



**All you should know about the new
Simplified Limited Company (Société par
actions simplifiée or «SAS»)**

The law of 10 August 2016 has reformed the Luxembourg company law and modernised the existing rules applicable to the commercial companies. Amongst other innovations, it has introduced a new corporate form into Luxembourg law, the **simplified limited company (in French *société par actions simplifiée* or “SAS”)**.

WHY HAS THE SAS BEEN INTRODUCED INTO LUXEMBOURG LAW?

The Luxembourg legislator has been inspired to a certain degree by the success of the French legislation in respect of the simplified limited company. Moreover, it was necessary to introduce into Luxembourg law a form of company for which there exists a freedom as regards corporate governance rules.

IS THE SAS SIMILAR TO A SOCIETE ANONYME?

The legal regime applicable to the SAS has been generally modelled on the Luxembourg public limited company (*société anonyme* or “SA”). In this regard SAS is, as for an SA, required to have a minimum share capital of EUR 30,000. Its share capital is divided into shares (*actions*) and many other rules resemble that of an SA.

But, contrary to the rules applicable to an SA, an SAS may not undertake a public offering of shares and have its shares listed on a stock exchange. However bonds may be issued to the public.

WHAT ARE THE MAIN FEATURES OF AN SAS?

The shareholders are free to decide and fix the conditions in the constitutive document of an SAS (i) on how the company will be managed and (ii) and also how powers will be distributed among different bodies of such company. The only requirement is that a chairman (*“président”*) (a legal or a natural person) should be appointed to represent an SAS vis-à-vis third parties and in any legal proceedings. The chairman himself or the shareholders may appoint freely one or more directors (*“directeurs”*) that may exercise the powers conferred to the chairman.

The articles may provide that the chairman may in principle not be revoked by the shareholders, which gives the management of an SAS a greater stability than in other Luxembourg companies.

Certain key decisions however, such as distribution of profits, mergers, divisions or dissolutions, decisions relating to the share capital of an SAS, etc. should be taken by the shareholders. Here again, the modalities of such decisions (i.e. quorum, majorities, etc.) may be freely determined in the articles of incorporation of an SAS.

HOW CAN THE SAS BE USED?

The SAS may essentially be used for joint venture structures, succession organisations (due especially to the possibility to provide for a stable management), and group holdings for non-listed companies. Moreover a Luxembourg SAS could also appeal to French investors that are generally already familiar with the SAS regime and generally investors that seek flexible and tailor made corporate governance rules.

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