Regulatory News Alert

Changes to Luxembourg fund laws—adoption of draft Law 7349

16 July 2019

Context and objectives

The Luxembourg Parliament adopted draft Law No. 7349 (the Law) on 11 July 2019. A request to dispense with the second vote required by the Constitution has been filed.

Certain aspects of the following EU Regulations have been implemented into Luxembourg by means of the Law:

- Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitization and creating a specific framework for simple, transparent, and standardized securitizations (Securitization Regulation)

Although these Regulations are directly applicable to the Member States, they do enable certain provisions to be regulated on a national level. Therefore, the Law introduces the following:

- Designation of the Commission de Surveillance du Secteur Financier (CSSF) as the competent authority in respect of the EuVECA, EuSEF, ELTIF, and MMF Regulations
- Granting the supervisory powers and the administrative sanctions to the CSSF that may be applied pursuant to these regulations
- CSSF is designated as the competent authority pursuant to the Securitization Regulation while the Commissariat aux Assurances (CAA) is designated as the competent authority for ensuring compliance to the rules on risk retention and criteria for credit-granting by sponsors, originators, and securitization special purpose entities

The law of July 23 2016 relating to reserved alternative investment funds (the RAIF Law) is amended. Precisely, Article 8 is revised to provide that fonds commun de placement may be managed by Luxembourg management companies authorized pursuant to chapters 15, 16 or 18 of the law of 17 December 2010 relating to
undertakings for collective investment. Finally, Article 49 of the RAIF Law is amended to allow for the transformation of FCP RAIFs into SICAV RAIFs.

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