

Value Added Tax (VAT) in the Luxembourg Asset Management industry	Specialised Investment Funds	Luxembourg - your rock solid partner to re-domicile your offshore fund	Eligible investments and investment restrictions	Licensing and reporting under AIFMD
Global Fund Distribution	PwC Luxembourg Market Research Institute	Tax structuring in the Luxembourg Asset Management industry	Global Tax Reporting	UCITS Management Companies licensing

Supporting you in creating, delivering and maintaining a successful cross-border distribution strategy

Specialised Investment Funds



The Specialised Investment Fund (SIF) is a regulated, flexible and fiscally efficient multipurpose investment fund regime for international institutional investors.

SIFs may have one of the three following legal structures:

- SICAV: Investment company with variable capital (the amount of capital is at all times equal to the Net Asset Value);
- SICAF: corporate vehicle with fixed capital; offers limited flexibility and thus rarely used;
- FCP: created under a contractual form; undivided collection of assets handled by a management company on behalf of the unit holders; always requires a management company.

Investment in SIFs is advisable for well-informed investors only, to whom the funds may issue shares/units, debt or “Parts bénéficiaires”. SIFs propose a wide range of eligible assets with flexible risk diversification rules.

The appointment of certain service providers is mandatory, notably:

- a depositary (which must be a Luxembourg bank or a Luxembourg branch of a EU bank) assigned to holding the assets of the SIF;
- the central administration (which must be a Luxembourg bank, a Luxembourg branch of a foreign bank or a licensed professional of the financial sector) which is mainly responsible for the accounting, NAV calculation, keeping of the register of the shareholders/unit holders, handling subscriptions and redemptions, communications with investors and preparation of financial statements;
- an Alternative Investment Fund Manager (“the AIFM”);

- a Luxembourg external auditor/“Réviseur d’entreprises”.

SIFs may carry out subscriptions and redemptions in accordance with the rules laid down in the SIF constitutional documents (not always linked to the NAV).

The minimum capital requirement for SIFs amounts to EUR 1.25m euros to be attained within 12 months following approval with a minimum of yearly NAV calculation.

Your current challenges

The Specialised Investment Funds law (the “SIF law”) of 13 February 2007 has been amended on 26 March 2012 and now includes some additional features.

Furthermore, the Alternative Investment Fund Managers Directive (“AIFMD”) is bringing about significant change in the way that SIFs are being regulated and managed. The implementation of the AIFMD under Luxembourg law has been enforced by the Law of 12 July 2013 (the “AIFM Law”). The main impact will be on the managers of the AIFs, i.e. the Alternative Investment Fund Managers (“AIFMs”); the directive also indirectly affects SIFs that qualify as AIFs.

SIFs that qualify as AIFs must comply with strict provisions regarding the AIFM and/or the AIF itself, including amongst others:

- the appointment of an authorised AIFM;
- minimal capital requirements of the AIFM or the SIF when internally managed;
- the establishment and maintenance of permanent risk management, compliance and internal audit functions;
- the appointment of an internal or external valuer;
- the application of an appropriate liquidity management system;
- the implementation of restrictions on the extent of the delegation of portfolio management or risk management (an AIFM may not delegate both functions in their entirety at the same time, and delegates must be regulated with regards to their asset management activities or at least be authorised by the competent authorities);
- adherence to the transparency requirements, which entails quarterly or semi-annual reporting of extensive quantitative and risk management-related information;
- the appointment of a single depositor for each qualifying SIF of an AIFM who assumes a strict liability for safekeeping duties and any losses; and
- the implementation of a remuneration policy which promotes sound and effective risk management and does not encourage excessive risk taking.

In some countries, the implementation of the AIFMD has significant tax impacts for investors. In Germany, for example, the SIF qualifying as an AIF may - under specific conditions - allow its investors to benefit from a favourable tax regime, in particular in terms of asset diversification and prospectus disclosures.

How we can help

- Structural and strategy engineering: supporting you in finding the ideal investment vehicle for your project;
- Documentation and preparation: drafting and reviewing all documents to be filed with the regulatory authorities (e.g. prospectus and issuing documents, management regulations, articles of incorporation, contracts with service providers, etc.);
- Regulatory filing: filing your application with the CSSF and assisting you until you obtain the final authorisation;
- Incorporation and launch: supporting you with the incorporation, launch and distribution (regulatory aspects);
- Ongoing assistance: assisting you throughout the lifetime of your products (e.g. Corporate events, restructuring launch or closing of sub-funds, keeping your products and your organisation up-to-date regarding new regulatory developments);
- Audit of the Financial Statements;
- Tax structuring;
- Risk Management assistance: identification of risk exposures, definition and implementation of processes, support in setting up an independent Risk Management function, assistance in defining a Risk Management policy, creation of a reporting framework, definition of risk appetite, definition of risk limits, structuring of the reporting framework and reporting tools, support in the identification of potential conflicts of interest and composition of a dedicated policy, etc.;

With our Global Tax Compliance services for Investment Funds, we are the clear market leader in providing solutions for fund tax reporting. We offer a comprehensive, bespoke and efficient tax reporting service for funds looking to satisfy their reporting obligations. For example, we can assist clients distributing and operating in Germany, Austria, Switzerland and the UK with a review of the prospectus disclosure requirements and the preparation of their annual tax reporting;

We have developed a customised tool to respond to the requirements of the AIFMD in terms of reporting.

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