

ADOPTION OF THE RECTIFICATION BILL OF LAW

On 19 July 2023, the Luxembourg Parliament adopted the bill of law n°8007 (the "**Rectification Law**"), correcting several clerical errors, discrepancies and omissions regarding various statutory provisions applicable to Luxembourg companies. On 21 July, the *Conseil d'Etat* agreed to the exemption of the second constitutional vote.

Scope & Purpose

The law of 10 August 1915 on commercial companies, as amended ("**1915 Law**") was significantly reformed through the adoption of the law of 10 August 2016 modifying the 1915 Law, the amended law of 19 December 2002 on the Luxembourg Trade and Companies' register and the annual accounts and the Civil Code.

The purpose of the Rectification Law is to rectify certain clerical errors, discrepancies and omissions that resulted from that 2016 reform, while also adding several clarifications with respect to this legislation, as well as the amended law of 24 May 2011 on the rights of shareholders of listed companies.

Key changes made by the Rectification Law to the 1915 Law are the following:

Quorum and majority requirements

Article 450-1, paragraph 9 of the 1915 Law, applicable to SAs, will expressly state that shares for which voting rights have been suspended or shares for which waivers of voting rights have been notified to the company, shall not be taken into account in the calculation of the quorum and majority of shareholders' meetings. The same clarification will also be included in article 710-19 applicable to SARLs.

Article 710-5, paragraph 6 of the 1915 Law will expressly state that redeemed shares in SARLs shall not be considered in the calculation of the quorum and majority of shareholders' meetings, as is already the case for redeemed shares in SAs.

The double majority requirements for determining the method of liquidation and appointing a liquidator for a SARL, as provided in article 1100-2, paragraph 1 of the 1915 Law, is deleted (deletion of the majority in number requirement). As a reminder, the double majority requirements had already been abolished as part of the 2016 reform regarding amendments to articles of association.

Key issues

- Law rectifying clerical errors, discrepancies and omissions which occurred during the 2016 reform
- Clarification of certain quorum and majority requirements
- Clarification of the rules governing transfers of shares in SARLs to non-shareholders

Approval procedure for the transfer of shares in a SARL to non-shareholders

The Rectification Law removes the reference to the approval by the company regarding the transfer of shares to non-shareholders in SARLs, as provided in article 710-12 (1), paragraph 3 of the 1915 Law. Such reference was misleading as it may have implied that the company has a veto right for the transfer of shares to non-shareholders, whereas this transfer only requires the approval of the shareholders.

The Rectification Law also clarifies that the approval procedure for the transfer of shares in SARLs to non-shareholder(s) is not applicable to SARLs having a sole shareholder.

SARL with sole shareholder

Additionally, the Rectification Law clarifies that the transfer of the registered office of a SARL to another municipality by virtue of resolutions of the manager(s), as well as the use of authorised share capital are possible in SARLs having a sole shareholder.

The Rectification Law was voted by the Luxembourg Parliament on 19 July 2023. Its entry into force will depend on its publication in the Luxembourg Official Gazette.

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