

## **New Luxembourg bearer share regime adopted**

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The draft bill of law 6625 relating to the amendment of the bearer share regime was adopted by the Luxembourg parliament on 16<sup>th</sup> July 2014.

The new regime provides that it is mandatory for bearer shares issued by Luxembourg companies to be deposited with a Luxembourg custodian, appointed by the issuer of such shares.

The eligible Luxembourg custodians are mainly banks, professionals of the financial sector, notaries, chartered accountants and auditors.

SG Audit Sàrl can therefore provide such a service.

The custodian shall maintain a register of bearer shares, mentioning:

- the owner of the said bearer shares
- the date of the deposit of the shares
- the transfer of the shares (if applicable)
- the conversion of bearer shares into registered shares (if applicable)

The transfer of bearer shares shall no longer imply the transfer of share certificates but shall be materialized by means of a declaration of transfer entered into the register of bearer shares.

This new regime provides that the custodian shall only have the right to transfer the bearer share certificates back to:

- A new custodian or
- The issuer in case of conversion into registered shares.

Regarding the bearer shares issued before the entry into force of the law, the said law provides for a transitional period of six months for the appointment of a custodian and the deposit of the bearer shares with the said custodian.

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In case of failure to deposit the bearer shares with an eligible custodian within this delay, the shares shall no longer benefit from their political and financial rights and shall be cancelled after a delay of 18 months from the entry into force of the law.

This new regime is mandatory, and any non-compliance shall incur criminal liability for the Directors of the issuing company and for the custodian.

Should you need any further information on the above, please do not hesitate to contact:

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