



Company reforms

Private limited liability company

Luxembourg private limited liability companies (**Sarls**) 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.

5 things you need to know



The board of managers may increase the corporate capital within the limits of the authorized capital and issue beneficiary shares and redeemable shares as well bonds to the public



The double majority requirement to amend the articles of association has been abolished. A majority of 75% of the share capital is now sufficient.



The board of managers can delegate the daily business of the company to a day-to-day manager



New provisions to facilitate how manager's conflict are dealt with have been introduced by the New Companies Act (the same rules as for the SA are applied to the S.à r.l.)



Approval of the transfer of shares to a third-party can now be approved by the shareholders with a reduced voting majority of 50% and the New Companies Act provides for an exit mechanism if a transfer of shares to a third party is not approved by the existing shareholders



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5 things you need to do



Identify any out of date provisions as well as any unnecessary restrictions and obligations and remove them



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



Insert in your articles of association the new provisions regarding the distribution of interim dividend to avoid doing anything unlawful



Ensure that your articles of association allow the use of email, phone and videoconferencing for board and shareholder's meetings otherwise such meetings will not be valid



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

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