



Luxembourg Investment Vehicles

**An overview of the legal
and regulatory requirements
for regulated and supervised
investment vehicles**

This edition
includes
supervised
investment
vehicles

2019/2020 Edition

kpmg.lu

This publication covers the following regulated and supervised investment vehicles:

UCITS: Undertakings for Collective Investment in Transferable Securities

UCI or Part II fund*: Undertakings for Collective Investment

SICAR*: Investment Company in Risk Capital

SIF*: Specialised Investment Fund

RAIF*: Reserved Alternative Investment Fund

SCS (AIF)*: Société en Commandite Simple (limited partnership) with an authorised AIFM

SCSp (AIF)*: Société en Commandite Spéciale (limited partnership without legal personality) with an authorised AIFM

The statistics and graphics are based on the following sources and market researches:

- Commission de surveillance du secteur financier (CSSF)
- Luxembourg Business Registers (lbr.lu)
- Monterey Insight

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Foreword

In the 2019/2020 edition of the Luxembourg Investment Vehicles publication, we are delighted to give you a general overview of the main regulated and supervised fund vehicles across all asset classes and investment strategies that can be established in Luxembourg.

This overview will help you better understand the set-up and operating requirements of the structures available. It covers the following aspects:

- legal and regulatory requirements
- shareholding
- reporting requirements
- approval and supervision
- taxation

The sea of voices directly influencing the regulatory agenda

The asset and fund management industry has flourished in the last decade, with surveys boasting an approximately 65% growth since 2007 to over USD\$80 trillion in worldwide assets under management. As the recognition of the industry's importance to the world's financial system increases — in linking investors with enterprises and activities needing funding — so does the prominence of the industry and regulators that police the sector.

A range of “external” voices are placing the industry and regulators under intense pressure, including demanding investors and consumer groups, clamoring political and

economic needs, civil society's ever-evolving priorities and expectations, an increasingly noisy press, the explosion of social media and the rapid growth of new technologies.

A fundamental rethink of firms' mindset and investment offerings is required

Structures and remits are in flux as **regulators and supervisors** adapt their agendas and working methods to a dynamic environment. The sector's supervision continues to broaden and deepen, while supervisors embrace technology to help perform their roles more efficiently.

While some areas and jurisdictions are creating new rules, agendas are increasingly tackling the monitoring and reviewing of the myriad of post-crisis rules. Policy-makers and regulators demand more and more data, while the industry and institutional investors press for the rationalization of requirements and greater global regulatory convergence.

In the wake of the 2008 financial crisis, policy-makers and regulators overwhelmingly prioritized the identification and containment of **systemic risks**. Eleven years later the financial crisis may be a distant memory for many, but policymakers are still highly attuned to market fragility. This, in turn, increases the call for more data.

As the asset management industry expands, the debate around it intensifies. And there are conflicting views about what the correct regulatory response should be. Regulators are deepening their examination of

the sector's systemic risks, focusing on liquidity and leverage. Exchange-traded and money market funds remain on their watch list.

Governance and conduct are global regulatory preoccupations. That ethos is spreading. It is no longer enough for firms to simply adhere to rules and regulations. They need to think more broadly about the impact of their culture and conduct. The public loudly demands that firms serve their clients with skill and care.

Calls are increasing around the world for individuals in the financial services industry to be held personally accountable for their actions. Diversity, remuneration and stewardship are all hot topics. Fund distribution and financial advice rules continue to be strengthened, and the industry's governance of delegated or outsourced activities is under scrutiny.

“ It is no longer enough for firms to simply adhere to rules and regulations. They need to think more broadly about the impact of their culture and conduct. ”

Ravi Beegun
Partner

The regulatory search continues for perfect disclosures to investors, with a focus on the calculation and presentation of **costs and charges**. A small but increasing number of regulators are also probing the level of costs, in response to persistent voices that call for a different equilibrium to be found between what is reasonable for investors to be charged and the profits of investment firms. “Closet trackers”, the use of benchmarks and performance fees are all under the regulatory microscope.

Many **markets are opening**, but others are becoming more restrictive and there remain frictions in the cross-border distribution of investment funds. In particular, “Brexit” is impacting cross-border flows between the UK and the rest of the EU, and this impact is likely to increase. Meanwhile, the EU regulatory approach to delegation is being more stringently supervised, with US and Asian firms potentially affected, too.

Elsewhere, use of the Asian fund passports remains low but is slowly rising. Bilateral fund arrangements are flourishing, developing economies continue to open up their capital markets to foreign firms and investors, and new fund structures seek to compete. Around the globe, there are new opportunities for asset managers and investment funds in the retirement savings market, but in some cases more conditions or restrictions are being imposed.

Voices arguing for **climate-aware investing** and carbon controls are increasing. Demand for ethical treatment of employees, customers and other stakeholders is also growing, as is indignation about poorly-managed companies.

Regulators in some jurisdictions are seeking to catch up, but their responses vary, and industry and investor reactions to their proposals are mixed. Most, but by no means all, institutional investors believe sustainability should be incorporated into portfolios. However most, but not all, investors believe that ESG measures should not be mandated.

Meanwhile, **fintech** developments are coming thick and fast, and are already a powerful external driver of regulation. The regulators have a dilemma: they are called on to support and help nurture nascent industries that increase efficiency and help consumers to access financial services, but they are concerned about new and heightened risks, in particular the protection of personal data.

Regulators are rethinking how they regulate the industry, both new fintech entrants and existing businesses that are encompassing fintech developments. Existing conduct rules were largely written in a paper and face-to-face world. Are the rules fit-for-purpose in a digital age?

Publication



A sea of voices – Evolving Asset Management report 2019

“ Measuring ESG criteria in the absence of transparent and harmonized information sources and standards is a difficulty. The ESG screening is an excellent opportunity for AIF managers to take initiatives in Luxembourg.

David Capocci
Partner

The Luxembourg fund industry today

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.

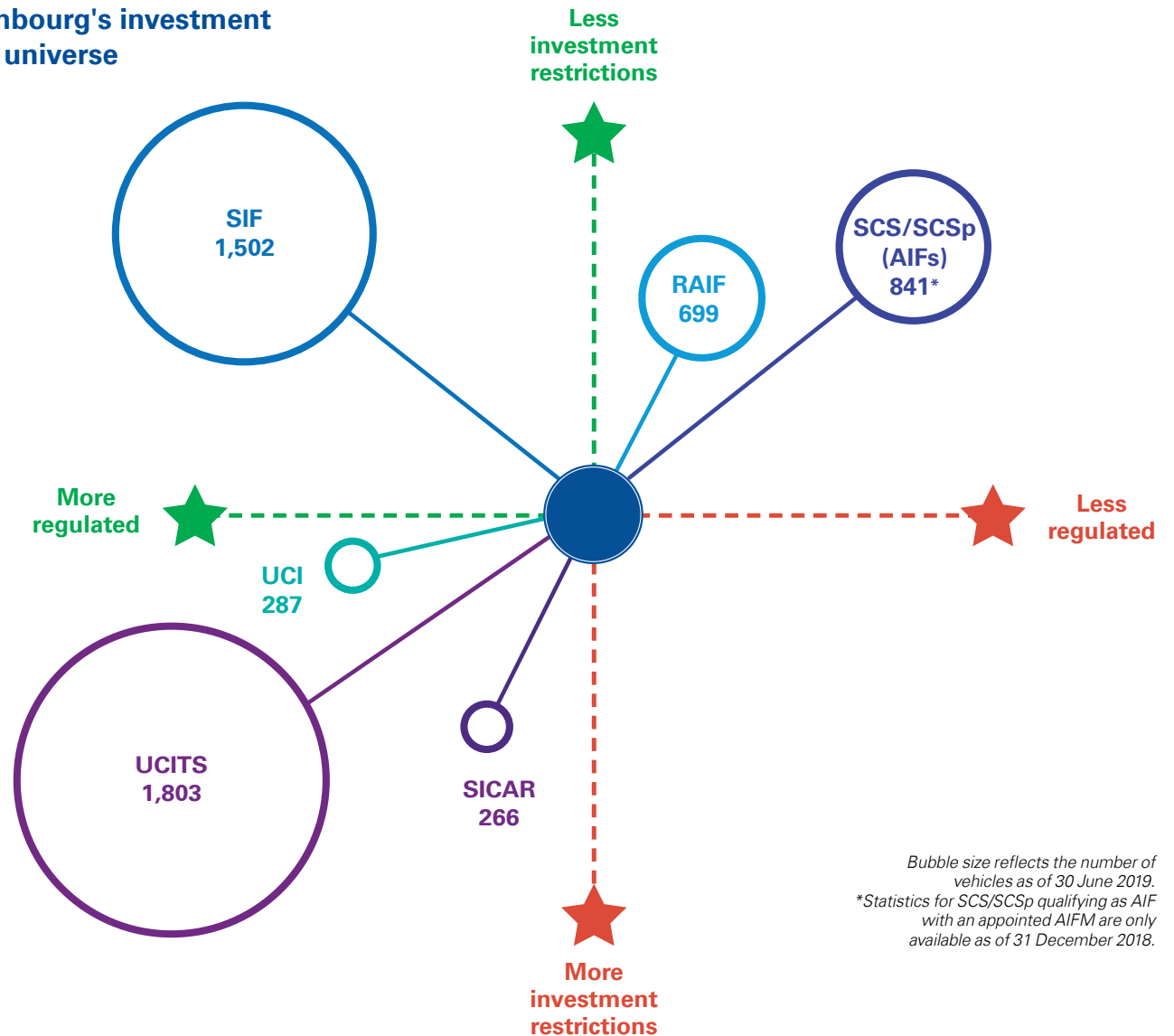
ALFI 2020 Ambition



To enable asset managers and investment funds to fulfil their role of serving investors and fostering economic growth, ALFI will continue to enhance Luxembourg's position as the international fund centre of reference, recognised as open, reliable and innovative by investors, policymakers and industry alike.



Luxembourg's investment funds universe



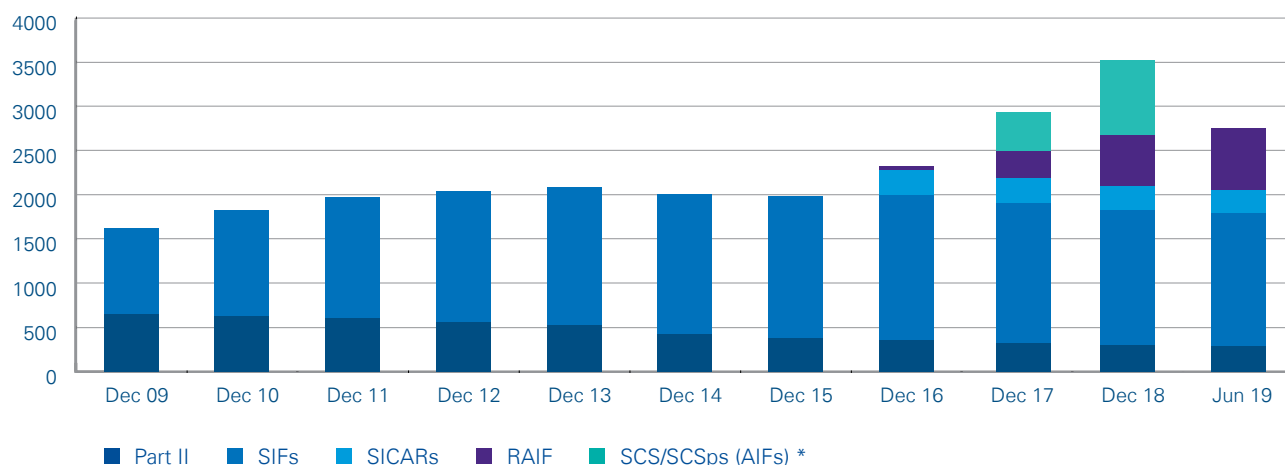
Alternative investment funds and managers

By being among the first to transpose the AIFMD into local law, Luxembourg has consolidated its leading position for structuring alternative investment funds, being home to 261 authorised alternative investment fund managers (AIFMs) and 585 registered (sub-threshold) managers as at 30 June 2019. Many of the large UCITS managers also hold an AIFM license, building on existing expertise and operations to manage both AIFs and UCITS funds.

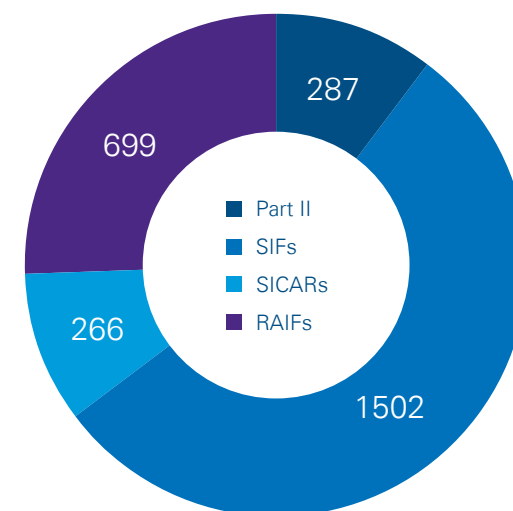
The Luxembourg government has continued its strong commitment to the funds industry, making an important upgrade to the range of fund structures in 2016 with the creation of the Reserved Alternative Investment Fund (RAIF). This vehicle meets the demands of many AIFMs and professional investors who had been calling for the removal of the dual regulatory approach whereby both manager and fund are subject to regulation and supervision.

The RAIF is similar to the popular SIF and SICAR structures, but differs in its removal of this double layer of regulation. As a result, its overall time-to-market is very fast. Only authorised AIFMs are permitted to manage RAIFs, which have been highly successful since there are 699 of them as of June 2019.

Number of AIFs between December 2009 and June 2019

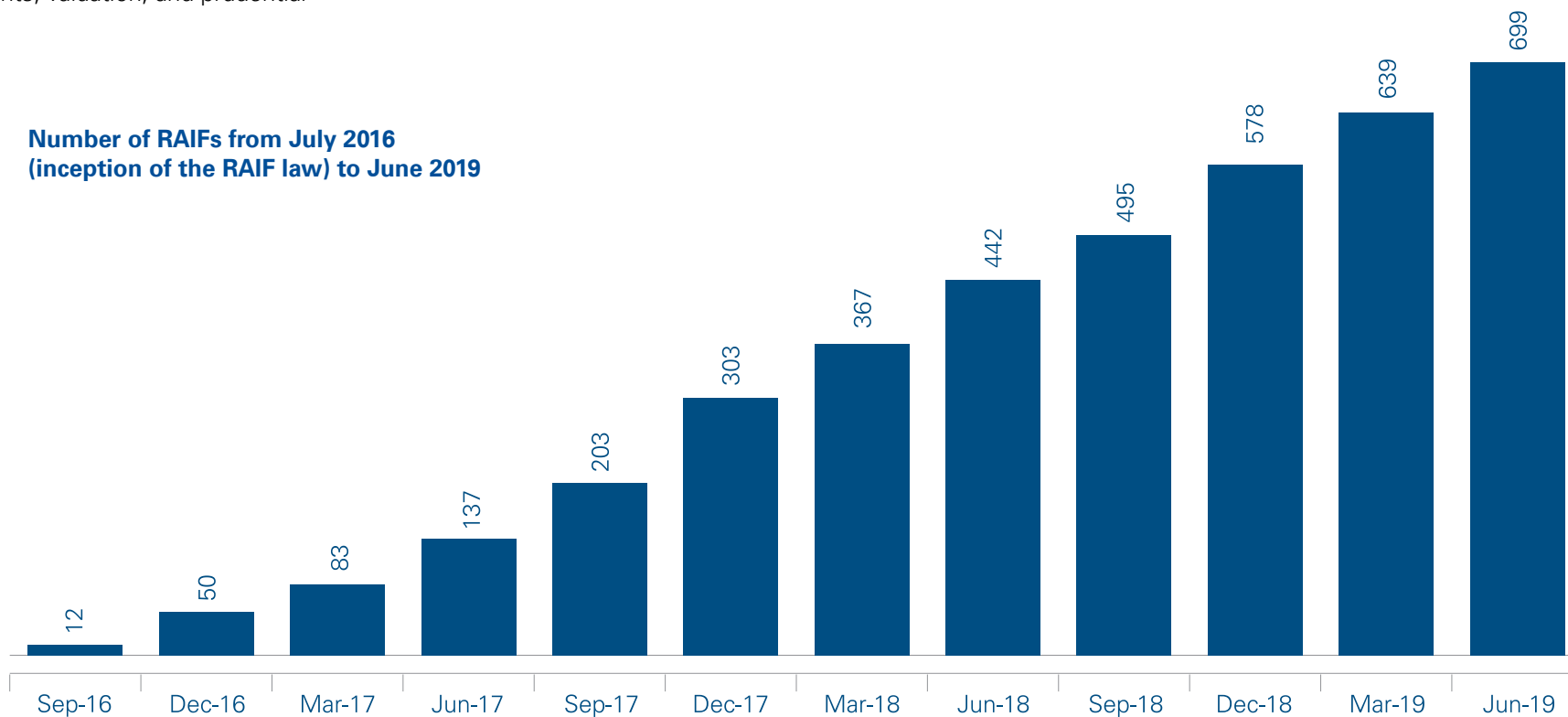


Numbers of directly or indirectly supervised AIFs as at June 2019



The CSSF continues to play an important role in providing guidance on the legal framework governing alternative investment funds and their managers, and updates the AIFMD Frequently Asked Questions (FAQ) regularly. This FAQ covers scope, the content of the application file, loan origination and loan participation by AIFMs, the rules on delegation of regulated activities, the role of the depositary, marketing rules, reporting and transparency requirements, valuation, and prudential capital rules.

**Number of RAIFs from July 2016
(inception of the RAIF law) to June 2019**



UCITS

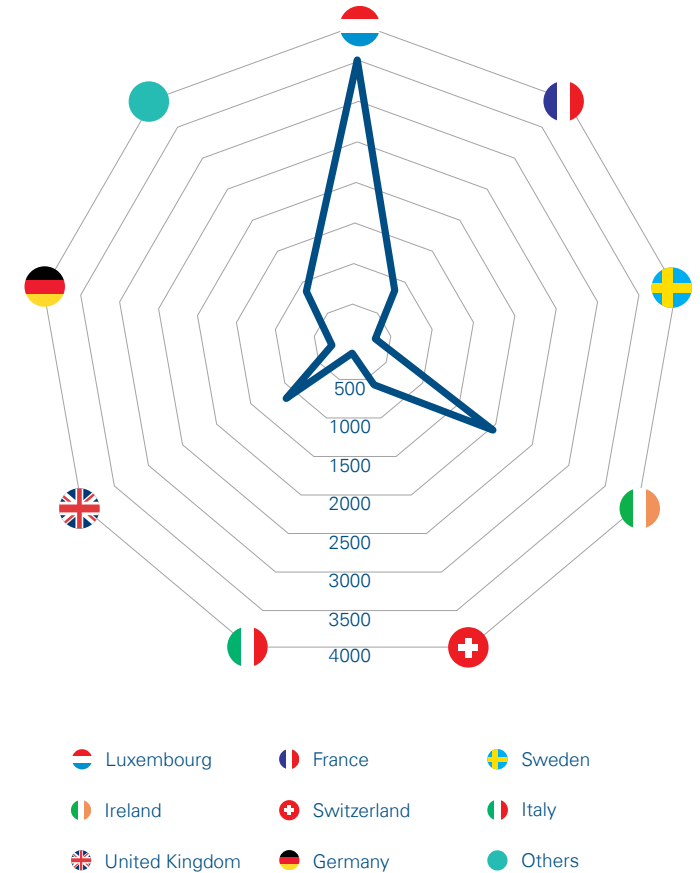
The UCITS framework was introduced over 30 years ago and is still today a success-story for Luxembourg. The last major amendment to it was in 2016 when UCITS V was transposed into Luxembourg law. One of the main objectives of that reform package was to further enhance investor protection by aligning the role, responsibilities, and regulation of the depositary with the AIFMD rules. The responsibilities of the depositary were broadened to include the monitoring cash flows in the fund and oversight of fund operations, in addition to the custody of the portfolios

of investments. The liability of the depositary is stricter under UCITS, with the depositary fully liable for the loss of financial instruments held through the custody and sub-custody network.

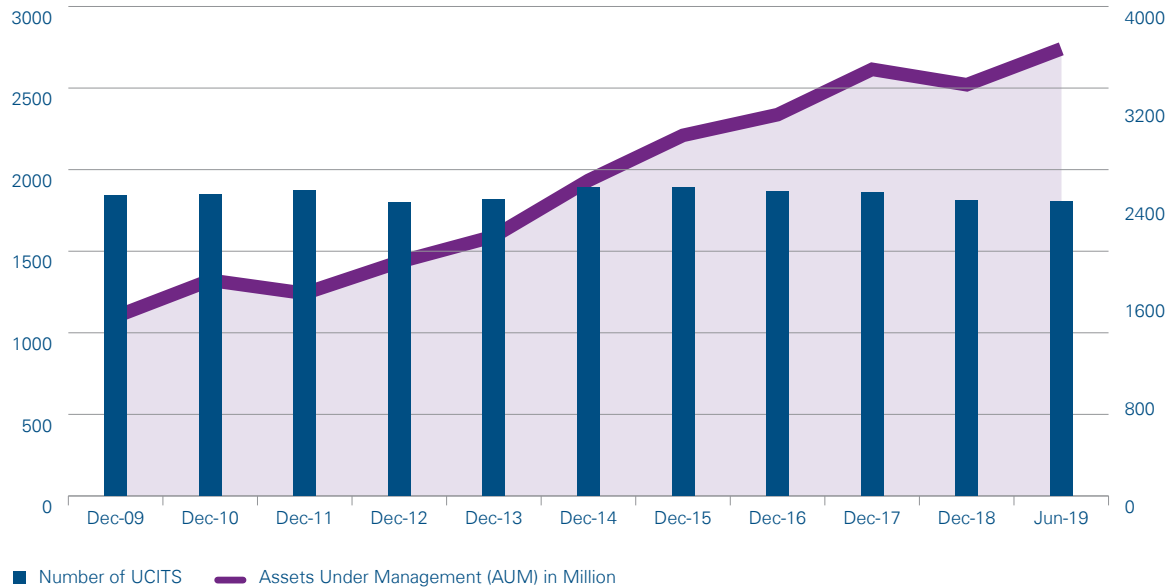
The CSSF also provides guidance on the UCITS framework in a UCITS Frequently Asked Questions document that is updated regularly.



UCITS AUM market share in Europe (in Bn) as at 30 June 2019



Evolution of UCITS between 2009 and June 2019



Brexit

Fund managers must assess the impact of Brexit on their operating models, as their cross-border fund business transitions to a post-Brexit legal and regulatory framework. Many alternative investment fund managers have chosen Luxembourg to domicile their investment activities and operations.

This confirms Luxembourg's position as the prime cross-border hub for funds, a top choice for UK and US managers to develop their distribution activities across the EU market, and a gateway to Asian markets.

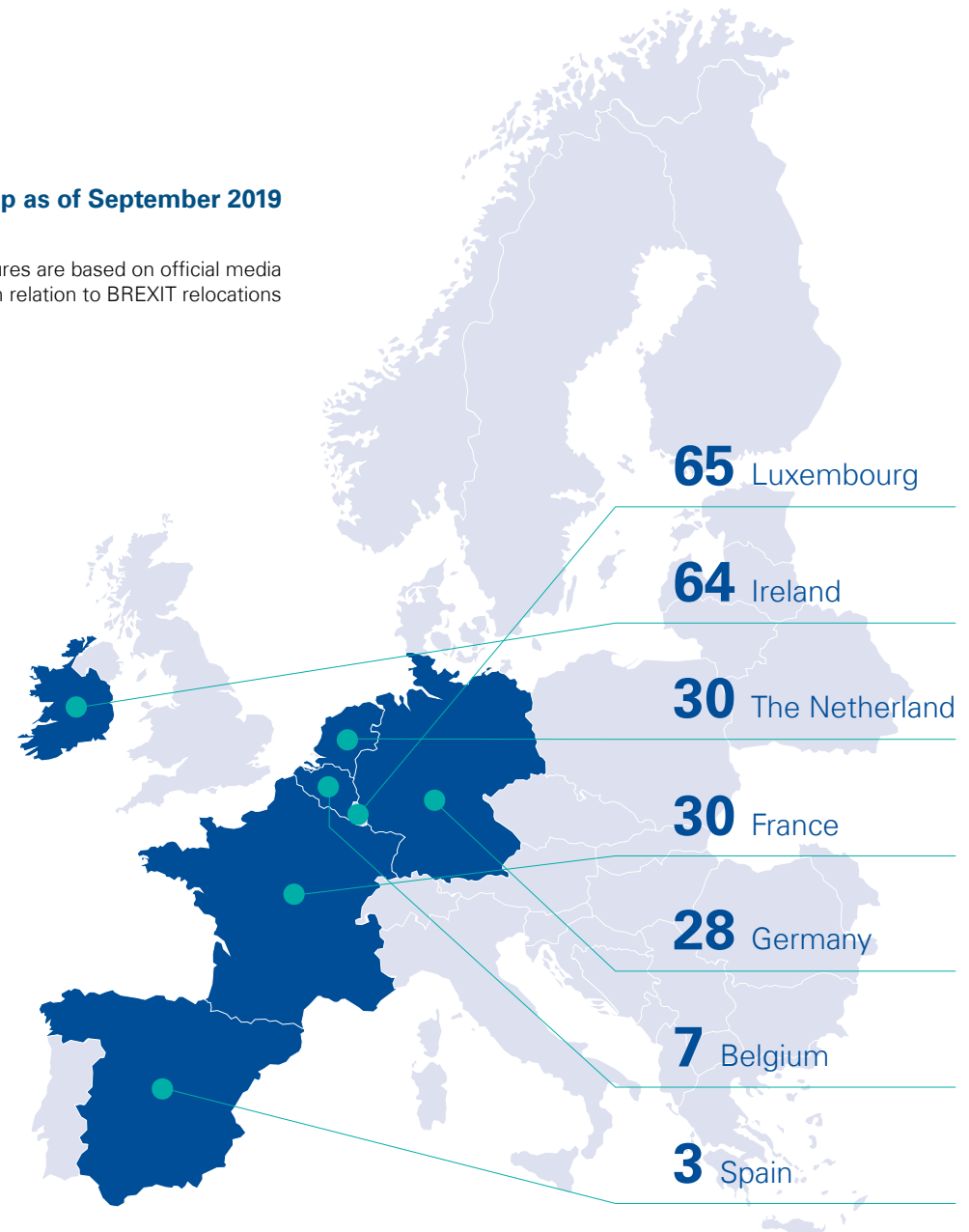
 [Managing Brexit webpage](#)

“ I think that Luxembourg has not only due to Brexit but overall climbed the value chain from back office to middle office. We are really seeing a reshaping of the nature of activities that are being relocated to Luxembourg. ”

Nicolas Mackel
CEO, Luxembourg for Finance

Brexit Relocation Map as of September 2019

Source: All figures are based on official media publications in relation to BREXIT relocations



Evolving regulatory trends and challenges

The regulatory framework continues to evolve at the European Union (EU) level and the initiatives described below are already dominating the fund industry in Luxembourg.

In March 2018, the European Commission published the action plan for financing a sustainable growth that targeted all financial market players, especially asset managers. It aims to introduce measures to clarify asset managers' duties in integrating ESG factors and risks into investment decisions, as well as to clarify and standardize transparency duties and ESG reporting requirements. Practically speaking, this will require asset managers managing sustainable investment products to factor ESG into their due diligence, portfolio management, monitoring and reporting. And, for all types of investment products, asset managers will need to demonstrate how sustainability risks are factored into risk management processes — for example, by using climate scenarios and stress testing — to ultimately better manage their portfolios' climate-related financial risks. These initiatives are likely to be voted by the end of 2019 and become applicable in 2020.

ESG



ESG webpage

Pan-European personal pension, or PEPP

The PEPP Regulation seeks to establish a legislative framework for personal pension products with a long-term retirement nature. Insofar as possible, PEPPs should consider environmental, social and governance (ESG) factors given in the United Nations-supported Principles for Responsible Investment. They should be simple, safe, reasonably-priced, transparent, consumer-friendly and portable Union-wide, complementing member states' existing systems and therefore boosting pension savings.

The PEPP Regulation was published in the Official Journal of the EU (OJEU) on 25 July 2019. The Regulation will apply 12 months after the OJEU publication of the delegated acts, which is estimated to happen by the end of 2020.

Performance fees

Local restrictions on performance fees were recently implemented in several EU countries, setting the scene for new fund industry requirements. The goal of the regulators is to improve fee transparency and to achieve a standardized cost-reporting framework.

In July 2019, ESMA launched a public consultation paper on performance fees draft guidelines under the UCITS Directive aiming to harmonize requirements across Europe, ensure a coherent level of retail investor protection and avoid regulatory arbitrage.

The consultation also questions whether the scope of the guidelines' principles should be extended to AIFs distributed to retail investors. ESMA aims to issue the final guidelines in Q4 2019.

AIFMD review AIFMD report

As a "first-step" in the Directive review process, the European Commission (DG FISMA: Directorate-General for Financial Stability, Financial Services, and CMU) mandated KPMG in 2017 to provide a comprehensive study on how the Alternative Investment Fund Managers Directive (AIFMD) has worked in practice and to what extent its objectives have been met.

The assessment includes a general overview regarding the functioning of specific AIFMD requirements, including marketing through the passport and national regimes, the impact of the depositary rules and the effect on:

- transparency and reporting requirements
- private equity funds
- venture capital funds
- the protection of non-listed companies.

The final report, issued in January 2019, includes a number of key findings that give asset managers a taste of what might be in store for the second incarnation of this key legislation.

Cross-border distribution Directive and Regulation in the OJEU

On 12 July 2019, the EU Regulation and Directive on cross-border distribution of funds were published in the OJEU following the European Commission's legislative proposal issued in March 2018.

These texts will amend and harmonize the distribution frameworks that apply to UCITS and AIFs. They cover the main barriers that were identified in CMU consultations since 2015, such as domestic marketing rules, regulatory fees and administrative and notification requirements.

The Regulation enters into force on 1 August 2019, except for the new requirements for marketing communications which will apply from 2 August 2021.

The Directive will have to be transposed into national law by July 2021 and shall apply from the same date.

Legal and regulatory requirements

Regulated Investment Vehicles

| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
|--|---|--|---|
| Applicable legislation | | | |
| Law of 17 December 2010, as amended ("Fund law"), Part I. | Law of 17 December 2010, as amended ("Fund law"), Part II. | Law of 13 February 2007, as amended ("SIF law"). | Law of 15 June 2004, as amended ("SICAR law"). |
| Eligible assets | | | |
| <p>Restricted to: Transferable securities admitted or dealt on a regulated market, investment funds, financial derivative instruments, cash and money market instruments that are compliant with Article 41 of the Fund law, the Commission Directive of 19 March 2007 implementing Council Directive 85/611/EEC as transposed in Luxembourg by the grand-ducal decree of 8 February 2008, CSSF circular 08/339, CSSF circular 08/380 and the EU regulation 2017/1131 on money market funds and the related delegated regulations from EU Commission.</p> <p>Uncovered short sales and borrowings are not permitted. Precious metals and certificates representing them may not be acquired.</p> | <p>Unrestricted.</p> <p>Prior approval of the investment objective and strategy by the CSSF.</p> | <p>Unrestricted.</p> | <p>Restricted to direct and/or indirect investment in securities that represent risk capital.</p> <p>CSSF Circular 06/241 defines the notion of risk capital and the way the CSSF will decide if the investment objective of the SICAR complies with the requirement to invest in risk capital.</p> <p>Risk capital consists mainly of high risk investments made in view of their launch, development or listing on a stock exchange. Such investments may take varied forms and are normally done with a medium-term view.</p> <p>The SICAR may also marginally enter into financial derivative instruments on an exceptional basis.</p> <p>Temporary investment in other assets is allowed pending investment in risk capital.</p> |
| Risk diversification requirements | | | |
| Detailed risk diversification is required per Articles 42 to 52 of the Fund law. | <p>Risk diversification requirements are detailed in CSSF Circular 91/75, as amended and are less stringent than the stringent ones in application for Part I funds.</p> <p>In addition, specific restrictions are contained in:</p> <ul style="list-style-type: none"> • CSSF Circular 91/75, as amended for funds investing in venture capital, futures, options, and real estate. • CSSF Circular 02/80 for funds adopting an alternative investment strategy. | <p>Risk diversification requirements are detailed in CSSF Circular 07/309 and are less stringent than the ones in application for part I and part II funds under the Fund Law.</p> <p>The main requirement for the SIF is in principle not to invest more than 30% of its assets with the same issuer.</p> | No risk diversification requirements. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|---|---|
| Applicable legislation | | |
| Law of 23 July 2016, as amended ("RAIF law"). | Law 10 August 1915, as amended ("Company Law"). | Law 10 August 1915, as amended ("Company Law"). |
| Eligible assets | | |
| <p>For RAIFs other than those referred to in Article 48 (1) of the RAIF Law, the type of investments is not restricted although it has to invest in the aim of spreading the investment risks.</p> <p>For RAIF – Risk Capital» (referred to in Article 48 (1) of the RAIF Law), investments are restricted to direct and/or indirect investment in securities that represent risk capital. Risk capital mainly consists of high-risk investments made in view of their launch, development or listing on a stock exchange.</p> <p>CSSF Circular 06/241 provides guidance in defining the notion of risk capital.</p> <p>The réviseur d'Entreprises agréé is required to issue a specific report for each financial year that certify that the investments meet the criteria of risk capital.</p> | Unrestricted. | Unrestricted. |
| Risk diversification requirements | | |
| <p>No risk diversification limits defined; RAIF should invest in accordance with the risk-spreading principle.</p> <p>No risk diversification if it invests solely in Risk Capital.</p> | No risk diversification requirements. | No risk diversification requirements. |

Legal and regulatory requirements

| Regulated Investment Vehicles | | | |
|---|---|---|--|
| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
| Entity Type | | | |
| SICAV (SA) SICAF (SA, SCA) | SICAV (SA) SICAF (SA, SCA, Sàrl, SCS, SCSp) | SICAV / SICAF (SA, SCA, Sàrl, SCoSA, SCS, SCSp) | Corporate entity with fixed or variable share capital (SA, SCA, Sàrl, SCoSA, SCS, SCSp) |
| FCP | FCP | FCP | |
| All three must be open-ended. | Structures may be open or closed-ended. | Structures may be open or closed-ended. | Structures may be open or closed-ended. |
| Segregated sub-funds | | | |
| Yes. | Yes. | Yes. | Yes. |
| Cross sub-funds investment | | | |
| Yes, with restrictions. | Yes, with restrictions. | Yes, with restrictions. | No. |
| Master - Feeder | | | |
| Yes. Subject to specific rules (Fund law and CSSF Regulation 10-5). | Yes. | Yes. | Yes. |
| Central administration | | | |
| 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. | Central administration established in Luxembourg. | Central administration established in Luxembourg. | Central administration established in Luxembourg. |
| Required service providers in Luxembourg | | | |
| Depositary - eligible under UCITS directive. Réviseur d'entreprises agréé. | Depositary - eligible entity under AIFM law. Réviseur d'entreprises agréé. | Depositary - eligible entity under AIFM law. Réviseur d'entreprises agréé. | Depositary - eligible entity under AIFM law. Réviseur d'entreprises agréé. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|---|---|--|
| Entity Type | | |
| SICAV / SICAF (SA, SCA, Sàrl, SCoSA, SCS, SCSp) FCP Structures may be open or closed-ended. | It has its own legal personality distinct from its partners | It has no legal personality distinct from its partners (however still benefits from main attributes generally attached to legal personality) e.g. the holding of assets and the creditors. |
| Segregated sub-funds | | |
| Yes. | No. | No. |
| Cross sub-funds investment | | |
| Yes, with restrictions. | No. | No. |
| Master - Feeder | | |
| Yes. | Yes. | Yes. |
| Central administration | | |
| Central administration established in Luxembourg. | Central administration established in Luxembourg. | Central administration established in Luxembourg. |
| Required service providers in Luxembourg | | |
| Depositary – eligible entity under AIFM law. Réviseur d’entreprises agréé. | Depositary – eligible entity under AIFM law. Réviseur d’entreprises agréé. | Depositary – eligible entity under AIFM law. Réviseur d’entreprises agréé. |

Legal and regulatory requirements

Regulated Investment Vehicles

| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
|---|--|---|--|
| Management company requirement | | | |
| <p>FCP Yes. Management company established in Luxembourg under Chapter 15 of the Fund law or a UCITS Management company established in another EU Member State.</p> <p>SICAV/SICAF May appoint a Luxembourg (Chapter 15 of the Fund law) or EU management company or be set up as a UCITS self-managed SICAV.</p> | <p>FCP Yes. Management company established in Luxembourg under Chapter 15 of the Fund law, management company established in Luxembourg under Chapter 16, article 125-2 of the Fund law, or management company established in Luxembourg under Chapter 16, article 125-1 of the Fund law (which must designate an AIFM for the FCP managed).</p> <p>SICAV/SICAF No – however, the authorised AIFM could be a management company.</p> | <p>FCP Yes. Management company established in Luxembourg under Chapter 15 of the Fund law, 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).</p> <p>SICAV/SICAF No – however, the authorised AIFM could be a management company.</p> | <p>No management company is required but a General Partner is required if set-up as a SCA, SCS/SCSp. It must also have an AIFM if it falls under the AIFMD regulation.</p> |
| Registration requirements in Luxembourg | | | |
| <p>A fund is deemed to be established in Luxembourg if it is authorised by the CSSF.</p> <p>No nationality or residency requirements for directors of funds which have appointed a management company.</p> <p>At least two conducting officers/persons of the Luxembourg management company or self-managed SICAV must be located in Luxembourg (unless specific derogation is obtained from the CSSF). For non-Luxembourg management companies, local rules apply.</p> | <p>Registered office of SICAV/ SICAF or of the management company of the FCP must be in Luxembourg.</p> <p>No nationality or residency requirements for directors of funds or Chapter 16 management company.</p> <p>Minimum requirements for the two conducting officers of the AIFM to be located in Luxembourg (unless specific derogation is obtained from the CSSF).</p> | <p>Registered office of SICAV/ SICAF or of the management company of the FCP must be in Luxembourg.</p> <p>No nationality or residency requirements for directors of funds or Chapter 16 management company.</p> <p>Minimum requirement for the two conducting officers of the AIFM to be located in Luxembourg (unless specific derogation is obtained from the CSSF).</p> | <p>Registered office of the SICAR must be in Luxembourg.</p> <p>No nationality or residency requirements for directors.</p> |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|---|--|
| Management company requirement | | |
| <p>FCP It requires an AIFM and a General Partner is also required if set-up as SCA, SCS/SCSp.</p> <p>SICAV/SICAF No – however, the authorised AIFM could be a management company.</p> | <p>Managed by one or more managers designated in the LPA which can be (but not required to be) a General Partner.</p> | <p>Managed by one or more managers designated in the LPA which can be (but not required to be) a General Partner.</p> |
| Registration requirements in Luxembourg | | |
| <p>Registered office of SICAV/ SICAF or of the management company of the FCP must be in Luxembourg.</p> <p>No nationality or residency requirements for directors of funds or management company.</p> <p>Minimum requirement that the two conducting officers of the AIFM be located in Luxembourg (unless specific derogation is obtained from the CSSF).</p> | <p>Registered office of the SCS must be in Luxembourg.</p> <p>No nationality or residency requirements for the partners (including the General Partner).</p> <p>Minimum requirement that the two conducting officers of the AIFM be located in Luxembourg (unless specific derogation is obtained from the CSSF).</p> | <p>Registered office of the SCSp must be in Luxembourg.</p> <p>No nationality or residency requirements for the partners (including the General Partner).</p> <p>Minimum requirement that the two conducting officers of the AIFM be located in Luxembourg (unless specific derogation is obtained from the CSSF).</p> |

Legal and regulatory requirements

Regulated Investment Vehicles

| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
|---|---|--|---|
| Minimum capital requirement for fund/company | | | |
| <p>€1,250,000 to be reached within 6 months of authorisation.</p> <p>Self-managed SICAV/SICAF: €300,000 at the date of authorisation and €1,250,000 to be reached within 6 months of authorisation.</p> <p>For umbrella structures, this capital requirement applies to the structure as a whole.</p> | <p>€1,250,000 to be reached within 6 months of authorisation.</p> <p>Internally-managed SICAV/SICAF: €300,000 at the date of authorisation and €1,250,000 to be reached within 6 months of authorisation.</p> <p>For umbrella structures, this capital requirement applies to the structure as a whole.</p> | <p>€1,250,000 to be reached within 12 months of authorisation.</p> <p>Internally-managed SICAV/SICAF: €300,000 at the date of authorisation and €1,250,000 to be reached within 6 months of authorisation.</p> <p>For umbrella structures, this capital requirement applies to the structure as a whole.</p> | <p>Total of subscribed share capital and share premium of €1,000,000 to be reached within 12 months of authorisation.</p> <p>Internally-managed company: €300,000 at the date of authorisation and the total of subscribed share capital and share premium of €1,000,000 to be reached within 12 months of authorisation.</p> <p>For umbrella structures, this capital requirement applies to the structure as a whole.</p> |
| Risk management | | | |
| <p>The risk management function is regulated by CSSF Regulation 10-4, CSSF Circular 11/512, CSSF Circular 18/698 and CSSF Circular 11/498 implementing CESR guidelines 10-788.</p> | <p>The risk management function is regulated under AIFMD and under articles 38 to 49 of Commission Delegated Regulation (EU) No 231/2013 as well as regulated by CSSF Circular 18/698.</p> <p>It is one of the two core functions of an AIFM.</p> | <p>The risk management function is regulated under AIFMD and under articles 38 to 49 of Commission Delegated Regulation (EU) No 231/2013 as well as regulated by CSSF Circular 18/698.</p> <p>It is one of the two core functions of an AIFM.</p> | <p>The risk management function is regulated under AIFMD and under articles 38 to 49 of Commission Delegated Regulation (EU) No 231/2013 as well as regulated by CSSF Circular 18/698.</p> <p>It is one of the two core functions of an AIFM.</p> |
| Portfolio management | | | |
| <p>The portfolio management function is regulated under UCITS Directive and under Directive 2010/43/EU. When delegated the asset management function is regulated under the asset manager's local regulation.</p> | <p>The portfolio management function is regulated under AIFMD and under Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> <p>The portfolio management may also be performed by a non-EU AIFM under specific third party country regime.</p> | <p>The portfolio management function is regulated under AIFMD and under the Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> <p>The portfolio management may also be performed by a non-EU AIFM under specific third party country regime.</p> | <p>The portfolio management function is regulated under AIFMD and under Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> <p>The portfolio management may also be performed by a non-EU AIFM under specific third party country regime.</p> |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|--|--|
| Minimum capital requirement for fund/company | | |
| <p>€1,250,000 to be reached within 12 months from entry into force of the management regulations.</p> <p>For umbrella structures, this capital requirement applies to the structure as a whole.</p> | <p>No minimum capital requirement required.</p> <p>The capital requirement is calculated at the level of the AIFM.</p> | <p>No minimum capital requirement required.</p> <p>The capital requirement is calculated at the level of the AIFM.</p> |
| Risk management | | |
| <p>The risk management function is regulated under AIFMD and under articles 38 to 49 of Commission Delegated Regulation (EU) No 231/2013 as well as regulated by CSSF Circular 18/698.</p> <p>It is one of the two core functions of an AIFM.</p> | <p>The risk management function is regulated under AIFMD and under articles 38 to 49 of the Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> | <p>The risk management function is regulated under AIFMD and under articles 38 to 49 of the Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> |
| Portfolio management | | |
| <p>The portfolio management function is regulated under AIFMD and under Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> <p>The portfolio management may also be performed by a non-EU AIFM under specific third party country regime.</p> | <p>The portfolio management function is regulated under AIFMD and under the Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> <p>The portfolio management may also be performed by a non-EU AIFM under a specific third-party country regime.</p> | <p>The portfolio management function is regulated under AIFMD and under the Commission Delegated Regulation (EU) No 231/2013.</p> <p>It is one of the two core functions of an AIFM.</p> <p>The portfolio management may also be performed by a non-EU AIFM under a specific third-party country regime.</p> |

Regulated Investment Vehicles

| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
|--|--|--|---|
| Eligible investors | | | |
| All types. | All types. | Well-informed investors. | Well-informed investors. |
| Listing | | | |
| Possible. | Possible. | Possible. | Possible. |
| Capital calls | | | |
| <p>FCP Capital calls can be made either by way of capital commitments or through the issue of partly paid units. The law does not prescribe a minimum percentage of payment of the unit.</p> <p>SICAV Capital calls may only be made by way of capital commitments, as partly paid shares are not allowed for a SICAV.</p> <p>SICAF If the SICAF is set up as a SA or SCA, capital calls can be organised through capital commitments or by way of the issue of partly paid shares. At least 25% of each share must be paid up.</p> | <p>FCP Capital calls can be made either by way of capital commitments or through the issue of partly paid units. The law does not prescribe a minimum percentage of payment of the unit.</p> <p>SICAV Capital calls may only be made by way of capital commitments, as partly paid shares are not allowed for a SICAV.</p> <p>SICAF For a Sàrl capital calls may only be made by way of capital commitments, as partly paid shares are not allowed. If the SICAF is set up as a SA, SCA, SCS or SCSp capital calls can be organised through capital commitments or by way of the issue of partly paid shares. For SA and SCA, at least 25% of each share must be paid up and there are no minimum legal requirements for SCS or SCSp.</p> | <p>FCP Capital calls may be made by way of capital commitments or through the issue of partly paid units. The law does not prescribe a minimum percentage to which each unit must be paid up.</p> <p>SICAV Capital calls may be done by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</p> <p>SICAF Capital calls may be done by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</p> | <p>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.</p> |
| Issue of shares / units | | | |
| <p>FCP Units must be issued at the NAV price.</p> <p>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</p> | <p>FCP Units must be issued at the NAV price.</p> <p>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</p> | <p>FCP The unit price will be determined based on the principles laid down in the management regulations.</p> <p>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</p> | <p>The issue of new shares requires an amendment of the constitutive documents unless the SICAR is set up with variable share capital.</p> <p>The share price will be determined based on the principles laid down in the constitutive documents.</p> |

Issue of shares / units (continued)

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|--|---|
| Eligible investors | | |
| Well-informed investors. | Well-informed investors. | Well-informed investors. |
| Listing | | |
| Possible. | In principle no. Listing is legally possible but not practicable due to low transferability. | In principle no. Listing is legally possible but not practicable due to low transferability. |
| Capital calls | | |
| <p>FCP Capital calls may be made by way of capital commitments or through the issue of partly paid units. The law does not prescribe a minimum percentage to which each unit must be paid up.</p> <p>SICAV Capital calls may be done by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</p> <p>SICAF Capital calls may be done by way of capital commitments or through the issue of partly paid shares. At least 5% of each share must be paid up.</p> | Capital calls may be made by way of capital commitments or unpaid capital. They are freely defined in the LPA. | Capital calls may be made by way of capital commitments or unpaid capital. They are freely defined in the LPA. |
| Issue of shares / units | | |
| <p>FCP The unit price will be determined based on the principles laid down in the management regulations.</p> <p>Existing unitholders do not have a pre-emption right when new units are issued, unless specifically provided for in the management regulations.</p> | <p>Contribution to SCS consists of partnership interests which can be represented by securities or capital account, according to the LPA.</p> <p>The price is determined by the provision included in the LPA.</p> | <p>Contribution to SCSp consists of partnership interests which can be represented by securities or capital account, according to the LPA.</p> <p>The price is determined by the provision included in the LPA.</p> |
| Issue of shares / units (continued) | | |

Regulated Investment Vehicles

| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
|--|--|--|--|
| <p>SICAV The issue of shares does not require an amendment of the constitutive documents.</p> <p>The share price will be determined by dividing the NAV by the number of shares outstanding.</p> <p>Existing shareholders do not have a pre-emption right when new shares are issued, unless specifically provided for in the constitutive documents.</p> <p>SICAF The issue of shares requires an amendment of the constitutive documents.</p> <p>The share price will be determined based on the principles laid down in the constitutive documents.</p> <p>When the SICAF is organised as a SA or SCA, existing shareholders have a pre-emption right when new shares are issued, unless this right was waived by the shareholders' meeting as permitted in the constitutive documents.</p> | <p>SICAV The issue of shares does not require an amendment of the constitutive documents.</p> <p>The share price will be determined by dividing the NAV by the number of shares outstanding.</p> <p>Existing shareholders do not have a pre-emption right when new shares are issued, unless specifically provided for in the constitutive documents.</p> <p>SICAF The issue of shares requires an amendment of the constitutive documents.</p> <p>The share price will be determined based on the principles laid down in the constitutive documents.</p> <p>When the SICAF is organised as a SA or SCA, existing shareholders have a pre-emption right when new shares are issued, unless this right was waived by the shareholders' meeting as permitted in the constitutive documents.</p> | <p>SICAV The issue of shares does not require an amendment of the constitutive documents.</p> <p>The share price will be determined based on the principles laid down in the constitutive documents.</p> <p>Existing shareholders do not have a pre-emption right when new shares are issued, unless specifically provided for in the constitutive documents.</p> <p>SICAF The issue of shares requires an amendment of the constitutive documents.</p> <p>The share price will be determined based on the principles laid down in the constitutive documents.</p> <p>When the SICAF is organised as a SA or SCA, existing shareholders have a pre-emption right when new shares are issued, unless this right was waived by the shareholders' meeting as permitted in the constitutive documents.</p> | <p>The issue of new shares will be conducted as provided for in the constitutive documents.</p> <p>The existing shareholders will have a pre-emption right if specifically provided for in the constitutive documents.</p> |

Distribution of dividends

| | | | |
|---|--|--|--|
| <p>The distribution of dividends must be foreseen in the prospectus of the fund.</p> <p>For SICAV and FCP, distributions (interim or final) can be made irrespective of the realised results within the period, to the extent the minimum share capital is maintained (€1,250,000).</p> <p>For SICAF, final dividend distributions may not result in a decrease in assets to an amount less than one-and-a-half times the fund's total liabilities to its creditors. Interim dividend distributions may be subject to statutory requirements of the Commercial Law.</p> | <p>The distribution of dividends must be foreseen in the prospectus of the fund.</p> <p>For SICAV and FCP, distributions (interim or final) can be made irrespective of the realised results within the period, to the extent the minimum share capital is maintained (€1,250,000).</p> <p>When the SICAF is organised as a SA or SCA, final dividend distributions are subject to restrictions as per Article 461-4 of the Commercial Law. For SA, SCA and Sàrl, interim dividend distributions may be subject to statutory requirements of the Commercial Law.</p> | <p>The distribution of dividends must be foreseen in the prospectus of the fund.</p> <p>For SICAV and FCP, distributions (interim or final) can be made irrespective of the realised results within the period, to the extent the minimum share capital is maintained (€1,250,000).</p> <p>When the SICAF is organised as a SA or SCA, final dividend distributions are subject to restrictions as per Article 461-4 of the Commercial Law. For SA, SCA and Sàrl, interim dividend distributions may be subject to statutory requirements of the Commercial Law.</p> | <p>The distribution of dividends must be foreseen in the prospectus/article of incorporation of the SICAR.</p> <p>Dividend distributions, interim and final, are not subject to specific regulatory restrictions, except for compliance with minimum capital requirements and other restrictions stated in the constitutive documents.</p> |
|---|--|--|--|

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|---|--|
| <p>SICAV The issue of shares does not require an amendment of the constitutive documents.</p> <p>The share price will be determined based on the principles laid down in the constitutive documents.</p> <p>Existing shareholders do not have a pre-emption right when new shares are issued, unless specifically provided for in the constitutive documents.</p> <p>SICAF The issue of shares requires an amendment of the constitutive documents.</p> <p>The share price will be determined based on the principles laid down in the constitutive documents.</p> <p>When the SICAF is organised as a SA or SCA, existing shareholders have a pre-emption right when new shares are issued, unless this right was waived by the shareholders' meeting as permitted in the constitutive documents.</p> | <p>Transferability rules and the rights of the partners are as foreseen in the LPA.</p> | <p>Transferability rules and the rights of the partners are as foreseen in the LPA.</p> |
| <p>Distribution of dividends</p> <p>The distribution of dividends must be foreseen in the prospectus of the fund.</p> <p>For SICAV and FCP, distributions (interim or final) can be made irrespective of the realised results within the period, to the extent the minimum share capital is maintained (€1,250,000).</p> <p>When the SICAF is organised as a SA or SCA, final dividend distributions are subject to restrictions as per Article 461-4 of the Commercial Law. For SA, SCA and Sàrl, interim dividend distributions may be subject to statutory requirements of the Commercial Law.</p> | <p>The distribution is freely set out in the LPA. If not covered in the LPA, each partner participates in the profits and losses in proportion of its partnership interest.</p> <p>There are no statutory restrictions on distributions to partners, whether in the form of distribution of profit or reimbursement of partnership interests.</p> <p>Distribution may be subject to claw back by the partnership and can be freely foreseen in the LPA.</p> <p>Distribution of dividends or reimbursement of capital cannot be recalled unless foreseen in the LPA.</p> | <p>The distribution is freely set out in the LPA. If not covered in the LPA, each partner participates in the profits and losses in proportion of its partnership interest.</p> <p>There are no statutory restrictions on distributions to partners, whether in the form of distribution of profit or reimbursement of partnership interests.</p> <p>Distribution may be subject to claw back by the partnership and can be freely foreseen in the LPA.</p> <p>Distribution of dividend or reimbursement of capital cannot be recalled unless foreseen in the LPA.</p> |

Reporting requirements

| Regulated Investment Vehicles | | | |
|--|---|---|--|
| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
| Prospectus directive as transposed into the Luxembourg law | | | |
| <p>Closed-ended Part I funds may not be closed-ended.</p> <p>Open-ended Part I funds make a public offer on the basis of their prospectus prepared in accordance with the requirements of the Fund law.</p> <p>The prospectus must be updated on an ongoing basis.</p> | <p>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 except if the offer falls under any exemption of the Prospectus Directive. In that case, a prospectus must be prepared in accordance with the Fund law. 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.</p> <p>Open-ended Part II funds may make a public offer on the basis of their prospectus prepared in accordance with the requirements of the Fund law. 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.</p> <p>The prospectus must be updated on an ongoing basis.</p> | <p>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 except if the offer falls under any exemption of the Prospectus Directive. In that case, either a prospectus or an offering document must be prepared in accordance with the SIF law. 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.</p> <p>Open-ended A SIF may make an offer to well-informed investors on the basis of their prospectus/offering document being prepared in accordance with the requirements of the SIF law. 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.</p> <p>The prospectus/offering document must be updated on an ongoing basis.</p> | <p>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 except 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.</p> <p>Open-ended A SICAR that makes an offer under an exemption of the Prospectus Directive must prepare a prospectus compliant with the SICAR law. 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.</p> <p>The prospectus must be updated each time new securities are issued.</p> |
| PRIIP (Packaged Retail and Insurance-based Investments Products) | | | |
| Exemption at least until December 31, 2021. | Required if the fund is offered to retail investors. | Required if the SIF's well-informed investor is classified as retail investor. | Required if the SICAR's well-informed investor is classified as retail investor. |
| Key Investor Information Document (KIID) | | | |
| Required at least until December 31, 2021 | Not required. | Not required. | Not required. |
| NAV computation frequency | | | |
| NAV must be computed on each day there are subscriptions or redemptions with a minimum of twice a month. | NAV must be computed on each day there are subscriptions or redemptions with a minimum of once a month. | NAV is computed on the frequency set in the constitutive documents or management regulations with a minimum of once a year. | NAV is computed on the frequency set in the constitutive documents or management regulations, which must be done at least once a year. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|---|--|
| Prospectus directive as transposed into the Luxembourg law | | |
| <p>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 except if the offer falls under any exemption of the Prospectus Directive. In that case, either a prospectus or an offering document must be prepared in accordance with the RAIF law. 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.</p> <p>Open-ended A RAIF may make an offer to well-informed investors on the basis of their prospectus/offering document being prepared in accordance with the requirements of the RAIF law. 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. The prospectus/offering document must be updated on an ongoing basis.</p> | <p>Unless listed which is not practically due to transferability, the SCS is established by way of partnership agreement.</p> | <p>Unless listed which is not practically due to transferability, the SCSp is established by way of partnership agreement.</p> |
| PRIIP (Packaged Retail and Insurance-based Investments Products) | | |
| <p>Required if the RAIF’s well-informed investor is classified as retail investor.</p> | <p>Required if the SCS’ investor is classified as retail investor.</p> | <p>Required if the SCSp’s investor is classified as retail investor.</p> |
| Key Investor Information Document (KIID) | | |
| <p>Not required.</p> | <p>Not required.</p> | <p>Not required.</p> |
| NAV computation frequency | | |
| <p>NAV is computed on the frequency set in the constitutive documents or management regulations with a minimum of once a year.</p> | <p>NAV is computed on the frequency set in the LPA, which must be done at least once a year.</p> | <p>NAV is computed on the frequency set in the LPA, which must be done at least once a year.</p> |

Reporting requirements

| Regulated Investment Vehicles | | | |
|--|---|---|---|
| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
| Valuation principles | | | |
| Valuation of assets is made on the basis of the realisable value estimated in good faith. | 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 must be valued at fair value, which is determined in compliance with the rules detailed in constitutive documents or management regulations. | Assets are to be valued at fair value to be determined in compliance with the rules detailed in the constitutive documents. |
| Financial reports | | | |
| Audited annual report is required within 4 months of the year-end. Semi-annual report is 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 is due within 3 months of the 6 month period-end. If a closed-ended fund is listed on an EU regulated market the deadlines may be shorter (if listed on LuxSE, an audited annual report is required within 4 months of the year-end and a 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. If a closed-ended fund is listed on an EU regulated market the deadlines may be shorter (if listed on LuxSE, an audited annual report is required within 4 months of the year-end and a 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. If the entity is listed on an EU-regulated market the requirements may be different. If listed on LuxSE, an audited annual report is required within four months of the year-end and a semi-annual report is due within three months of the six-month-period end. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|---|---|--|
| Valuation principles | | |
| Assets are to be valued at fair value unless provided for differently in the constitutive documents or management regulations. | Assets must be valued as provided in for in the LPA or management regulations and as per the applicable accounting standards, i.e. fair value or historic cost. | Assets must be valued as provided in for in the LPA or management regulations and as per the applicable accounting standards, i.e. fair value or historic cost. |
| Financial reports | | |
| <p>Audited annual report is required within 6 months of the year-end.</p> <p>No semi-annual report is required.</p> <p>If a closed-ended fund is listed on an EU regulated market the requirements may be different (if listed on LuxSE, an audited annual report is required within 4 months of the year-end and a semi-annual report is due within 3 months of the 6 month period-end).</p> | <p>SCS (AIF) must prepare annual accounts within six months of the year end. Audited annual report is required within 6 months of the year-end.</p> <p>No semi-annual report is required.</p> | <p>SCSp (AIF) must prepare annual accounts within six months of the year end. Audited annual report is required within 6 months of the year-end.</p> <p>No semi-annual report is required.</p> |

Reporting requirements

| Regulated Investment Vehicles | | | |
|---|--|--|---|
| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
| Generally accepted accounting principles | | | |
| <p>Irrespective of the methodology used for the calculation of the NAV, the reports may be prepared as follows:</p> <p>Annual report - Lux GAAP, i.e. provisions of the law of 19 December 2002 (as subsequently amended) except for:</p> <ul style="list-style-type: none"> • The content and layout of the annual report. • The valuation of assets which is ruled by articles 9§3, 28§4, 39 of the Fund law. <p>Or: - IFRS</p> <p>Semi-annual report - Lux GAAP, i.e. provisions of the law of 19 December 2002 (as subsequently amended) except for:</p> <ul style="list-style-type: none"> • The content and layout of the annual report. • The valuation of assets which is ruled by articles 9§3, 28§4, 39 of the Fund law. <p>Or: - IFRS</p> <p>Consolidated accounts IFRS is mandatory if the company is listed in accordance with EU regulation 1606/2002.</p> | <p>Irrespective of the methodology used for the calculation of the NAV, the reports may be prepared as follows:</p> <p>Annual report - Lux GAAP, i.e. provisions of the law of 19 December 2002 (as subsequently amended) except for:</p> <ul style="list-style-type: none"> • The content and layout of the annual report. • The valuation of assets which is ruled by articles 88-4, 90, 95, 99§5 of the Fund law. <p>Or: - IFRS</p> <p>In addition, the AIFM law requires specific disclosure to be included in the annual report.</p> <p>Semi-annual report - Lux GAAP, i.e. provisions of the law of 19 December 2002 (as subsequently amended) except for:</p> <ul style="list-style-type: none"> • The content and layout of the annual report. • The valuation of assets which is ruled by articles 88-4, 90, 95, 99§5 of the Fund law. <p>Or: - IFRS</p> <p>Consolidated accounts IFRS is mandatory if the company is listed in accordance with EU regulation 1606/2002.</p> | <p>Irrespective of the methodology used for the calculation of the NAV, the reports may be prepared as follows:</p> <p>Annual report - Lux GAAP, i.e. provisions of the law of 19 December 2002 (as subsequently amended) except for:</p> <ul style="list-style-type: none"> • The content and layout of the annual report. • The valuation of assets which is ruled by articles 9, 28§4, 40§1, 82 of the SIF law. <p>Or: - IFRS</p> <p>In addition, the AIFM law requires specific disclosure to be included in the annual report.</p> <p>Semi-annual report Not required.</p> <p>Consolidated accounts IFRS is mandatory if the company is listed in accordance with EU regulation 1606/2002.</p> | <p>Irrespective of the methodology used for the calculation of the NAV, the reports may be prepared as follows:</p> <p>Annual report - Lux GAAP, i.e. provisions of the law of 19 December 2002 (as subsequently amended) except for the valuation of assets which is ruled by article 49 of the SICAR law.</p> <p>Or: - IFRS</p> <p>In addition, the AIFM law requires specific disclosure to be included in the annual report.</p> <p>Semi-annual report Not required.</p> <p>Consolidated accounts IFRS is mandatory if the company is listed in accordance with EU regulation 1606/2002.</p> |
| Other reports | | | |
| A long-form report is to be issued by the auditor with the annual report in accordance with CSSF Circular 02/81. | A long-form report to be issued by the auditor with the annual report in accordance with CSSF Circular 02/81. | None. | None. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|--|---|
| <p>Generally accepted accounting principles</p> | | |
| <p>Irrespective of the methodology used for the calculation of the NAV, the reports may be prepared as follows:</p> <p>Annual report In order to clarify this requirement for RAIFs, it is necessary to distinguish three categories of RAIFs, namely:</p> <ul style="list-style-type: none"> (i) RAIF (other than those referred to in Article 48 (1) of the RAIF Law) which has to present the balance sheet and profit and loss accounts under Lux GAAP based on the format prescribed in the Annex of the RAIF Law. (ii) RAIF – Risk Capital» (referred to in Article 48 (1) of the RAIF Law) which has the option to prepare the balance sheet and profit and loss accounts under Lux GAAP based on the format prescribed in that Annex of the RAIF Law or as per the format in the commercial Law 2002 (Articles 34, 35, 46 and 47). (iii) «RAIF – IFRS EU regime» (exercising the option provided for in Article 72bis L20022) which will prepare its annual accounts in accordance with IFRS as adopted by the EU. <p>It must be noted that with respect to RAIFs, a separate annual report may be established for each compartment provided that each annual report contains also the combined data of all the compartments.</p> <p>In addition, the AIFM law requires specific disclosure to be included in the annual report.</p> <p>Semi-annual report Not required.</p> <p>Consolidated accounts IFRS is mandatory if the company is listed in accordance with EU regulation 1606/2002.</p> | <p>Irrespective of the methodology used for the calculation of the NAV, the reports may be prepared as follows:</p> <p>Annual report SCS (AIF) are required to apply accounting principles recognized as per article 20 of the AIFM Law. ie Lux GAAP, IFRS. It should also be noted that the preparation of the financial statements and the choice of the accounting standard is the responsibility of the management of the fund and the AIFM.</p> <p>Semi-annual report Not required.</p> | <p>Irrespective of the methodology used for the calculation of the NAV, the reports may be prepared as follows:</p> <p>Annual report SCSp (AIF) are required to apply accounting principles recognized as per article 20 of the AIFM Law. ie Lux GAAP, IFRS. It should also be noted that the preparation of the financial statements and the choice of the accounting standard is the responsibility of the management of the fund and the AIFM.</p> <p>Semi-annual report Not required.</p> |
| <p>Other reports</p> <p>None.</p> | <p>None.</p> | <p>None.</p> |

Reporting requirements

| Regulated Investment Vehicles | | | |
|---|--|--|---|
| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
| Consolidation | | | |
| No exemption granted – normally not required due to diversification requirements. | The law contains an exemption to prepare consolidated accounts for the UCI and its subsidiaries owned for investment purposes. | The law contains an exemption to prepare consolidated accounts for the SIF and its subsidiaries owned for investment purposes. | The law contains an exemption for the SICAR to prepare consolidated accounts. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|---|---|
| <p>Consolidation</p> <p>The law contains an exemption for the RAIF and its subsidiaries to prepare consolidated accounts.</p> | <p>Consolidation requirements as per Company Law are applicable, except if any exemption can be used.</p> | <p>An SCSp does not have a separate legal personality. On that basis, the general interpretation is that the SCSp is out of the scope of Directive 2013/34/EU and related national transpositions. Furthermore article 77 of the RCS Law only refers to common limited partnerships (SCS) and does not include an explicit reference to special limited partnerships (SCSp). Consequently no consolidation obligations pertain for SCSp under Luxembourg legal and regulatory requirements.</p> |

Approval and supervision

| Regulated Investment Vehicles | | | |
|---|---|--|---|
| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
| Promoter requirement | | | |
| No for SIAGs, FCPs and SICAVs with a Luxembourg UCITS management company. Yes for FCPs and SICAVs with a management company established in another EU Member State. | Yes for self-managed SICAVs and for FCPs and SICAVs with a management company established under Chapter 16 of the Fund law. | No. | No. |
| Supervision by CSSF | | | |
| Yes. | Yes. | Yes. | Yes. |
| Regular reporting to CSSF | | | |
| Yes. Monthly with due date the 10 th of the next month. Annually with due date 4 months after year-end. Details on reporting contained in CSSF Circular 97/136 as modified by CSSF Circular 08/348 and CSSF Circular 15/627. Semi-annual UCITS risk reporting applicable to Part I funds. Details for the first reporting were provided in a circular letter dated 22 April 2016. Each reporting will be accompanied by a circular letter to the industry. | Yes. Monthly with due date the 10 th of the next month. Annually with due date 6 months after year-end. Details on reporting contained in CSSF Circular 97/136 as modified by CSSF Circular 08/348 and CSSF Circular 15/627. Internally-managed SICAV/SICAF (authorised AIFM): details on reporting contained in article 22 of the AIFM law. | Yes. Monthly with due date the 10 th of the next month based on the latest available NAV (when NAV is not calculated monthly). Annually with due date 6 months after year-end. Details on reporting contained in CSSF Circular 07/310 as modified by CSSF Circular 08/348 and CSSF Circular 15/627. Internally-managed SICAV/SICAF (authorised AIFM): details on reporting contained in article 22 of the AIFM law. | Yes. Twice a year, on 30 June and 31 December with due date 45 calendar days subsequent to the reference date of the report. Annually with due date 6 months after year-end. Details on reporting contained in CSSF circular 08/376 and CSSF Circular 15/627. Internally-managed company (authorised AIFM): details on reporting contained in article 22 of the AIFM law. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|--|--|
| Promoter requirement | | |
| No. | No. | No. |
| Supervision by CSSF | | |
| Yes via its AIFM. | Yes via its AIFM. | Yes via its AIFM. |
| Regular reporting to CSSF | | |
| No reporting to the CSSF by the RAIF but via its AIFM. | No reporting to the CSSF by the entity but via its AIFM. Internally-managed company (authorised AIFM): details on reporting contained in article 22 of the AIFM law. | No reporting to the CSSF by the entity but via its AIFM. Internally-managed company (authorised AIFM): details on reporting contained in article 22 of the AIFM law. |

Approval and supervision

Regulated Investment Vehicles

| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
|--|---|---|--|
| Approval process | | | |
| <p>Creation of a fund is subject to the CSSF's prior approval of:</p> <ul style="list-style-type: none"> • Constitutive documents or management regulations, prospectus, draft KIIDs and main agreements with service providers. • Directors of the fund and/or of the management company. • Choice of depositary, auditor and asset manager. • Promoter's experience and financial soundness (if applicable). • Confirmation of supervision by regulatory authority of promoter (if applicable) and asset manager. | <p>Creation of a fund is subject to the CSSF's prior approval of:</p> <ul style="list-style-type: none"> • Constitutive documents, or management regulations, prospectus and main agreements with service providers. • Directors of the fund and/or of the management company. • Choice of depositary, auditor and AIFM. • Promoter's experience and financial soundness (if applicable). • Confirmation of supervision by regulatory authority of promoter (if applicable). | <p>Creation of a fund is subject to the CSSF's prior approval of:</p> <ul style="list-style-type: none"> • Constitutive documents or management regulations, offering document or prospectus and main agreements with service providers. • Directors of the fund and/or of the management company. • Choice of depositary, auditor and AIFM. | <p>Formation of a SICAR is not subject to approval of the CSSF.</p> <p>An authorisation file must be submitted to the CSSF within the month following the formation of the SICAR. The authorisation will be granted subject to:</p> <ul style="list-style-type: none"> • Approval of the constitutive documents, prospectus and main agreements with service providers. • Notification of the directors of the SICAR. • Approval of the choice of depositary, auditor and AIFM. |
| Process for cross-border distribution in Europe | | | |
| <p>Regulator-to-regulator for initial notification.</p> <p>Fund management company to regulator for notification of subsequent changes.</p> | <p>Professional investors: regulator-to-regulator for initial notification and subsequent changes.</p> <p>Retail investors: national marketing rules apply.</p> <p>Marketing may also be performed by a non-EU AIFM based on national marketing rules.</p> | <p>Professional investors: regulator-to-regulator for initial notification and subsequent changes.</p> <p>Other types of well-informed investors: national marketing rules apply.</p> <p>Marketing may also be performed by a non-EU AIFM based on national marketing rules.</p> | <p>Professional investors: regulator-to-regulator for initial notification and subsequent changes.</p> <p>Other types of well-informed investors: national marketing rules apply.</p> <p>Marketing may also be performed by a non-EU AIFM based on national marketing rules.</p> |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS (AIF) | SCSp (AIF) |
|--|--|--|
| Approval process | | |
| <p>The creation, launch, documentation, activities and termination of the RAIF are not subject to the approval of, or any supervision by, the CSSF.</p> <p>The RAIF must be managed by an authorised AIFM.</p> | <p>The creation, launch, documentation, activities and termination of the SCS are not subject to the approval of, or any supervision by, the CSSF.</p> <p>The SCS must be managed by an AIFM, if it qualifies as AIF.</p> | <p>The creation, launch, documentation, activities and termination of the SCSp are not subject to the approval of, or any supervision by, the CSSF.</p> <p>The SCSp must be managed by an AIFM, if it qualifies as AIF.</p> |
| Process for cross-border distribution in Europe | | |
| <p>Professional investors: regulator-to-regulator for initial notification and subsequent changes.</p> <p>Other types of well-informed investors: national marketing rules apply.</p> <p>Marketing may also be performed by a non-EU AIFM based on national marketing rules.</p> | <p>Professional investors: regulator-to-regulator for initial notification and subsequent changes.</p> <p>Other types of well-informed investors: national marketing rules apply.</p> <p>Marketing may also be performed by a non-EU AIFM based on national marketing rules.</p> | <p>Professional investors: regulator-to-regulator for initial notification and subsequent changes.</p> <p>Other types of well-informed investors: national marketing rules apply.</p> <p>Marketing may also be performed by a non-EU AIFM based on national marketing rules.</p> |

| Regulated Investment Vehicles | | | |
|---|---|---|--|
| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
| Income tax | | | |
| Tax exempt. | Tax exempt. | Tax exempt. | <p>Tax exemption for income and capital gain derived from transferable securities connected with investments in risk bearing capital.</p> <p>Tax exemption for one year for income on cash held for the purpose of a future investment.</p> <p>The remaining income is subject to the ordinary income tax of 24.94 % (Municipal Business Tax + Corporate Income Tax - Luxembourg city 2019).</p> |
| 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. |
| Subscription tax | | | |
| <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • 0.01% 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. | No subscription tax. |
| Net wealth tax | | | |
| Tax exempt. | Tax exempt. | Tax exempt. | Only subject to minimum net wealth tax. |
| 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. |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS with authorised AIFM | SCSp with authorised AIFM |
|--|---|---|
| Income tax | | |
| <p>If the RAIF does not invest in a portfolio of risk capital (such as a SICAR): tax exemption on income tax.</p> <p>If the RAIF invests in a portfolio of risk capital (such as a SICAR):</p> <ul style="list-style-type: none"> • 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 24.94 % (Municipal Business Tax + Corporate Income Tax - Luxembourg city 2019). | <p>Fiscally transparent for corporate income and net wealth tax purposes.</p> <p>Partnerships which qualify as AIFs according to the AIFMD are not subject to Luxembourg municipal business tax as they are not considered as carrying out a commercial activity.</p> | <p>Fiscally transparent for corporate income and net wealth tax purposes.</p> <p>Partnerships which qualify as AIFs according to the AIFMD are not subject to Luxembourg municipal business tax as they are not considered as carrying out a commercial activity.</p> |
| Withholding tax on dividends and capital gains | | |
| Not subject to withholding tax. | Not subject to withholding tax. | Not subject to withholding tax. |
| Subscription tax | | |
| <p>If the RAIF does not invest in a portfolio of risk capital (such as a SICAR):</p> <ul style="list-style-type: none"> • 0.01 % of NAV annually. • Tax exemption possible for certain money market, microfinance funds and pension funds or RAIFs investing in other funds already subject to subscription tax. <p>If the RAIF invests in a portfolio of risk capital (such as a SICAR): no subscription tax.</p> | No subscription tax. | No subscription tax. |
| Net wealth tax | | |
| Only subject to minimum net wealth tax if the RAIF does invest in a portfolio of risk capital (such as a SICAR). | Not subject to net wealth tax as considered to be fiscally transparent. | Not subject to net wealth tax as considered to be fiscally transparent. |
| 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. |

Regulated Investment Vehicles

| UCITS ("Part I Fund") | Part II Fund with authorised AIFM | SIF with authorised AIFM | SICAR with authorised AIFM |
|---|---|---|--|
| Double Taxation Treaties (DTT) | | | |
| <p>FCP In principle, no access to DTTs. Exceptions apply to a few DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> <p>SICAV/SICAF Access for a large number of DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> | <p>FCP In principle, no access to DTTs. Exceptions apply to a few DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> <p>SICAV/SICAF Access for a large number of DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> | <p>FCP In principle, no access to DTTs. Exceptions apply to a few DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> <p>SICAV/SICAF Access for a large number of DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> | <p>SICAR in the form of a corporate entity (all types except the SCS and SCSp) should benefit from the Luxembourg double tax treaty network.</p> |

Supervised Investment Vehicles

| RAIF only with authorised AIFM | SCS with authorised AIFM | SCSp with authorised AIFM |
|--|--|--|
| Double Taxation Treaties (DTT) | | |
| <p>A 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.</p> <p>The following applies to a RAIF not investing in a portfolio of risk capital (such as a SICAR) and set up as a:</p> <p>FCP In principle, no access to DTTs. Exceptions apply to a few DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> <p>SICAV/SICAF Access for a large number of DTTs, determined based on the Circular Letter L. G. – A. n° 61 dated 8 December 2017.</p> | <p>No access to DTTs signed by Luxembourg.</p> | <p>No access to DTTs signed by Luxembourg.</p> |

Glossary of terms

| | |
|-------------------------------|---|
| ALFI | Association of the Luxembourg Fund Industry) |
| Articles | Articles of incorporation of a company / fund |
| AIF | Alternative Investment Fund: a collective investment undertaking, including investment compartments thereof, which: a) raise capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and b) do not require authorisation pursuant to Article 5 of Directive 2009/65/EC (the UCITS Directive) |
| AIFM | Alternative Investment Fund Manager: legal persons whose regular business is managing one or more AIFs |
| AIFMD | Directive 2011/61/EU of the European Parliament and the council of 8 of June 2011 on alternative investment fund managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 |
| AIFM Law | Law of 12 July 2013 on Alternative Investment Fund Managers, transposing Directive 2011/61/EU |
| Authorised AIFM | Any entities qualifying as an AIFM fall under the authorisation regime and have to be authorised under Chapter 2 of the AIFM Law, unless they can benefit from the registration regime referred to below |
| Closed-ended fund | A fund which is not open to redemptions |
| Commercial Law | The Law dated 10 August 1915 on commercial companies, as amended |
| Constitutive documents | Constitutive documents correspond to the Statuts (Articles of incorporation of a Company for a SA, SCoSA, SCA and Sàrl) or to the Contrat Social (partnership agreement for a SCS and SCSp) |
| CSSF | Commission de Surveillance du Secteur Financier, the Luxembourg financial supervisory authority |
| DTT | Double Taxation Treaties |
| EPM | Efficient Portfolio Management |

| | |
|---------------------------------|---|
| ETF | Exchange-Traded Fund |
| ESMA | European Securities and Markets Authority |
| FCP | Fonds Commun de Placement, an unincorporated co-ownership of assets managed by a management company |
| IFRS | International Financial Reporting Standards |
| IOSCO | International Organisation of Securities Commissions |
| Internally-managed (AIF) | AIFs should be deemed internally managed when the management functions are performed by the governing body or any other internal resource of the AIF |
| KID | Key Investor Information Document: pre-sale document of two pages, written in plain language |
| LuxGAAP | Generally Accepted Accounting Principles applicable to investment funds in Luxembourg |
| MMF | Money Market Fund |
| NAV | Net Asset Value |
| Offer to the public | The meaning of <i>offer to the public</i> within the context of the Prospectus Directive: a communication that is addressed in any form or by any means to individuals and containing sufficient information on the conditions of the offer and on the shares offered, so that the investor is in a position to decide on the purchase or subscription of those shares; this definition also applies to the placement of shares by financial intermediaries |
| Open-ended fund | A fund that is open to redemptions |
| OTC | Over-The-Counter |
| Part I fund | A fund that complies with Part I of the law of 17 December 2010 as amended, also referred to as UCITS (Undertakings for Collective Investment in Transferable Securities) |
| Part II fund | A fund that complies with Part II 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 2003/71/EC (amending Directive 2001/34/EC) on the prospectus to be published when securities are offered to the public or admitted to trading, as transposed into Luxembourg law |
| RAIF law | Law of 23 July 2016 on Reserved 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 3(3) of the AIFM law, i.e. AIFMs whose AIFs' assets under management do not in total exceed the following thresholds: (i) EUR 100 million, including assets acquired through use of leverage; (ii) 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 |
| Réviseur d'entreprises agréé | Approved statutory auditor |
| SA | Société Anonyme (public limited company) |
| Sàrl | Société à Responsabilité Limitée (private limited company) |
| SCA | Société en Commandite par Actions (partnership limited by shares) |
| ScoSA | Société Coopérative organisée comme une Société Anonyme (cooperative company organised as a public limited company) |
| SCS | Société en Commandite Simple (limited partnership) |
| SCSp | Société en Commandite Spéciale (limited partnership without legal personality) |
| SIAG | Investment company which has not designated a management company (i.e. self managed investment company as société d'investissement autogérée) |
| SICAF | Société d'Investissement à Capital Fixe (investment company with fixed capital) |

| | |
|-------------------------------|--|
| SICAR | Société d'Investissement en Capital à Risque (investment company in risk capital), compliant with the law of 15 June 2004 |
| SICAV | Société d'Investissement à Capital Variable (investment company with variable capital) |
| SIF | Specialised investment fund, compliant with the law of 13 February 2007, as amended |
| UCITS | Undertakings for Collective Investments in Transferable Securities |
| Well-informed investor | <p>A well-informed investor must be one of the following:</p> <ul style="list-style-type: none"> • An institutional investor: Undertakings and organisations that manage a significant number of funds and assets. This concept covers inter alia credit institutions and other financial sector professionals, insurance and re-insurance undertakings, welfare institutions and pension funds, industrial and financial groups and structures put in place by these entities to manage an important amount of funds and assets. • A professional investor: Any professional investor within the meaning of Annex II to Directive 2004/39/EC on markets in financial instruments • An investor who has adhered in writing to the status of well-informed investor and complies with one of the following conditions: <ul style="list-style-type: none"> - invests at least €125,000 in the fund/company - has expertise that has been confirmed by a banking institution as defined in Directive 2006/48/EC, by an investment firm as defined in Directive 2004/39/EC or by a management company as defined in Directive 2009/65/EC |

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Contact

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

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