

In case of discrepancies between the French and the English text, the French text shall prevail

Luxembourg, 21 January 2013

To the investment firms authorised as investment advisers or private portfolio managers;
to the specialised PFS authorised as domiciliation agents of companies or professionals performing services of setting-up and of management of companies

CIRCULAR-LETTER

Re: Entry into force of the law of 21 December 2012 relating to the Family Office activity

Ladies and Gentlemen,

We are pleased to draw your attention to the entry into force of the law of 21 December 2012 relating to the Family Office activity (hereafter the “Law”) published in Mémorial A – No. 274 of 28 December 2012.

The purpose of the Law is to set a framework for the Family Office activity, which is defined as follows in Article 1 of the Law: “The Family Office activity [...] consists in providing, as a business activity, wealth management advice or services to natural persons, families or wealth management entities belonging to natural persons or families or of which they are founders or beneficiaries”. This article also lays down the definition of the main terms used.

Moreover, Article 1 indicates that the Law does not apply to: “(a) the Family Office activities provided between members of a single family, and the activities provided for a single natural person or a single family, or for wealth management entities belonging to a single natural person or to a single family or of which a single natural person or a single family is a founder or beneficiary; (b) the activities carried out as a company representative (*mandataire social*), as a member of a foundation board, trustee, trust protector, fiduciary, attorney-in-fact (*mandataire de justice*).”.

Hence, and as provided for in Articles 6 and 2 of the Law, only the persons established in Luxembourg and carrying out one of the regulated professions listed under Article 2 of the Law may carry out the Family Office activity and make use of the title “Family Office”. This list includes (inter alia and in addition to credit institutions and a new specialised PFS category called “Family Office” and governed by Article 28-6 of the LFS) the following

categories of investment firms and specialised PFS subject to the CSSF's prudential supervision pursuant to the law of 5 April 1993 on the financial sector ("LFS"):

- investment advisers (Article 24 of the LFS);
- private portfolio managers (Article 24-3 of the LFS);
- domiciliation agents of companies (Article 28-9 of the LFS);
- professionals performing services of setting-up and of management of companies (Article 28-10 of the LFS);

The entities authorised to carry out one of the above four professions are also authorised to carry out the Family Office activity and to make use of this title, provided they perform this activity. **They are not required to request an additional authorisation under Article 28-6 of the LFS for that purpose.**

In order for the CSSF to verify compliance with the Law and the LFS, as well as to perform its supervisory mission, **the CSSF requests all entities authorised under one of the above four professions to provide it with the following information as soon as possible:**

- if they already carry out the Family Office activity or not;
- if they intend to continue or commence the Family Office activity;
- if they intend to cease or not to commence the Family Office activity.

Where an entity intends to continue or commence the Family Office activity, the CSSF will update the official lists kept pursuant to Article 52(1) of the LFS to include in it the entities carrying out the Family Office activity.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

Claude SIMON
Director

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