>
<td>- Choice of depositary, auditor and/or AIFM</td>
</tr>
<tr>
<td>- Promoter's experience and financial soundness (if applicable)</td>
<td>- Promoter's experience and financial soundness (if applicable)</td>
<td>- Promoter's experience and financial soundness (if applicable)</td>
<td>- Promoter's experience and financial soundness (if applicable)</td>
<td>- Promoter's experience and financial soundness (if applicable)</td>
<td>- Promoter's experience and financial soundness (if applicable)</td>
<td>- Promoter's experience and financial soundness (if applicable)</td>
<td>- Promoter's experience and financial soundness (if applicable)</td>
</tr>
<tr>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
<td>- Confirmation of supervision by regulatory authority of promoter (if applicable)</td>
</tr>
</tbody>
</table>

### Process for cross-border distribution in Europe

**Regulator-to-regulator for initial notification**

- For UCITS and SIFs:
  - National marketing rules
  - Professional investors: regulator for initial notification and subsequent changes
  - Retail investors: national marketing rules apply
  - Marketing may also be performed by a non-EU AIFM based on national marketing rules

- For SIICARs:
  - National marketing rules apply
  - Professional investors: regulator for initial notification and subsequent changes
  - Retail investors: national marketing rules apply
  - Marketing may also be performed by a non-EU AIFM based on national marketing rules
  - The SIIF does not qualify as an AIF; no marketing is normally done.

**Approval and supervision**

- Creation of a fund subject to the CSSF's prior approval of:
  - Constitutive documents, or management regulations, prospectus and main agreements with service providers
  - Directors of the fund (if applicable)  
  - Choice of depositary, auditor and/or AIFM [portfolio manager if the SIIF does not qualify as an AIF]
  - Promoter's experience and financial soundness (if applicable)
  - Confirmation of supervision by regulatory authority of promoter (if applicable)
  
- Formation of a SICAR is not subject to approval of the CSSF.
  - An authorisation file must be submitted to the CSSF within the month following the formation of the SCICAR. The authorisation will be granted subject to:
    - Approval of the constitutive documents, prospectus and main agreements with service providers
    - Identification of the directors of the SCICAR
    - Approval of the choice of depositary, auditor and/or AIFM (portfolio manager if the SCICAR does not qualify as an AIF)

- Formation of a SCICAR is in no subject to approval of the CSSF.
  - An authorisation file must be submitted to the CSSF within the month following the formation of the SCICAR. The authorisation will be granted subject to:
    - Approval of the constitutive documents, prospectus and main agreements with service providers
    - Identification of the directors of the SCICAR
    - Approval of the choice of depositary, auditor and/or AIFM

**Other types of well-informed investors:**
- National marketing rules apply
- Professional investors: regulator for initial notification and subsequent changes
- Other types of well-informed investors: national marketing rules apply
- Marketing may also be performed by a non-EU AIFM based on national marketing rules
- The SIIF does not qualify as an AIF; no marketing is normally done.

**Reporting requirements**

- For UCITS and SIFs:
  - National marketing rules
  - Professional investors: regulator for initial notification and subsequent changes
  - Other types of well-informed investors: national marketing rules apply
- Marketing may also be performed by a non-EU AIFM based on national marketing rules

For SCICARs and SIICARs:
- National marketing rules
- Professional investors: regulator for initial notification and subsequent changes
- Other types of well-informed investors: national marketing rules apply
- Marketing may also be performed by a non-EU AIFM based on national marketing rules

**Taxation**

- The RAIF has to be managed by an authorised AIFM.
- The investor, issuer, distributor, activity and termination of the RAIF are not subject to the approval of or any examination by the CSSF.
Income tax

Tax exempt.

Tax exempt.

Tax exempt.

Tax exempt.

Tax exempt.

Tax exempt.

Tax exemptions for income and capital gain derived from transferable securities connected with investments in risk bearing capital.

Tax exemption for one year for income on cash held for the purpose of a future investment.

The remaining income is subject to the ordinary income tax of 29.22% (Municipal Business Tax + Corporate Income Tax - Luxembourg city 2016).

If the RAIF does not invest in a portfolio of risk capital (such as a SICAR): tax exemption on income tax.

If the RAIF invests in a portfolio of risk capital (such as a SICAR): 
• Tax exemption for income and capital gain derived from transferable securities connected with investments in risk bearing capital.
• Tax exemption for one year for income on cash held for the purpose of a future investment.
• The remaining income is subject to the ordinary income tax of 29.22% (Municipal Business Tax + Corporate Income Tax - Luxembourg city 2016).

If the RAIF invests in a portfolio of risk capital (such as a SICAR): 
• Tax exemption for income and capital gain derived from transferable securities connected with investments in risk bearing capital.
• Tax exemption for one year for income on cash held for the purpose of a future investment.
• The remaining income is subject to the ordinary income tax of 29.22% (Municipal Business Tax + Corporate Income Tax - Luxembourg city 2016).

Withholding tax on dividends and capital gains

Not subject to withholding tax.

Not subject to withholding tax.

Not subject to withholding tax.

Not subject to withholding tax.

Not subject to withholding tax.

Not subject to withholding tax.

Not subject to withholding tax.

Not subject to withholding tax.

Not subject to withholding tax.

Subscription tax

• 0.05% of NAV, except: 0.01% of NAV for money market funds, cash funds or share classes of UCIs reserved to one or more institutional investors.

• Exemption for special institutional money market funds, pension funds, exchange-traded funds, microfinance funds and funds investing in other funds already subject to the subscription tax.

• 0.05% of NAV, except: 0.01% of NAV for money market funds, cash funds or share classes of UCIs reserved to one or more institutional investors.

• Exemption for special institutional money market funds, pension funds, exchange-traded funds, microfinance funds and funds investing in other funds already subject to the subscription tax.

• 0.05% of NAV annually.

• Tax exemption possible for certain money market, microfinance funds and pension funds or SIFs investing in other funds already subject to subscription tax.

Net wealth tax

Capital duty

No proportional capital duty.

No proportional capital duty.

No proportional capital duty.

No proportional capital duty.

No proportional capital duty.

No proportional capital duty.

No proportional capital duty.

Value added tax (VAT)

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.

VAT exemption on management services.
### Taxation

#### Double Taxation Treaties (DTT)
- **FCP:** No access to DTT signed by Luxembourg; exception: Ireland.
- **SICAV/SICAF:** Limited to some DTTs. Applicability of DTTs is determined based on the Circular Letter L. G. – A. n° 61 dated 12 February 2015.

### UCITS ("Part I Fund")
- **Part II Fund with registered AIFM:** No access to DTT signed by Luxembourg; exception: Ireland.
- **Part II Fund with authorised AIFM:** No access to DTT signed by Luxembourg; exception: Ireland.
- **SICAV/SICAF:** Limited to some DTTs. Applicability of DTTs is determined based on the Circular Letter L. G. – A. n° 61 dated 12 February 2015.

### SICAR
- **in the form of a corporate entity (all types except the SCS and SCSp):** should benefit from the Luxembourg double tax treaty network.

### RAIF investing in a portfolio of risk capital (such as a SICAR) and set up in the form of a corporate entity (all types except the SCS and SCSp):** should benefit from the Luxembourg double tax treaty network.

### RAIF not investing in a portfolio of risk capital (such as a SICAR) and set up as a:
- **FCP:** No access to DTT signed by Luxembourg; exception: Ireland.
- **SICAV/SICAF:** Limited to some DTTs. Applicability of DTTs is determined based on the Circular Letter L. G. – A. n° 61 dated 12 February 2015.

### Taxation

- **Legal and regulatory requirements**
- **Shareholding**
- **Reporting requirements**
- **Approval and supervision**
- **Taxation**

---

Luxembourg Investment Fund Update | Page 29
Articles

AIF

Alternative Investment Fund: a collective investment undertaking, including investment funds, investment companies, and other legal persons whose regular business is managing one or more AIFs.

Authorised AIFM

Any entity qualified as an AIFM falls under the Law of 12 July 2013 on Alternative Investment Fund (AIFM Law).

Constitutive documents

Articles of incorporation of a company / fund.

Directive 2009/65/EC

Prospectus Directive: a communication that is addressed within the context of the offer to the public.

ETF

Exchange-Traded Fund.

Funds-Commun de Placement, an unincorporated co-operative of assets managed by a management company.

Fonds Commun de Placement, a legal person authorised by the CSSF as a Management Company of Undertakings for Collective Investments in Transferable Securities (UCITS).

International Organisation of Securities Commissions

IOSCO

Generally Accepted Accounting Principles applicable to investment funds in Luxembourg.

Intrinsically managed (AIF)

AIFs should be deemed intrinsically managed when the investment management functions are performed by the governing body of any other internal management company.

Key Information Document

KID

Offer to the public

Offering to the public.

Part II fund

A fund that complies with Part II of the law of 17 December 2010 as amended, also referred to as UCITS (Undertakings for Collective Investment in Transferable Securities).

Part I fund

A fund that complies with Part I of the law of 17 December 2010 as amended.

Professional Investors

Investors who are considered to be professionals or who, on request may be treated as professionals, within the meaning of Annex II to the Directive 2004/39/EC.

Prospectus Directive

Directive 2007/16/EC (amending Directive 2003/34/EC on the proposal to be published when securities are offered to the public or admitted to trading, an unamended

RAF law

Law of 23 July 2016 on Clarified Alternative Investment Funds.

Registered AIFM

As a derogation from the authorisation regime, entities qualifying as below-threshold AIFMs are subject to the registration regime. Under article 315 of the AIFM law, i.e., where their assets under management do not in total exceed the following thresholds:

- EUR 500 million, when the portfolio of assets managed consists of AIFs that are not leveraged and have no redemption rights exercisable during a period of five years following the date of the initial investment in each AIF.

Well-informed investor

A well-informed investor must be one of the following:

- An institutional investor: Undertakings and organisations that manage a significant number of funds and assets.


- An investor who has adhered in writing to the status of well-informed investor and complies with one of the following conditions: creates an investment firm as defined in Directive 2004/39/EC (by a management company as defined in Directive 2004/39/EC).
KPMG firms provide audit, tax and advisory services and industry insight to help organisations navigate risks and perform in the dynamic and challenging environments in which they do business.

We operate in 155 countries and have more than 176,000 professionals working in member firms around the world. KPMG in Luxembourg is a leading provider of professional services, with over 1,350 employees. Our approach to relationships and service delivery is designed to help clients exploit new opportunities, improve performance and manage risk.

Services provided by KPMG to the investment management industry

We aim to provide you with a tailored service of the highest standard.

About KPMG Luxembourg

Our Audit and Assurance services include statutory audits, contribution in kind/merger reports, ISAE 3402/ISAE 3000 reports.

Our Tax services include processing withholding tax reclaims, operational tax reporting, ISAE 3402/ISAE 3000 reports.

Our Management Consulting services support asset management players in improving their operational efficiency, aligning their business and their IT strategies and running transformation projects.

Value for Funds is our platform of services dedicated to management companies / AIFM and funds including the following services:

Accounting and regulatory reporting
Accounting and domiciliation of SPVs
Corporate governance services
Financial statements compilation, including IFRS

Tax and Regulatory reporting
Fund tax reporting (Germany, UK, Austria, Switzerland, Italy, etc.)
German tax certification
AIFMD reporting

Risk management
Risk management reporting (including VaR and commitments approaches)
Eligible assets and investment restrictions monitoring
Asset valuation review

Distribution
Cross-border registration with foreign regulators
RD WAIFS compilation including performance scenario and SRI computation
Solvency, VAG, CRR, GromikV reporting for distribution to insurance companies and banks
Factsheet compilation

Regulatory and compliance advisory services
Internal audit insourcing
Preparation of License application files
AIFM and KVC compliance review
Fund liquidation

KPMG firms provide audit, tax and advisory services and industry insight to help organisations navigate risks and perform in the dynamic and challenging environments in which they do business.

We operate in 155 countries and have more than 176,000 professionals working in member firms around the world. KPMG in Luxembourg is a leading provider of professional services, with over 1,350 employees. Our approach to relationships and service delivery is designed to help clients exploit new opportunities, improve performance and manage risk.
Contact

We would love to hear from you. Get in touch with one of our professionals or specialist groups.

✉️ funds@kpmg.lu