

Expected change of the Luxembourg bearer share regime

The draft bill of law 6625 relating to the amendment of the bearer share regime is currently before the Luxembourg parliament.

The expected new regime foresees that it would be 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 would be mainly banks, professionals of the financial sector, notaries, chartered accountants and auditors. SG Audit Sàrl could therefore provide such a service.

The custodian would 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 would therefore no longer imply the transfer of share certificates but would mainly be materialized by a declaration signed by the seller or the purchaser or by any other document evidencing the agreement between the seller and the purchaser (such as a Share Purchase Agreement for example).

The expected regime provides that the custodian would only have the right to transfer the bearer shares 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 expected law, the project 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.

SG Audit

Newsletter

N° I/2014

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

The expected provisions are meant to be mandatory, and any non-compliance would 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:

SG Audit Sàrl

231, Val des Bons-Malades

L-2121 Luxembourg

Tel : +352 43 89 89 1

Thierry TRIBOULOT (t.triboulot@sgluxembourg.eu)

Geneviève BLAUEEN (g.blauen@sgluxembourg.eu)