

August 2016

Reform of the Luxembourg company law implemented as per 23 August 2016

On 8 July 2016 we notified you of the upcoming changes in the Luxembourg company law of 10 August 1915 on commercial companies, as well as certain provisions of the civil code which relate to certain Luxembourg legal entities. The amendments have now been published which means that these will be effective as per 23 August 2016.

- **When will the amendments to the Luxembourg company law enter into force?**

Luxembourg legal entities in existence before 23 August 2016 will have a period of two years after the effective date to amend their articles or other constitutive documents in so far as these would not be compliant with compulsory provisions of the company law following the amendment.

All legal entities which are incorporated as from 23 August 2016 will have to comply immediately.

- **How will the amendments to the Luxembourg company law impact your business?**

The legislator had the intention to (i) create a more flexible Luxembourg company law and (ii) confirm rules regarding corporate law practices generally accepted in the Luxembourg market. Some rules are not completely clear and it will take some time before a proper market practice will be established around them. How this will work out for you will very much depend on your own specific structures and the use you make of the different Luxembourg entities.

- **How shall we help you?**

Over the coming period we shall offer to you a tailored discussion and introduction into the amendments. We shall then also suggest whether or not any articles of association, shareholder agreements and the like relating to your existing entities, would require amendment during the two year period following the entry into force of the amendments.

The amendments to the company law could possibly affect the standard documentation in use in your organisation including articles of association, joint venture agreements, (equity) management incentive plans and shareholders agreements (whether or not governed by Luxembourg law).

We are of course ready to assist you in arranging for compliant documentation if you would require new entities or structures.

Contacts

For further information
please contact:

Nicolas Gauzès

Partner

(+352) 2608 8284

nicolas.gauzes@linklaters.com

Peter Goes

Partner

(+352) 2608 8362

peter.goes@linklaters.com

Manfred Müller

Partner

(+352) 2608 8272

manfred.muller@linklaters.com

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Linklaters LLP Luxembourg
35 Avenue John F. Kennedy

Telephone (+352) 26 08 1
Facsimile +352 26 08 88 88

Linklaters.com