

Clarification of the companies law in respect of private limited liability companies

Earlier this week the government deposited a draft law amending the Luxembourg law of 10 August 1915, as amended, aimed at clarifying a wording error that had crept in the text during the revamp of the law back in 2016.

Notably, article 1500-7 (2) of the current version of the law provides for penalties for, among others, managers of a private limited liability company (*société à responsabilité limitée*) who “*knowingly made loans or advances using company funds or provided security with a view to the acquisition of [...] corporate units in the company or taken a pledge on the company’s corporate units [...]*”.

Since the current text is contrary to the final legislator’s 2016 intent in respect of private limited companies, the legislator will delete the reference to corporate units (i.e. of a private limited liability company) in article 1500-7(2). This step would hopefully eliminate interpretation difficulties for practitioners and bring more security for managers of private limited liability companies, above all, taking into account that the provision in question is penalty-sensitive.



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