



Major changes in Luxembourg Corporate Law

The Law of 10 August 2016 modernising the amended Law of 10 August 1915 on commercial companies has recently been published in the Luxembourg Official Gazette. There is no doubt that it will positively impact existing and future Luxembourg structures.

Here is a **list of major changes** that have been implemented :

1. Major changes that relate to all forms of companies :

- Any type of Luxembourg company (including a *société à responsabilité limitée* - SARL) will be allowed to **issue bonds to the public**;
- A **voting right arrangement** is now expressly recognised except in certain circumstances;
- A shareholder of a *société anonyme* ("SA"), an SARL or a *société en commandite par actions* ("SCA") may, either temporarily or permanently, **waive** all or part of his **voting rights** on a voluntary basis;
- The issuance of **tracking shares** is now legally recognised;
- No unanimous decision by the shareholders (and bondholders) will be required anymore in case of **change of nationality**.

2. Major changes that relate to certain forms of companies only:

- For an SARL, **amendments to the articles of association** will be subject to a vote by the shareholders holding **3/4 of the capital**. The usual additional mandatory **headcount majority** has been **abolished**;
- The majority requirement applicable to the **transfer of shares in an SARL** to a non-shareholder may be reduced to **50% of the share capital** in the articles of association;

- The possibility for a SARL to have an “**authorised**” **share capital** with the authorisation to the managers to issue new shares is now legally recognised under certain conditions.
- The maximum **number of shareholders** in an SARL is increased from 40 to 100.
- The validity of **lock-up clauses** in the articles of association in an SA or an SCA is now legally recognised.
- In an SA or an SCA, **prior consent clauses** or **pre-emption clauses** relating to a transfer of shares in the articles of association is valid to the extent it does not prevent the leaving shareholder from transferring its shares for more than 12 months;
- The issuance of **non-voting shares** in the capital will no longer be limited to 50% of the corporate capital and non-voting shares do no longer need to receive mandatorily a **preferred dividend**.
- In an SA or an SCA, an **auditor’s report** is no longer required for contributions of receivables (under certain conditions).
- A new form of company, the **société par actions simplifiées (“SAS”)** is created, which, as a matter of principle, is subject to the same rules as the SA but may take advantage of a greater contractual freedom, in particular as regards the corporate governance rules which can be freely determined by the shareholders.

Our corporate team will be happy to assist you on any question you may have in connection with these major changes and their impact on existing and future Luxembourg structures.

Please address any question you may have to **Adrian Sedlo** at asedlo@sedlo.lu.