



FAQ – Clarification and identification criteria for a fund to be identified as an AIF.

Question 1: What is an Alternative Investment Fund (AIF)?

For AIF there is no directive or law that specifically addresses or defines the AIF as investment product, but there is one dedicated to their AIFMs (Alternative investment fund managers), which is called the Alternative Investment Fund Managers Directive (AIFMD¹).

In Article 4(1), the AIFM presents the definitions of AIFs and AIFMs as shown in the extract hereunder:

Article 4 of AIFM Directive 2011/61/EU

1. For the purpose of this Directive, the following definitions shall apply:

(a) 'AIFs' means collective investment undertakings, including investment compartments thereof, which:

(i) raise capital from a number of investors, with a view to investing it in accordance with a defined investment policy for the benefit of those investors; and

(ii) do not require authorization pursuant to Article 5 of Directive 2009/65/EC;

(b) 'AIFMs' means legal persons whose regular business is managing one or more AIFs;

Question 2: How to identify if an investment fund is to be considered as an AIF or not?

Point 1(a)(ii) above provides a clear definition of an AIF. Below is a summary of the key criteria to help determine whether an entity qualifies as an AIF:

- collective investment undertaking pooling capital from multiple investors.
- raises capital from a **number of external investors**.
- invests according to a **specific investment policy and alternative investment strategy**
- **does not fall under the UCITS directive** (i.e., it is not a UCITS or UCI Part II fund regulated by the CSSF).
- typically invests in **alternative asset classes** (private equity, real estate, private debt, infrastructure etc.) beyond traditional securities.
- can operate as an **open-end or closed-end fund** (a closed-end structure limits investors to the initial subscription period).
- do **not require an CSSF agreement/authorization**

¹ AIFMD: <https://eur-lex.europa.eu/eli/dir/2011/61/oj/eng>



- are restricted to **well-informed investors**, which include:
 - Institutional investors
 - Professional investors
 - Other investors who meet certain conditions.
- AIFs must designate a **Transfer Agent domiciled in Luxembourg**.
- AIFs **require an Alternative Investment Fund Manager (AIFM)**. The management setup can be:
 - Externally managed: The fund appoints a third-party AIFM, which can be based in Luxembourg, another EU Member State, or a third country.
 - Internally managed: Certain legal forms (e.g., SICAV, SA) can opt for internal management. However, partnerships such as SCSp (Société en Commandite Spéciale) cannot be self-managed and must appoint an external AIFM.

Question 3: What framework is applied to AIFs?

- AIFM Directive 2011/61/EU
- AIFM Law of 2013 (Luxembourg)
- AML/CFT Luxembourg law of 12 November 2004

Question 4: What if the fund is not classified as an AIF?

If a fund is not identified as an Alternative Investment Fund (AIF) and does not qualify as a Reserved Alternative Investment Fund (RAIF) either, it does not fall under the supervision of the AED. As a result, it is not required to submit the annual AML/CFT reporting.