

Luxembourg corporate law - modernisation 2016

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Following extensive consultation, Luxembourg has enacted a far-reaching and meaningful modernisation of its corporate law. This provides a more modern, flexible and attractive corporate law framework whilst still rooted firmly in Luxembourg corporate law core principles: contractual freedom for shareholders and security for third parties.

As this new piece of legislation (the Law) has just been enacted, this briefing focuses on:

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SARL - Private limited company

As a flexible and quasi-partnership company, the SARL was already operating within a light set of statutory requirements. The Law further enhances its attractiveness by making it more flexible, adding useful new tools to its existing regime and providing legal certainty for certain already well established practices, as detailed below, in addition to the additional changes of general application outlined in the below section relating to all three types of companies (SARL, SA, SCA):

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| SA - public limited company

Depending on the activities or transaction structuring, the SA is less frequently encountered in practice, partly due to the more extensive statutory environment which applies to it. Whilst this statutory environment will remain more prescriptive than that of a SARL, it will benefit from the following flexibilities:

Changes of general applications

The following also apply to all SARL, SA and SCA:

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Transitory period

A transitory period of two years (from the date on which the Law takes legal effect) has been introduced for existing companies to comply with these new legal provisions.

However, when an amendment to the articles is required due to the very fact that they refer to a legal provision which has been abrogated or whose numbering has changed, the management body of the company is authorised to carry out the required modifications in the articles.

At the end of this two years transitory period, any provisions of the articles not at that time updated to comply with the Law, will be deemed extinguished and the new statutory rules will directly apply.

SAS - *société par actions simplifiée* - simplified public company

A new simplified form of public limited company has been introduced into Luxembourg law, the SAS. Inspired by the French market and now an option to consider for joint venture vehicles for instance, the SAS is primarily regulated by the rules applicable to SA but with almost limitless flexibility with respect to corporate governance. The main points of differences concerning governance are that:

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- It is to be noted that the SAS cannot issue shares to the public.

To discuss further any question relating to this briefing and the scope of corporate vehicles, please contact Laurent Thailly, Managing Associate, or your usual contact at Ogier Luxembourg.

Read the [Amended Law of 10 August 1915](#) relating to commercial companies (in French).

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Meet the Author



[Laurent Thailly](#)

Partner

[Luxembourg Legal Services](#)

E: laurent.thailly@ogier.com

T: [+ 352 2712 2032](tel:+35227122032)

Key Contacts



Bertrand Gérardin

Partner

Luxembourg Legal Services

E: bertrand.geradin@ogier.com

T: +352 2712 2029

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