Luxembourg to Extend Segregated Cells to Non-Product-Law SCS/SCSp AIFs

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On 30 July 2026, the Luxembourg government tabled a bill of law before the Luxembourg parliament to amend the law of 12 July 2013 on alternative investment fund managers (the "AIFM Law"). The bill would, for the first time, allow alternative investment funds ("AIFs") formed as a common limited partnership (société en commandite simple, "SCS") or special limited partnership (société en commandite spéciale, "SCSp") to be structured with legally segregated compartments without needing to be set up under one of Luxembourg's fund product laws (SICAR, SIF, Part II UCI or RAIF), provided the AIF is managed by an authorised Luxembourg or European AIFM. Compartmentalisation of SCS/SCSp vehicles is currently only available within those product-law regimes; managers wanting a compartmented SCS/SCSp outside of these regimes have had no statutory route to do so. The facility would turn on full authorisation: it would not extend to an SCS/SCSp AIF managed by a Luxembourg registered (sub-threshold) AIFM or by a non-EU AIFM.

Familiar Mechanics, New Territory. The operative provision is a new Article 28bis of the AIFM Law, under which a Luxembourg SCS or SCSp AIF may be constituted with multiple compartments, each representing a legally distinct pool of assets and liabilities. As a matter of law—rather than merely by contract, as is the case today outside the product laws—investor and creditor recourse in respect of a given compartment is confined to that compartment's own assets, unless the constitutive documents provide otherwise, and each compartment may be wound up on its own timetable, with liquidation of the AIF as a whole triggered only once the last compartment has been liquidated.

The regime also permits one compartment to invest in another within the same AIF, subject to the customary safeguards against circular cross-holdings and to suspension of any voting rights attaching to cross-held interests, and leaves the manager latitude as to how compartment-level investment policy is disclosed under Article 21 of the AIFM Law, without imposing a prescribed issuing-document format. The AIF may likewise elect to prepare a separate annual report for each compartment, provided it is accompanied by aggregated figures for the AIF as a whole. None of this is new law in substance: the mechanics are lifted almost directly from the equivalent compartmentalisation regime under the RAIF law, itself modelled on the SIF law, and leave the compartmentalisation already available under the SICAR, SIF, Part II UCI and RAIF regimes entirely undisturbed. What is new is simply that a Luxembourg SCS or SCSp no longer needs to opt into one of those product laws to get there.

Why This Matters for Fund Managers. The reform targets a gap that has become increasingly relevant as three structuring trends accelerate. First, the growth of deal-by-deal co-investment alongside flagship funds: sponsors currently have to choose between setting up a freestanding SCS/SCSp for each opportunity or routing co-investments through a RAIF or SIF umbrella whose product-law features (diversification requirements, eligible-investor rules, prescribed disclosure) are often a poor fit for a single-asset structure—a mismatch felt particularly where the Luxembourg vehicle is meant to sit alongside, and mirror the portfolio of, a U.S. Series LLC or other segregated-series vehicle in a parallel fund structure. Second, the build-out of separately managed accounts for institutional allocators—insurers, pension funds, sovereign investors—who increasingly want a bespoke Luxembourg vehicle for their own mandate rather than a share class in a commingled fund. Third, the rise of evergreen and rolling-vintage structures, an area attracting considerable attention amid the broader push toward sticky, semi-liquid capital, where successive vintages could sit as separate compartments of a single platform rather than as successive standalone vehicles.

An Article 28bis umbrella would address all three use cases in the same way: a single SCSp, under a single AIFM management mandate and a single set of constitutive documents, that could add a new ring-fenced compartment for each co-investment deal, each SMA relationship or each new vintage as it arises—without incorporating a new vehicle, without importing product-law features the strategy does not need, and without the service providers on-boarding that a freestanding entity would require each time. For platforms expecting to scale co-investment or SMA activity, that should translate into materially shorter lead times and lower formation cost per new compartment once the umbrella is in place.

Takeaways. The bill has only just been tabled and remains subject to the opinion of the Conseil d'État and the ordinary legislative process, so the final text may change. Managers considering an umbrella platform built around the prospective regime should nonetheless start factoring it into their planning now, and we would be glad to discuss how it may apply to a specific structure.

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