

# Luxembourg

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## Market overview

After several years marked by significant volatility, from the disruptions caused by Brexit and the COVID pandemic in 2020, through the recovery phase in 2021, to the challenging conditions of 2022 characterised by geopolitical tensions, an energy crisis, inflation, and rising interest rates, the Luxembourg M&A market has entered a new chapter.

Following a subdued 2023, dealmaking momentum gathered pace throughout 2024 and into 2025. The last year saw a notable increase in M&A activity, driven by a renewed investor confidence, market enthusiasm, easing inflation, and stabilising interest rates. Dealmaking has been particularly robust in industrials and the technology and mobility sectors, alongside more selective deals in financial services and asset management, as investors pursue strategic consolidation and growth opportunities in these high-priority sectors for the Luxembourg market.

Luxembourg remains an attractive jurisdiction for generating M&A transactions aimed at European-based targets, due to its legal and political stability, robust financial and legislative framework, and a thriving fund industry.

The deal volume for Luxembourg itself is rather small; however, the number of M&A deals steered through Luxembourg vehicles into other markets remained high throughout 2025. M&A targets in the private and public sectors are often not located in Luxembourg but in other jurisdictions.

Private M&A transactions continue to dominate the Luxembourg market, with public deals occurring only occasionally.



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original service model, including depositary services.

### Non-financial sector deals

In February 2026, Flix, the German mobility group behind Flixbus and Flixtrain, acquired a majority stake in Flibco, a Luxembourg-founded digital platform specialising in airport transfers. Flibco operates in seven countries and serves major European airports. The previous majority shareholder, SLG (formerly Sales-Lentz Group), retains a significant minority stake and continues to operate as a strategic partner.

A major transaction in 2026 concerned InPost S.A., a Luxembourg-incorporated e-commerce solutions operator specialising in out-of-home deliveries and automated parcel lockers. In February 2026, a consortium comprising Advent International, FedEx Corporation, A&R Investments Ltd., and PPF Group announced an all-cash public tender offer through a Luxembourg vehicle for all InPost shares at €15.60 per share, valuing the company at around €7.8 billion. Following completion, the consortium will be structured with Advent at 37%, FedEx at 37%, A&R at 16%, and PPF at 10%. Closing is expected in the second half of 2026.

In March 2026, Infinitemind, a France-based technology and AI group, announced its acquisition of Asensia, a Luxembourg-based specialist in managed services, cybersecurity, cloud, and technology platforms. The deal forms part of Infinitemind's strategy to build a European platform, and is intended to strengthen its presence in Luxembourg and the wider Benelux technology services market. Infinitemind stated that the acquisition would be accompanied by a €30 million investment programme in Benelux in 2026, and that Asensia's teams, organisation, methods, and client relationships would remain unchanged. Financial terms were not disclosed.

In April 2026, Luxembourg-based Aperam, a steel producer, announced the acquisition of Magnetec Group, a German manufacturer of nanocrystalline soft magnetic components headquartered in Hanau. The transaction strengthens Aperam's Alloys & Specialties division and expands its downstream activities in high-growth electrical engineering and electronics markets. The acquisition adds

### Significant deals

Several noteworthy transactions were announced throughout 2025 and into early 2026, spanning both the financial and non-financial sectors.

#### Financial sector deals

In February 2025, Blackfin Capital Partners, a private equity firm, acquired Lemanik Asset Management, a Luxembourg-domiciled third-party management company. The deal, approved by the Financial Sector Supervisory Commission, aims to position Lemanik as an independent platform while enabling Blackfin to pursue further acquisitions of management companies.

In May 2025, Apex Group, a global fund and asset servicing provider, took a majority stake in Tokeny, a Luxembourg fintech company specialising in tokenisation solutions. Tokeny offers a platform for the compliant tokenisation

of financial instruments on blockchain infrastructure.

Another deal was the acquisition by ABN AMRO Bank N.V. of Hauck Aufhäuser Lampe Privatbank AG (HAL) from Fosun International for €672 million, with the transaction closing on June 30 2025. HAL's Luxembourg branch was included in the acquisition and transferred to ABN AMRO, with the asset servicing business continuing to be offered from this branch. However, certain Luxembourg subsidiaries were carved out and retained by Fosun, specifically Hauck & Aufhäuser Fund Services S.A. and Hauck & Aufhäuser Administrative Services S.A., which provide alternative investment fund management (AIFM)/management company (ManCos) and fund administration services. A cooperation agreement was concluded between ABN AMRO and the retained Fosun entities to ensure continuity of the

production facilities in Hungary, Moldova, Vietnam, and China. Financial terms were not disclosed.

### Economic recovery

Due diligence procedures have become more rigorous to assess the financial situation of target companies and the invisible impact of several factors, such as ongoing geopolitical tensions, the energy crisis, and continuously evolving regulatory frameworks.

While inflation has eased and interest rates are stabilising, deal structuring remains influenced by the high-cost environment and investor caution.

Purchasers continue to rely on mechanisms such as earn-out provisions to tie a portion of the purchase price to the performance of the target company after closing, to mitigate valuation risks. Vendor financing remains relevant, with sellers being asked to finance the deal by way of granting a vendor loan to purchasers that would be repaid in two or three years with certain conditions. In addition, purchasers might offer sellers the opportunity to roll over and participate in a new structure that purchasers have established with the transferred target company, as a minority shareholder, to have a portion of the purchase price paid in kind.

These strategies serve as effective risk allocation measures and give purchasers a degree of security while also addressing liquidity constraints they may face.

The investment funds industry continues to play a major role in the Luxembourg financial and legal market. As of December 31 2025, the total net assets of Luxembourg-supervised undertakings for collective investment amounted to €6,199.370 billion, representing a 6.52% increase over the previous 12 months. This positive trend has been supported by expectations of a more accommodative monetary policy during 2025, amid declining inflation figures and despite geopolitical conflicts.

### Legislation and policy changes

The main legislation is the Law of August 10 1915, on commercial companies (the Corporate Law). The Corporate Law provides for all kinds of corporate entities and corporate instruments to create tailor-made structures for M&A transactions.

On December 16 2025, the Luxembourg government submitted draft bill No. 8669

(the 8669 Bill), proposing amendments to the Corporate Law to provide greater flexibility in the payment of the minimum share capital of a private limited liability company (S.à r.l.). Under the proposal, the share capital would continue to require full subscription upon incorporation; however, cash contributions could be paid within a period of up to 12 months, in accordance with the provisions set out in the articles of association. This mechanism would apply to both standard and simplified S.à r.l.s but would not extend to contributions in kind.

The 8669 Bill, which is being examined by the Chamber of Deputies and the Council of State, is intended to streamline and accelerate company incorporations, particularly in situations where the opening of bank accounts or related funding formalities may result in delays.

Another key piece of legislation is the Law of May 19 2006 implementing **Directive 2004/25/EC on takeover bids** (the Takeover Law), which covers squeeze-out and sell-out rights, and contributes to M&A transactions of Luxembourg-based target companies. A natural or legal person acquiring, alone or with others, control over a company by holding at least 33⅓% of the voting rights is required to make a mandatory takeover bid to all the holders of shares in the Luxembourg company.

The Takeover Law states that if the target company's securities are not admitted to trading in the EU member state where it resides, the competent authority to supervise the bid will be from the member state responsible for the regulated market on which the company's securities are admitted to trading.

The Law of July 21 2012 governing the mandatory squeeze-out and sell-out of securities of companies admitted, or previously admitted, to trading on a regulated market, or having been offered to the public (the Squeeze-Out and Sell-Out Law), also plays a role. The Squeeze-Out and Sell-Out Law applies to the following scenarios:

- If all or part of a company's securities are admitted to trading on a regulated market in one or more EU member states;
- If all or part of a company's securities are no longer traded but were admitted to trading on a regulated market and the delisting became effective less than five years ago; or

- If all or part of a company's securities were the subject of a public offer that triggered the obligation to publish a prospectus in accordance with **Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 on the prospectus to be published when securities are offered to the public or admitted to trading**, or, if there is no obligation, where the offer started in the previous five years.

The Squeeze-Out and Sell-Out Law does not apply during, and for a certain grace period after, a public takeover that is, or has been, carried out pursuant to the Takeover Law.

In addition, on August 23 2023, the Ministry of the Economy introduced draft bill no. 8296 (the 8296 Bill), which would establish a mandatory national notification and screening mechanism for mergers involving entities operating in Luxembourg. The 8296 Bill would require the prior notification of mergers, acquisitions, and joint ventures falling outside the EU merger control regime set out in **Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings** where:

- The combined Luxembourg turnover of all parties exceeds €60 million; and
- At least two parties each generate Luxembourg turnover of at least €15 million.

Although the bill has remained on the parliamentary agenda for an extended period, limited progress had been made by the end of 2024. On June 3 2025, the Council of State issued an opinion formally opposing the 8296 Bill in its current form, citing significant structural, legal, and drafting deficiencies that fail to meet constitutional standards of legal certainty. Hence, no law has been established yet with a view to the 8296 Bill.

### Competition

On November 24 2022, the Luxembourg parliament passed the Law of November 30 2022 on competition (the New Competition Law), which entered into force on January 1 2023. It aims to overhaul the competition legislation and transpose into Luxembourg law **Directive (EU) 2019/1 to empower the competition authorities of EU member states to be more effective enforcers**. The New Competition Law transformed the

independent administrative competition authority formerly known as the Competition Council into a public institution, the National Competition Authority (NCA), which allows the Luxembourg competition authority to act more independently.

The new legislative framework also introduced additional procedural guarantees and clarifications aiming to enhance legal certainty in the NCA's operations. This especially concerns its investigative powers, and the options to close proceedings.

The New Competition Law is not supposed to affect or pre-empt the ongoing legislative efforts to introduce merger control in Luxembourg. However, it can be viewed as a big step for future competition law developments.

### Foreign direct investment

The Luxembourg law on foreign direct investment screenings (the FDI Law), implementing **Regulation (EU) 2019/452 on foreign direct investment screening**, entered into force on September 1 2023. The law applies to all relevant transactions that were not completed before September 1 2023. The introduction of this regulatory framework may have significant implications for M&A transactions in relation to the choice of target companies by foreign investors.

Indeed, the new FDI Law introduced a national screening procedure with a mandatory notification and pre-approval requirement for direct investments made by investors from a third country outside the EU/EEA seeking to gain control of Luxembourg entities operating in activities considered critical for national security or public order. Critical activities include:

- The development, operation, and trade of dual-use goods;
- Activities in the sectors of energy, transportation, water, healthcare, communications, data processing, and storage;
- Aerospace;
- Defence;
- Finance; and
- The media.

Linked activities that involve research, production, access to sensitive information, or premises where the aforementioned activities are conducted also fall in the scope.

Following the screening procedure, an investment may be approved subject

to conditions under Article 8(3) of the FDI Law. These conditions may include limits on the shareholding acquired, the appointment of a government commissioner with participation and veto rights in the company's corporate bodies, and measures to protect strategic assets. The aforementioned measures may require that intellectual property, know-how, and production activities remain in Luxembourg and may not be transferred or disclosed without prior approval.

### Insolvency

On July 19 2023, the Luxembourg parliament adopted the Law of August 7 2023 on business preservation and modernisation of bankruptcy law, known as the New Insolvency Law, which entered into force on November 1 2023. It modernised the old insolvency law, introducing new preventative reorganisation procedures and measures for early financial difficulty identification, abolishing certain measures, and reclassifying fraudulent bankruptcy as an offence instead of a crime.

### Tax

On January 22 2026, the Luxembourg parliament also adopted bill No. 8590, establishing a new carried interest regime aimed at offering a clearer and more competitive tax framework. The regime differentiates between:

- Contractual carried interest that is not tied to a direct or indirect participation in the fund, which is treated as extraordinary miscellaneous income and taxed at one quarter of the applicable progressive personal income tax rate; and
- Equity-linked carried interest, connected to an actual participation in the fund, which may qualify for capital gains tax treatment and, where applicable, benefit from relevant exemptions, subject to certain conditions.

Access to the regime is restricted to:

- Natural persons carrying out management functions as employees, partners, managers, or directors of AIFs, AIFMs, or management companies; and
- Natural persons effectively involved in the management of an AIF under a services agreement, whether entered into directly or through intermediary entities.

Purely administrative or support roles are expressly excluded.

### ESG

The implementation of effective ESG policies and strategies and the disclosure of sustainability corporate aspects are driving factors in the current M&A market, which is reflected in the evolution of the regulatory framework at the European level. Examples include:

- **Regulation (EU) 2019/2088 on sustainability-related disclosure in the financial services sector;** and
- **Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.**

On the same topic, the **Corporate Sustainability Reporting Directive (CSRD)** entered into force on January 5 2023. The CSRD requires a wide range of large companies, as well as listed SMEs, to disclose information on the impact of their activities on people and the environment.

The first category of the impacted companies had to apply the new rules starting from the financial year of 2024, and publish their reports in 2025. Non-EU companies with substantial activities in the EU will also be subject to the CSRD disclosure requirements.

In addition, **Commission Delegated Regulation (EU) 2023/2772** introduced the European Sustainability Reporting Standards, which specify in detail the content and format of the disclosures required under the CSRD. These standards significantly increase the level of transparency and comparability of ESG information across the EU and are directly relevant in the context of M&A due diligence.

Finally, on December 14 2023, the Council of the EU and the European Parliament agreed on a **compromise text for the Corporate Sustainability Due Diligence Directive (CSDDD)**. The CSDDD aims to introduce a sustainability due diligence requirement for large EU companies and non-EU companies with significant EU activities to address the adverse human rights and environmental impacts of their operations, and of their subsidiaries and value chains. The CSDDD was formally adopted in 2024 (**Directive (EU) 2024/1760**) and entered into force on July 25 2024. Member states were originally required to transpose it into national law by July 26 2026; however, this deadline has been extended to July 26 2027 following the sustainability omnibus simplification

measures adopted by the European Commission.

As the European legal framework continues to evolve, more and more ESG-related standards will have to be respected by target companies. This will inevitably result in higher acquisition costs in several ways.

First, an enhanced ESG due diligence procedure will need to be carried out to assess how the ESG disclosure standards are implemented by target companies, and a post-acquisition assessment regarding the compatibility of the business strategy with ESG principles.

It is now common that an ESG adviser is involved in the early stage of an M&A transaction to provide consultations on ESG-related topics for both parties. Moreover, the management of the target companies must be provided with specific ESG competences to integrate sustainability matters into their decisions in the short, medium, and long term. As a result, there is a growing trend of ESG factors playing an important role in acquisition decision-making.

## Merger control

In January 2025, the Luxembourg parliament adopted bill No. 8053 to implement **Directive (EU) 2019/2121** as regards cross-border conversions, mergers, and divisions (the MC Law). This new legislation introduces comprehensive rules for cross-border mergers, transformations, and demergers within the EU, together with some new provisions to implement an anti-abuse control mechanism and strengthen minority shareholder and creditor protections.

At a national level, the MC Law introduces two new forms of merger by absorption:

- An upstream merger, where a company transfers by way of dissolution without liquidating the entirety of its assets and liabilities to its parent company; and
- A side-stream merger, where a company transfers the entirety of its assets and liabilities to an existing company without the issuance of new shares, under the condition that one person is the direct or indirect shareholder of all the shares in the merging companies.

The MC Law was published in the Luxembourg Official Journal on February 26 2025 and entered into force on March 2 2025.

However, the 8296 Bill (see above) is yet to be formally adopted.

## Practice insight/market norms

Common questions in Luxembourg relate to the best choice of private equity fund vehicle for M&A activity. Tax is always an important element when setting up a structure. The structure needs to:

- Be tax, DAC6, and ESG compliant;
- Serve the interests of the investing group and target entity; and
- Consider the upcoming legislative initiatives of the EU.

Technology advancements have significantly streamlined negotiations and deal closings, especially for parties that do not reside in the same country. Some law firms are increasingly integrating AI software to conduct legal due diligence. AI software enables rapid identification and extractions of key provisions by reviewing thousands of contracts and other documents quickly. However, advanced technology is not a substitute for human expertise; rather, it is a supportive tool enabling transactions to be completed more swiftly and efficiently, and often at a lower cost.

## Public M&A

Key factors for public M&A involve complying with the provisions of the Takeover Law. This includes, in particular, the requirement to notify supervising authorities and reporting requirements under the law. Moreover, parties to an M&A transaction need to assess how the managing bodies of the takeover target are to be approached and which governmental authorities need to be notified.

For voluntary offers, a condition on reaching a specified percentage of share capital and voting rights of the target company to be acquired might apply.

During a bidding process, all shareholders of the same class of shares (if categorised) shall be treated equally. In addition, a bidder that has acquired control of the target company must make a mandatory offer to all shareholders who hold the same class of shares at an equitable price.

## Private M&A

A locked-box mechanism might span a minimum period of six months to two years. Completion accounts need to be presented and they may be audited. In the

wake of the pandemic and/or the recent economic crises, earn-out provisions are now commonly seen in M&A transactions to mitigate risk allocation and diminish the adverse impact from the market.

In private takeovers, deal conditions apply to certain transactions. The conditions must comply with the applicable law and should be identified duly in advance of starting the deal. The Corporate Law provisions apply, as do the constitutive documents of the privately owned target entity.

A shareholders' agreement will most likely also be put in place after completion of a deal if a seller remains in the target company as a minority shareholder, which is commonly seen in private equity transactions. The shareholders' agreement will contain provisions pertaining to drag-along, tag-along, and pre-emptive rights of shareholders, which would be discussed and agreed in advance as conditions of the acquisition.

Parties to M&A transactions are inclined to have the share purchase agreement governed by, and construed in accordance with, the law of the country where the target entity is located. Share purchase agreements involving Luxembourg-based target entities are typically drafted under, and made subject to, Luxembourg law.

Exit strategies remain the standard ones. IPOs are often prepared as an exit strategy, but a sale is often preferred to an IPO. Sales to strategic sponsors are rare; however, sales to, or among, private equity firms are increasingly common.

## Looking ahead

Dealmakers remain cautiously optimistic in 2026. As inflation continues to ease and interest rates stabilise, M&A activity in and through Luxembourg is expected to continue and accelerate with a positive trend. Market conditions are gradually improving and private equity sponsors, supported by significant levels of uninvested capital, are likely to pursue new opportunities as financing conditions become more favourable. While a degree of caution persists, overall market confidence is strengthening and strategic consolidation is driving renewed activity.

At the same time, regulatory complexity and geopolitical uncertainty, particularly in financial services and cross-border transactions, continue to influence deal structuring and execution strategies.

Enhanced due diligence standards remain a defining feature of transactions, with parties placing increased emphasis on cost control, operational resilience, and risk allocation. Technology developments, including the growing use of AI tools in legal due diligence processes, are facilitating the review of extensive documentation sets and contributing to more efficient transaction timelines.

ESG considerations are expected to play an increasingly central role, representing both risks and strategic opportunities for M&A deals. Companies and investors facing ESG-related challenges may seek alignment through acquisitions or mergers involving complementary or ESG-focused assets, integrating sustainability considerations into broader growth strategies.

Investments in fintech, AI, and emerging technologies, such as Luxembourg's

growing space sector, are also expected to continue to accelerate, with private equity and venture capital structures continuing to support growth in these areas.

Finally, M&A transactions structured through Luxembourg vehicles into other EU jurisdictions are likely to remain more significant in volume than purely domestic transactions, further consolidating Luxembourg's position as a key hub for cross-border deal structuring and execution.