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INVESTMENT FUNDS – CAPITAL MARKET – PRIVATE EQUITY – M&A
SECURITISATION – BANKING & FINANCE – REGULATED ENTITIES – LITIGATION



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RAIF

The Reserved Alternative Investment Fund

The Luxembourg specialized investment fund regime was implemented in 2007 with a view to provide industry actors with a type of vehicle easier to launch, not limited in investable assets, subject to lighter regulation and diversification rules compared to investment schemes subject to the UCITS directive and other hedge funds.

The advent of the AIFM Directive and requalification of SIF as AIF (Alternative Investment Fund) resulted in the complexification of the SIF regime, increased set-up delays and costs for SIF. However, the AIFM Directive also introduced the idea that non-regulated investment vehicles could be marketed throughout Europe by their approved AIFM.

As a result, industry actors have worked together with the government with a view to expand the Luxembourg fund offer and the launching of a new investment vehicle dedicated to a limitless range of investment classes: the Reserved Alternative Investment Fund – RAIF.

On November 27, 2015 the bill of Law relating to RAIF was approved by the Luxembourg government and transmitted to the Luxembourg parliamentary chamber for enactment. It is expected to enter into full force during Q2 of 2016.

1. ADVANTAGES

Contrary to most Luxembourg investment schemes, RAIF should not be subject to the CSSF approval for their set up and launch. Indeed, the constitutive documents, issuing documents and various report will not be subject to the CSSF scrutiny. RAIF will be compulsorily managed by an AIFM and the supervision should only be applicable to the AIFM managing the RAIF.

The RAIF will benefit from the European passport of its AIFM (based in Luxembourg or another EU member state) and its units may be distributed and marketed throughout Europe similarly to other AIF.

2. COMMON FEATURES

As for other Luxembourg based investment schemes, the RAIF will be settable:

- under a contractual (common fund FCP) or a corporate form (S.A., S.à r.l., S.C.A., SCSp,...),
- with one or multiple segregated compartments or classes of shares,
- with no limitation with regards to eligible assets or investment policies,
- with no diversification rules applicable (in case of risk capital investment policy),
- with flexible operational requirements,
- eligible for well-informed investors (minimum investment of EUR 125,000),
- an advantageous tax regime applicable (0.01% taxe d'abonnement).