

ALLEN & OVERY

The RAIF

Reserved Alternative
Investment Fund

The RAIF

This stands for Luxembourg Revolution in the Alternative Investment Fund landscape

On 14 July 2016, the Luxembourg Parliament approved bill of law n°6929 introducing a new type of Luxembourg investment fund: the reserved alternative investment fund (**RAIF** - or *fonds d'investissement alternatif réservé*, FIAR). The full enactment process is expected to be completed before month end.

The act on RAIFs (the **RAIF Act**) will come into force three days following its publication in the *Mémorial*, the Luxembourg official gazette, which should occur before the end of this month.

The RAIF regime, which to a large extent replicates the regime applicable to the specialised investment fund (**SIF**), does not entail supervision by the Luxembourg supervisory authority, the *Commission de surveillance du secteur financier* (**CSSF**), and is reserved for the structuring of alternative investment funds (**AIFs**) that appoint a duly authorised alternative investment fund manager (**AIFM**).

The RAIF is a game-changer for the Luxembourg AIF landscape as, for the first time, certain structuring features such as segregated compartments are available to Luxembourg non-regulated funds.

Introduction

Historically, the Luxembourg fund regulation has been structured – based on the model of the initial UCITS Directive – around the supervision of funds (“product regulation”). Over time, Luxembourg has developed a whole range of regulated investment funds, ie:

UCITS

which are subject to part I of the act of 17 December 2010 on undertakings for collective investment, as amended (the 2010 Act), and comply with the UCITS Directive;

Part II UCIs

which are subject to part II of the 2010 Act, ie, non-UCITS retail funds;

SIFs

which are subject to the act of 13 February 2007 on specialised investment funds, as amended, and are reserved for well-informed investors; and

SICARs

(*sociétés d'investissement en capital à risque*), which are subject to the act of 15 June 2004 on the SICAR, as amended, focusing on risk capital investments.

All these funds are subject to the ongoing supervision of the CSSF. This range of Luxembourg funds has proven very successful and has, over the years, earned wide recognition from investors and the global asset management community.

However, the adoption of the Alternative Investment Fund Managers Directive (AIFMD)¹ has created a shift in European regulatory focus. The AIFMD is a management regulation which aims at ensuring adequate supervision (and regulation) of fund managers (AIFMs), rather than the funds themselves. The AIFMD marketing passport is available to all funds which are managed by an authorised AIFM², irrespective of whether the funds are supervised or not.

In Luxembourg, the management supervision introduced by the AIFMD has come as an additional layer of supervision on top of the existing Luxembourg product supervision.

In certain circumstances, the double layer of supervision may seem excessive, in particular for funds targeting sophisticated investors. The risk of Luxembourg appearing as an overly protective fund domicile has been identified in the early days of the implementation of the AIFMD. In order to mitigate that risk, the Luxembourg limited partnership (LP) regime has been modernised in the context of the implementation of the AIFMD. This modernisation process involved a complete revamping of the rules applicable to the common limited partnership (*société en commandite simple*, SCS) and the creation of a new form of LP without legal personality: the special limited partnership (*société en commandite spéciale*, SCSp). SCs and SCsps are used for the structuring of regulated (SIFs and SICARs) as well as unregulated investment vehicles.

The fact that an SCS/SCSp may avoid product regulation/supervision does not necessarily mean that it falls outside the supervision of regulators. Unless it benefits from an AIFMD exemption, an unregulated SCS/SCSp that is an AIF must be managed by an authorised AIFM, and is therefore indirectly subject to regulatory oversight through its AIFM.

¹ Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers.

² Even if, for the time being, the marketing passport is only available to EEA AIFs managed by an EEA authorised AIFM.

The new Luxembourg LP regime is extremely successful. Hundreds of unregulated SCSs/SCSpS have been launched under the new regime. However, as outlined below, unregulated SCSs/SCSpS may not be the most suitable vehicles in all circumstances:



First

SCSs/SCSpS are tax transparent (provided they can be regarded as AIFs or meet certain conditions that have been clarified by the Luxembourg tax authorities) and a tax opaque vehicle (with access to double taxation treaties) may be more appropriate in certain circumstances.



Second

Unregulated SCSs/SCSpS cannot avail of the umbrella structure and cannot create segregated portfolios of assets and liabilities (compartments or sub-funds).



Third

LPs are typically used in Anglo-American jurisdictions for the establishment of closed-ended funds investing in illiquid assets. Certain investors may therefore feel uncomfortable at the idea of investing in a fund that invests in liquid assets and is structured as a Luxembourg LP (SCS or SCSp).

The RAIF Act provides other structuring solutions to managers setting up AIFs that want to avoid the double layer of regulation. The RAIF is reserved for the structuring of funds that appoint a duly authorised AIFM, irrespective of whether such AIFM is established in Luxembourg or in any other EU Member State. The RAIF is subject to a regime similar to that applicable to SIFs, except that it is not subject to the supervision of the CSSF.

The RAIF initiative synchronises the Luxembourg fund regime with the new regulatory focus, which has moved from “product supervision” to “management supervision”. With the adoption of the RAIF, all AIFs which are subject to management supervision through their authorised AIFM have the option to establish themselves as regulated products (Part II UCIs, SIFs or SICARs) or as unregulated products (unregulated SCSs/SCSpS or RAIFs).

The adoption of the RAIF regime further improves the attractiveness of Luxembourg as a domicile for the establishment of AIFs by further extending the range of vehicles available.

The purpose of this brochure is to highlight the key features of the RAIF (see under section 1. below). One of the key strengths of Luxembourg as a fund domicile is the wide range of fund vehicles available. However, the Luxembourg fund regulation now contains an impressive list of acronyms and it is not always easy to understand the differences and interactions between these abbreviations. This is made even more complicated by the fact that the various fund regimes and relevant abbreviations are sometimes translated into English and sometimes used in French. We have therefore set out under section 2. a summary table of the various Luxembourg fund regimes available, as well as a list of key abbreviations in English and French.

1. Key features of the RAIF

1.1 NO CSSF SUPERVISION

RAIFs are not subject to any kind of supervision or oversight by the CSSF, or any other Luxembourg supervisory authority.

It is therefore possible to launch a RAIF without the need to obtain any prior (or ex-post) regulatory approval. This is, however, without prejudice to any requirements which may apply to the AIFM under the AIFM Directive.

In particular, the AIFM appointed by the RAIF must:

- be authorised to act as AIFM of funds pursuing the relevant investment strategy (the authorisation of Luxembourg AIFMs may be limited to certain strategies only, eg, hedge fund or private equity strategies); and
- if the AIFM is established in another EU Member State (or another eligible country), have passported its management services in Luxembourg.

If it is intended to make use of the AIFMD marketing passport, the constitutive and issue documents of a RAIF must be filed with the relevant supervisory authority (ie, in case of a RAIF with a Luxembourg AIFM, the CSSF). If the AIFM is based in Luxembourg, this does not entail a review of the fund documents by the CSSF – although the CSSF could refuse passporting an AIF if the documents submitted by the AIFM to the CSSF in the context of its authorisation as an AIFM do not allow the management of a fund of the type of the relevant AIF.

For the avoidance of doubt, no regulatory approvals are required in relation to any of the steps to be performed during the life of a RAIF (eg, amendments to fund documents, launching of new sub-funds, changes of service providers and liquidation).

1.2 APPOINTMENT OF A DULY AUTHORISED AIFM

The RAIF regime is strictly reserved for AIFs that appoint a duly authorised AIFM (in Luxembourg or in any other EU Member State) as their external AIFM and are therefore subject to the full AIFMD requirements.

The RAIF regime is therefore not available to:

- funds that benefit from an exemption from the AIFMD, including for instance, AIFs benefitting from the AIFMD *de minimis* exemption; or
- internally managed AIFs.

In case of withdrawal of the external AIFM (whether at its own initiative or at the initiative of the RAIF), a replacement external AIFM must be appointed within a maximum period of two months. If a replacement external AIFM is not appointed within this period, the directors,

manager(s) or management company of the RAIF must, within one month of the expiration of such two-month period, ask the District Court (*Tribunal d'arrondissement*) to put the RAIF into liquidation.

The RAIF Act, however, provides for one exemption from the obligation for RAIFs to appoint an external AIFM, that is, funds which are exempted under article 2.3(c) or (d) of the AIFMD:

- funds which (i) are managed by an eligible supranational or international institution (including the ECB, the EIB, the EIF, European Development Finance Institutions and bilateral development banks) and (ii) act in the public interest; and
- funds which are managed by a national central bank.

1.3 LARGE RANGE OF CORPORATE AND CONTRACTUAL STRUCTURES AVAILABLE

A RAIF may be established as:

- a common fund (*fonds commun de placement*, **FCP**); or as
- an investment company with variable capital (*société d'investissement à capital variable*, **SICAV**) in the form of:
 - a public limited liability company (*société anonyme*, SA);
 - a corporate partnership limited by shares (*société en commandite par actions*, SCA);
 - a private limited liability company (*société à responsabilité limitée*, **Sàrl**); or
 - an SCS or an SCSp; or
- under any other legal form, in particular any of the aforementioned company or partnership types, but without the variable capital feature.

RAIFs are referred to as FCP-RAIFs (or FCP-FIAR³) if they are set up under the form of FCPs or as SICAV-RAIFs if they are set up as SICAVs.

An FCP-RAIF must be managed by a Luxembourg management company (**ManCo**). The ManCo must be authorised under either:

- article 125-1 of the 2010 Act, in which case the ManCo must necessarily appoint another entity (in Luxembourg or in any other EU Member State) as AIFM of the FCP-RAIF; or
- article 125-2 of the 2010 Act, in which case the ManCo may either:
 - act as ManCo and AIFM of the FCP-RAIF; or
 - act as ManCo and appoint another entity (in Luxembourg or in any other EU Member State) as AIFM of the FCP-RAIF.

1.4 UMBRELLA STRUCTURE AVAILABLE

RAIFs may avail of the umbrella structure, enabling them to launch from time to time ring-fenced sub-funds (also referred to as compartments), each sub-fund corresponding to a distinct part of the assets and liabilities of the RAIF.

Each sub-fund can display specific features set out in the RAIF's issue document. In particular:

- each sub-fund can have its own investment policy;
- the rules governing the issue and redemption of securities/interests can be tailored to each specific sub-fund. For instance, it is possible to combine within the same umbrella:
 - open-ended and closed-ended sub-funds; and/or
 - fully funded sub-funds and sub-funds with a drawdown capital structure; and/or
 - (for RAIFs structured as an SCS/SCSp) sub-funds issuing securitised partnership interests and sub-funds using partnership accounts;
- the rules governing the terms of each sub-fund may be freely determined in the RAIF's issue document. The liquidation of a sub-fund does not trigger the liquidation of other sub-funds or of the RAIF as a whole (unless there are no other active sub-funds at the time);

– a different investment manager or investment adviser can be appointed for each sub-fund. Similarly, each sub-fund can have its own investment committee or advisory board. However, the managing body (eg, the board of directors for an SA, the general partner for an SCA, SCS/SCSp, or the management company for an FCP), the depositary, the central administration agent, the statutory auditor and the AIFM, must be one and the same at the level of the RAIF as a whole;

- each sub-fund can have its own fee structure and distribution or carried-interest structure; and
- each sub-fund can be reserved for one or several investors or categories of investors.

Cross-investments between sub-funds of the same umbrella RAIF is permitted, subject to certain conditions (which are identical to those applicable to SIFs).

Furthermore, a RAIF (or a sub-fund thereof) may have two or more classes of securities of which assets are invested in common but which are, for instance, subject to different fee structures, distribution policies, marketing targets, hedging policies or denominated in different currencies.

³ The acronym FIAR stands for *fonds d'investissement alternatif réservé*.

1.5 FLEXIBLE CORPORATE RULES

SICAV-RAIFs established as an SA, an SCA or an Sàrl are subject to flexible corporate rules:

- there are no legal constraints on the rules applying to the issue and redemption of shares (including those applying to the issue price) which may be determined freely in the articles of association (subject to the requirement that at least 5% of each share be paid up on issue);
- they are subject to a minimum capital requirement of EUR1,250,000 to be reached within 12 months of their incorporation. The subscribed capital, increased by the amount of share premium, is taken into account for the purposes of this requirement;
- the payment of (interim and annual) dividends is not subject to any legal restriction (other than compliance at all times with the minimum capital requirement); and
- they do not have to create a statutory reserve.

FCP-RAIFs are subject to similar rules:

- there are no legal constraints on the rules applying to the issue and redemption of units (including those applying to the issue price) which may be determined freely in the management regulations; and
- the payment of (interim and annual) dividends is not subject to any legal restriction (other than compliance at all times with the minimum net assets requirement).

RAIFs established as LPs benefit from even more structuring flexibility and in particular have:

- the ability to issue partnership interests in the form of securities or partners' accounts (*comptes d'associés*);
- full liberty to organise the voting rights of partners in the limited partnership agreement (**LPA**);
- full liberty to organise entitlements of partners to the profits and losses of the LP, and distributions to partners, in the LPA;
- full liberty to organise rules governing the transfers of partnership interests in the LPA.

1.6 INVESTORS ELIGIBILITY REQUIREMENTS

Investment into RAIFs is restricted to well-informed investors.

The RAIF Act identifies three categories of well-informed investors:

- institutional investors;
- professional investors; and
- any other investor who:
 - confirms in writing that he/she/it is a well-informed Investor; and
 - either:

i. invests (or commits to invest) a minimum of EUR125,000 in the RAIF; or

ii. obtains a certificate delivered by a credit institution, a MiFID investment firm, a UCITS management company or an AIFM certifying his/her/its expertise, experience and capacity to adequately appraise an investment in the RAIF.

The directors (*dirigeants*) and all other persons involved in the management of a RAIF may invest in the RAIF, even if they do not fall within any of the above categories.

1.7 ATTRACTIVE TAX REGIME

RAIFs are subject to a dual tax regime.

a) General tax regime

RAIFs are, in principle (that is, unless they opt for the special tax referred to under item (b) below), subject to the same tax regime as SIFs. Under this general tax regime, RAIFs are exempt from corporate income or other taxes in Luxembourg, except for a subscription tax (*taxe d'abonnement*) levied on their net assets at a rate of 0.01% p.a. (subject to certain exemptions). This subscription tax also applies to RAIFs established as an SCS or an SCSp (unless they opt for the special tax regime referred to under item (b) below).

Are exempt from this subscription tax under certain conditions:

- (i) the assets invested in other Luxembourg based UCIs, SIFs and RAIFs, provided that they have already been subject to the subscription tax;
- (ii) RAIFs whose sole objective is the collective investment in money market instruments and the placing of deposits with credit institutions;
- (iii) RAIFs investing in pension fund pooling vehicles;
- and (iv) RAIFs investing in microfinance institutions.

b) Optional tax regime for RAIFs investing in risk capital

RAIFs (other than those under the form of an FCP) investing in risk capital are entitled to opt for a special tax regime, which is identical to that applicable to SICARs, and are therefore not subject to the subscription tax.

In a nutshell, RAIFs incorporated under the form of an SA, an SCA or an Sàrl that opt for this special tax regime are fully taxable (which should allow them to access double taxation treaties) but may exempt, from their tax base, all income and capital gains derived from securities (*valeurs mobilières*). Income generated by cash pending investments in risk capital is also exempted, provided this cash is effectively invested in risk capital within a period of 12 months maximum. RAIFs opting for the special tax regime are further

exempt from net wealth tax, except for a minimum net wealth tax that applies to all fully taxable Luxembourg companies since 1 January 2016 (in general, the amount of the minimum net wealth tax would be EUR3,210 p.a. for RAIFs holding mostly fixed financial assets, securities and cash).

RAIFs under the form of an SCS or an SCSp opting for the special tax regime are fully tax transparent and therefore not subject to any Luxembourg direct taxes.

In order to benefit from this optional tax regime, the constitutive documents of a RAIF (ie, its articles of incorporation or LPA) must provide that:

- its exclusive object consists of the investment in risk capital; and that
- it is subject to article 48 of the RAIF Act (which sets out the special tax regime).

The concept of “risk capital” is not further defined in the RAIF Act. However, the government’s comments on the bill of law clarify that reference should be made to the guidelines provided by the CSSF in its circular 06/241 of 5 April 2006 on the concept of risk capital applicable to SICARs.

So far as umbrella RAIFs are concerned, the election for the special tax regime must be made at the level of the RAIF as a whole. In other words, it is not possible to have, within the same umbrella, certain compartments that are subject to the general tax regime and others subject to the special tax regime.

The auditors of a RAIF which has opted for the special tax regime must establish a report at the end of each financial year certifying that the RAIF has effectively invested in risk capital over the relevant period. This report will be communicated to the Luxembourg direct tax administration (*Administration des contributions directes*).

1.8 RISK-SPREADING PRINCIPLE – EXCEPT RISK CAPITAL INVESTMENTS

RAIFs must comply with the risk-spreading principle, unless they invest exclusively in risk capital and have opted for the special tax regime (see section 1.7, (b) above).

The RAIF Act does not provide for any guidelines as to the minimum level of diversification that must be maintained in the portfolio of a RAIF. However, the government's comments on the bill of law indicate that reference could be made to the guidelines provided by the CSSF in its circular 07/309 on risk-spreading in the context of SIFs. As a general rule, that means that a RAIF (or individual sub-funds thereof) should not invest more than 30% of its gross assets (or of the aggregate value of its investors' commitments) in any single asset. This maximum 30% concentration ratio is, however, subject to certain derogations. In particular:

- The 30% restriction is not applicable to investments in securities issued or guaranteed by an OECD Member State or the local authorities within that Member State or by public international bodies having an EU, regional or worldwide scope.

- This restriction is also waived for investments in collective investment schemes that are subject to risk diversification requirements equivalent to those applicable to RAIFs.

- RAIFs (or individual sub-funds thereof) investing in infrastructure assets benefit from a relaxed risk diversification requirement. They are deemed sufficiently diversified if they have at least two investments with no single investment representing more than 75% of their gross assets (or commitments).

Also, on that basis, RAIFs should benefit from an initial ramp-up period (which may last up to four years for RAIFs investing in illiquid assets) to comply with the above minimum risk diversification requirements.

1.9 INCORPORATION/ESTABLISHMENT

The constitutive documents of a RAIF vary depending on its corporate/contractual structure:

- management regulations if the RAIF is established as an FCP-RAIF;
- articles of incorporation if the RAIF is incorporated as an SA, an SCA or an Sàrl; or
- LPA if the RAIF is established as an SCS or SCSp.

Articles of incorporation must be established by notarial deed. By contrast, management regulations and LPAs may be (and typically are) established under private hand. According to the RAIF Act, the incorporation or establishment of a RAIF must be recorded by notarial deed within five business days of its establishment. So far as RAIFs established as an FCP or SCS/SCSp are concerned, that means that a notary must record in a notarial deed (ex-post) that the relevant RAIF has been duly established.

The RAIF's incorporation or establishment must be published in the *Recueil électronique des sociétés et associations*, within 15 business days of their recording by notarial deed, together with an indication of the name of the appointed AIFM.

RAIFs must be registered on an official list held with the Luxembourg trade and companies register within 20 business days of the notarial deed mentioned above. A Grand-Ducal Regulation will provide additional details on this list and the information to be published in the *Recueil électronique des sociétés et associations*.

1.10 ISSUE DOCUMENT

RAIFs must issue an issue document (generally referred to as a “prospectus” or “placement memorandum”). The issue document must include the information necessary for investors to be able to make an informed judgment of the investment proposed to them and, in particular, of the risks attached thereto. The issue document of a RAIF typically includes all disclosure requirements under article 23 of the AIFMD, as they generally constitute “information necessary for investors to be able to make an informed judgment of the investment proposed”. However, the comments accompanying the bill of law expressly provide for the possibility of complying with those disclosure requirements by any other means.

Issue documents of RAIFs must include a prominent statement on their cover page drawing the attention of investors to the fact that the RAIF is not subject to supervision by any Luxembourg regulatory authority. The material elements of the issue document must be up to date at the time of the issue of additional securities to new investors.

Sponsors benefit from wide flexibility on the drafting of the constitutive and issue documents of RAIFs. It can be expected that constitutive documents of umbrella RAIFs will generally remain generic and refer to the issue document for a description of the specific features of each sub-fund (these features could also be set out in the constitutive documents, but then the latter must be amended each time a new sub-fund is launched).

The RAIF Act expressly provides for the possibility of issuing a separate issue document per sub-fund. In that case, each sub-fund’s issue document must make clear that the relevant RAIF is established as an umbrella vehicle which may comprise several sub-funds. This is the confirmation of a practice which is accepted by the CSSF for umbrella SIFs and SICARs.

1.11 ANNUAL REPORTS

RAIFs must issue annual audited reports compliant with the minimum content requirements set out in annex 1 to the RAIF Act and article 22 of the AIFMD.

The RAIF Act expressly provides that umbrella RAIFs may produce separate annual accounts per sub-fund, provided each sub-fund annual account includes, in addition to financial information relating to the relevant sub-fund, aggregated financial information concerning the other sub-funds of the umbrella. This is the confirmation of a practice which is accepted by the CSSF for umbrella SIFs and SICARs.

1.12 SERVICE PROVIDERS

RAIFs must appoint:

- a duly authorised AIFM;
- a depositary (subject to the AIFMD liability regime); and
- a statutory auditor. The statutory auditor must have appropriate professional experience and must be approved by the CSSF as auditor of a Luxembourg regulated fund (UCITS, Part II UCI, SIF or SICAR).

Furthermore, although administrative functions may be undertaken by the RAIF itself (or its external AIFM, if established in Luxembourg), these functions will generally be entrusted to a specialised Luxembourg service provider (a central administration agent). The central administration agent may be appointed by the external AIFM (subject to the AIFMD delegation rules) or by the RAIF's management body directly (ie, without flowing through the external AIFM).

Finally, one or several investment managers or investment advisers may be appointed by the external AIFM for the management of the RAIF's assets (or one or more sub-funds thereof). The appointment of (sub-)investment managers is subject to the requirements of article 20 of the AIFMD and article 78 of the AIFMD-CDR⁴. In particular, the appointment of a non-regulated entity as (sub-)investment manager of a RAIF is only possible with the prior approval of the AIFM's supervisory authority.

1.13 CONVERSION OF EXISTING STRUCTURES INTO RAIFS

It may be expected that many existing (regulated or non-regulated) structures will convert into RAIFs. For instance:

- a Part II UCI, a SIF or a SICAR may wish to convert into a RAIF in order to benefit from a better time to market in case of launching new sub-funds; and
- an unregulated LP may wish to convert into a RAIF in order to avail of the umbrella structure.

The conversion of a Luxembourg regulated fund (Part II UCI, SIF or SICAR) is subject to:

- CSSF prior approval;
- an amendment of the fund's constitutive documents;
- an amendment of the fund's prospectus or issue document.

The conversion of an unregulated LP into a RAIF requires an amendment of the LPA (subject to applicable requirements under the relevant LPA).

From a Luxembourg standpoint, the conversion of a non-Luxembourg entity into a RAIF is also possible, provided re-domiciliation is authorised under the laws of the country of origin. If not, the "conversion" may have to be effected by way of a contribution in kind, a merger or another mechanism.

In any event, it should be kept in mind that the conversion is permitted only if, at the latest at the time of the conversion, the relevant entity is made compliant with the AIFMD through the appointment of a fully authorised AIFM as external AIFM.

⁴ Commission Delegated Regulation (EU) n°231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

Existing funds structured for instance as a Part II UCI, a SIF, a SICAR or an unregulated LP should therefore weigh up the respective advantages and disadvantages of a potential conversion into a RAIF. If we keep aside tax considerations (which must be analysed on a case-by-case basis), the key pros and cons of a potential conversion into a RAIF may be summarised as follows:

	AIFMD-exempt vehicle		AIFMD-compliant vehicle	
	Unregulated LP	Part II UCI, SIF or SICAR	Unregulated LP	Part II UCI, SIF or SICAR
Pros	Get access to umbrella structure Get access to AIFMD marketing passport	Improve time to market in case of launching of new sub-funds Avoid ongoing regulatory supervision Get access to AIFMD marketing passport	Get access to umbrella structure	Improve time to market in case of the launch of new sub-funds Avoid ongoing regulatory supervision
Cons	Need to ensure compliance with the AIFMD	Need to ensure compliance with the AIFMD		

1.14 CONVERSION OF RAIFS INTO REGULATED FUNDS

The RAIF Act expressly provides for the possibility of converting RAIFs into a Part II UCI, a SIF or a SICAR⁵. That means that it is possible to set up a RAIF and to convert it into a Part II UCI, a SIF or a SICAR at a later stage.

⁵ For RAIFs incorporated as an SA, an SCA or an Sàrl, the RAIF Act waives the quorum requirement applicable under the act of 10 August 1915 on commercial companies, as amended (the **Companies Act**) for the general meeting deciding on the conversion into a Part II UCI, a SIF or a SICAR.

2. Overview of Luxembourg fund regimes and key abbreviations

OVERVIEW OF LUXEMBOURG FUND REGIMES

	Available corporate and contractual forms	AIFMD compliant?
UCITS	FCP SICAV (SA)	No (UCITS regime)
Part II UCI	FCP SICAV (SA) SICAF (SA, SCA)	Yes, unless benefits from <i>de minimis</i> exemption
SIF	FCP SICAV or “regular” company or partnership (SA, SCA, Sàrl, SCS, SCSp)	Yes, unless benefits from a specific exemption
SICAR	SA, SCA, Sàrl, SCS, SCSp	Yes, unless benefits from a specific exemption
RAIF	FCP SICAV or “regular” company or partnership (SA, SCA, Sàrl, SCS, SCSp)	Yes (RAIF regime is only available if an external AIFM is appointed)
Unregulated LP	SCS/SCSp	Yes if unregulated LP (i) is an AIF and (ii) does not benefit from a specific exemption

KEY ABBREVIATIONS

Abbreviation (as commonly used in English)	English translation	French (full name)	French (abbreviation)
CLP or SCS	common limited partnership	<i>société en commandite simple</i>	SCS
FCP	common fund	<i>fonds commun de placement</i>	FCP
RAIF	reserved alternative investment fund	<i>fonds d’investissement alternatif réservé</i>	FIAR
SA	public limited liability company	<i>société anonyme</i>	SA
Sàrl	private limited liability company	<i>société à responsabilité limitée</i>	Sàrl
SCA	corporate partnership limited by shares	<i>société en commandite par actions</i>	SCA
SICAV	investment company with variable capital	<i>société d’investissement à capital variable</i>	SICAV
SICAF	investment company with fixed capital	<i>société d’investissement à capital fixe</i>	SICAF
SICAR	investment company in risk capital	<i>société d’investissement en capital à risque</i>	SICAR
SIF	specialised investment funds	<i>fonds d’investissement spécialisé</i>	FIS
SLP or SCSp	special limited partnership	<i>société en commandite spéciale</i>	SCSp

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