



Company reforms

Public Limited Companies

Luxembourg public limited companies (**SAs**) need to consider what changes should be made to their articles of association following the modernisation of the Luxembourg law on commercial companies and the Grand-Ducal regulation on the coordination and renumbering of the Luxembourg law on commercial companies (the **New Companies Act**). Without amendments to their articles of association, companies will have to continue under the constraints of the old regime, and there are likely to be many areas of confusion over which law to apply as not all matters covered by existing articles of association are automatically changed by the New Companies Act. All **updates should be made before 22 August** – the date that the reforms take effect.

Five things you need to know...



Voting rights can now be accommodated more easily: shares can have different nominal values and some shareholders can have a higher share of voting rights. Non-voting shares can now be issued without any material limitations



A flexible framework for shareholder arrangements has been introduced: voting rights can be suspended in the event of a breach by a shareholder of its obligations under the articles of association and lock-up and approval clauses are now formally authorized



The procedure to convene and hold general meetings has been simplified: there is no further requirement to have the AGM on a specific date and convening notice can be sent by any means of communication



An attractive regime for the issuance of free shares to employees or directors, or to the employees or directors of one of its group members, has been introduced to the extent such mechanism is expressly permitted in the articles of association



There is no further requirement to appoint a chairperson of the board

Five things you need to do...



Identify any out-of-date provisions as well as any unnecessary restrictions and obligations and remove them



Ensure that your articles of association allow the use of new means of communication for board and shareholders' meetings (otherwise a meeting by email or videoconference will not be valid)



Review and update your articles of association to take advantage of the provisions of the New Companies Act

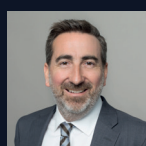


If you decide to amend your articles of association, it may be better, in the long run, to adopt an entirely new set of articles rather than make piecemeal changes



A change to the articles of association requires a special resolution to be passed at a shareholders' meeting (with a qualified majority of two-thirds of the votes, with a quorum of half of the share capital)

We will be happy to assist you with reviewing your articles and association to take advantage of the significant changes introduced by the New Companies Act.



Bertrand Geradin
Partner – Head of Corporate

bertrand.geradin@ogier.com

Bertrand heads the corporate practice in Ogier's Luxembourg office. He has more than 15 years' experience with law firms in Luxembourg, London, Brussels and Philadelphia with a particular focus on Luxembourg-related transactions. He is a member of the Luxembourg Bar and has been admitted as a Solicitor of the Senior Courts of England & Wales.

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