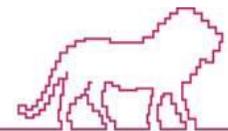
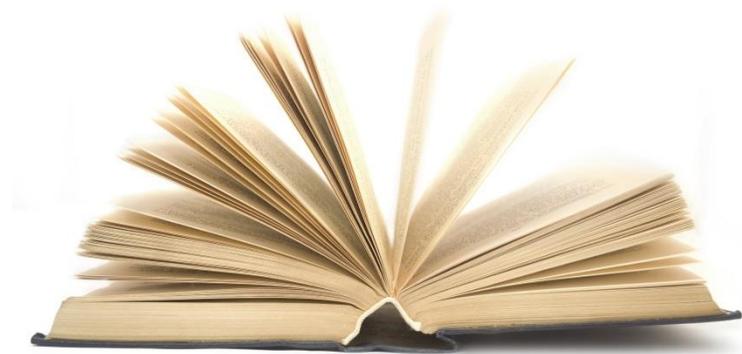

The Reserved Alternative Investment Fund (RAIF) - The best of two worlds?



What is a RAIF?

a Luxembourg alternative investment fund ('AIF')

managed by an external authorised Alternative Investment Fund Manager ('AIFM')

subject to AIFMD requirements

but **not itself** subject to CSSF (product) supervision

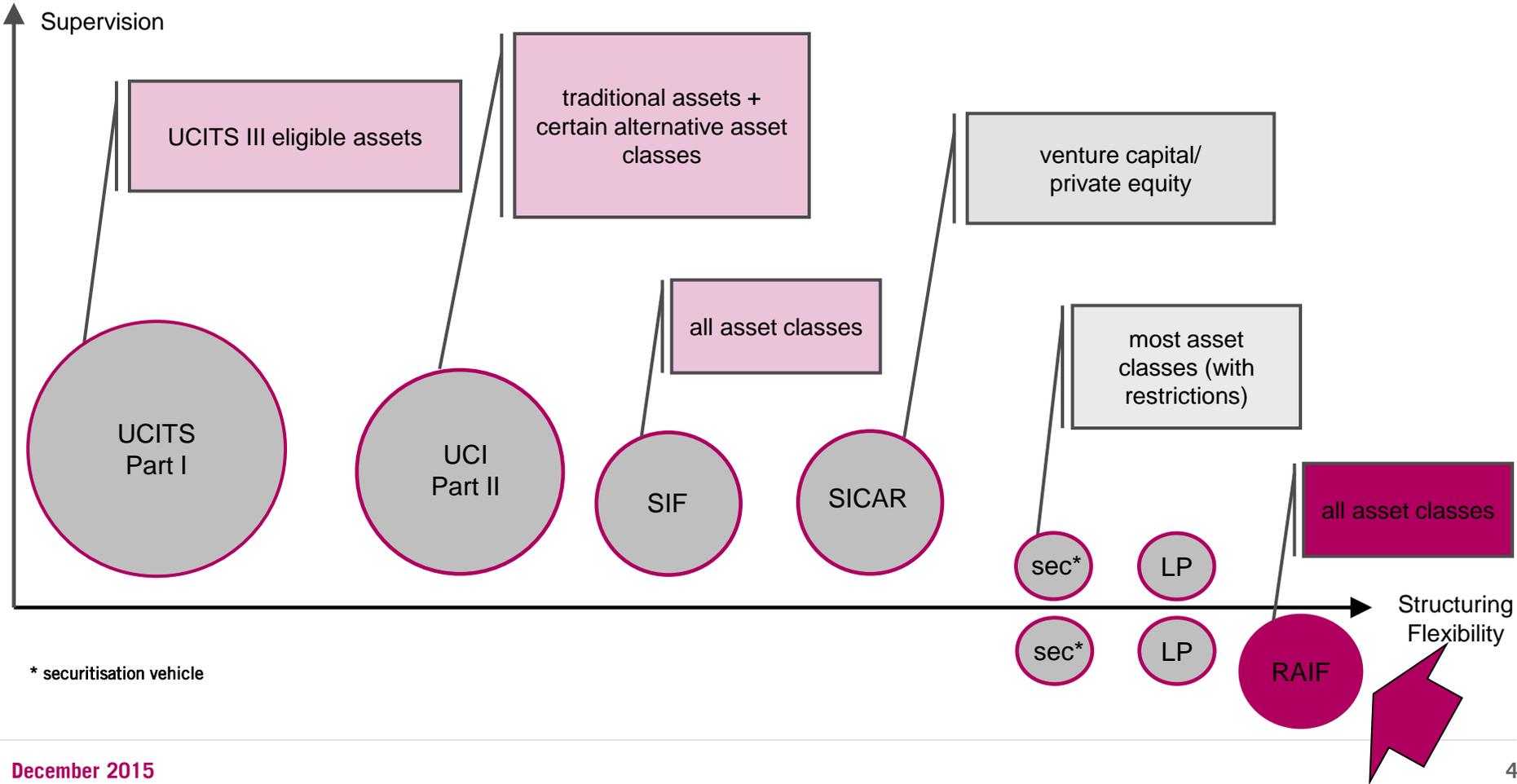
Why should I use a RAIF?



Why still use a SIF/SICAR?

- Investor comfort / investor requirements
- CSSF supervision and control
- SIF label
- Recognition in other countries
- Other...

How does a RAIF fit into the Luxembourg toolbox?



Key features.

Key features.

RAIF	SIF-AIF	SICAR-AIF
Which legal forms may be adopted?		
<ul style="list-style-type: none"> > contractual form: common fund (fonds commun de placement – FCP) > partnerships: common limited partnership (société en commandite simple – SCS or CLP); special limited partnership (société en commandite spéciale – SCSp or SLP); partnership limited by shares (société en commandite par actions – SCA) > corporate entities: public limited company (société anonyme – SA), private limited company (société à responsabilité limitée - S.à r.l.), cooperative organised as a public limited company (société coopérative organisée comme une SA SCOSA) 	<ul style="list-style-type: none"> > contractual form: NA > partnerships: common limited partnership (société en commandite simple – SCS or CLP); special limited partnership (société en commandite spéciale – SCSp or SLP), partnership limited by shares (société en commandite par actions – SCA) > corporate entities: public limited company (société anonyme – SA), private limited company (société à responsabilité limitée - S.à r.l.), cooperative organised as a public limited company (société coopérative organisée comme une SA SCOSA) 	

Key features.

RAIF	SIF-AIF	SICAR-AIF
Umbrella form available?		
YES		
What management structure may be adopted?		
Management bodies:		
Board of directors, manager(s) or general partner – dependent on corporate form		
No nationality/residency requirement for directors		
Promoter/Investment advisor: NA	Promoter/Investment advisor: No formal approval by the CSSF of the initiator/promoter but often informal inquiry about initiator	

Key features.

RAIF	SIF-AIF	SICAR-AIF
What types of securities may be issued?		
Depending on the legal form which has been chosen (shares, units, interests)		
Redemption: Redemptions only if and as provided in the management regulations/articles of incorporation (at investor and/or company request)		
Capital calls / Distributions: Capital calls from and distributions to investors are subject solely to the rules provided in the constitutive documents No limitation on issue price		

Key features.

RAIF	SIF-AIF	SICAR-AIF
What investment policy may be adopted?		
<p>Permissible asset classes: No restriction on asset class*</p>		<p>Permissible asset classes: Investment in risk capital, by direct or indirect investment in undertakings to be launched, developed or listed Broad concept of 'risk capital'</p>
<p>Risk spreading: Risk diversification required No minimum spread but responsibility of management body Unless the RAIF restricts its investment policy in its constitutive documents to investments in risk capital: then no risk spreading required (like SICAR)</p>	<p>Risk spreading: Risk diversification required In principle, no more than 30% of the assets or commitments to subscribe securities of the same type issued by the same issuer (Cf. CSSF Circular 07/309)</p>	<p>Risk spreading: No risk diversification required</p>

Key features.

RAIF	SIF-AIF	SICAR-AIF
Who qualifies as an eligible investor?		
<p>well-informed investors only:</p> <ul style="list-style-type: none"> > institutional investors > professional investors > any other investors <p>(i) which elect to be treated as well-informed investors and (ii) invest at least €125,000 or (iii) have a recommendation from a credit institution or any other professional of the financial sector or a management company</p> <p>Such conditions are not applicable to the management team</p>		

Key features.

RAIF	SIF-AIF	SICAR-AIF
What are the capital requirements?		
Corporate minimum requirements: Depending on the legal form which has been chosen Minimum net assets of €1.25 million after 12 months from launch		
Fixed/variable capital: May opt for variable share capital		
Form of contribution: Contribution in kind and/or in cash permissible Capital commitments may be contractually agreed		

Governance requirements.

Governance requirements.

RAIF	SIF-AIF	SICAR-AIF
By which entities can RAIF/SIF/SICAR be managed?		
Management company required?		
Yes, for FCP only		NA
AIFM requirement:		
Yes external authorised AIFM required (except for supra national institutions*)	Yes internal (where the legal form of the SIF/SICAR fund permits an internal management) or external authorised/registered AIFM (depending on the AuM it manages)	
Location of the AIFM:		
<ul style="list-style-type: none"> > In Luxembourg > In the EU > Outside the EU** 		

*e.g. ECB, EIF, IMF
 ** subject to the application of article 66 of the AIFMD

Governance requirements.

RAIF	SIF-AIF	SICAR-AIF
What service providers are required?		
Depositary: Luxembourg depositary bank or Luxembourg branch of a depositary bank registered in the EU		
Luxembourg presence: Registered office and central administration in Luxembourg		
Auditor: Independent approved Luxembourg auditor		
What are the transparency requirements?		
Offering document: Yes Specific warning to investors regarding the absence of CSSF supervision	Offering document: Yes	
Reports?		
Annual reports to investors (subject to AIFMD requirements)		
No report to CSSF	Monthly reporting to CSSF	Semi-annual reporting to CSSF*

Supervision.

Supervision.

RAIF	SIF-AIF	SICAR-AIF
Is there any supervision ?		
<p>No CSSF supervision AIFM supervision Depositary supervision Auditor supervision</p>	<p>CSSF supervision AIFM supervision Depositary supervision Auditor supervision</p>	
<p>Official List: Launch without regulatory approval process No registration on an official list held by the CSSF RAIF to be registered within 10 days as from its creation on a specific list held by the Register of Commerce* Mere AIFM notification to the CSSF (Circular 15/612), onward information to ESMA Publication in the Mémorial*</p>	<p>Official List: CSSF instruction and prior approval Registration on an official list held by the CSSF</p>	
<p>Constitutional documents: Constitutional documents required (no CSSF approval) Notary deed: depending on the chosen corporate form The constitution of a RAIF shall be subject to a formal ex-post declaration before notary Changes to constitutional documents without regulatory approval</p>	<p>Constitutional documents: Approval of the constitutional documents (prospectus and articles/ManRegs) and service agreements by the CSSF Notary deed: depending on the chosen corporate form Changes to constitutional documents subject to CSSF approval</p>	

* To be further detailed in a Grand Ducal Regulation

Tax regime.

Tax regime.

RAIF	SIF-AIF	SICAR-AIF
What is the level of taxation?		
Capital duty: Fixed capital duty of €75 upon incorporation and subsequent articles changes		
<p>Corporate Tax: Not subject to corporate income tax (<i>SIF tax regime</i>)</p> <p>Exception: If investing only in risk capital, full liability to corporate income tax but exclusion from taxable profits of any income (dividends, capital gains, ...) realised on securities or funds drawn for investment (within 12 months) (<i>SICAR tax regime</i>)</p>	<p>Corporate Tax: Not subject to corporate income tax</p>	<p>Corporate Tax: Save for SCS (tax transparent), full liability to corporate income tax</p> <p>Exclusion from taxable profits of any income (dividends, capital gains, ...) realised on securities or funds drawn for investment (within 12 months)</p>
<p>Subscription Tax: Subject to yearly subscription tax of 1bp on net asset value but 0 bp if investment in (i) another fund subject to subscription tax or (ii) in a money market or (iii) microfinance fund or (iv) pension fund pooling vehicle (<i>SIF tax regime</i>)</p> <p>Exception: If investing only in risk capital, no subscription tax (<i>SICAR tax regime</i>)</p>	<p>Subscription Tax: Subject to yearly subscription tax of 1bp on net asset value but 0 bp if investment in (i) another fund subject to subscription tax or (ii) in a money market or (iii) microfinance fund or (iv) pension fund pooling vehicle</p>	<p>Subscription tax: No</p>

Tax regime.

RAIF	SIF-AIF	SICAR-AIF
What is the level of taxation?		
<p>NWT: Not subject to NWT (<i>SIF tax regime</i>)</p> <p>Exception: If investing only in risk capital, NWT exempt save the flat minimum NWT liability (as from 1 January 2016 – Draft Bill n°6891) (<i>SICAR tax regime</i>)</p>	<p>NWT: Not subject to NWT</p>	<p>NWT: NWT exempt save the flat minimum NWT liability (as from 1 January 2016 – Draft Bill n°6891)</p>
<p>VAT: VAT exemption on management services</p>		
<p>WHT: No withholding tax on distributions</p>		
<p>DTT: If subject to SIF tax regime, in principle no double tax treaties eligibility (subject to a few exceptions) If subject to SICAR tax regime, in principle double tax treaties eligibility</p>	<p>DTT: In principle no double tax treaties eligibility (subject to a few exceptions)</p>	<p>DTT: In principle double tax treaties eligibility</p>

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Disclaimer: This brochure is intended to provide an overview of the main features of a Reserved Alternative Investment Fund ('RAIF') compared to a Specialised Investment Fund ('SIF') and an Investment Company in Risk Capital ('SICAR'). It is not intended to be comprehensive nor does it constitute any legal advice.