

# Luxembourg

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## 1 Setting the Scene - Sources and Overview

### 1.1 What are the main corporate entities to be discussed?

Corporate entities which are discussed in this chapter are companies listed on the official list of the Luxembourg Stock Exchange (“Luxembourg Stock Exchange” or “LSE”) and either admitted to trading on the regulated market of the LSE (hereafter “LSE listed companies”) or admitted to trading on the multilateral trading facility operated by the Luxembourg Stock Exchange (designated as “Euro MTF”) (hereafter “Euro MTF traded companies” and together with LSE listed companies, “Listed Companies”).

The LSE is a main market on the EU list of regulated markets within the scope of the prospectus directive EC/71/2003 and offers a European passport (mutual recognition of listing and public offer prospectuses throughout the EU). The Euro MTF is a more lightly regulated market which satisfies the needs of those issuers which do not seek a gateway to other European markets or do not prepare financial information in accordance with IFRS or equivalent accounting standards.

Luxembourg companies which are listed on the LSE or on a foreign stock exchange will, in almost all cases, be organised in the form of a *société anonyme* (“S.A.”). Luxembourg company law allows sufficient flexibility to organise the S.A. in a manner that it can be listed on all main foreign markets and Luxembourg S.A.s are commonly listed and traded on various EU and US markets. A more seldom used form of capital company, the *société en commandite par actions* (“S.C.A.”), a partnership limited by shares, may also see its limited partner shares listed and traded on such markets. Another form of company that may be listed is the *société européenne* (“SE”).

Other corporate forms such as the *société à responsabilité limitée* (“S.à r.l.”) although frequently used in international acquisitions are not relevant for the purpose of this review as they may not offer their securities to the public. S.à r.l.s may therefore not be listed.

### 1.2 What are the main legislative, regulatory and other corporate governance sources?

The primary source of corporate governance applicable to S.A.s and S.C.A.s is the law of 10 August 1915 on commercial companies as amended (the “Company Law”). A bill of law is currently pending with the goal to modernise the Company Law (Parliamentary Document n° 5730). These changes are expected to come into force during the course of 2010. As the proposed amendments are still subject to further modifications in the ongoing legislative process,

this contribution does not include anticipated changes to the Company Law.

The company’s articles of association constitute another important source of corporate governance rules governing *inter alia* shareholder rights or the decision taking process within a company at board and shareholder level. The articles of association reflect the contract between the shareholders and, subject to Company Law, also regulate to a certain extent the relationship towards third parties.

The articles of association may contain rules on matters not provided for under Company Law or where Company Law allows options to be taken. In that context it will be possible (subject to a limited number of mandatory provisions of the Company Law) for Luxembourg companies listed on foreign markets to introduce foreign governance rules in their articles of association.

Another important source of corporate governance for Listed Companies is the corporate governance guidelines for Listed Companies, published by the Luxembourg Stock Exchange and known as the “Ten Principles of Corporate Governance” (the “Ten Principles of Corporate Governance”). These rules are recommendations which apply on a “comply or explain” basis, allowing companies to deviate therefrom when circumstances so justify. Based on the *Ten Principles of Corporate Governance*, LSE listed companies have to publish a corporate charter setting out their governance principles and on an annual basis report on their governance in a specific chapter in the annual report. The internal rules and regulations of the LSE (the “Internal Rules”) also contain a certain number of disclosure rules which are primarily derived from the transparency directive and apply to both the LSE listed companies and the Euro MTF traded companies.

LSE listed companies are further subject to a number of laws and regulations implementing EU legislation relating to prospectus requirements, transparency requirements and market abuse. The main laws are:

- the law of 10 July 2005 relating to prospectuses for securities (implementing EC Directive 71/2003) (the “Prospectus Law”);
- the law of 9 May 2006 on market abuse implementing EC Directive 6/2003, EC Directive 124/2003, EC Directive 125/2003 and 72/2004 (the “Market Abuse Law”); and
- the law of 11 January 2008 on transparency obligations (implementing EC Directive 109/2004) (the “Transparency Law”).

Additional rules and regulations applicable to LSE listed companies result from various circulars and other publications of the Commission for the Supervision of the Financial Sector (“CSSF”).

Euro MTF traded companies are not subject to the above rules deriving from the Prospectus Law or the Transparency Law but are bound to the rules on insider trading set out in the Market Abuse Law.

### 1.3 What are the current topical issues, developments and trends in corporate governance?

Corporate governance rules applicable to Listed Companies substantially evolved in recent years *inter alia* driven by the initiative of the Luxembourg Stock Exchange to introduce the Ten Principles of Corporate Governance of which a revised version was published in October 2009.

The bill of law 5730 (mentioned under question 1.2 above) will introduce numerous amendments to the Company Law affecting S.A.'s and S.C.A.'s and *inter alia* introduce a new type of company into Luxembourg law which will be the *société par actions simplifiées*, which will allow for very large flexibility in the articles but where the bill of law provides that its shares may not be listed.

## 2 Shareholders

### 2.1 What rights and powers do shareholders have in the operation and management of the corporate entity/entities?

Article 53 of the Company Law provides that the board of directors has the most extensive powers to perform all actions to realise the corporate object with the exception of those reserved by law or the articles of association to the shareholders' meeting. Among those actions reserved by law to the shareholders' meeting are all amendments to the articles of incorporation, including, in particular, increases or reductions of share capital, changes of the object clause, mergers or demergers and liquidation.

The management of a company is thus reserved by law to the board of directors of such company. Shareholders who would be involved in the management of the company could be declared *de facto* managers and would be liable under the same circumstances as directors.

Shareholders do however control appointments of directors. Indeed the members of the board of directors are appointed by a majority decision of the shareholders' meeting (50% + 1). Luxembourg Company Law does not provide for a proportionate representation on the board but the articles of incorporation could introduce such rules to achieve such proportionate representation for a given company.

Shareholders control the board of directors mainly at the annual general meeting by being able to ask questions on all aspects of the accounts and the management during the year and not granting them the discharge. Certain matters have to be specifically reported on at shareholders' meetings including transactions resolved upon by the board of directors where a director had a personal conflict of interest or details on the remuneration of the managing director. Directors may be removed without motives by a simple majority decision of the general shareholders meeting (see question 3.2 below).

Finally, it should be noted that shareholders holding together 10% of the share capital of a company may require the board of directors to convene a shareholders' meeting with such agenda as the shareholders may require (see question 2.6 below).

### 2.2 Can shareholders be liable for acts or omissions of the corporate entity/entities?

The responsibility of shareholders of an S.A. is, in principle, limited to their amount of their contribution to the share capital and share premium.

It is only in limited circumstances that courts would lift the corporate veil and impose further liability on the shareholders. This can include certain instances in particular as part of bankruptcy procedures where shareholders have acted fraudulently, mainly where the company is considered to be a mere sham or in instances where shareholders have *de facto* managed the company.

### 2.3 Can shareholders be disenfranchised?

There are only limited exceptions where shareholders can be disenfranchised in Luxembourg.

In particular where shareholders of LSE listed companies have failed to declare their shareholdings when crossing certain thresholds (see question 2.5 below), shares held in excess of the reportable threshold are automatically deprived from voting rights.

A further example is upon a takeover of a LSE listed company where 95% of the shares have been acquired by a bidder, the remaining 5% may be compulsorily purchased by that bidder.

In addition, the articles of association of Listed Companies may include provisions that shares held in contravention with shareholder restrictions (for example prohibition for US persons to hold shares or prohibition to hold shares above a limited percentage of shares) may be compulsorily redeemed by the company or by a third party designated by the company.

### 2.4 Can shareholders seek enforcement action against members of the management body?

The potential liability of directors of a Luxembourg company is ruled by articles 58 and 59 of Company Law as well as common civil liability.

The directors are liable to the company for the execution of the mandate given to them and for any misconduct in the management of the company's affairs.

The liability for mismanagement is *vis-à-vis* the company. Luxembourg's corporate law (unlike current Belgian and French law) does not offer an individual shareholder, or a group of shareholders, the right to commence a legal action against a director to obtain compensation for damages caused to their own company. The claim that may be initiated against directors liable for misconduct in management is an *actio mandati*. An immediate consequence thereof is that it only belongs to the principal, i.e. the company and not to the shareholders individually. Article 63 of the Company Law reserves to the shareholders' meeting the power to direct the board of directors of a company to seek redress for company injuries caused by a director.

The directors are further jointly and severally liable both towards the company and any third parties for damages resulting from the violation of the Company Law or the articles of association of the company. Unlike the general liability action for mismanagement, this action applies to all damages, either to the company or to a third party, which thus includes an individual shareholder.

The fact still remains however that only the company – and not a shareholder – can sue a director for damages inflicted upon it (i.e. the company).

A shareholder, like any other third party, may only take action based

upon damages uniquely suffered by the shareholder – which remain separate from those that may be caused to the company as a whole.

In addition to actions specifically drawn from Company Law, shareholders could initiate a liability action on the basis of general principles of liability set out in the civil code (i.e. article 1382 of the Civil Code which obliges any person to indemnify a third party for any damages caused by their own fault). Shareholders in any such action, as for an action based on the violation of law or of the articles of association, would need to evidence a prejudice which they suffered and which is different from the damages caused by the company itself.

## 2.5 Are there any limitations on, and disclosures required, in relation to interests in securities held by shareholders in the corporate entity/entities?

There are no statutory limitations as to how many shares a shareholder can hold.

However the articles of association of Listed Companies may contain limitations on certain types of shareholders (e.g. companies are frequently prohibiting that their shares are held by US persons) or certain thresholds of shares (e.g. no shareholder may hold beyond a certain percentage of the shares in issue).

In addition, for LSE listed companies there are certain disclosure requirements under the provisions of the Transparency Law, and in the particular case of directors, under the Market Abuse Law as discussed under question 3.4 below.

The Transparency Law requires that shareholders declare their shareholdings as soon as the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% are reached. Such notification must be made as soon as possible and at the latest within four trading days. Failing such notification, the voting rights exceeding the relevant threshold that should have been reported on are suspended. The Internal Rules do also contain similar disclosure requirements for Euro MTF Traded Companies, where the company concerned is required to publish any changes in the structure of its shareholdings when the thresholds of 10%, 20%, 33 1/3%, 50% and 66 2/3% are reached within nine days after having knowledge of acquisition or sales by a shareholder crossing such thresholds.

It should be noted that under Luxembourg takeover legislation a mandatory takeover bid will have to be made when the threshold of 33 1/3% of the voting rights is reached following an acquisition (takeover rules are, however, beyond the scope of this publication).

## 2.6 What shareholder meetings are commonly held and what rights do shareholders have as regards them?

Concerning the various kinds of shareholder meetings, one generally distinguishes between the ordinary/annual general meeting and the extraordinary general meetings.

Article 70 of the Company Law provides that each year the annual general shareholder meeting is held at the place and at the time specified in the articles of association. The annual general meeting resolves upon the annual accounts, the discharge to be given to the members of the board of directors and the statutory auditors and statutory appointments.

The board may convene any other extraordinary shareholders' meeting to decide on matters such as amendments to the articles of association, increase or reduction of share capital, creation of an authorised share capital, etc.

Such extraordinary general shareholder meetings are convened in accordance with article 67-1 of Company Law. They may

deliberate if, upon first call, at least 50% of the shares in issue are present or represented. Failing such presence quorum the shareholders' meeting may be reconvened with the same agenda in which case no minimum quorum is required. Decisions at such meetings are taken with a two thirds majority, save that a change of nationality (i.e. a transfer of the company from Luxembourg into another jurisdiction) requires unanimous consent of all shareholders. This increased majority does not apply to the European Company which may freely transfer its registered office through the EU.

Decisions requiring such two thirds majority include increases or reductions of share capital, mergers and demergers as well as liquidations.

The articles of association could increase such quorum and majority requirements, but this is uncommon for Listed Companies.

Concerning the convening of such meetings and the possibility for shareholders to put resolutions, article 70 of Company Law states the board of directors is required to convene a shareholders' meeting if shareholders representing together 10% of the share capital so require with the agenda proposed by the relevant shareholders. Under Company Law it is further provided that shareholders representing 10% of the share capital can require an item to be added to the agenda of a convened meeting.

Recommendation 10.6 of the Ten Principles of Corporate Governance requires that a shareholder holding at least 5% of the company's share capital should be able to submit proposals to the board concerning the agenda for the annual general meeting. Many Listed Companies (but not all) have therefore, in their corporate governance charter, lowered the percentage to 5%.

With regard to participation at a shareholder meeting, article 67 (3) of Company Law provides for the possibility to include in the articles of association that shareholders may participate in shareholder meetings by videoconference or by any other means of telecommunications permitting the identification of the shareholders.

The Transparency Law permits LSE listed companies to provide information to their shareholders by electronic means only provided a prior decision in that respect is taken by a shareholders' meeting confirming that certain minimum requirements are met.

Shareholders participating in shareholder meetings may also ask questions to the board of directors with regard to the items on the agenda as mentioned under question 2.1 above.

## 3 Management Body and Management

### 3.1 Who manages the corporate entity/entities and how?

An S.A. is managed in case of a one-tier management structure by a board of directors or in case of a two-tier management structure by a management board (*directoire*) acting under the supervision of a supervisory board (*conseil de surveillance*).

The board of directors has the most extensive powers to perform all acts of management and administration to realise the corporate object. According to article 60 bis-7 of the Company Law the same applies to the management board in a two-tier structure.

Except for single shareholder S.A.s where there may be a sole director, the board of directors must be composed of at least three members. Although the Company Law does not foresee a maximum, the Ten Principles of Corporate Governance recommend a maximum of 16 members for Listed Companies. The board will act as a collegiate body and decisions will be taken after

deliberation among its members (if provided for in the articles of association, written decision may be taken if signed unanimously by all directors in office). Specific rules on conflicts of interests at board level are described in question 3.7 below. Article 60 of Company Law provides that the board may delegate the daily management to one or more of its members or executives or other agents which may be shareholders or not. The board of directors may also grant delegations for any specific tasks to third parties or board committees.

The Ten Principles of Corporate Governance recommend that the board of directors should establish organisational and procedural principles to govern executive management which should be entrusted with day-to-day management of the company.

For Listed Companies, the Ten Principles of Corporate Governance further recommend the creation of an audit committee (responsible for monitoring financial reporting, internal control and risk management), a nomination committee (responsible for leading the process to appointments of directors) and remuneration committee (responsible for recommendations of the remuneration policy) for directors and management.

### 3.2 How are members of the management body appointed and removed?

Article 51 of Company Law provides that the directors are appointed by a majority decision of the general meeting of shareholders for a period determined by such general meeting (maximum six years). Directors may be re-elected.

In case of a vacancy, the board may provisionally appoint a member to the board whose appointment shall be confirmed at the first general meeting after such appointment. Each board member may be revoked by the general meeting of shareholders *ad nutum*, i.e. at any time and without motives.

The board of directors will, under the same principles, appoint the executive management in charge of day-to-day management of the company.

There is no age limit under Company Law for directors but, sometimes, such limit is introduced through specific provisions of the articles of association.

### 3.3 What are the main legislative, regulatory and other sources impacting on contracts and remuneration of members of the management body?

Members of the board of directors are considered as “agents” (*mandataires*) of the company. Their remuneration is decided by the general meeting of shareholders. In practice, the board of directors submits a proposal for the remuneration (which proposal will normally be made by the remunerations committee) to the annual shareholders’ meeting.

Executive directors or managers will generally also have an employment contract with their company. The courts have, however, been more restrictive for the chief executive officer as it is considered that there is not necessarily a subordination and, hence, there could be no employment contract. If day-to-day management has been delegated to a director (rather than a person outside of the board), the Company Law requires that a report be made to the annual shareholders’ meeting on the total remuneration and benefits allocated to the managing director.

In respect of Listed Companies, the Ten Principles of Corporate Governance contains detailed recommendations on remunerations of directors and managers, criteria for bonus and share option

schemes and requirements for transparency. The total amount of direct and indirect remuneration received by directors and executive managers should be disclosed in the annual report (with a distinction on fixed and variable components and stock options).

### 3.4 What are the limitations on, and what disclosure is required in relation to, interests in securities held by members of the management body in the corporate entity/entities?

For LSE listed companies article 17 of the Market Abuse Law requires that persons discharging managerial responsibilities and any persons closely associated to them, notify the CSSF and the company of any dealings in the securities of the company. In addition the major shareholder notification requirements set out under question 2.5 above apply.

There are, however, no statutory limitations in relation to the number of securities, i.e. shares a director can hold.

No specific limitations or disclosure rules exist for Euro MTF companies.

With regards to limitations on members of the management body having personal dealings with their companies, under Company Law as set out under question 3.7 below, directors who enter into transactions with their companies in which they have a personal interest may not participate in the deliberation and vote by the board of directors and a special report must be made on the transaction concerned to the next following general meeting of shareholders.

In addition, the Ten Principles of Corporate Governance provide in a guideline that each director shall inform the chairman of the board of any other directorship (office or responsibility included executive positions) that it takes up outside the company during the term of his directorship. In any event directors, which by the nature of their relationship with the company may have access to inside information, should in any event take a prudent approach while dealing with shares in the company in light of the provisions of the Market Abuse Law.

### 3.5 What is the process for meetings of members of the management body?

The process for meetings is generally set in the company’s internal documents, such as board rules, or in the articles of association. In case the company would not have set any rules, article 60 of the Company Law sets as a general principle that the board of directors shall form a collegiate body which shall deliberate in accordance with the articles of association and, in the absence of provisions in that respect, in accordance with ordinary rules for deliberating assemblies.

If the articles do not provide for any other specific rules with regard to quorum and voting rights of directors, article 64 *bis* of Company Law provides that the presence quorum is of at least half of the members of the board of directors and decisions are taken by a majority vote of those directors present or represented. Unless otherwise specified in the articles of association, the chairman has a casting vote. Directors may participate in such meetings by video-conference or telephone conference if the internal rules so allow.

### 3.6 What are the principal general legal duties and liabilities of members of the management body?

The board of directors is elected as a collegiate body by the shareholders, and the members of the board are duty bound, until

their replacement to manage the affairs of the company is appointed. This means that they have to consider the business to be pursued by the company, take the relevant management decisions and the appropriate steps to have such decisions implemented. The duty to manage and, in connection with any duties delegated by the board, to supervise other persons who may be in charge of carrying out the affairs of the company (in particular the executives in charge of daily management) has been stressed by the Luxembourg courts. The company must be managed in its best corporate interest and with the purpose to fulfil the object of the company as stated in its articles of association. The corporate interest is not the same as, and is not limited to, the combined interests of the shareholders but it is considered that the corporate interest is foremost the interest of the company and its shareholders as a whole which may be different from the interest of its shareholders or even the majority of its shareholders. Shareholders' interests as a whole can generally be taken into account by the board who may also consider interests of other stakeholders which include employees, business partners and the communities in which the company operates.

The specific duties of the board are only partially defined by law. The following is an indicative list of specific duties of a board of directors under Company Law which it cannot delegate:

- approval of non-consolidated and consolidated financial statements for publication and submission to the annual general shareholders' meeting;
- adoption of the non-consolidated and consolidated management reports for publication and submission to the annual general shareholders' meeting;
- convening of the annual general shareholders' meeting on the date provided in the articles of association;
- convening of a shareholders' meeting at the request of shareholders representing 10% of the share capital;
- addition of an agenda item to any general meeting at the request of shareholders representing 10% of the capital;
- adjournment of a shareholders' meeting in session at the request of shareholders representing 20% of the share capital;
- reporting on any purchase of own shares in the annual report; and
- reporting to the general meeting of shareholders on any transaction approved by the board of directors where a director had a personal conflict of interest.

Other rights and duties exist in circumstances of particular actions by the company, such as an increase of the share capital against contribution in kind, the vote of an authorised capital or the removal of preferential subscription rights, the vote of an authorisation to repurchase shares, the decision to pay an interim dividend or in connection with corporate reorganisations such as mergers or divisions.

Directors of LSE listed companies have many other specific duties under the transparency law or the market abuse law as well as the LSE regulations and the Ten Principles of Corporate Governance.

#### **Liability regime**

Directors may incur liability either towards the company or towards third parties. The general principles are set out under question 2.4 above.

Under normal circumstances, the expected behaviour of a director is that of a normal prudent person acting in a like position and having the benefit, when making a decision, of the same knowledge and information as the directors.

Pursuant to Company Law following the approval of the annual accounts and the consolidated accounts, the general meeting of

shareholders must decide on whether to grant discharge to the directors in respect of the performance of their duties during the year under review.

This discharge will cover all the actions of the board of directors to the extent they are appropriately disclosed in the annual report and accounts. The discharge does not operate for any facts or matters that were not appropriately disclosed. If voted, the discharge is only valid *vis-à-vis* the company but does not release the board of directors from any liability towards third parties, including shareholders, in respect of damage specifically suffered by them (see question 2.4 above).

### **3.7 What are the main specific corporate governance responsibilities/functions of members of the management body?**

The chairman of the board of directors of Listed Companies has specific duties in respect of corporate governance in order to ensure that procedures for preparing holding and taking decisions at board meetings are correctly applied. Such duty is expressed as a general recommendation in the Ten Principles of Corporate Governance and is not as such enshrined into Company Law.

For directors generally they need to devote the necessary time and attention to their duties and allow sufficient time to properly discharge their function.

In accordance with article 57 of the Company Law, each director has to take care to avoid any direct or indirect conflict of interest with the company. In case of conflict of interest he should inform the board as they arise and will have to refrain from deliberating and voting on the relevant issue. Any abstention from vote as a result of a conflict of interest will be noted in the minutes of the meeting and disclosed to the next following general meeting of shareholders.

The Ten Principles of Corporate Governance put specific weight on the duty of board members in the areas of financial reporting, internal control and risk management. The most visible is the requirement to create an audit committee who should assist the board in the discharge of these liabilities and monitor the reliability and integrity of the financial information provided by the company as well as its internal control and risk management systems.

### **3.8 What public disclosures concerning management body practices are required?**

The Company Law does not require any specific disclosures regarding management body practices except for the disclosure to the annual general meeting of the total remuneration paid to the managing director (see question 3.3 above). For Listed Companies, however, the Ten Principles of Corporate Governance require that the company sets up a corporate governance charter which will set out board practices and contain requirements for the board to regularly carry out an evaluation of its performance, examine its composition, organisation and effectiveness as a collective body.

Further, the Ten Principles of Corporate Governance recommend that each year Listed Companies disclose in a specific corporate governance chapter of its annual report all the main aspects of its corporate governance during the relevant financial year (including in particular any departure by the company from the recommendations set out in the Ten Principles of Corporate Governance).

### 3.9 Are indemnities, or insurance, permitted in relation to members of the management body and others?

Directors' and officers' insurance are permitted, and for Listed Companies, are normal practice. In addition, directors may benefit from indemnities either from other group companies (such as the parent) or from the company itself. The indemnity (and the D&O insurance) does not cover fraud or any criminal penalties.

## 4 Corporate Social Responsibility

### 4.1 What, if any, is the law, regulation and practice concerning corporate social responsibility?

There are no legal requirements or regulations with regard to corporate social responsibility. Certain companies have taken some commitments in that respect which do however not have a legal basis and are driven by market practice only.

### 4.2 What, if any, is the role of employees in corporate governance?

Employees play no direct role in corporate governance except in large companies which have employee representatives on the board.

## 5 Transparency

### 5.1 Who is responsible for disclosure and transparency?

In respect of LSE listed companies, the responsibility for the information in ongoing financial disclosure (annual, semi-annual and interim accounts) as well as for disclosure on share capital pursuant to the Transparency Law lies with the issuer, i.e. the corporate entity (rather than the board of directors or its members individually). Annual and semi-annual accounts shall however comprise a statement by the persons responsible within the company whose names and functions shall be indicated to the effect that to the best of their knowledge the relevant financial information has been prepared in the applicable accounting standards and gives a true and fair view.

### 5.2 What corporate governance related disclosures are required?

Company Law imposes on all companies to prepare and publish annual accounts on an unconsolidated basis and, if applicable, on a

consolidated basis. LSE listed companies must prepare accounts in accordance with IFRS. The accounts shall include a management report containing a business review for the relevant financial year.

For LSE listed companies, the transparency requirements impose, in addition, the publication of semi-annual accounts as well as quarterly accounts (or interim management statements) as well as publications regarding changes in share capital and shareholdings. The Market Abuse Law requires disclosure on directors' dealings in shares of the LSE listed companies as well as publications in respect of price-sensitive information for all Listed Companies.

The Ten Principles of Corporate Governance recommend further disclosure specifically targeted to allow shareholders to assess due application of corporate governance rules within the Listed Companies within a specific chapter in the annual accounts (see question 3.8 above).

### 5.3 What is the role of audit and auditors in such disclosures?

Company Law requires all companies to have their accounts audited except for small type companies. LSE listed companies must anyhow appoint auditors who report on an annual basis.

The audit report has to be sent to shareholders together with the management report and the financial statements ahead of the annual general meeting. Half-yearly reports or quarterly reports (or interim management statements) do not have to be audited.

### 5.4 What corporate governance information should be published on websites?

The Transparency Law requires LSE listed companies to make available on websites information on the company's share capital as well as any regulated information. Regulated information comprises any financial reporting (annual, semi-annual and quarterly financial statements) as well as notification on share capital and shareholdings. The Market Abuse Law requires inside information to be published.

All such information should be published on websites of the company and of the Luxembourg Stock Exchange. The website should also make available the corporate governance charter. In practice, Listed Companies publish on their websites not only regulated information but also press releases and make the information available for the past years.

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