

PRESS ANNOUNCEMENT

GREEN LIGHT ON NEW LEGISLATION CONCERNING 'SPECIALIZED INVESTMENT FUNDS'

February 2007 Parliament in Luxembourg has adopted the new law on 'Specialized Investment Funds' (SIF) replacing the existing law of July 19th 1991 on undertakings for collective investment (UCI) for institutional investors. The new law which was put in place earlier this week (13th February) has included a specific provision clarifying that it will also enter into force immediately to provide a smooth transition from the current law which will effectively expire. To follow is a brief resume of the main changes.

Proposals for this new legislation have been receiving a high level of investor interest since they were first announced in October 2006. The new law gives way to an investment fund which will extend considerably the range of eligible investors and provides for a regulated structure which is a great deal more flexible. The changes should appeal to a number of industries as funds created under the new regime can now invest in a wider range of asset classes, presenting opportunities for areas such as hedge funds, real estate, private equity and more generally, alternative investment strategies. The new law will be of particular interest to many private equity and venture capital funds which had previously been restricted on the basis of not qualifying as 'promoters'.

As outlined in the new law, a brief overview of the main changes (amongst others) include:

- Eligible' investors will now be defined as well-informed investors meaning institutional investors (as in the past) and professional investors or any investor who invests a minimum of 125,000 euros
- Greater scope for investing in a wider range of asset classes, offering a broader range of industries the option to launch investment funds
- Smaller sponsors can now launch products whilst investors can work more closely with their advisers to create more personalised investment products
- Neither a promoter nor Commission de Surveillance du Secteur Financier ("CSSF") supervision of a promoter's financial status will be necessary. It will be possible to set up a SIF as soon as the file is registered with the CSSF and prior to the CSSF's approval. The professional reputation and expertise of the SIF managers will, however, be subject to the CSSF's examination
- There will be lighter disclosure requirements, few quantitative investment restrictions and the existing requirements for a semi-annual non-audited report or long form report will be replaced with an annual audited report for the relevant financial year
- Several corporate forms are available and it will be permitted to set up "umbrella funds"

"The new legislation is a significant development for Luxembourg and the fund industry as a whole. Funds created under this new regime have the benefit of having modern and recognised supervisions whilst also providing the flexibility much welcomed by sponsors and investors worldwide. Importantly, international investors have access to an investment vehicle free of many of the limitations that have existed previously whilst continuing to benefit from a favorable tax environment as with the 1991 law".

Further information on the new law can be found at www.CSSF.lu and on request at info@oostvogels.com or fpfister@oostvogels.com.