

# Luxembourg Vehicles for Islamic Finance Structures



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# Foreword



Luxembourg is recognised as one of the leading European centres for Islamic finance. This is not the result of a recent initiative: we have a long track record in the sector.

In 1978 Luxembourg hosted the first Islamic finance institution to establish in a western country (the Islamic Banking System). In 1983, the first *shariah* compliant insurance company in Europe was established in Luxembourg and in 2002 Luxembourg was the first European stock exchange to list a *sukuk*.

Today, Luxembourg is the leading non-Muslim domicile for *shariah* compliant investment funds and can rival any stock exchange in Europe for the number of *sukuk* issues listed.

As Minister in Charge of the Financial Centre and, more recently, Minister of Finance, I have lent my full support to the development of this sector, travelling with delegations to a number of GCC and Asian markets.

In April 2008 the Government set up a task force, charged with identifying obstacles to the development of Islamic finance and ways to support its growth. Working groups were subsequently set up by the Association of the Luxembourg Fund Industry (ALFI) and by Luxembourg for Finance, the agency for the development of the financial centre.

This has led to decision of the tax treatment of *shariah* compliant vehicles, research into eligible assets for *shariah* compliant UCITS funds, the development of best practice guidelines for financial services and the launch of dedicated training courses by the Luxembourg Institute for Training in Banking (IFBL).

The Luxembourg Central Bank is the first European central bank to be a member of the Islamic Financial Services Board and is working actively to gain experience of supervisory practice in this area, and identifying instruments, practices and solutions for managing liquidity in a *shariah* compliant manner.

I believe that Luxembourg has much to offer to Islamic finance clients, including

- decades of experience in dealing with an international client base and focusing on the cross-border distribution of products and services;
- a legal framework that permits the creation of *shariah* compliant products and services;
- clear guidelines from the authorities on the tax treatment of Islamic finance products;
- political stability.

This brochure is aimed at those who are interested in setting up a *shariah* compliant product or service in the Grand Duchy of Luxembourg. It provides information on the legal framework, tax treatment and professional services available in the financial centre.

I hope it will encourage you to choose Luxembourg as the domicile for your project.

**H.E. Luc Frieden**  
Minister of Finance

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# Luxembourg vehicles for Islamic finance structures

	Regulated	Lightly regulated		Unregulated	
	UCITS and UCI	SICAR	SIF	SOPARFI	Securitisation Vehicle
Applicable regulation (see glossary for full legal references)	2002 Law on undertakings for collective investment, Part I and II, as amended	2004 SICAR Law, as amended	2007 SIF Law, as amended	1915 Companies Law, as amended	2004 Securitisation Law, as amended
Supervision by CSSF	Yes	Yes	Yes	No	No <sup>(1)</sup>
Eligible assets	Restricted for UCITS Unrestricted for UCI	Private equity and venture capital	Unrestricted	Unrestricted	Unrestricted
Risk diversification rules	Yes	No	Yes	No	No
Eligible investors	Unrestricted	Well informed investors		Unrestricted	Unrestricted
Tax treatment	No tax except for annual subscription tax of 0.05% on the net asset value	Income tax at 28.59% but effective tax rate close to 0% due to special provisions	No tax except for annual subscription tax of 0.01% on the net asset value	Income tax at 28.59%	Income tax at 28.59% but effective tax rate close to 0% due to special provisions
Required service providers	Auditor, Administrator, Central Depository			Auditor	
Practical application for shariah compliant products	Mudaraba Musyarakah Murabaha Ijarah	Mudaraba Musyarakah Ijarah	Mudaraba Musyarakah Murabaha Ijarah	Mudaraba Musyarakah Murabaha Ijarah	Murabaha Ijara sukuk
Benefit from tax treaty	Yes if in the form of-SICAV	Depends on target	Yes if in the form of-SICAV	Yes	Yes
EU passport	Yes (for UCITS)	No	No	No	No

<sup>1</sup> If securities are not issued to the public on a continuous basis.

# The Luxembourg financial centre

The Luxembourg financial centre is already well known to the financial community in many Muslim countries. It has been chosen by a number of sovereign wealth funds as the domicile for international investment structures and the stock exchange is a favourite for the European listing of *sukuk*.

Luxembourg is a fully diversified financial centre with particular expertise in several areas. It is the second largest investment fund centre in the world after the United States and world leader in the cross-border distribution of retail investment funds. It is the largest wealth management centre in the Eurozone and the premier captive reinsurance market in the European Union.

From its origins as a Eurobond centre in the 1960s, Luxembourg subsequently developed as a private banking centre and then, from the 1980s, as a leading domicile for investment funds. Besides retail investment funds there is a vibrant market in hedge funds, real estate companies, private equity and venture capital vehicles and structured products. It is a growing centre for cross-border pension products that are designed for use by multi-national companies.

The success of the financial centre is founded on the social and political stability of the Grand Duchy and on a modern legal and regulatory framework that is continuously updated, inspired by regular consultation between the government, the legislator and the private sector. Thus, over the years, specific regulatory frameworks

have been created for a wide range of products and services.

This legal framework, combined with Luxembourg's openness to the world, has attracted banks, insurance companies, investment fund promoters and specialist service providers from all over the world.

Luxembourg stands out for its multilingual and multicultural workforce, which has extensive experience in the needs of an international clientele.

The Luxembourg financial centre is characterised by a strong culture of investor protection and rigorous anti money-laundering policies.

# The Luxembourg legal framework

In order to review the compatibility of Luxembourg law with *Shariah* principles, a cross-sector working group was set up by the Government in April 2008 to identify potential obstacles to the development of Islamic Finance in Luxembourg.

The group reported back favourably. Where *shariah* compliant investment is concerned, Luxembourg can offer a range of vehicles that address the specific needs of both investors and promoters.

Retail investment funds are regulated by the law of 20 December 2002 on undertakings for collective investment, as amended. Known as UCITS (undertakings for collective invest-

ment in transferable securities), these funds may be structured in a *shariah* compliant manner. Luxembourg UCITS can be sold throughout the European Union and are also widely accepted for distribution in jurisdictions around the world.

Other regulated investment funds structures exist that do not have the European passport but which benefit from a more flexible regulatory regime. These include undertakings for collective investment (UCIs) created under "Part II" of the Law of 20 December 2002, Investment companies in risk capital (SICARs) and specialised investment funds (SIFs). All may be structured in a *shariah* compliant manner.

Both *shariah* compliant investment funds and financial transactions may be structured as securitisation vehicles, which may be regulated or not, depending on how often they raise capital from the public.

Luxembourg investment vehicles are regulated by the financial sector supervisory authority, the *Commission de surveillance du secteur financier* (CSSF). The CSSF has considerable experience in the authorisation and supervision of Islamic finance investment structures.

The Luxembourg Stock Exchange has proven itself to be an attractive listing market for *shariah* compliant vehicles.

# Applying shariah law to Luxembourg products

Promoters wishing to create a *shariah* compliant vehicle in Luxembourg need to integrate certain features.

- Compliance with *shariah* law:  
A *shariah* advisory board may be appointed within any type of Luxembourg regulated vehicle, in order to validate the structure of the fund and its investment policy.
- Prohibition of *haram* activities:  
Criteria for selecting the investments of the fund and excluding *haram* activities will be integrated in the investment policy of a fund.
- Avoidance of *riba* (interest) and *gharar* (uncertainty) in financial transactions:  
A *shariah* compliant fund may not invest in interest-bearing instruments,

sell short or engage in speculative transactions. There must be tangible assets and actual trading activity beneath a fund structure. Techniques adopted to assist in compliance with these rules (prohibitions, liquidity ratios) can be included in sales documents.

- Purification of *haram* income: purification processes may be described in sales documents and are commonly accepted and implemented by Luxembourg authorities and service providers.

Where retail funds are concerned, the principle to follow is the fullest possible disclosure, including disclosure of any additional risks (such as liquidity risk) that may arise from the *shariah* compliant nature of the fund.

The above considerations often make *shariah* compliant products ethically attractive to non-Muslim investors. This is particularly evident in the *takaful* market (family savings plans that are similar to a conventional life assurance product) which are widely sold to both Muslim and non-Muslim investors.



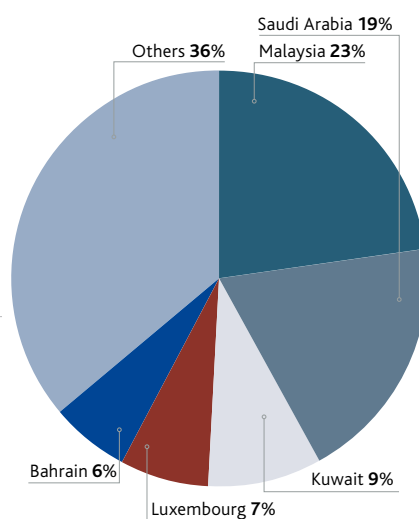
# Shariah compliant investment funds

Luxembourg's traditional strengths and the financial centre's growing expertise in Islamic finance make the country an ideal location for the domiciliation or the administration of *shariah* compliant investment vehicles.

## Luxembourg in the top five Islamic fund domiciles worldwide

Luxembourg is rapidly becoming a hub for *shariah* compliant investment funds, with promoters keen to harness the country's strengths and expertise in cross-border fund distribution. The figures speak for themselves: Ernst & Young's 2009 Islamic Funds & Investments Report ranks Luxembourg fourth as a domicile for *shariah* compliant investment funds and it is the only non-Muslim country in the top five.

## Top Islamic fund domiciles by number of funds



Source: Ernst & Young Islamic Funds & Investments Report 2009

## Well adapted fund structures

Luxembourg offers a variety of attractive fund structures for *shariah* compliant investment vehicles.

Over the last 20 years, Luxembourg has built its position as the most popular domicile for undertakings for collective investments in transferable securities (UCITS). Originally created

as a retail product, UCITS funds are widely sold both to the public and to corporate and institutional investors. In Luxembourg, UCITS funds are regulated by part 1 of the Law of 20 December 2002 on undertakings for collective investment. Benefiting from a European distribution passport, UCITS funds may be marketed across the European Union and in many other countries around the world including countries in Asia, Latin America and increasingly the Middle East. For example, more than 700 Luxembourg funds are registered in Bahrain. Luxembourg has been able to position itself as the hub for global distribution of investment funds with 75% of all cross border funds being domiciled in Luxembourg. This expertise in cross border distribution makes Luxembourg the ideal location for the domiciliation of *shariah* compliant funds created to be sold to retail or institutional investors around the world.

At the same time, Luxembourg has developed a strong track record in alternative investment products such as hedge funds, funds of hedge funds,

private equity and real estate funds. Structures such as the specialised investment fund (SIF), which allows a wide variety of different investment types, can be used for *shariah* compliant private equity, property or other alternative investment schemes

mainly aimed at institutional or high net worth investors.

The following table provides an overview of the legal and regulatory

framework for UCITS, non UCITS and SIF. The choice of one the structure will largely depend on the investment strategy selected and the targeted investor base.

"We chose Luxembourg as our domicile for HSBC Amanah's *Shariah* compliant UCITS because of its brand and reputation as a fund centre, its expertise and skills in fund operations, and its global reach for fund distribution."

Razi Fakih  
Deputy CEO, HSBC Amanah

## Comparison of legal structures available for shariah compliant investment funds

	SIF	Part II UCI	Part I UCITS
Applicable law	SIF Law	Part II of the 2002 Law	Part I of the 2002 Law
Eligible investors	Well-informed investors	Retail, institutional and professional investors	Retail, institutional and professional investors
Ease of set-up	CSSF approval required, but launch possible prior to approval. Approval application must be made within one month from creation of the SIF.	CSSF approval required; authorisation must be received prior to starting the activities of the UCI.	CSSF approval required; authorisation must be received prior to starting the activities of the UCITS.
Eligible assets	Unrestricted	Unrestricted	Detailed provisions according to CESR guidelines (CSSF Circular 08/339; Grand Ducal Regulation of 8 February 2008)

	SIF	Part II UCI	Part I UCITS
<u>Investment restrictions</u>	<p>No specific investment and borrowing restrictions, but flexible principle based risk diversification requirements.</p> <p>Max. 30% of the SIF's assets can be invested in securities of the same type of the same issuer.</p>	<p>Yes</p> <p>quantitative &amp; qualitative (e.g. provisions of Part II of the 2002 Law, respectively provisions of CSSF Circular 02/80 on alternative investment strategies and CSSF Circular 08/356 on techniques and instruments relating to transferable securities and money market instruments have to be complied with).</p>	<p>Yes</p> <p>quantitative &amp; qualitative (e.g. provisions of Part I of 2002 Law and CSSF Circular 08/356 on techniques and instruments relating to transferable securities and money market instruments have to be complied with).</p>
<u>Risk management</u>	<p>Although the CSSF does not systematically request to see the documentation with respect to the risk management procedure, there should be an appropriate risk management procedure in place.</p>	<p>While no specific legal and regulatory provisions are applicable, the CSSF nevertheless requires that an appropriate risk management procedure is in place.</p>	<p>Appropriate risk management procedure must be in place (CSSF Circular 07/308).</p>
<u>Cross-border distribution</u>	<p>No European passport; in principle, distribution on a private placement basis</p>	<p>No European passport; distribution on a private placement basis or via specific registration in third countries</p>	<p>Cross-border distribution via European passport</p>
<u>Approval of promoter/initiator</u>	<p>No</p>	<p>Yes</p> <p>(financial resources, experience, reputation)</p>	<p>Yes</p> <p>(financial resources, experience, reputation)</p>
<u>Substance in Luxembourg/nationality or residency requirements</u>	<p>Head office of SICAV/SICAF or management company of FCP in Luxembourg</p> <p>No nationality /residency requirements for directors/managers</p>	<p>Head office of SICAV/SICAF or management company of FCP in Luxembourg</p> <p>No nationality /residency requirements for directors/managers</p>	<p>Head office of SICAV/SICAF or management company of FCP in Luxembourg</p> <p>No nationality /residency requirements for directors/managers</p>
<u>Required service providers</u>	<p>Depositary Central administration agent Auditor</p>	<p>Depositary Central administration agent Auditor</p>	<p>Depositary Central administration agent Auditor</p>
<u>Approval of management</u>	<p>Yes</p> <p>(experience, reputation)</p>	<p>Yes</p> <p>(experience, reputation)</p>	<p>Yes</p> <p>(experience, reputation)</p>
<u>Possible listing</u>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>

	SIF	Part II UCI	Part I UCITS
<u>Minimum content of prospectus</u>	No specific content of prospectus prescribed by the SIF Law; must contain essential information enabling investors to make an informed judgement of the contemplated investment.	Yes  Detailed provisions prescribed by the 2002 Law	Yes  Detailed provisions prescribed by the 2002 Law
<u>Legal forms</u>	<ul style="list-style-type: none"> <li>Investment company with variable capital (SICAV) to be incorporated as a:               <ul style="list-style-type: none"> <li>public limited company (SA)</li> <li>private limited company (Sàrl)</li> <li>cooperative company or organised as a public limited company (SCoSA)</li> <li>partnership limited by shares (SCA)</li> </ul> </li> <li>Investment company with fixed capital (SICAF) to be incorporated in various legal forms, such as e.g. a public limited company (SA) or a corporate partnership limited by shares (SCA)</li> <li>Common fund (FCP)</li> </ul>	<ul style="list-style-type: none"> <li>Investment company with variable capital (SICAV) to be incorporated as a public limited company (SA)</li> <li>Investment company with fixed capital (SICAF) to be incorporated in various legal forms, such as e.g. a public limited company (SA) or a corporate partnership limited by shares (SCA)</li> <li>Common fund (FCP)</li> </ul>	<ul style="list-style-type: none"> <li>Investment company with variable capital (SICAV) to be incorporated as a public limited company (SA)</li> <li>Investment company with fixed capital (SICAF) to be incorporated in various legal forms, such as e.g. a public limited company (SA) or a corporate partnership limited by shares (SCA)</li> <li>Common fund (FCP)</li> </ul>
<u>Minimum capital/net assets</u>	Yes  (EUR 1,250,000 to be reached within 12 months)	Yes  (EUR 1,250,000 to be reached within 6 months)	Yes  (EUR 1,250,000 to be reached within 6 months)
<u>Paid-up capital</u>	<ul style="list-style-type: none"> <li>Possibility to issue partly paid shares in a SICAV/SICAF (up to 5% at least) and partly paid units in a FCP</li> <li>Units/shares do not have to be issued or redeemed at NAV</li> </ul>	<ul style="list-style-type: none"> <li>Possibility to issue partly paid shares in a SICAF (up to 25% at least) and partly paid units in a FCP</li> <li>Units/shares have to be issued or redeemed at NAV, except in a SICAF</li> </ul>	<ul style="list-style-type: none"> <li>Possibility to issue partly paid shares in a SICAF (up to 25% at least) and partly paid units in a FCP</li> <li>Units/shares have to be issued or redeemed at NAV</li> </ul>

	SIF	Part II UCI	Part I UCITS
<u>Sub-funds</u>	Yes	Yes	Yes
<u>Multiple share classes, series</u>	Yes	Yes	Yes
<u>Issue/Redemption restrictions</u>	No (freely determined)	No (freely determined, but redemptions must be possible at least once a month)	No (freely determined, but redemptions must be possible at least twice a month)
<u>Restrictions on dividend distribution</u>	No (but not below minimum capitals/net assets)	No (but not below minimum capitals/net assets)	No (but not below minimum capitals/net assets)
<u>Reporting requirements</u>	Yes (annual report)	Yes (semi-annual and annual report + NAV calculation at least once a month)	Yes (semi-annual and annual report + long-form report + NAV calculation at least twice a month)
<u>Fixed registration duty</u>	Yes (EUR 75 upon incorporation)	Yes (EUR 75 upon incorporation)	Yes (EUR 75 upon incorporation)
<u>Subscription tax</u>	Yes (0.01% of net assets, except exemptions)	Yes (0.05% of net assets, except exemptions or reduced rate, i.e. 0.01%)	Yes (0.05% of net assets, except exemptions or reduced rate, i.e. 0.01%)
<u>Corporate income tax and municipal business tax</u>	No	No	No
<u>Withholding tax (on dividends)</u>	No (except if EU savings directive is applied)	No (except if EU savings directive is applied)	No (except if EU savings directive is applied)
<u>Double tax treaties benefit</u>	Yes, depending on treaty	Yes, depending on treaty	Yes, depending on treaty

## Real estate investment funds

Luxembourg is recognised as a leading global location for real estate funds with cross-border investments as shown in the diagram below. Luxembourg investment structures are attractive to investors who seek a robust platform for genuine international investment strategies combined with a pragmatic regulatory regime and efficient tax results. To achieve these goals, Luxembourg offers varying degrees of regulation, a choice of investment vehicles, tax-efficient repatriation models and a pro-active attitude in addressing the needs of a rapidly changing global economy.

The number of *shariah* compliant real estate funds is still small compared to conventional real estate funds but the sector is growing rapidly: an increasing number of fund managers, particularly from MENA region, have recently

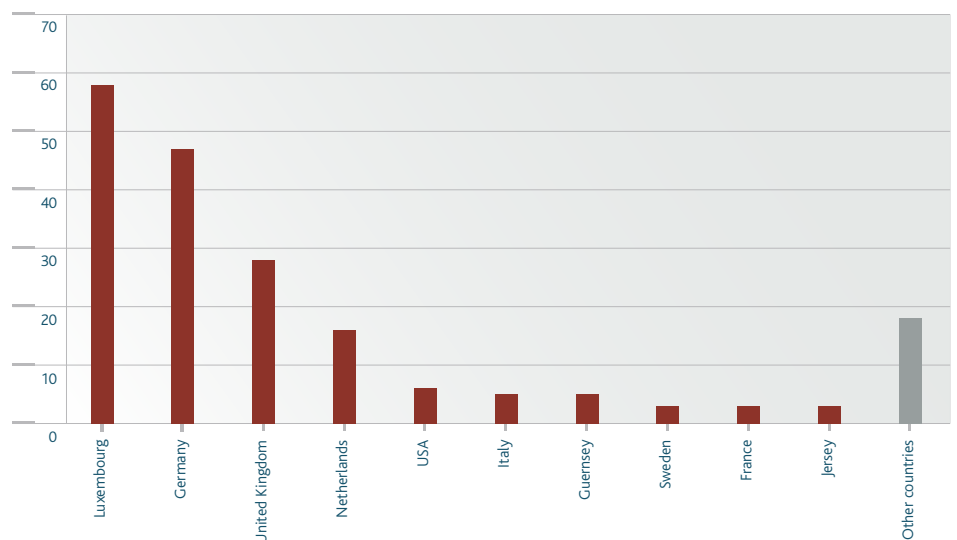
created *shariah* compliant real estate investment vehicles in Luxembourg. They are drawn by an attractive tax regime, well-adapted legislation, the availability of professional expertise and a skilled, multi-lingual workforce.

Whilst the establishment of a fund and its operations may not vary significantly between a conventional real estate fund and its *shariah* compliant equivalent,

four challenges usually need to be addressed by fund managers:

1. identification of a *shariah* compliant structure;
2. Selection and use of underlying real estate assets;
3. Financing alternatives;
4. Governance framework for *shariah* compliance.

### Vehicle domiciles for non-listed European real estate funds invested internationally



Source: INREV vehicles database, August 2009



In this respect, Luxembourg offers an appropriate legal and tax environment that provides solutions to these challenges.

## Structuring Shariah compliant real estate funds in Luxembourg

Real estate fund managers may structure their investments in more than one way, for example via the use of *mudaraba* or an *Ijara* contract, depending on the commercial objectives. The *mudaraba* model mirrors the conventional structure of real estate fund from a legal perspective. For example, a *Mudaraba* contract is similar to the relationship between a fund manager (general partner) and investors in a fund (limited partners), or a management company and its unit holders.

Fund vehicles in Luxembourg provide various options when structuring a *Mudaraba* contract. The selection of the right vehicle generally depends on

the style (i.e. core, value added or opportunistic), operating model and tax structuring of the fund.

Continuing with our example of *Mudaraba* contracts within the sphere of regulated core and value added real estate funds, the specialised investment fund (SIF) provides for reasonable flexibility in regulation as well as minimum tax leakage in Luxembourg. A *Sharia* compliant SIF may be structured either as a corporate investment vehicle, that is as a public limited company (*société anonyme*, SA) or a private limited company (*société à responsabilité limitée*, Sàrl), or in the form of a partnership limited by shares (*société en commandite par actions*, SCA) or as a common investment fund (*fonds commun de placement*, FCP). Alternatively, in the case of an opportunistic real estate fund, the SICAR (investment company in risk capital) may be more suitable. In both cases the vehicle is not subject to income tax, municipal business tax or net worth tax. Furthermore, dividends paid

out should not attract withholding taxes in Luxembourg subject to certain conditions.

## Selection and use of assets

The challenges that a *shariah* compliant portfolio manager faces should be no different from those faced by any other portfolio manager. The manager sets a commercial policy and this drives the asset selection criteria. The commercial policy of a fund will depend on the type of asset it will hold, investor expectations, governance rules and the underlying asset transactions. *Shariah* compliant asset allocation can be achieved by putting in place a robust investment strategy and a careful selection process; residential buildings, production facilities and infrastructure facilities are typically acceptable.

Neither a SIF nor a SICAR is required to comply with detailed restrictions or leverage rules under the Luxembourg law. Nevertheless, a SIF must adhere to the principle of risk diversification, that

is, the fund may not invest more than 30% of its assets in a single investment. In case of a real estate SIF, this requirement can be met by investing in diversified geographical segments or types of asset. By contrast, a SICAR may concentrate its holdings in one project; the only requirement is to invest in risk capital.

## Financing

The major problem with property investment is that liquidity is tied up for a longer duration and turnover of properties is often slow, since real estate investments are usually long term in nature. This challenge is more pronounced in *shariah* compliant real estate funds, where external debt financing is prohibited. However, the problem can be addressed by financing the acquisition of properties through interest free loans, profit participation

loans or by issuing *sukuk* related to a suitable Islamic contract such as:

- *Sukuk al-murabaha* (sales based financing);
- *Sukuk al-ijara* (lease based financing).

Another solution is to open the investment to additional equity based investors using the *musharaka* model: partnership based financing. These Islamic financing structures can easily be replicated through the existing Luxembourg structures. As mentioned earlier, local laws applicable to SIF and SICAR do not impose any leverage rules. Therefore, the assets managers

have relative flexibility in structuring the transaction in such a way that it meets the requirement of *shariah* rules and principles while bringing tax and operational efficiency to the structure.

## Governance structure

Apart from the legal requirement to appoint a board of directors (or a manager in the case of a management company), laws applicable to the SIF and the SICAR provide flexibility on the selection of a governance model. Initiators or promoters of a *sharia* compliant fund have the flexibility to design a governance model in accordance with *sharia* rules and principles.

“When, back in 2004, we had the ambition of launching one of the first *shariah* compliant pan-European real estate funds for our Middle Eastern clients, we could not find a better place than Luxembourg in terms of flexibility, expertise and regulations for the set-up and operational management of our innovative product. We intend to grow our Luxembourg platform with further product launches in the coming years.”

Rachid Ouaich  
Director, Luxembourg operations, Wafra Capital Partners LP

# Private equity and venture capital

Under Luxembourg law, two regulated vehicles may be used to structure private equity investments.

The first is the investment company in risk capital (SICAR), which was introduced by the law of 15 June 2004. The SICAR is an investment vehicle specifically dedicated to private equity and venture capital investments. The second is the specialised investment fund (SIF), introduced by the Law of 13 February 2007, which provides an operationally flexible and fiscally efficient multipurpose fund regime that can be used for private equity.

The SICAR and the SIF are both regulated investment vehicles subject to approval by and ongoing supervision of the CSSF. The SIF allows for an increased speed to market since it does not require prior authorisation by the CSSF as long as its constitutional documents are filed with the CSSF within a month of the establishment of the fund. The SIF may commence

activity as soon as it is established. By contrast the SICAR is subject to prior approval by the CSSF.

The CSSF will verify compliance by the SICAR or SIF, and their management bodies, with applicable Luxembourg laws and regulations. In addition, the CSSF will check the repute and professional expertise of the management bodies and the depository bank entrusted with custody of the assets. It is worth noting that the initiator and the investment manager of the SICAR or SIF are outside of the scope of CSSF supervision.

SICARs and SIFs are designed for qualified investors who require or accept a low level of protection. Investors must be "well-informed", meaning institutional and professional investors and anyone else who invests at least 125,000 euros in the scheme or, if the amount is lower, presents an appraisal from a qualified institution

certifying that he or she has the expertise and experience to make an informed judgement on the scheme.

Both vehicles can be listed on the Luxembourg Stock Exchange.

## Shariah compliant investments

The SICAR is not subject to the principle of risk spreading and may concentrate its resources on a single target investment. However, a SICAR must invest exclusively in risk-bearing assets. This potentially qualifies any type of investment in an unlisted enterprise. Listed companies may also qualify as risk-bearing investments to the extent that the investment aims at financing, for example, a new business development. Apart from such qualitative requirements, no further investment restriction applies to the SICAR, which may thus invest in any *shariah* compliant type asset that qualify as risk-bearing.

A SIF is required to apply the principle of risk spreading, however there are no pre-set quantitative or qualitative restrictions. A SIF may invest in any asset, including *shariah* compliant type assets, provided that it does not invest more than 30% of its assets in securities of the same type issued by the same issuer and that an equivalent risk spreading policy with appropriate diversification applies to its underlying assets (as the case may be). These guidelines apply in principle to all SIFs; however, the CSSF may allow derogations on the basis of appropriate justification.

The CSSF does not place any conditions on the fund with regard to the compatibility of its investments with *shariah* law. From a Luxembourg regulatory perspective, the CSSF will seek to ensure that all applicable Luxembourg legal requirements are complied with, that the persons involved in the management of the SICAR or the SIF

have the adequate expertise and that the sales documentation is adequately clear to allow investors to understand the consequences of their investment.

### Shariah compliant structuring

From a legal structuring point of view, a *shariah* compliant SICAR or SIF is no different to any other SICAR or SIF. It can be structured as a corporate investment vehicle in the form of a private limited company (*société à responsabilité limitée*, Sàrl), a public limited company (*société anonyme*, SA), a partnership limited by shares (*société en commandite par actions*, SCA) or a limited partnership (*société en commandite simple*, SCS). A *shariah* compliant SIF may also be set up as a common investment fund (*fonds commun de placement*, FCP) and managed by a Luxembourg based regulated management company.

The legal forms which appear to be the most flexible for structuring private equity *shariah* compliant SICARs and SIFs, and that allow strong control over the management of the structure, are the FCP (only for the SIF) and the SCA (for both the SICAR and the SIF). The fact that the FCP is a contractual arrangement is a key advantage since it offers investors the flexibility to organise their relationships amongst each others on the basis of *shariah* principles such as the equal treatment of investors. The choice of the SCA will be preferred for implementing certain *shariah* compliant finance techniques such as the *mudarabah*, which can be compared to a limited partnership. In practice, the *wakala* or agency structure is also frequently used.

The initiator of a *shariah* compliant SICAR or SIF benefits from wide flexibility with regard to capitalisation, subscriptions and redemptions, distributions, asset valuation methods, the



segregation of assets in separate compartments (sub-funds) and risk management, which enable the scheme to be adapted to *shariah* requirements (e.g., adaptation of the equalisation mechanism or the defaulting investor mechanisms). Segregation is achieved by creating a SIF or a SICAR with multiple compartments, each compartment or sub-fund corresponding to a distinct part of its assets and liabilities. Compartments not only allow the combination of different investment policies within the same legal entity, but also permit a “vintage” approach whereby investors may participate in different investment tranches over time. Segregation also facilitates the introduction of certain “excused investor” provisions, allowing for the creation of segregated compartments in respect of assets in which certain investors may not participate. The possibility of creating sub-funds thus caters for the needs of both Islamic investors and non Islamic investors.

### Shariah compliant leverage

Although there is no leverage restriction applicable to the SICAR and the SIF under Luxembourg law, both, in order to qualify as *shariah* compliant, must comply with leverage restrictions imposed by *shariah* principles, such as the prohibition of usury. The payment or receipt of interest as well as debt financing are considered as usury. In practice, it is generally accepted that a *shariah* compliant SICAR or SIF may engage in leverage through the use of *shariah* compliant financing instruments. However, it may not be granted or provide traditional loans or otherwise invest in traditional interest bearing instruments.

### Management and supervisory bodies

The assets of a SICAR or SIF are managed by a board of directors (or a management company, when the SIF is structured as an FCP), assisted and advised by an investment manager or advisor. While Luxembourg law provides initiators with all the flexibility they require for the selection, organisation and operation of the management bodies, the specific features of a *shariah* scheme require that a *shariah* advisor or a *shariah* board be appointed by the board of directors or a manager in the case of a management company.

## Securitisation

The Luxembourg Law of 22 March, 2004 on securitisation (the Securitisation Law) was enacted six years ago, creating a flexible and tax efficient regime for securitisation vehicles (SVs). Several *sharia* compliant securitisation structures have been implemented in Luxembourg, which has in the meantime gained wide recognition as an international structured finance hub.

One of the driving factors of the popularity of the Securitisation Law is the wide range of eligible assets (other than interest-bearing assets), which can be securitised through a Luxembourg SV. Risks relating to the holding of assets, whether movable or immovable, tangible or intangible, as well as risks resulting from the obligations assumed by third parties or relating to all or part of the activities of third parties, may be securitised. Securitisation

transactions in Luxembourg over the past few years included diverse classes of assets, such as equity investments, real estate, commodities, receivables and whole businesses. Luxembourg SVs have been used in several *murabaha* or *ijarah* structures.

Luxembourg SVs are unregulated entities not subject to any authorisation. Only SVs issuing securities to the public on a continuous basis must be approved by the CSSF. The acquisition of securitised risks by a Luxembourg SV has to be financed through the issuance of securities, the value or yield of which is linked to such risks. Luxembourg SVs may be financed through the issuance of *sukuk*.

An SV can be formed as a corporate vehicle or as a co-ownership of assets (without legal personality) - a so-called securitisation fund managed by a

Luxembourg-based management company. Securitisation funds constituting co-ownership(s) provide a closer connection to the securitised assets and easily ensure compliance with *shariah* principles.

In each of the above cases, the SV may be structured with multiple compartments, whereby each compartment (or sub-fund) represents a distinct part of the assets and liabilities of the SV. The SV may issue several classes of *sukuk*, each class being allocated to a specific compartment of the SV.

# The Luxembourg Stock Exchange

## A prime location for Islamic instruments

The Luxembourg Stock Exchange is ideal for companies or organisations that seek international access to markets. Issuers can be assured of a high degree of professionalism based on extensive experience in the listing and trading of securities from around the world.

The Luxembourg Stock Exchange has a history of innovation. It was the first exchange to list a Eurobond, in 1963. Since then it has become Europe's leading location for the listing of international bonds and an important location for the listing of Global Depositary Receipts (GDRs), the first of which was listed in Luxembourg in 1990. Other depositary receipts date back to the 1960s.

The Luxembourg Stock Exchange was the first European stock exchange to enter the *sukuk* market, in 2002. Since then it has admitted to trading 16 *sukuk*, including issuers from Malaysia, Pakistan, Saudi Arabia, the United Arab Emirates and other countries. The Exchange also lists Islamic investment funds.

All securities listed on the Luxembourg Stock Exchange are registered with international clearing and settlement organisations and are traded on the Universal Trading Platform (UTP).

The Luxembourg Stock Exchange offers a high quality of service and a straightforward listing procedure. Issuers have the advantage of listing on a well-known European exchange, while benefiting from a competitive fee structure.

A variety of services related to data and document publication and dissemination throughout the life of the issue are also available.

"Luxembourg is dedicated to creating the perfect environment for shariah compliant issuance by providing a friendly and customer-focused regulatory framework and by delivering shariah specialised support at advisors and other service providers."

Johan Groothaert  
CEO, Luxembourg Financial Group A.G.

# Wealth management

## Private banking

Luxembourg has a long tradition of wealth management and is today the leading wealth management centre in the Eurozone. In line with the financial centre as a whole, local private banks and family offices specialise in handling international clients who often have complex business and family profiles stretching across several countries or even continents.

A number of these firms have a dedicated Islamic finance desk that is able to offer *shariah* compliant products and services to high net worth individuals (HNWI).

Over and above the investment structures detailed elsewhere in this brochure, there are two holding structures that are tailor-made for company and wealth management. Either of these can be used to control a portfolio of *shariah* compliant investments.

The **SOPARFI** (*Société de participations financière*) is designed to optimise the management of a group of companies and can take advantage of Luxembourg's double taxation treaties. In addition to owning and controlling

shares, a SOPARFI can perform activities related to the management of its holdings, as well as undertake any commercial activity that is directly or indirectly connected to the management of its holdings. Thus a SOPARFI can, under certain circumstances, benefit from tax reduction of share-related income and undertake a commercial activity that is subject to income tax and VAT. The minimum capital of a SOPARFI ranges from 12,500 to 31,000 euros, depending on the legal form adopted, and the central administration must take place in Luxembourg.

The second vehicle is the **family wealth management company** (*Société de gestion de patrimoine familial*, SPF). This is an investment company that facilitates the administration and management of wealth on behalf of individuals (who do not need to be related to each other). Its sole purpose is the acquisition, holding, management and disposal of financial assets, to the exclusion of any commercial activity. The minimum capital of an SPF is between 12,500 and 31,000 euros, depending on the legal form adopted and it must have its seat in Luxembourg.

## Socially responsible investing

Socially responsible investing (SRI) is where investors seek to optimise the balance between financial and non-financial returns. Investors seek to reward corporate practices that promote environmental sustainability and social stewardship.

SRI investors use classical investment methods to achieve this "double bottom line" of return on investment and social and/or environmental benefit. This usually goes beyond the "negative screening" (exclusion policy) that is applied to any *shariah*-compliant equity or bond portfolio. A common SRI investment technique is "positive screening". This involves making investments in companies that have made a demonstrable effort or are Best in Class in the area of concern. By engaging with the management of a company, larger investors may bring about changes in corporate behavior.

## Philanthropy

There is a growing trend for investors to support philanthropic causes either



during their lifetime or by means of a legacy. The legal framework in Luxembourg enables investors to realise these aims, either by setting up a sheltered foundation or by setting up a traditional foundation for public benefit.

### The sheltered foundation based at the Fondation de Luxembourg

The **sheltered foundation** (*fondation abritée*), based at the Fondation de Luxembourg is a recent development created in 2008. An innovative and flexible structure, it allows individuals and companies to support their chosen causes and projects with ease by making use of the advice, administrative services and management provided by the Fondation de Luxembourg.

The individual sheltered foundations are structures based within the Fondation de Luxembourg. This means that donors can set up a foundation quickly following a simplified procedure and are not burdened with complex administrative matters.

Sheltered foundations may be structured as either an endowment founda-

tion or a turnover foundation.

The **endowment foundation** is where the founder bestows his sheltered foundation with a capital amount. This capital is invested and the interest earned on the investments is the sheltered foundation's main income. The income is then used to support the founder's chosen causes and projects.

The **turnover foundation** is where the founder pays a certain amount into his sheltered foundation each year. The yearly payments are then invested in projects chosen by the founder.

A founder retains complete control over his sheltered foundation as an agreement between the founder and the Fondation de Luxembourg setting out the founder's instructions is signed and a management committee comprising the founder, a representative of the Fondation de Luxembourg and an independent member is established to oversee the foundation's activities.

A sheltered foundation must have a purpose which is of public benefit, for example supporting culture, education, research, humanitarian activities, development projects, social cohesion,

healthcare or environmental issues.

The Fondation de Luxembourg can offer advice and due diligence on organisations and projects for the donor to engage with, and provides follow up and performance measurement of projects on behalf of its clients to evaluate the impact of their donations.

### The foundation for public benefit

The **foundation for public benefit** (*fondation reconnue d'utilité publique*) is created when a person bequeaths all or part of his/her patrimony to the creation of a foundation by way of an authentic deed or will. A foundation for public benefit must be a non-profit body and may have one of the following purposes: philanthropic, social, religious, scientific, artistic, pedagogic, sportive or touristic. There is a formal approval and publication procedure in place for the creation of a foundation for public good. Articles of association must be drawn up and directors are appointed to manage the foundation.

## Takaful

There are just under 100 insurance companies established in Luxembourg and regulated by the Luxembourg insurance supervisory authority, the Commissariat aux assurances (CAA). Total premiums in 2008 were in the region of 12 billion euros, over nine billion of which were generated by cross-border life assurance sales.

Many international players have operations in Luxembourg and most of them already offer *takaful* in targeted markets, such as Malaysia or the Gulf Cooperation Council countries. This is also the case with service providers, such as the big accounting firms, legal firms and custodians, which already offer services to *takaful* clients in other parts of the world and could leverage this expertise in the Grand Duchy.

Luxembourg is a popular domicile for insurance companies because it offers political and social stability, a wide spectrum of linguistic and financial competencies and a modern legislative framework. With 89% of the life business emanating from cross-border sales, *takaful* companies can leverage existing Luxembourg expertise to reach the Muslim customer base in Europe, estimated at 20 million people.

The bulk of life assurance policies in Luxembourg are unit-linked. Similarly, *takaful* contracts enable customers to combine insurance cover with return on *shariah* compliant investments.

“Luxembourg is very well positioned to advance the Islamic insurance (*takaful*) agenda globally. The financial centre is a leading cross-border provider of insurance, offering the necessary infrastructure and service platform to welcome *takaful* operators or to enable conventional insurers to sell *takaful* to their customers.”

Sohail Jaffer

Partner, International Business Development FWU International

# Microfinance

Microfinance, which is the term used to describe banking or financial services given to poor or low-income clients, aims at poverty alleviation.

Microfinance helps micro-entrepreneurs to start up or improve their businesses by providing an important source of capital. Using this credit, they can start generating more income for their household, improve their quality of life and create job opportunities within their communities. Even very modest loans generate huge business productivity gains and contribute to both job creation and better living standards including adequate nutrition, better health, housing and education.

Microfinance is also a viable business. Micro-entrepreneurs borrow at market rates and have a repayment track record that beats that of the borrowers of most commercial banks (97% on average).

The industry is currently expanding its reach by offering *shariah* compliant investment products to communities that are reluctant to deal with conventional financial instruments. Microfinance relies on small, repeatable short-term financing instruments and group responsibility. These features find a natural home in the framework of Islamic finance where the concern for social equity is reflected in the principle of “no exploitation” and support for the needy. Furthermore, Islamic insurance or mutual guarantee products are very much in the spirit of mutual responsibility. Accordingly, microfinance organisations can use Islamic financing products to offer loans as well as other financial services to promote financial inclusion.

Luxembourg law provides a highly attractive framework for microfinance investment vehicles (MIVs) which may be structured as UCIs, SICARs, SIFs or securitisation vehicles. These same vehicles may be used to build microfinance funds that comply with *shariah* principles.

The microfinance business is well embedded in the Luxembourg financial centre and enjoys the support of the Government.

Luxembourg is the leading European domicile for regulated microfinance investment vehicles and meets the requirements to become a hub for *shariah* compliant microfinance investment financing.

## Tax overview

There are no specific tax provisions in the Luxembourg Income tax law with respect to Islamic finance. However, Luxembourg tax law is generally based on an economic approach that can accommodate Islamic investments with a limited need for specific additional legislation. The Luxembourg tax administration recently published Circular L.G.-A no 55 (the 'Circular') on Islamic finance, covering the Luxembourg tax treatment of the *murabaha* contracts and the *sukuk* transaction.

### Investments through a fully-taxable Luxembourg company

A Luxembourg fully-taxable company is generally subject to an aggregate corporate income tax rate of 28.59% and to an annual net worth tax, which is levied at a rate of 0.5% on the company's worldwide net worth on January 1. However, the Luxembourg tax system provides advantages for

financing and holding activities by means of appropriate planning:

- An extensive participation exemption regime, under which a Luxembourg fully-taxable company may benefit from a 100% exemption on dividends and capital gains derived from any Luxembourg or foreign subsidiary under certain conditions.
- Dividends (including hidden dividends) paid by a Luxembourg company are generally subject to Luxembourg dividend tax at the rate of 15%, unless a domestic law exemption, the EU parent-subsidiary directive or a lower tax treaty rate applies. In addition, there are many ways to repatriate income to foreign shareholders without Luxembourg dividend withholding tax. The possible structures should be analysed on a case-by-case basis.
- Interest expenses are generally deductible and are not subject to Luxembourg withholding tax.

• A (partial) liquidation distribution by a Luxembourg company is not subject to Luxembourg dividend tax.

• Capital gains derived by non-resident shareholders are generally only subject to Luxembourg tax where they hold, either directly or indirectly, a substantial interest and the where the sale (including liquidation) takes place within six months of the acquisition (speculation gain)<sup>1</sup>. Note however, that Luxembourg will in general not be entitled to tax this gain under applicable tax treaties.

### Tax treatment of the murabaha contract

The above-mentioned Circular states that a *murabaha* contract will be treated like a sale contract, so that the total gain realised on the sale (including the margin of the financier) will be recognised for tax purposes at the moment of the sale. However, the Circular provides for an exception to this principle and allows the gain to be taxed

<sup>1</sup> A foreign resident taxpayer may also be subject to Luxembourg tax in case of an alienation after 6 months or more if they have been a Luxembourg resident taxpayer for more than 15 years and have become a non-Luxembourg taxpayer less than 5 years before the alienation takes place.

on a deferred basis, provided certain requirements are met. In this case, the realised gain (excluding the margin corresponding to the remuneration of the financier for his intermediary activity) can be taxed on a straight-line basis over the period of the deferred payments, regardless of the actual reimbursement schedule of the buyer.

### **Tax treatment of the sukuk**

The Circular provides that the tax treatment of *sukuk* is identical to the tax treatment of a debt in conventional finance (although the income is linked to the performance of the underlying asset) and the remuneration of *sukuk* is treated as an interest payment. Accordingly, the payments made under a *sukuk* transaction should generally be deductible, provided such expenses are incurred in the corporate interest of the enterprise. Furthermore, no withholding tax should apply on payments to foreign holders from Luxembourg-issued *sukuk* except where payments fall within the scope of the EU Savings Directive.

The Circular refers to the mutual agreement procedure in case of difficulties pertaining to the application of tax treaties to *sukuk*. Generally, payments under a *sukuk* transaction should qualify under the interest article of the tax treaties concluded in accordance with the OECD Model Convention.

### **Taxation of investment funds**

Luxembourg is an attractive jurisdiction for setting up tax efficient fund structures, thanks to its favourable rules on the taxation of investment funds and to its extensive tax treaty network. In this respect, some of the tax treaties concluded by Luxembourg extend their benefits to Luxembourg based undertakings for collective investment (UCIs).

Specific beneficial tax regimes have been introduced in Luxembourg for the fund industry. UCIs and SIFs benefit from an exemption from Luxembourg corporate income tax, Municipal

Business tax or net wealth tax. However, an annual subscription tax (*taxe d'abonnement*) ranging from 0.05% to 0.01%, assessed on the total net assets of the undertaking, applies depending on the forms adopted.

Capital gains on the disposal or redemption of UCI and SIF shares are subject to tax only if the non-resident taxpayer holds 10% in the capital of the UCI or the SIF and the shares were held for less than six months. Taxation may also occur in the case of former Luxembourg residents who dispose of a substantial participation (more than 10%) in the UCI or SIF.

### **Venture capital: the SICAR regime**

Under the SICAR regime, a company will be subject to corporate income tax on its worldwide profits and should thus qualify as a tax resident for Luxembourg tax treaties. The return (whether in the form of interest income, capital gains or dividends) derived from venture capital and/

or private equity investments will be exempt from corporate income tax. Taking into account the hybrid nature of venture capital and private equity funding, the capital company thus benefits from an extended exemption regime. Temporarily idle funds pending investment will equally benefit from the exemption, provided the funds are invested in venture capital and/or private equity projects within a 12 month period. All other income is fully subject to Luxembourg corporate income tax. A SICAR will further be exempt from the annual 0.5% net worth tax.

### Securitisation vehicle

A corporate type securitisation vehicle (SV) is subject to Luxembourg corporate income tax and municipal business tax. Obligations vis-à-vis its investors and other creditors (such as dividends or other income) are considered as deductible for income tax purposes. The SV is exempt from the annual net worth tax. Payment of dividends or other income is not subject to with-

holding tax (except payments falling within the scope of the EU Savings Directive).

A securitisation fund is transparent for tax purposes and will not be subject to corporate income tax, trade tax or net wealth tax in Luxembourg. Distribution of profits is not subject to Luxembourg withholding tax (except distributions falling within the scope of the EU Savings Directive). Due to the lack of legal personality of the securitisation fund, investors may, where applicable, claim treaty benefits from the jurisdictions in which the securitised assets are located.

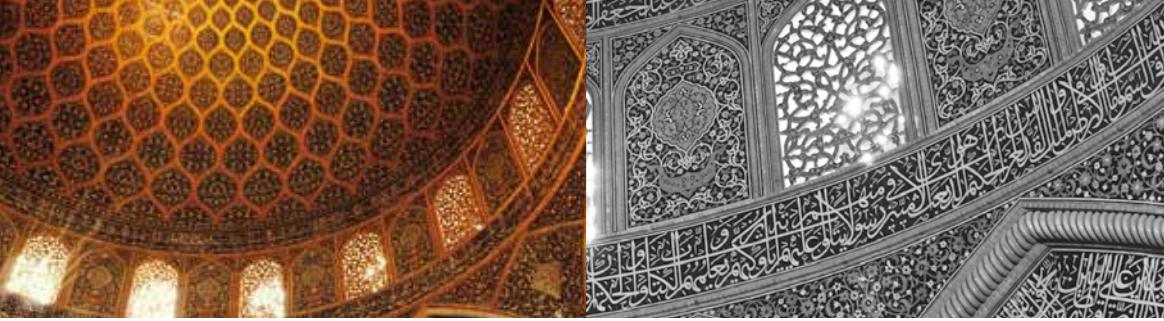
### Extensive treaty network

As at March 2010 Luxembourg has 57 double-tax treaties in force. An additional 20 are in negotiation or signed. These include a tax treaty with the United Arab Emirates (which entered into force on 1 January 2010), and treaties with Kuwait and Qatar (not yet ratified). Negotiations are ongoing with Lebanon, Pakistan and Syria.

### VAT

Neither the EU VAT Directive, nor Luxembourg VAT Law provide specific rules regarding Islamic finance. General VAT principles are thus applicable.

Regarding investment funds and other vehicles such as SV, Luxembourg VAT Law provides a favourable and flexible framework. Indeed, most services rendered to these funds and vehicles can benefit from VAT exemption. This includes both administrative services and portfolio advisory and management services. Compared with other EU Member States, Luxembourg applies this exemption very broadly. Moreover, services that do not benefit from the VAT exemption could benefit from the lowest VAT rate applicable in the EU (12% or 15% in Luxembourg as compared to 16% to 25% with an average of 20%, elsewhere). Consequently, the VAT leakage for these vehicles can be qualified as very limited. It should also be mentioned that administrative requirements are also very limited: the sole obligation is to file a simplified



return when Luxembourg VAT is due on services received from abroad.

A non regulated vehicle may also be used. In this case, the regime mentioned above will not be applicable. These vehicles might be faced with some VAT obligations (VAT registration, VAT returns, issuing of invoices, sales listing). Performing economic activities, they will, in principle, be entitled to recover the VAT incurred on their costs under some conditions and depending on the precise nature of their activities (exempt activities usually do not allow the recovery of VAT incurred on costs). This does not, however, imply that the transactions will be liable to Luxembourg VAT. Should these transactions be performed abroad, they will, in most cases, escape from the territorial scope of Luxembourg. However, even if the transaction itself is outside the scope of Luxembourg VAT, it does not mean that VAT should be ignored. For example, a *murabaha* transaction on foreign real estate properties will not be in the

scope of Luxembourg VAT but in the scope of VAT, if any, of the country where the property is located. Moreover, if this transaction is made by a Luxembourg company, this company may have some obligations in Luxembourg. An analysis of the underlying transactions on a case-by-case basis is necessary.

Without analysing all details the transactions, the following could be said of *murabaha* and *sukuk*:

*Murabaha*: these transactions could probably be defined as transactions relating to goods and therefore liable to VAT (except those transactions

related to securities) combined with a facility to defer payment. However, unallocated metals could be treated as a supply of services and not of goods. It is also worth noting the existence of a specific regime for investment gold.

*Sukuk*: in general, these transactions could be regarded as transactions related to securities and therefore VAT exempt; however, due to the diversity of underlying contracts, a case-by-case analysis is necessary.

“Luxembourg presents the advantages of a flexible application of EU VAT rules, one of the broadest applications of the VAT exemption for services to investments funds and assimilated vehicles and one of the lowest VAT rates applicable in the EU.”

Stijn Janssen  
Head of Dubai Office, Loyens & Loeff

# Glossary

Companies Law	Law of 10 August 1915 on commercial companies, as amended
CSSF	Commission de surveillance du secteur financier, the Luxembourg financial supervisory authority
FCP	Fonds commun de placement, an unincorporated co-ownership of assets
Haram	Forbidden activities such as alcohol, pornography, gambling, arms and pork-based products
SA	Société anonyme (public limited company)
Sàrl	Société à responsabilité limitée (private limited company)
SCA	Société en commandite par actions (partnership limited by shares)
SCS	Société en commandite simple (limited partnership)
Securitisation Law	The Law of 22 March 2004 on securitisation, as amended
SICAR	Société d'investissement en capital à risque (investment company in risk capital)
SICAR Law	The Law of 15 June 2004 on the investment company in risk capital, as amended
SICAV	Société d'investissement à capital variable (investment company with variable capital)
SIF	Specialised investment fund
SIF Law	The Law of 13 February 2007 on specialised investment funds, as amended
SOPARFI	Société de participations financières
SPF	Société de gestion de patrimoine familial (family wealth management company)
SPF Law	The law of 11 May 2007 on the family wealth management company, as amended
UCI	Undertaking for collective investment
UCI Law	Law of 20 December 2002 on undertakings for collective investment, as amended
UCITS	Undertaking for collective investment in transferable securities: these funds qualify for an EU passport
VAT	Value added tax
Well-informed investor	Any investor who has adhered in writing to the status of well-informed investor and complies with one of the following conditions: (i) he/she/it invests at least EUR 125,000 in the special fund; (ii) or his/her/its expertise is confirmed by a Luxembourg professional of the financial sector or management company; or (iii) he/she/it has carried out a certain minimum number of significant transactions on the relevant market over the previous year.

# Luxembourg for Finance

Agency for the Development of the Financial Centre

Luxembourg for Finance is a public-private partnership between the Luxembourg Government and the Luxembourg Financial Industry Federation (PROFIL). It consolidates the efforts made by the public authorities and principal actors of the financial sector to ensure the development of an innovative and professional financial centre through a coherent and structured communications policy.

Thus Luxembourg for Finance will enhance the external presentation of the financial centre, communicating the advantages of its products and services to a wider public and highlighting the numerous opportunities available to investors and clients, whether institutional or private, from around the world.

Luxembourg for Finance organises seminars in international financial centres and takes part in selected world class trade fairs and congresses.

The agency also develops its contacts with opinion leaders from international media and is the first port of call for foreign journalists.



## Luxembourg for Finance

Agency for the Development of the Financial Centre

7, rue Alcide de Gasperi · P.O. Box 904 · L-2019 Luxembourg

Tel. (+352) 27 20 21 1 · Fax (+352) 27 20 21 399

Email [lff@lff.lu](mailto:lff@lff.lu) · <http://www.lff.lu>

