association of the luxembourg fund industry

ALFI special newsflash on changes to Luxembourg fund laws

July 2023

Luxembourg updates its fund legislation

Yesterday, the Luxembourg Parliament voted on a new fund law which will improve and modernise the country's investment toolbox.

The changes impact five sectoral laws, namely the laws on SICARs, SIFs, RAIFs, UCI, and AIFMs. They include an extension of the deadlines to reach the respective minimum capital, additional structuring options of UCI Part II funds, the possibility for AIFMs to use tied agents, a reduction of the minimum investment capital requirement from EUR 125,000 to EUR 100,000 to qualify as well-informed investor, and administrative simplifications.

From a tax perspective, new provisions introduce subscription tax exemption regimes in the UCI, SIF, and RAIF laws for ELTIFs and in the UCI law for PEPP funds. In addition, amendments to the existing sectoral laws clarify the subscription tax exemption regimes applicable respectively to funds of funds and to money market funds. The new provisions also align the subscription tax exemption for pension funds established under the UCI Part I law with the more flexible rules that already apply to SIFs and RAIFs.

ALFI welcomes the changes made by the law. This initiative demonstrates Luxembourg's ability to keep up with new developments. The law further enhances the legislative framework applicable to the fund industry, which operates in a highly competitive international environment.

Provided that the Conseil d’Etat grants an exception for the second vote, the law will be promulgated by the Grand Duke and signed by the competent ministers. Afterwards, it will be published in the Official Gazette (Mémorial) and enter into force three days later.

For more information, please refer to the website of the Chamber of Deputies.