

From bank bottleneck to deal-ready: Luxembourg accelerates private markets execution

Luxembourg has reformed its company law around bank account opening and upfront funding to meet the practical needs of founders of Private Limited Liability Companies. [Angel Ramon Martinez Bastida](#) and [Fran Raffa](#) explain how the changes are cutting early capital calls, reducing administrative friction, and improving execution speed in competitive processes

Luxembourg has adopted a long-awaited reform to its company law, allowing founders of SARLs (Private Limited Liability Company) and SARL-S (Simplified Private Limited Liability Company) to defer payment of the statutory minimum share capital for up to 12 months after incorporation.

While the change may appear technical, by decoupling bank account opening and incorporation, it will be easier to set up SARLs and SARL-S quickly and in a way that's aligned with how deals unfold. This reinforces Luxembourg's position as a deal-ready jurisdiction.

What has changed?

At its core, the reform addresses a 1930s rule that is no longer fit for purpose with modern regulatory and transactional requirements.

By modernising this aspect of company law, Luxembourg improves its speed-to-market without compromising investor protection, which is preserved through transparency, founder liability and disclosure requirements for unpaid capital.

Under the previous regime, a Luxembourg SARL was required to fully pay up the EUR 12,000 minimum share capital before incorporation, which in practice meant opening a local bank account in advance. Given increasingly stringent AML and KYC processes, this delayed incorporations by weeks or even months.

Though a welcome change, this doesn't address the other bottleneck in the process which is the astonishingly long time it takes to open a bank account in Luxembourg, instead it is a workaround for misaligned timings through deferring payments.

The new law amends the 1915 Companies Law to allow SARLs and SARL-S:

- Full subscription of the minimum share capital at incorporation
- Deferred cash payment of that capital for up to 12 months
- Deferral limited to cash contributions only; any capital above EUR 12,000 and contributions in kind must still be paid immediately
- Share premium (if any) remains payable at incorporation and is not eligible for deferral
- Safeguards include transparency/disclosure, founder liability, and potential suspension of voting rights if payment is not made after a proper call.

You can read an interview about this development in Paperjam [here](#).

How does better support private markets managers?

For private market managers, Luxembourg SARLs and SARL-S are frequently used as acquisition vehicles, investment holding companies and SPVs within fund structures. These entities often need to be incorporated very quickly to support competitive bidding processes even though the cash is typically only funded at closing, sometimes weeks later. The previous requirement to pre-fund share capital (coupled with the need to open a bank account upfront) sat awkwardly with how private markets transactions actually run, creating friction between legal formation and deal execution.

By allowing the payment of the statutory minimum share capital to be deferred, the new regime better aligns Luxembourg company formation with private markets deal timelines. It enables faster incorporations, reduces the need for early or contingent capital calls, and removes a common administrative bottleneck at the most time-sensitive stage of a transaction. In doing so, it makes Luxembourg structures more agile and easier to deploy in competitive processes, while bringing SARLs and SARL-S closer to the flexibility already available elsewhere in the private markets ecosystem.

What do managers need to do now?

To fully benefit from the reform, managers should approach deferred capital as a deal-execution tool, not just a legal option.

In practice, this means:

- Assess early whether deferring the minimum capital fits the transaction timeline and avoids unnecessary early capital calls
- Draft the articles correctly from day one, clearly setting out how and when unpaid capital will be called
- Align bank onboarding and funding with the deal timetable, rather than with incorporation
- Ensure clear tracking and ownership of any unpaid capital and related disclosure obligations
- Work with local partners who can coordinate incorporation, banking and first investment as a single, deal-ready process.

Handled well, the reform allows managers to move faster, stay flexible in competitive situations, and deploy Luxembourg structures in line with private markets deal dynamics.

What's next?

The law was adopted on 28 April 2026. It will enter into force following its publication in the Luxembourg official gazette, subject to the final constitutional formalities. The regime will apply to SARLs and SARL-S incorporated as from that date.

How does a fund administrator support the change?

As a leading private markets fund administrator, with a proven track record in Luxembourg, Aztec can guide managers efficiently through the process, handling the heavy lifting and ensuring managers quickly benefit from this change. To find out more, please contact us directly.



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