



CLIFFORD
CHANCE

LUXEMBOURG LEGAL UPDATE
MARCH 2025

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FINANCIAL INSTITUTIONS



Financial Institutions

FINANCIAL INSTITUTIONS

LUXEMBOURG BILL IMPLEMENTING THE INSTANT PAYMENTS REGULATION

20 November 2024¹

A new bill, N°8460, amending Payment Services Law in order to implement regulation (EU) 2024/886 amending regulations (EU) No 260/2012 (SEPA Regulation) and (EU) 2021/1230 and directives 98/26/EC (SFD) and (EU) 2015/2366 (PSD2) as regards instant credit transfers in euros, was lodged with the Luxembourg Parliament on 20 November 2024.

The purpose of the bill is to introduce targeted amendments into the Payment Services Law.

First, certain directly applicable amendments made by regulation (EU) 2024/886 to the SEPA Regulation are being made operational. Payment service providers carrying out ordinary credit transfers in euros will now also be obliged to provide services for sending and receiving instant payments in euros. To guarantee the security of instant transfers, the regulation (EU) 2024/886 requires payment service providers to offer a service consisting of matching the beneficiary's name and its account identifier (IBAN), and to follow a harmonised procedure for monitoring financial restrictive measures.

The bill further proposes to introduce a regime of penalties applicable in the event of failure by payment service providers to meet these legal requirements with regard to instant payments.

Second, the bill implements targeted amendments to PSD2 and SFD. These amendments concern the access by payment service providers and electronic money institutions to payment systems designated at a national level, as well as access by such entities to accounts with central banks for the safeguarding of customer funds.

The deadline for Member States for transposition set by regulation (EU) 2024/886 is set at 9 April 2025.

The publication of the bill constitutes the start of the legislative procedure.



¹ Bill: <https://wdocs-pub.chd.lu/docs/exped/0150/049/300490.pdf>

Financial Institutions

**CSSF PRESS RELEASE ON SHORTENING
OF SETTLEMENT CYCLE IN THE EU**

22 November 2024²

On 22 November 2024, the CSSF issued a press release to draw the attention of concerned entities supervised by it to the final report providing the assessment of the shortening of the settlement cycle in the EU, which was published by ESMA on 18 November 2024.

In its report, ESMA proposed a move to T+1 on 11 October 2027, identified as being the optimal date on which the settlement of trades within one business day, for all relevant instruments, should start in the EU.

The date identified by ESMA should also ensure alignment with the UK in their shift to T+1.

This proposal is intended to increase efficiency and resilience in post-trade processes, facilitating market integration and contributing to the Savings and Investment Union objectives. ESMA's report outlines potential benefits, including risk reduction, margin savings and cost reduction due to alignment with other major jurisdictions. However, it also acknowledges challenges, such as amending regulations, harmonising practices, and investing in modernisation. ESMA plans to work with the European Commission and the European Central Bank to address T+1 governance.

The CSSF is aware of the impacts that the shift to T+1 may have on processes, systems, activities and resources, including staff, and encourages initiating the necessary analysis and technical work to prepare for the EU move to T+1. In particular, concerned entities are invited to assess whether they need to make any major functional or organisational adaptations, to extend the use of current mechanisms and tools, and/or to develop new ones for the purpose of moving to T+1.

² CSSF Press Release:
<https://www.cssf.lu/en/2024/11/shortening-settlement-cycle-in-the-eu/>
ESMA Report:
https://www.esma.europa.eu/sites/default/files/2024-11/ESMA74-2119945925-1969_Report_on_shortening_settlement_cycle.pdf

[024-11/ESMA74-2119945925-1969_Report_on_shortening_settlement_cycle.pdf](https://www.esma.europa.eu/sites/default/files/2024-11/ESMA74-2119945925-1969_Report_on_shortening_settlement_cycle.pdf)

Financial Institutions

**CSSF REGULATION CONCERNING
SYSTEMICALLY IMPORTANT
INSTITUTIONS AUTHORISED IN
LUXEMBOURG PUBLISHED**

29 November 2024³

On 29 November 2024, the CSSF issued a regulation 24-08 concerning systemically important institutions authorised in Luxembourg, which was published in the Luxembourg Official Journal (*Mémorial A*) on 2 December 2024.

The regulation identifies the following systemically important institutions authorised in Luxembourg: *Banque et Caisse d'Epargne de l'Etat Luxembourg*, *Banque Internationale à Luxembourg*, *BGL BNP Paribas*, *Clearstream Banking S.A.*, and *Société Générale Luxembourg*, all qualifying as other systemically important institutions. There is no global systemically important institution authorised in Luxembourg.

All of these institutions qualify as other systemically important institutions based on the score obtained by the application of the EBA standard methodology (i.e. exceeding the threshold laid down in accordance with the relevant EBA guidelines (EBA/GL/2014/10)).

The capital buffer rates remain unchanged for all other systemically important institutions.

The regulation entered into force on 1 January 2025 and replaced CSSF regulation 23-05 concerning systemically important institutions authorised in Luxembourg.

³ Regulation:
<https://legilux.public.lu/eli/etat/leg/rcsf/2024/11/29/a486/jo> (only in French)

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ ON THE ADOPTION OF CLARENCE TO DEVELOP AI WITH FULL SOVEREIGNTY

2 December 2024⁴

On 2 December 2024, the CSSF published a communiqué on the adoption of Clarence to develop AI with full sovereignty: a major breakthrough for the financial sector.

The purpose of this communiqué is to inform the public that the CSSF has signed a strategic agreement in the field of AI with Clarence, the Luxembourg sovereign air-gapped cloud, designed to meet the needs of businesses, administrations, and public institutions. Clarence's solution will enable the CSSF to leverage and apply cutting-edge technologies to its sensitive data while ensuring confidentiality, complete control and full sovereignty. This agreement marks the beginning of an ambitious project to enhance the efficiency of the CSSF's internal processes while meeting current regulatory requirements.

The agreement benefits from the support of LuxConnect, Clarence's principal shareholder and a key player in Luxembourg's tech landscape, as well as Proximus Luxembourg, a strategic co-shareholder and committed partner in digital innovation. Thanks to the trust established by the joint participation of the Luxembourg State and Proximus' technological expertise, Clarence stands out as a unique partner for public and private institutions seeking to combine sovereignty with innovation, without compromising security, resilience or digital trust.

An internal CSSF task force has started identifying an initial list of pilot projects to be deployed in the first quarter of 2025. The goal is to integrate AI into critical processes to enhance performance, transparency and efficiency while improving interactions with the public and supervised entities.

To achieve this, Clarence will support CSSF staff with technical assistance and offer innovative tools and use cases based on Google's advanced technologies, ensuring maximum security of the CSSF's data. The CSSF will fully

manage its own air-gapped cloud on dedicated infrastructure, maintaining complete control over its data.

This partnership is expected to have a significant impact beyond Luxembourg, positioning Clarence and its partners as leaders in technological innovation in the financial sector and ultimate sovereign cloud solutions.

⁴ CSSF Communiqué:
<https://www.cssf.lu/en/2024/12/the-cssf-adopts-clarence-to-develop-artificial-intelligence-with->

[full-sovereignty-a-major-breakthrough-for-the-financial-sector/](https://www.cssf.lu/en/2024/12/the-cssf-adopts-clarence-to-develop-artificial-intelligence-with-)

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ ON DORA – REMINDERS AND ADVICE ON PREPAREDNESS

5 December 2024⁵

On 5 December 2024, the CSSF published a communiqué on DORA – reminders and advice on preparedness.

The purpose of the communiqué was to inform the public that the ESAs published a short joint statement addressing requests from financial entities who seek greater clarity on the expectations of supervisory authorities towards them. This publication aimed to highlight the pragmatic and proportionate approach to be taken.

The CSSF also reminded financial entities which fall under DORA of the following aspects:

- Financial entities which did not have an LEI code yet were advised to proceed with the procurement and activation thereof to be able to fulfil the reporting requirements under DORA as from 17 January 2025.
- Since 17 January 2025, financial entities are required to notify the CSSF of any major ICT-related incidents according to the requirements set up under the respective level 2 texts of DORA. This reporting will need to be performed via the eDesk platform, following the process already in place for the reporting of incidents under CSSF Circular 24/847. Before 17 January 2025, financial entities were required create the specific eDesk role of "IT Incident Notifier" that will need to be used to notify the related incidents via eDesk.

In relation to Article 28(3) of DORA, the CSSF reiterated that (i) previously notified ICT outsourcing arrangements under CSSF Circular 22/806 are not required to be re-submitted, and (ii) contractual arrangements on the use of ICT services already in place prior to 17 January 2025 and which have not been notified because they do not qualify as a critical or important ICT outsourcing are not required

to be submitted but still need to be listed in the register of information.

The CSSF also drew financial entities' attention to the ESAs' announcement of the timeline to collect information for the designation of critical ICT third-party service providers under DORA. This announcement specifies, among others, that the first register of information by competent authorities must be submitted to the ESAs on 30 April 2025 and specifies the list of validation rules that will be used by the ESAs when analysing the received registers of information. By providing their complete register on an annual basis, financial entities will comply at the same time with Article 28(3) of DORA.

Finally, the CSSF informed financial entities of the publication of the ITS on the register of information.

⁵ Communiqué:
<https://www.cssf.lu/en/2024/12/dora-regulation-reminders-and-advice-on-preparedness/>
ESAs statement:
https://www.esma.europa.eu/sites/default/files/2024-12/JC_2024_99_ESAs_Statement_on_DORA_application.pdf

[024-12/JC_2024_99_ESAs_Statement_on_DORA_application.pdf](https://www.esma.europa.eu/sites/default/files/2024-12/JC_2024_99_ESAs_Statement_on_DORA_application.pdf)

Financial Institutions

CSSF UPDATES CIRCULAR ON THE IMPLEMENTATION OF THE PROSPECTUS REGULATION

6 December 2024⁶

On 6 December 2024, the CSSF published its Circular 24/867 updating CSSF Circular 19/724 on technical specifications regarding the submission to the CSSF of documents under Prospectus Regulation and the Prospectus Law.

The circular applies to all persons and undertakings supervised by the CSSF, as well as all persons subject to the Prospectus Regulation as well as those subject to Chapter 1 of Part III of the Prospectus Law.

The purpose of the circular is to amend CSSF Circular 19/724 by taking into consideration the amendments introduced by Regulation (EU) 2024/2809 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises.

Annex I of the circular provides a mark-up of CSSF Circular 19/724, showing the amendments.

⁶ Communiqué:
<https://www.cssf.lu/en/Document/circular-cssf-24-867/>

Circular: https://www.cssf.lu/wp-content/uploads/cssf24_867eng.pdf

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ ON THE 2024 QUESTIONNAIRE ON FINANCIAL CRIME

9 December 2024⁷

On 9 December 2024, the CSSF published a communiqué on the 2024 questionnaire on financial crime.

The purpose of the communiqué was to inform the public that the CSSF will launch its annual AML/CTF questionnaire for the year 2024 on 24 February 2025. The final submission of responses must be completed through the CSSF eDesk platform at the latest by 4 April 2025.

The objective is to collect standardised key information concerning ML/TF risks to which professionals under CSSF supervision are exposed and the implementation of measures to mitigate these risks. The questionnaire contributes to the CSSF's ongoing assessment of ML/TF risks present in the financial sector under its supervision and forms part of the AML/CTF risk-based supervision approach put in place by the CSSF.

The questionnaire remains mostly unchanged compared to the previous year. However, some questions have been removed, added or amended. The new and amended questions have been indicated in the questionnaire.

The API solution, used for the first time in 2024 for the 2023 questionnaire, is still applicable. The API solution is based on the use of a structured exchange file (JSON format) to be transmitted to the CSSF via the S3 (simple storage service) protocol. This file will then pre-fill the questionnaire available on the CSSF eDesk platform. The entity will also be able to update the data prefilled through S3 directly in eDesk. The manual input of the responses directly in the eDesk online form remains possible.

The communiqué refers to a user guide which includes technical details as well as the registration process.

The questionnaire must be completed within the CSSF eDesk platform by:

- the compliance officer in charge of the control of compliance with the professional obligations

(*responsable du contrôle du respect des obligations professionnelles (RC)*); or

- the person responsible for compliance with the professional obligations (*responsable du respect des obligations professionnelles (RR)*).

The completion of the questionnaire, however, may be assigned within the CSSF eDesk platform to another employee of the entity or third party, while bearing in mind that the ultimate responsibility for the adequate completion of the questionnaire shall remain with the RC or the RR. This implies that the aforementioned person and his/her potential delegate hold an eDesk account, which requires a LuxTrust authentication.

In order to avoid connection problems when the questionnaire will be launched, the CSSF invites all entities it supervises for AML/CTF purposes to ensure that they have an account. Reference is made to the user guide on eDesk authentication for further details.

⁷ Communiqué: <https://www.cssf.lu/en/2024/12/2024-questionnaire-on-financial-crime/>

User guide: <https://www.cssf.lu/en/methods-of-transmitting-reports-via-api/>

Financial Institutions

LUXEMBOURG LAW ESTABLISHING A COMMITTEE FOR THE PREVENTION OF ML/TF PUBLISHED

9 December 2024

The law of 4 December 2024, amending the AML Law and establishing a committee for the prevention of ML/TF, was published in the Luxembourg Official Journal (Mémorial A) on 9 December 2024.

The committee was initially set up by the ministerial regulation dated 9 July 2009.

However, it appeared that the regulation lacked a legal basis, as the committee should have been created by law. It was therefore proposed to resolve this legal obstacle by amending the AML Law. The existence of the committee enables Luxembourg to comply with its obligations under European legislation and FATF standards.

The purpose of the committee is to:

- constitute a multidisciplinary round table for exchanges relating to the fight against ML/TF;
- contribute to the development, coordination and evaluation of national policies and strategies to prevent ML/TF;
- coordinate the development and updating of national and sectoral risk assessments to identify, evaluate and understand the ML/TF risks to which the Grand Duchy of Luxembourg is exposed, and ensure that such risk assessments are adequately disseminated;
- propose amendments to the national preventive and repressive legal and regulatory regime for the fight against ML/TF, as well as any measures to manage and mitigate the risks of ML/TF;
- draw up, within the limits of the laws and regulations on the fight against ML/TF, guidelines to promote their harmonised implementation;
- ensure the adequate dissemination of knowledge concerning the prevention of ML/TF.

The new law entered into force on 13 December 2024.

CSSF UPDATES CIRCULAR ON THE STS CRITERIA FOR ABCP AND NON-ABCP SECURITISATION

9 December 2024⁸

On 9 December 2024, the CSSF published its Circular 24/868 updating CSSF Circular 19/719 implementing the EBA's guidelines on the simple, transparent and standardised (or STS) criteria for non-ABCP securitisation and the STS criteria for ABCP securitisation.

Circular 24/868 applies to all originators, original lenders, sponsors, securitisation special purpose entities, investors and third parties verifying simple, transparent and standardised compliance.

The purpose of the circular is to amend CSSF Circular 19/719 by taking into account the EBA guidelines on the STS criteria for on-balance-sheet securitisation (EBA/GL/2024/05), which have amended the previous guidelines.

The Annex of the Circular 24/868 provides a mark-up of CSSF Circular 19/719, showing the amendments.

The CSSF has thereby integrated the previous guidelines and the new guidelines into its administrative practice and regulatory approach with a view to promoting supervisory convergence in this field at the European level. The new guidelines include a limited set of targeted amendments to the previous guidelines, for a specific number of requirements, to ensure that the interpretation provided by the EBA is consistent across all three guidelines.

The CSSF expects that all in-scope entities apply the previous guidelines and the new guidelines.

⁸ Circular: https://www.cssf.lu/wp-content/uploads/cssf24_868eng.pdf

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ REGARDING THE RAISING OF THE SIZE CRITERIA FOR COMPANIES FOR ACCOUNTING PURPOSES

12 December 2024⁹

On 12 December 2024, the CSSF published a communiqué regarding the publication of the Grand Ducal regulation of 28 October 2024 raising the size criteria for companies as defined in Luxembourg accounting law and the Questions/Answers CNC 24/034 of the Luxembourg accounting rules commission, *Commission des normes comptables*, on the practical application thereof.

The purpose of the communiqué is to draw the attention of CSSF supervised entities to the publication of the regulation and the Q&A.

The regulation transposes into national law Commission Delegated Directive (EU) 2023/2775 amending Directive 2013/34/EU as regards the adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups. The balance sheet total and net turnover thresholds – to be applied to the different categories of companies and groups – are thus increased by 25% compared to the thresholds set in 2013 by Directive 2013/34/EU in order to take account of the high inflation in 2021 and 2022, as well as generally in order to reflect the rise in prices over the period from 2013 to 2023.

Companies have the option of applying the new thresholds to financial years starting on or after 1 January 2023.

The CSSF states that this increase in thresholds should help reduce the administrative burden on companies and groups. Certain large companies will be re-categorised as medium-sized companies, with the consequence notably

that they will be exempt from the obligation to publish sustainability information (Directive (EU) 2022/2464).

The Q&A presents to interested parties the practical application of the increased thresholds to companies and groups in Luxembourg. Given the possibility for companies to apply these new thresholds to financial years starting on or after 1 January 2023 (instead of on or after 1 January 2024), the increase in the thresholds for the categorisation of (pre-existing) Luxembourg companies will apply from the financial year 2025.

Given the first application of the new thresholds to the 2023 financial year and considering the requirement for the thresholds not to be exceeded (or to be exceeded) during two consecutive financial years (repetition criterion) (i.e. during the 2023 and 2024 financial years) it is indeed during the 2025 financial year (i.e. the financial year following that during which the double non-exceeding (or double exceeding) was noted) that the re-categorisation of the company from a higher category to a lower category (or from a lower category to a higher category) will occur at the earliest (unless an exception applies).

⁹ CSSF: [https://www.cssf.lu/en/Communique: <https://www.cssf.lu/en/2024/12/cssf-communique-regarding-the-publication-of-the-grand-ducal-regulation-of-28-october-2024-raising-the-size-criteria-for-companies-and-the-qa-cnc-24-034-on-the-practical-application-of-raising-the-si/> \(only in French\)](https://www.cssf.lu/en/Communique%3Ahttps%3A%2F%2Fwww.cssf.lu%2Fen%2F2024%2F12%2Fcssf-communique-regarding-the-publication-of-the-grand-ducal-regulation-of-28-october-2024-raising-the-size-criteria-for-companies-and-the-qa-cnc-24-034-on-the-practical-application-of-raising-the-si/)

Grand Ducal Regulation: <https://legilux.public.lu/eli/etat/leg/rgd/2024/10/25/a448/jo> (only in French)

CNC Q&A: https://www.cnc.lu/fileadmin/user_upload/publications/doctrine/Q_A_CNC_24-034_Rehaussement_des_criteres_de_taille_vf-20241108_.pdf (only in French)

Financial Institutions

**CSSF PUBLISHES SLIDES OF
CONFERENCE ON THE PREVENTION OF
TERRORISM FINANCING**

12 December 2024¹⁰

On 12 December 2024, the CSSF published the slides of a seminar on the prevention of terrorism financing, jointly held by the FIU, the CSSF, the Luxembourg bankers association and the Luxembourg fund industry association on 8 November 2024. The seminar also included presentations by certain private sector representatives.

The speakers gave feedback and clarifications on the following topics:

- Luxembourg's vertical risk assessment on terrorism financing;
- the legal framework of the offences of terrorism financing and terrorism;
- targeted financial sanctions regarding terrorism financing;
- terrorism financing supervision by the CSSF; and
- typologies and risks analysed by the FIU.

The slides are available on the CSSF website.

¹⁰ Slides: <https://www.cssf.lu/wp-content/uploads/Preventing-Terrorism-Financing-Seminar-8-November-2024.pdf>

Financial Institutions

**CSSF PUBLISHES FAQ ON AML/CTF
ASSET DUE DILIGENCE OBLIGATIONS**

13 December 2024¹¹

On 13 December 2024, the CSSF published a set of frequently asked questions regarding AML/CTF asset due diligence obligations in accordance with CSSF Regulation No 12-02 on its website.

The FAQ is of interest to professionals within the scope of the CSSF Regulation No 12-02 and refers to questions and answers in relation to the implementation of Article 34(2) of such regulation.

The FAQ does not refer in any way to international financial restrictive measures and their respective specific requirements (i.e. targeted financial sanctions) to be complied with by professionals.

The FAQ solely provides clarifications on the AML/CTF asset due diligence to be performed pursuant to a risk-based approach and the related ML/TF risk assessment.

Finally, the CSSF draws attention to the fact that it is the responsibility of each professional to carry out their ML/TF risk assessment and to establish, where necessary, appropriate measures to mitigate the threats and vulnerabilities identified.

The FAQ provides answers to the following questions:

- whether an ML/TF risk assessment and related AML/CTF due diligence measures need to be conducted on securities admitted to trading on a regulated market;
- whether the risk assessment of the assets not admitted to trading on a regulated market must be performed on an annual basis if there is no change on the asset; and
- when AML/CFT due diligence is required on assets.

¹¹ Regulation: https://www.cssf.lu/wp-content/uploads/RCSSF_No12-02eng.pdf

FAQ: <https://www.cssf.lu/wp-content/uploads/FAQ-on-AML-Assets-Due-Diligence.pdf>

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ ON THE EUROPEAN GREEN BONDS REGULATION

23 December 2024¹²

On 23 December 2024, the CSSF published a communiqué on Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.

The regulation has been directly applicable in all EU Member States since 21 December 2024, with the exception of certain provisions set forth in Article 72(3) and (4) thereof. With the European Green Bond standard, the EU is aiming to set a gold standard for green bonds.

The regulation lays down requirements for issuers of bonds who wish to use the designation "European Green Bond" or "EuGB" for their bonds that are made available to investors in the EU. However, in case the relevant designation is used in respect of securitisation bonds, most requirements only apply to the originator.

The regulation further sets up a system to register and supervise external reviewers of European Green Bonds under the responsibility of ESMA. A specific regime applies to third-country external reviewers.

The regulation also provides for optional pre-issuance and post-issuance disclosure templates for bonds marketed as environmentally sustainable and for sustainability-linked bonds in the EU.

Finally, the regulation establishes supervision by NCAs of issuers and securitisation originators of European Green Bonds except where such bonds are issued by an EU sovereign or guaranteed by certain EU sovereigns. NCAs shall also supervise issuers of bonds marketed as environmentally sustainable and of sustainability-linked

bonds who decide to use the post-issuance disclosure templates.

For more information, the CSSF refers to its website page on European Green Bonds and other sustainable bonds.

¹² Communiqué:
[https://www.cssf.lu/en/2024/12/regulation-on-european-green-bonds-and-optional-disclosures-for-bonds-marketed-as-](https://www.cssf.lu/en/2024/12/regulation-on-european-green-bonds-and-optional-disclosures-for-bonds-marketed-as-environmentally-sustainable-and-for-sustainability-linked-bonds/)

[environmentally-sustainable-and-for-sustainability-linked-bonds/](https://www.cssf.lu/en/2024/12/regulation-on-european-green-bonds-and-optional-disclosures-for-bonds-marketed-as-environmentally-sustainable-and-for-sustainability-linked-bonds/)

CSSF website page:
<https://www.cssf.lu/en/european-green-bonds-and-other-sustainable-bonds/>

Financial Institutions

LUXEMBOURG BILL IMPLEMENTING THE EU AI ACT

23 December 2024¹³

A new bill, N° 8476, implementing certain provisions of the AI Act and amending the Luxembourg law of 1 August 2018 on the organisation of the national commission for data protection (the CNPD) and the general data protection regime, the Luxembourg law of 23 December 1998 establishing the CSSF and the Insurance Sector Law, was lodged with the Luxembourg Parliament on 23 December 2024.

The purpose of the bill is to supplement the European framework with the necessary national provisions, in particular the designation of the national authorities responsible for applying the AI Act and monitoring AI Act compliance (i.e. the notifying authorities and the market surveillance authorities, and the setting of administrative penalties).

The bill proposes to designate the Luxembourg office for accreditation and surveillance (*office luxembourgeois d'accréditation et de surveillance*), the Luxembourg agency for medicines and health products (*agence luxembourgeoise des médicaments et produits de santé*) and the government data protection commissioner's office (*commissariat du gouvernement à la protection des données auprès de l'Etat*) as notifying authorities for the application and enforcement of the AI Act.

The AI Act applies horizontally and there will be numerous interactions with sectoral regulations. As market surveillance requires in-depth knowledge of the sector in which AI is used, several authorities are designated as market surveillance authorities (including the CSSF and the CAA), and each remains responsible for its own area of competence. It is noted that supervision under the AI Act is carried out on an *ad hoc* basis. The authorities designated by the bill would therefore not need to carry out a systematic analysis of all AI systems before they are placed on the market.

The CNPD is designated as the default horizontal market surveillance authority. This designation takes account of the fact that a large proportion of the AI systems covered by the AI Act involve the processing of personal data and therefore also fall within the scope of the GDPR. In such capacity, the CNPD is responsible for coordinating the market surveillance authorities and is designated as the single point of contact for the market.

The publication of the bill constitutes the start of the legislative procedure.

¹³ Bill: <https://wdocs-pub.chd.lu/docs/exped/0150/154/301543.pdf> (only in French)

Financial Institutions

CSSF UPDATES CIRCULAR 17/651 ON THE LUXEMBOURG LAW IMPLEMENTING THE MORTGAGE LOAN DIRECTIVE

24 December 2024¹⁴

On 24 December 2024, the CSSF published its Circular 24/869 updating CSSF Circular 17/651 on the Luxembourg law of 23 December 2016 implementing the Mortgage Loan Directive and amending the Luxembourg consumer code.

The purpose of the Circular is to amend CSSF Circular 17/651 by taking into account:

- the adoption of the EBA guidelines on loan origination and monitoring (EBA/GL/2020/06), which have replaced the EBA guidelines on creditworthiness assessment (EBA/GL/2015/11); and
- certain amendments made to the EBA guidelines EBA/GL/2015/12 on arrears and foreclosure (EBA/GL/2024/10) by (i) deleting guidelines concerning the renegotiation process between the lender and the borrower before initiating a foreclosure procedure that has been introduced into the Mortgage Loan Directive by Directive (EU) 2021/2167 of 24 November 2021 on credit servicers and credit purchasers in order to avoid duplication, and (ii) updating the reference to the EBA guidelines on outsourcing arrangements (EBA/GL/2019/02).

A consolidated version of CSSF Circular 17/651 is attached to the circular.

¹⁴ Circular: https://www.cssf.lu/wp-content/uploads/cssf24_869.pdf (only in French)

Financial Institutions

LUXEMBOURG LAW IMPLEMENTING DAISY CHAINS DIRECTIVE ENTERED INTO FORCE

24 December 2024¹⁵

The Luxembourg law of 20 December 2024 was published in the Luxembourg Official Journal (*Mémorial A*) on 24 December 2024.

The purpose of the law is threefold:

First, it implements into Luxembourg law the EU's 'Daisy Chains' Directive (i.e. Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 amending the BRRD and SRMR as regards certain aspects of the minimum requirement for own funds and eligible liabilities (MREL)). The 'Daisy Chains' Directive adapts the current European framework for bank resolution, implemented in Luxembourg by the Resolution Law. Introduced as a stand-alone limb of the European Commission's CMDI (crisis management and deposit insurance) package on 18 April 2023, the Daisy Chains Directive was fast-tracked through the EU's legislative process and addresses issues specific to the treatment of internal MREL in bank resolution groups.

Second, the law implements CRR3, which transposes into European Union law the reform of the "Basel III" standards adopted by the Basel Committee on Banking Supervision in 2017.

Third, the law makes targeted adjustments to certain sectoral laws including the Financial Sector Law, the Resolution Law and the Luxembourg law of 8 December 2021 on the issuance of covered bonds. The objective is notably to perfect the implementation of Directive (EU) 2019/878 and Directive (EU) 2019/2162 into Luxembourg law. Targeted amendments are also being made to the aforementioned laws with a view to clarifying the existing regulatory framework, in particular as regards the extension of the maturity of covered bonds, the shareholding structure in case of the licensing of PFS, respectively the provisions on the governance of the motor vehicle insurance insolvency fund (*fonds d'insolvabilité en*

assurance automobile) and the Luxembourg intergenerational sovereign fund (*fonds souverain intergénérationnel*).

The law entered into force on 28 December 2024, subject to a few articles having entered into force on 1 January 2025.

¹⁵ Law:
<https://legilux.public.lu/eli/etat/leg/loi/2024/12/20/a585/jo> (only in French)

Financial Institutions

**CSSF PUBLISHES UPDATED FAQs AND
COMPENDIUM OF INSTRUCTIONS
RELATING TO NATIONAL REPORTING BY
CREDIT INSTITUTIONS ON
SHAREHOLDERS AND REGULATED
FUNCTIONS AND ACTIVITIES**

30 December 2024¹⁶

On 30 December 2024, the CSSF published updated versions of its document FAQ national reporting B4.5 and B4.6 as well as the compendium of instructions relating to reporting table B4.5 – shareholder structure.

The FAQs have been updated to provide further details on the reference period for reporting, and as to how changes in the shareholding or in the governance structure occurring during the year must be reported. While for the reporting due by 20/01/N, the data should reflect the situation as of 31/12/N-1, for *ad hoc* submission during the year, supervised entities should indicate as reference period the date from which the change applies.

Furthermore, a new FAQ has been introduced as to whether the complete list of shareholders should be reported (i.e. even those that are not holders of a qualifying holding).

¹⁶ FAQs: <https://www.cssf.lu/wp-content/uploads/FAQ-national-reporting-B4.5-and-B4.6.pdf>

Instructions: https://www.cssf.lu/wp-content/uploads/Tableau-4.5-Instructions_Clean.pdf

Financial Institutions

**NEW CSSF REGULATION ON THE
EXTENSION OF THE TEMPORARY
ADAPTATIONS OF CSSF REGULATION N°
20-08 PUBLISHED**

30 December 2024¹⁷

On 30 December 2024, the CSSF issued a new regulation 24-04 on the extension of the temporary adaptations of CSSF Regulation N°20-08 of 3 December 2020, laying down conditions for the granting of loans relating to immovable property for residential use situated in the territory of Luxembourg.

The regulation follows the Luxembourg Systemic Risk Committee's recommendation of 20 December 2024 (CRS/2024/012) and extends the temporary adjustments to the measures introduced by CSSF Regulation N°20-08 to take account of cyclical developments in order to avoid a further slowdown in the property lending cycle. In particular, banks granting loans for buy-to-let residential property may continue to respect a loan-to-value ratio of > 80% up to 95% (thereby derogating from the up to 80% loan-to-value ratio limit), provided the total of loans benefitting from this derogation is not higher than 10% of the total of such type of loans.

The regulation entered into force on 30 December 2024, the day of its publication in the official journal, and will apply until 30 June 2025.

¹⁷ Regulation:
<https://legilux.public.lu/eli/etat/leg/rcsf/2024/12/30/a608/jo> (only in French)

Financial Institutions

**CSSF PUBLISHES UPDATE OF ITS
TECHNICAL FAQ ON REGULATION CSSF
NO 20-08 ON BORROWER-BASED
MEASURES FOR RESIDENTIAL REAL
ESTATE CREDIT**

7 January 2025¹⁸

On 7 January 2025, the CSSF published an updated version of its technical FAQ on regulation CSSF No 20-08 on borrower-based measures for residential real estate credit as temporarily amended by regulation CSSF No 24-10.

The FAQ aims to clarify the implementation aspects associated with the loan-to-value measure in place.

Following their update, the FAQs state that until 30 June 2025, cash collateral and the State guarantee on mortgage loans be considered as own funds for the purpose of the loan-to-value requirement but should only be permitted for loans that had an initial loan-to-value requirement strictly below 100% in accordance with the maximum limits set out in the regulation. For the cases where the borrower provides own funds for the compliance with the loan-to-value requirement that consist of cash collateral and/or the amount corresponding to the State guarantee, these should be deducted from the value of "L" (i.e. the sum of all loan tranches secured by the borrower on the immovable property at the moment of loan origination) for the purpose of the loan-to-value computation calculated in accordance with the regulation.

In addition, as per the amendment introduced by regulation CSSF No 24-10, until 30 June 2025, banks granting loans for buy-to-let residential property may respect a loan-to-value ratio of > 80% up to 95% (thereby derogating from the up to 80% loan-to-value ratio limit), provided the total of loans benefitting from this derogation is not higher than 10% of the total of such type of loans.

¹⁸ Regulation: https://www.cssf.lu/wp-content/uploads/RCSF-20_08.pdf (only in French)

FAQ: <https://www.cssf.lu/wp-content/uploads/Technical FAQ on Regulation CSSF No 20-08.pdf>

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ REGARDING AMENDMENTS TO CSSF CIRCULAR 24/853 ON THE REVISED LONG FORM REPORT FOR INVESTMENT FIRMS

9 January 2025¹⁹

On 9 January 2025, the CSSF published a communiqué on the publication of CSSF Circular 25/870 amending CSSF Circular 24/853 on the revised long form report (RLFR) for investment firms.

The new circular is addressed to Luxembourg investment firms and Luxembourg branches of non-EU investment firms.

Whereas for the financial year ending 31 December 2023, the RLFR was applicable only to a sample of investment firms, namely (i) all non-SNI IFR investment firms incorporated under Luxembourg law, including their branches, and (ii) certain SNI IFR investment firms incorporated under Luxembourg law, including their branches, the requirements with regard to the RLFR now apply to all investment firms for the financial year ending 31 December 2024.

The CSSF recalls that the reporting framework implemented by CSSF Circular 24/853 comprises four dedicated reports. With reference to the principle of proportionality, the CSSF introduces a more proportionate approach for investment firms who are subjected to the RLFR for the first time as from the year ending 31 December 2024 and who, in consideration of their risk attributes, represent a comparably lesser risk (Partial Scope IF). Such Partial Scope IF are subject to a lighter RLFR framework and are required for the time being to submit three dedicated reports only.

CSSF Circular 24/853 reconfirms that Partial Scope IF must assess their compliance and the effectiveness of their internal organisational arrangements via the RLFR

self-assessment questionnaire. Partial Scope IF must also mandate their *réviseur d'entreprises agréé* to prepare the report on the protection of financial instruments and funds belonging to clients and the report concerning AML/CTF. Given their comparably lesser risk, the CSSF has decided, for the time being, to exempt Partial Scope IF from the requirement to have Agreed Upon Procedure (AUP) reports prepared by their *réviseur d'entreprises agréé*.

The communiqué reminds investment firms that the RLFR must be documented and uploaded via the CSSF eDesk platform. The RLFR can be submitted to the CSSF via the following channels:

- an online solution via eDesk procedure for manual input; or
- an API solution based on the use of a structured exchange file (json format) to be transmitted to the CSSF via the S3 (simple storage service) protocol.

Questions relating to the Communiqué, CSSF Circular 24/853 or the RLFR should be addressed to lfrei@cssf.lu by copying the investment firm's usual CSSF point of contact. Technical questions regarding the communication channels should be addressed to eDesk@cssf.lu.

¹⁹ Communiqué: https://www.cssf.lu/fr/2025/01/publication-de-la-circulaire-cssf-25-870-modifiant-la-circulaire-cssf-24-853-relative-au-compte-rendu-analytique-revise-des-entreprises-dinvestissement/?utm_campaign=email-250109-36a50

Circular: https://www.cssf.lu/wp-content/uploads/cssf25_870eng.pdf

CSSF Circular 24/853 (as amended): https://www.cssf.lu/wp-content/uploads/cssf24_853eng.pdf

Financial Institutions

**CSSF PUBLISHES A COMMUNIQUÉ
REGARDING A NEW EDESK PROCEDURE
– SELF-ASSESSMENT QUESTIONNAIRE
PDAOFI**

14 January 2025²⁰

On 14 January 2025, the CSSF published a communiqué regarding a new eDesk procedure for the self-assessment questionnaire applicable to professional depositaries of assets other than financial instruments, as referred to in Article 26-1 of the Financial Sector Law (PDAOFI).

In the context of the introduction of new means of communication for requests and reportings by professionals in the financial sector, the self-assessment questionnaire PDAOFI must be transmitted on an annual basis to the CSSF in electronic form via:

- a dedicated eDesk procedure; or
- an API solution based on the submission of the report via the S3 protocol.

A user guide detailing the submission procedures for this reporting is available on the CSSF's website.

The new reporting replaces the list of information on the depositary function that must be kept up-to-date and provided to the CSSF on an annual basis, as detailed in Annex 1 of CSSF Circular 18/697.

The reference date for the data reported is 31 December 2024 and the submission should be received by 31 March 2025.

The CSSF may be reached at edesk@cssf.lu in case of questions.

²⁰ Communiqué:
[https://www.cssf.lu/en/2025/01/new-edesk-](https://www.cssf.lu/en/2025/01/new-edesk-procedure-self-assessment-questionnaire-pdaofi/)

[procedure-self-assessment-questionnaire-pdaofi/](https://www.cssf.lu/en/2025/01/new-edesk-procedure-self-assessment-questionnaire-pdaofi/)

Financial Institutions

CSSF UPDATES CSSF-CPDI CIRCULAR 16/03 REGARDING THE MODE OF TRANSMISSION OF THE SURVEY ON COVERED CLAIMS IN CONNECTION WITH INVESTMENT BUSINESS

15 January 2025²¹

On 15 January 2025, the CSSF, acting in its function as CPDI, published CSSF-CPDI circular 25/44 updating CSSF-CPDI circular 16/03 regarding the mode of transmission of the survey on covered claims in connection with investment business.

The circular is addressed to all credit institutions and investment firms incorporated under Luxembourg law, to the branches of non-EU credit institutions and investment firms, as well as to UCITS management companies and to alternative investment fund managers whose authorisation includes the management of portfolios on a discretionary, client-by-client basis.

The purpose of the circular is to specify the new mode of transmission of the survey on covered claims in connection with investment business, i.e.:

- via the CSSF eDesk platform; or
- via the submission of a structured file through S3 (simple storage service) protocol.

The transmission of this survey via e-file or SOFiE has been deactivated.

The amendments made by the circular also clarify certain terms relating to the identification and indemnification of accounts where the holder is different from the person absolutely entitled for the purpose of the Luxembourg investor compensation scheme, *Système d'indemnisation des investisseurs Luxembourg*, by taking into account the modifications brought by CSSF-CPDI circular 23/35 to CSSF-CPDI circular 16/02 on the scope of the deposit guarantee and the investor compensation.

Finally, the circular repeals CSSF-CPDI circular 17/07.

The annex to the circular shows the changes introduced to CSSF-CPDI circular 16/03 in tracked changes.

²¹ Circular: https://www.cssf.lu/wp-content/uploads/CSSF_CPDI_2544eng.pdf

Financial Institutions

CSSF PUBLISHES NEW COMMUNIQUÉ ON THE ENTRY IN APPLICATION OF DORA

15 January 2025²²

On 15 January 2025, the CSSF published a communiqué on the entry in application of DORA.

The CSSF reminded the financial entities subject to DORA that from 17 January 2025, the requirements of DORA take precedence over any overlapping elements or requirements present in CSSF circulars, notably in circulars:

- CSSF 20/750, specifying the requirements regarding ICT and security risk management;
- CSSF 22/806, on outsourcing arrangements (regarding ICT outsourcing arrangements); and
- CSSF 24/847, on ICT-related incident reporting framework.

The CSSF, however, reminds financial entities that other topics covered by the aforementioned circulars, not related to DORA, remain applicable in their current form to the respective financial entities.

As the ESAs and the CSSF are proceeding with the updates of relevant texts (guidelines and circulars), the communiqué provides financial entities with further guidance on certain practical modalities.

First, the CSSF reiterates that financial entities were urged to (1) ensure that they have an LEI code, and (2) create the specific eDesk role of "IT incident notifier" to be able to submit the incidents via eDesk as of 17 January 2025.

Second, as of 17 January 2025, financial entities subject to DORA are required to notify major ICT-related incidents and significant cyber threats via a new dedicated procedure encompassing two different notification forms, available in eDesk, following the process already in place for reporting incidents under CSSF Circular 24/847:

- through the dedicated procedure "DORA Major ICT-related incident and significant cyber threat notification" available on the CSSF eDesk Portal (edesk.apps.cssf.lu); or

- via the API interface (S3) provided by the CSSF.

Given that the goal of the new procedure is to harmonise the reporting requirements, this new procedure replaces certain previous reportings for financial entities now subject to DORA.

The communiqué also contains specific instructions as regards the outsourcing of this reporting obligation as well as weekend and bank holiday reporting requirements.

Finally, CSSF notes that it is required to submit the register of information to the ESAs by 30 April 2025. Financial entities are required to submit their register of information to the CSSF between 1 and 15 April 2025 via eDesk for the reference date of 31 March 2025. Additional information related to the eDesk procedure will be published at a later stage.

Submitted registers will be subject to certain validation checks by the CSSF between 15 and 30 April 2025. In case of errors, the financial entity will be invited to resubmit its register before 30 April 2025. During the month of May 2025, the ESAs will perform additional checks and may request submitting financial entities to fix the detected errors and re-submit their register to the CSSF, which will then communicate it to the ESAs.

The CSSF highlights that the register of information must be submitted in plain CSV format (as during the dry run exercise). The ESAs will not provide financial entities with a tool/script to generate their register.

²² Communiqué: [https://www.cssf.lu/en/2025/01/entry-in-](https://www.cssf.lu/en/2025/01/entry-in-application-of-dora-regulation-on-17-january-2025/)

[application-of-dora-regulation-on-17-january-2025/](https://www.cssf.lu/en/2025/01/entry-in-application-of-dora-regulation-on-17-january-2025/)

Financial Institutions

**CSSF PUBLISHES A COMMUNIQUÉ ON
THE NEW TRANSMISSION METHOD FOR
EBA ITS QUARTERLY AND ANNUAL
REPORTS**

23 January 2025²³

On 23 January 2025, the CSSF published a communiqué on the new transmission method for "EBA ITS" quarterly and annual reports.

The purpose of the communiqué is to inform the public that starting from 1 April 2025, the transmission method for the "EBA ITS" quarterly and annual reports will change.

The collection methods for the COREP/FINREP quarterly and annual reports will be the same as those for the monthly reports. These COREP/FINREP reports will be exclusively collected going forward through the two methods below, free of charge:

- XBRL file submission in the dedicated eDesk process; and
- automated submission of the XBRL file via API (S3 protocol).

As of 1 April 2025, no COREP-FINREP reports will be accepted through the historical external channels.

The CSSF will soon communicate the opening dates for pre-production for potential testing by concerned institutions.

In case of questions, the CSSF can be contacted via email at edesk@cssf.lu.

²³ Communiqué:
[https://www.cssf.lu/en/2025/01/new-](https://www.cssf.lu/en/2025/01/new-transmission-method-for-eba-its-reports-quarterly-and-annual-reports/)

[transmission-method-for-eba-its-reports-quarterly-and-annual-reports/](https://www.cssf.lu/en/2025/01/new-transmission-method-for-eba-its-reports-quarterly-and-annual-reports/)

Financial Institutions

LUXEMBOURG LAW REFORMING THE RCS AND THE RBE

27 January 2025²⁴

The Luxembourg law of 23 January 2025 amending (i) the Luxembourg law of 19 December 2002 on the RCS, as amended, and (ii) the Luxembourg law of 13 January 2019 establishing the RBE, as amended, was published in the Luxembourg Official Journal (*Mémorial A*) on 27 January 2025.

The purpose of the law is to reform the provisions applicable to the RCS and the RBE to enhance the quality and reliability of information recorded. The law entrusts the Luxembourg Business Register as the RCS and the RBE administrator with enhanced capabilities and sanctioning power to (i) monitor registered individuals and entities, and (ii) ensure compliance with their registration and filing obligations.

The law also introduces administrative simplifications by interconnecting the databases of the RCS and RBE. This interconnection aims at improving data accuracy and consistency, particularly in the fight against ML/TF.

Clifford Chance has published a client briefing on the law which can be accessed at:

<https://www.cliffordchance.com/content/dam/cliffordchance/briefings/2025/01/law-reforming-rcs-and-rbe.pdf>.

The law entered into force on 1 February 2025.

²⁴

Law:

<https://legilux.public.lu/eli/etat/leg/loi/2025/01/23/a22/jo> (only in French)

Financial Institutions

CSSF PUBLISHES A CIRCULAR LETTER RELATED TO THE 2024 FINANCIAL CRIME QUESTIONNAIRE

28 January 2025²⁵

On 28 January 2025, the CSSF published a circular letter related to the 2024 financial crime questionnaire.

This circular is addressed to the management board and board of directors of all credit institutions, investment firms, investment fund managers, including registered AIFMs, Luxembourg branches of investment fund managers, self-managed investment companies, self-managed alternative investment funds and investment funds which did not designate an investment fund manager, payment institutions and electronic money institutions, VASPs, specialised PFS and central securities depositories, all incorporated under Luxembourg law; it is also addressed to all Luxembourg branches of the above-listed entities having their registered office in an EU country or a third country (Professionals Under Supervision).

In its circular, the CSSF informs the above entities of the launch on 24 February 2025 of the annual online questionnaire for the year 2024 collecting standardised key information concerning ML/TF risks to which the Professionals Under Supervision are exposed and the implementation of related risk mitigation and targeted financial sanctions measures. The questionnaire is mostly unchanged compared to the previous year. However, some questions have been removed, added or amended. The new and amended questions have been indicated in the questionnaire.

The Professionals Under Supervision are required to answer to the questionnaire and to submit it through the CSSF eDesk portal by 4 April 2025 at the latest. In terms of process, the CSSF reiterates that an API solution will allow pre-populating the questionnaire in order to ease the process. Besides, the questionnaire must be submitted either by the compliance officer in charge of the control of compliance with the professional obligations (*responsable du contrôle du respect des obligations professionnelles*), or the person responsible for compliance with the

professional obligations (*responsable du respect des obligations professionnelles*). While the completion of the questionnaire may be assigned to another employee or third party, the ultimate responsibility remains with the compliance officer in charge of the control of compliance with the professional obligations or the person responsible for compliance with the professional obligations.

In order to avoid connection problems when the questionnaire will be launched, the CSSF invites all entities it supervises for AML/CTF purposes to ensure they have an eDesk account. Reference is made to the "eDesk – Authentication – User guide" on the CSSF eDesk application homepage for further details accessible here.

²⁵ Circular: <https://www.cssf.lu/wp-content/uploads/CSSF-Circular-letter-2024-Survey-on-financial-crime.pdf>

Financial Institutions

NEW LUXEMBOURG BILL ON AML/CTF MATTERS PUBLISHED

28 January 2025²⁶

Bill N° 8486 was lodged with the Luxembourg Parliament on 28 January 2025.

The main purpose of the bill is to address certain priority and recommended action points identified as part of Luxembourg's FATF mutual evaluation report published on 27 September 2023.

First, the bill amends the Luxembourg Code of Criminal Procedure in order to accelerate criminal proceedings and to improve the national legal framework for preventing the criminal abuse of the financial system, and more specifically for the fight against money laundering, the financing of terrorism and proliferation.

Second, the bill proposes amendments to Article 506-1 of the Luxembourg Criminal Code containing the list of predicate offences for the money offence. Such article currently contains references to legislative texts that have been repealed or amended since their adoption. These inconsistencies risk undermining the effectiveness of the fight against money laundering by creating legal uncertainties or difficulties of interpretation for the competent authorities.

Finally, it should be noted that the bill provides for an amendment to Article 195-1 of the Luxembourg Code of Criminal Procedure as regards the requirement for courts to state explicit reasons for granting the suspension (*sursis*) of certain criminal sentences.

The lodging of bill n° 8486 with the Luxembourg Parliament constitutes the start of the legislative procedure.

²⁶ Bill 8486: <https://wdocs-pub.chd.lu/docs/exped/0151/028/302283.pdf> (only in French)

Financial Institutions

**CSSF PUBLISHES A COMMUNIQUÉ ON
THE NEW TRANSMISSION METHOD FOR
INTERNALISED SETTLEMENT REPORTING
(ART. 9 CSDR)**

30 January 2025²⁷

On 30 January 2025, the CSSF published a communiqué on the new transmission method for internalised settlement reporting (Art. 9 CSDR).

The purpose of the communiqué is to inform the public that, starting from 1 July 2025, the transmission method for the internalised settlement reporting will change.

The reports will be exclusively collected through the two methods below, free of charge:

- ZIP file (including the report in XML format) to be submitted in the dedicated eDesk procedure; and
- automated submission of the ZIP file (including the report in XML format) via API (S3 protocol).

As of 1 July 2025:

- the quarterly reports covering the current reference period (Q2 2025) as well as all resubmissions related to previous reference periods are impacted; and
- no CSDR Art. 9 reporting will be accepted through the historical external channels.

The CSSF will soon communicate the opening dates for pre-production for potential testing by concerned institutions as well as the dedicated user guide.

In case of questions, the CSSF can be contacted via email at edesk@cssf.lu.

²⁷ Communiqué:
[https://www.cssf.lu/en/2025/01/new-](https://www.cssf.lu/en/2025/01/new-transmission-method-for-internalised-settlement-reporting-csdr-art-9/)

[transmission-method-for-internalised-settlement-reporting-csdr-art-9/](https://www.cssf.lu/en/2025/01/new-transmission-method-for-internalised-settlement-reporting-csdr-art-9/)

Financial Institutions

LUXEMBOURG LAW IMPLEMENTING THE MICA, TRANSFER OF FUNDS, ELTIF 2 AND EUROPEAN GREEN BONDS EU REGULATIONS

10 February 2025²⁸

The Luxembourg law of 6 February 2025, which implements the recent EU regulations concerning crypto-assets, transfer of funds, European long-term investment funds and European green bonds was published in the Luxembourg Official Journal (*Mémorial A*) on 10 February 2025.

To this end, the law amends several laws, including:

- the law of 16 July 2019, relating to the operationalisation of European regulations in the field of financial services, as amended;
- the Financial Sector Law;
- the law of 23 December 1998, establishing a commission for the supervision of the financial sector, as amended;
- the AML Law;
- the Payment Services Law; and
- the Insurance Sector Law.

The purpose of the law is particularly to integrate into Luxembourg law MiCA and Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets, and to adapt Luxembourg law accordingly.

The entry into force of MiCA and the establishment of European CASP status has notably led to the repeal of the Luxembourg VASP regime. Thus, since 30 December 2024, the provisions relating to the registration provided for VASPs in the AML Law have been repealed. CASPs are now subject to the AML Law, which has been adapted to consider MiCA and the amendments MiCA has made to the EU's 4th anti-money laundering directive (EU) 2015/849.

The law entered into force on 10 February 2025, with some provisions having a retroactive effect from 30 June 2024 or 21 December 2024, respectively.

²⁸ Law:
<https://legilux.public.lu/eli/etat/leg/loi/2025/02/06/a38/jo> (only in French)

Financial Institutions

LUXEMBOURG BILL IMPLEMENTING MIFID3/MIFIR2, THE LISTING DIRECTIVE AND THE ESAP DIRECTIVE PUBLISHED

12 February 2025²⁹

Bill N° 8498 was lodged with the Luxembourg Parliament on 12 February 2025.

The purpose of the Bill is to implement into Luxembourg law recent key EU directives and regulations as regards financial markets, namely (i) Directive (EU) 2024/790 and certain provisions of Regulation (EU) 2024/791 (MiFID3/MiFIR2 Package), (ii) Article 1 of Directive (EU) 2024/2811 (Listing Directive), and (iii) Article 3 of Directive (EU) 2023/2864 (ESAP Directive) as regards the establishment and operation of the European Single Access Point (ESAP), by amending certain Luxembourg financial sector laws.

The key elements of the proposed amendments are as follows:

- The changes introduced by the MiFID3/MiFIR2 Package aim at improving, simplifying and further harmonising the transparency rules in order to provide all investors with a consolidated view of the prices and volumes of financial instruments traded on EU trading venues, thereby facilitating their access to capital markets. Investors will then be able to check whether they have obtained the best price for the sale or purchase of securities. Other changes concern, notably, payments for order flow (PFOF) and the introduction of new rules on commodity derivatives.
- Article 1 of the Listing Directive also amends the legal framework applicable to markets in financial instruments. The overall objective of the listing package is to facilitate access to capital markets, especially for small and medium-sized enterprises, while maintaining an appropriate level of investor protection and market integrity. The rules on research are also being adapted with a view to revitalising the market for investment research involving EU companies, in particular SMEs, thereby increasing the visibility of these companies and increasing their chances of attracting potential investors.

- Article 3 of the ESAP Directive has an earlier implementation deadline than the remainder of the ESAP Directive. The ESAP results from Regulation (EU) 2023/2859 and its objective is to provide the public with easy and centralised access to publicly available information about entities and their products that enable investors to make informed and responsible investment decisions. Such information will be collected in several stages, allowing for a gradual extension of the scope of regulatory data available in the ESAP. The first stage will cover the information referred to in Article 3 of the ESAP Directive (i.e. information published in accordance with the Transparency Directive and made available at ESAP level).

The lodging of the Bill with the Luxembourg Parliament constitutes the start of the legislative procedure.

²⁹ Bill: <https://wdocs-pub.chd.lu/docs/exped/0151/080/302809.pdf> (only in French)

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ ON THE RESULTS OF THE ENFORCEMENT OF THE 2023 INFORMATION PUBLISHED BY ISSUERS

13 February 2025³⁰

On 13 February 2025, the CSSF published a communiqué on the results of the enforcement of the 2023 financial and non-financial information published by issuers subject to the Transparency Law.

The CSSF is the competent authority in Luxembourg to ensure the supervision of securities markets and is in charge of examining the compliance of the financial and non-financial information published by issuers under its supervision with the relevant reporting framework and thereby contributes to investor protection and promotes confidence in financial markets.

The purpose of the communiqué is to present to financial entities the examinations performed in 2024. Main findings include areas such as financial information related to (i) the impairment of non-financial assets, (ii) fair value disclosures pertaining to investment property, (iii) interim financial statements, (iv) segment reporting, and (v) alternative performance measures, or non-financial information related to (i) the disclosure of transition plans, and (ii) disclosures relating to Article 8 of the Taxonomy Regulation.

The CSSF indicates that, on 5 December 2024, it published its priorities regarding the enforcement on the 2024 annual reports published by issuers subject to the Transparency Law. These priorities can be found on the CSSF's website under 'Enforcement of Issuer Disclosure'.

³⁰ Communiqué:
<https://www.cssf.lu/fr/Document/resultats-de-la-revue-des-informations-financieres-et-non-financieres-2023-publiees-par-les-emetteurs->

[soumis-a-la-loi-transparence/?utm_campaign=email-250213-27ca5](https://www.cssf.lu/fr/Document/resultats-de-la-revue-des-informations-financieres-et-non-financieres-2023-publiees-par-les-emetteurs-soumis-a-la-loi-transparence/?utm_campaign=email-250213-27ca5)

Financial Institutions

CSSF PUBLISHES A COMMUNIQUÉ ON THE PUBLICATION OF THE LUXEMBOURG LAW DESIGNATING THE CSSF AS THE COMPETENT AUTHORITY FOR MICA IN THE OFFICIAL JOURNAL

17 February 2025³¹

On 17 February 2025, the CSSF published a communiqué on the publication of the Luxembourg law of 6 February 2025 implementing the European Digital Finance Package in the Luxembourg Official Journal (*Mémorial A*).

The purpose of the communiqué is to inform the public that a new step has been taken in the implementation of the European Digital Finance Package through the publication on 10 February 2025 of the law in the Luxembourg Official Journal, which officially designates the CSSF as the competent authority within the framework of MiCA. The law entered into force on the day of its publication and implements other regulations such as Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets.

The CSSF reminds the public that MiCA has become fully applicable since 30 December 2024, the date on which regulatory obligations took effect for CASPs. The CSSF is now provided with the supervisory and investigative powers necessary to exercise its functions and has an appropriate sanctions regime in place to ensure the application of the said regulation, the objective of which is to create a harmonised framework for crypto-assets and their players, whether traditional institutions in the financial sector or new emerging players in the crypto ecosystem.

The law also provides details on the transitional measures targeting VASPs. VASPs registered with the CSSF before 30 December 2024 in accordance with article 7-1 of the AML Law as in force as of 30 December 2024, shall remain registered in the VASP register established by the CSSF until 1 July 2026 or until they are granted or refused authorisation under article 63 MiCA, whichever is sooner.

³¹ Communiqué:
<https://www.cssf.lu/en/2025/02/publication-in-the-official-journal-of-the-luxembourg-law-designating-the-cssf-as-the-competent-authority-for-micar/>

Law:
<https://legilux.public.lu/eli/etat/leg/loi/2025/02/06/a38/jo> (only in French)



INSURANCE



INSURANCE

CAA PUBLISHES NEW CIRCULAR LETTER ON THE REVISED EBA GUIDELINES ON ML/TF RISK FACTORS

19 November 2024³²

On 19 November 2024, the CAA issued its circular letter 24/11 on the revised guidelines of the EBA on customer due diligence and the factors credit and financial institutions should consider when assessing ML/TF risk associated with individual business relationships and occasional transactions (EBA/GL/2021/02).

The circular letter is addressed to all financial institutions (as defined in Article 1(3*bis*) of the AML Law) supervised by the CAA in particular life insurance undertakings and insurance intermediaries when they are involved in life insurance and other investment-related services.

The purpose of the circular letter is to inform its addressees of the publication of the EBA guidelines EBA/GL/2024/01 amending the guidelines. The amending guidelines will apply from 30 December 2024 and aim notably at promoting a common understanding of the ML/TF risks associated with CASPs and the measures to be taken to manage the related risks.

The CAA notes that the amending Guidelines also introduce changes to Title I of the guidelines (*General Guidelines*), which applies to all professionals. Such amendments provide clarifications in particular concerning the identification of ML/TF risks, the identification of ML/TF risk factors, customer due diligence and training.

The CAA has notified EBA of its compliance with the amending guidelines, and reminds that since 1 January 2020, EBA has the sole responsibility for leading, coordinating and monitoring AML/CTF efforts in the European financial system.

The circular letter contains links to the amending guidelines and to EBA's website where a consolidated version of the guidelines will be made available.

The circular letter supplements the CAA's circular letters 21/16, 23/13 and 23/14.



³² CAA Circular Letter and Annexes:
https://www.caa.lu/uploads/documents/files/LC_24-11_FR.pdf (only in French)

CAA ISSUES CIRCULAR LETTER AMENDING CIRCULAR LETTER 23/16 ON THE TECHNICAL INTEREST RATES APPLICABLE TO REINSURANCE UNDERTAKINGS

22 November 2024³³

On 22 November 2024, the CAA issued its circular letter 24/12 amending circular letter 23/16 on the technical interest rates applicable to reinsurance undertakings.

In accordance with Article 13(4) of the Grand Ducal regulation of 5 December 2007 specifying the conditions governing the authorisation and operation of reinsurance undertakings, as amended, the CAA is responsible for publishing a list of technical interest rates applicable in the various currencies, to be used by reinsurance undertakings to calculate the financial balance to be allocated to the claims fluctuation reserve. These interest rates were last set by the CAA's circular letter 23/16.

Following the review of the interest rates, the new rates will be 3.00% for EUR (unchanged), 1.00% for CHF (previously 1.25%), 2.50% for DKK (previously 2.75%), 4.00% for GBP (unchanged), 3.75% for NOK (previously 3.50%), 2.25% for SEK (previously 2.50%) and 4.25% for USD (previously 4.00%).

The last paragraph of CAA circular letter 23/16 is amended accordingly.

³³ Circular:
https://www.caa.lu/uploads/documents/files/LC_24-12_FR.pdf

LUXEMBOURG LAW ESTABLISHING A COMMITTEE FOR THE PREVENTION OF ML/TF PUBLISHED

9 December 2024³⁴

The Luxembourg law of 4 December 2024, amending the AML Law and establishing a committee for the prevention of ML/TF was published in the Luxembourg Official Journal (*Mémorial A*) on 9 December 2024.

The committee was initially set up by the ministerial regulation dated 9 July 2009.

However, it appeared that the regulation lacked a legal basis, as the committee should have been created by law. It was therefore proposed to resolve this legal obstacle by amending the AML Law. The existence of the Committee enables Luxembourg to comply with its obligations under European legislation and FATF standards.

The purpose of the committee is to:

- constitute a multidisciplinary round table for exchanges relating to the fight against ML/TF;
- contribute to the development, coordination and evaluation of national policies and strategies to prevent ML/TF;
- coordinate the development and updating of national and sectoral risk assessments to identify, evaluate and understand the ML/TF risks to which the Grand Duchy of Luxembourg is exposed, and ensure that such risk assessments are adequately disseminated;
- propose amendments to the national preventive and repressive legal and regulatory regime for the fight against ML/TF, as well as any measures to manage and mitigate the risks of ML/TF;
- draw up, within the limits of the laws and regulations on the fight against ML/TF, guidelines to promote their harmonised implementation;
- ensure the adequate dissemination of knowledge concerning the prevention of ML/TF.

The new law entered into force on 13 December 2024.

³⁴ Law:
<https://legilux.public.lu/eli/etat/leg/loi/2024/12/04/a495/jo> (only in French)

CAA PUBLISHES INFORMATION NOTE ON DORMANT CONTRACTS

10 December 2024³⁵

On 10 December 2024, the CAA issued an information note 24/11 on dormant contracts.

Since the entry into force of the law of 30 March 2022, relating to inactive accounts, inactive safes and unclaimed insurance contracts, Luxembourg life insurance undertakings have been submitting an annual report on unclaimed contracts at the end of the fiscal year, as well as on consignments made during the same fiscal year to the CAA.

The information note summarises the data collected for the fiscal years 2022 and 2023, highlighting a significant increase in the number of unclaimed contracts. This rise is attributed to an improvement in the quality of reported data and primarily to the fact that, for some group insurance contracts, undertakings had not previously reported the number of "unclaimed" affiliates.

The information note also indicates an overall decrease in gross technical provisions related to unclaimed contracts. This reduction is due to increased efforts by undertakings to locate the beneficiaries of the concerned contracts, with notable success for contracts with high balances.

Finally, the information note observes that for the fiscal years 2022 and 2023, no consignment files were submitted to the consignment office by insurance undertakings, in accordance with the deadlines provided in the law.

³⁵ CAA information Note 24/11:
https://www.caa.lu/uploads/documents/files/Note_info_24-11_FR.pdf (only in French)

Insurance

CAA PUBLISHES INFORMATION NOTE ON RESUMPTION OF INTERMEDIATION ON LIFE INSURANCE CONTRACTS

10 December 2024³⁶

On 10 December 2024, the CAA issued an information note 24/10 on resumption of intermediation of life insurance contracts.

On 14 March 2023, the CAA published circular letter 23/5 regarding the annual reporting of brokerage firms and insurance or reinsurance brokers individuals, which introduced, among others, modules CPR.C.0024, CPR.C.0025, and CPR.C.0060 aimed at collecting certain data related to the resumption of intermediation on life insurance contracts.

Resumption of intermediation may result from two situations: first, where a life insurance contract was directly distributed by the insurer or its agent to the policyholder and is thereafter replaced by another distributor; and second, where there was no direct distribution but the distributor changes from one third party distributor to the other. The reasons for resumption of distribution may be: (i) the initiative of the policyholder to change the distributor or to give a mandate to a third party distributor where the insurance policy had initially been directly distributed by the insurer, or (ii) structural or organisational changes affecting the ceding distributor (e.g. intra-group reorganisation, discontinuation of distribution activities).

The data collected in the context of the Reporting for the fiscal years 2022 and 2023 show that the total amount of life insurance contracts subject to resumption of intermediation amounted to EUR 4,679,547,783 in 2022 for 1,800 life insurance contracts and EUR 1,651,506,065 in 2023 for 781 life insurance contracts.

It should be noted that, in 2022, the restructuring of an operator led to a significant increase in the volume of resumption of intermediation. Excluding this exceptional operation, the CAA nevertheless observes a general upward trend in the resumption of intermediation.

Given the scope of the phenomenon of resumption of intermediation, the information note aims to:

- present a summary of a quantitative analysis conducted by the CAA on data concerning resumption of intermediation that occurred in 2023; and
- remind insurance intermediaries to comply with their legal and regulatory obligations, particularly in terms of AML/CTF as well as conduct rules, including as regards data and document gathering and analysis, when carrying out resumption of intermediation operations. The CAA draws the attention of in-scope professionals in this context especially also to CAA circular letter 22/22 on resumption of intermediation on certain types of life insurance contracts as regards the best practices and guidelines set out therein.

The CAA is currently conducting targeted on-site inspections focusing on the resumption of intermediation operations, the results of which (best practices) will be shared with the market at a later date.

³⁶ CAA Information Note 24/10:
https://www.caa.lu/uploads/documents/files/Note_info_24-10_FR.pdf (only in French)

Insurance

CAA PUBLISHES NEW CIRCULAR LETTER ON THE VERIFICATION OF THE GOOD REPUTE OF INSURANCE AGENTS AND SUB-BROKERS

10 December 2024³⁷

On 10 December 2024, the CAA issued its circular letter 24/13 on the verification of the good repute of insurance agents and sub-brokers.

The CAA states that, in 2023, it carried out specific investigations into market practices relating to the verification of the good repute of insurance agents at insurance undertakings with a large network of local insurance agencies, during which the following shortcomings were identified:

- not all insurance undertakings have a formal procedure for the verification of the good repute of their insurance agents;
- not all insurance undertakings collect all the documents required by Article 49 of CAA regulation N° 19/01; respectively, uncertainties exist as to the documents that must be collected;
- not all insurance undertakings systematically notify the CAA of any offences recorded on criminal record certificates; and
- in the event of negative findings being communicated to the CAA, not all insurance undertakings inform the CAA whether, in the light of the outcome of the good repute verification, they intend to maintain or request the withdrawal of the agent's licence of the person concerned.

The purpose of the circular letter is, therefore, to clarify the main points to be included in the procedures of insurance brokerage firms, insurance brokers and insurance undertakings for the verification of the good repute of their insurance agents and sub-brokers.

The CAA reiterates that Article 49 of Regulation 19/01 sets out the documents that must be collected by concerned undertakings with regard to insurance agents and sub-brokers. The CAA will only grant authorisation to replace

them by other probative documents in exceptional cases and when justified by specific circumstances.

The verification of good repute must occur within the first three months of each three-year reference period, with the exception of the first reference period which begins on 1 January following the first entry into service.

In the event of an entry in the criminal record (or foreign national equivalent) and/or a remark in the declaration on honour, the concerned undertaking must assess the impact thereof on the continuation of the business relationship with the insurance agent or sub-broker concerned. The CAA expects each concerned undertaking to adopt a procedure which must specify the manner in which this assessment is made and which sets, ideally, a red line beyond which the entry is so serious that the concerned undertaking no longer wishes to be represented by the relevant person and requests the withdrawal of the insurance agent or sub-broker's authorisation.

Where a concerned undertaking is aware of an entry and wishes to maintain the business relationship, the documents containing the entry must be forwarded to the CAA in good time.

As proof of compliance with their obligation to verify the good repute of their agents and sub-brokers, concerned undertakings are required to draw up and keep an anonymised report for at least three years.

The CAA requests concerned undertakings to (i) establish a procedure for verifying good repute in accordance with the circular letter, and (ii) inform the CAA when such procedure has been established, by 31 March 2025 at the latest.

³⁷ CAA Circular Letter:
https://www.caa.lu/uploads/documents/files/LC24-13_FR.pdf (only in French)

CAA ISSUES CIRCULAR LETTER AMENDING CIRCULAR LETTER 98/1 ON THE MAXIMUM TECHNICAL INTEREST RATES APPLICABLE TO NEW LIFE INSURANCE CONTRACTS

16 December 2024³⁸

On 16 December 2024, the CAA issued its circular letter 24/14 amending circular letter 98/1 on the maximum technical interest rates applicable to new life insurance contracts.

In accordance with Article 72(4) of the Luxembourg law of 8 December 1994 on the annual accounts of insurance and reinsurance undertakings, the CAA is responsible for determining the rules for setting the maximum technical rates that may be used to calculate life insurance technical provisions. These rates may vary according to the currency used, **provided that** they do not exceed 60% of the interest rate on government bonds in the currency of the insurance contract.

These interest rates were last set by the CAA's circular letter 23/17.

As of 1 January 2025, the new rates will be 1.75% for EUR, 0.25% for CHF, 1.50% for DKK, 2.50% for GBP, 2.00% for NOK, 1.25% for SEK and 2.50% for USD.

The first sub-paragraph of point 1 of CAA circular letter 98/1 is amended accordingly.

³⁸ CAA Circular 24/14:
https://www.caa.lu/uploads/documents/files/LC24-14_FR.pdf (only in French)

CAA ISSUES CIRCULAR LETTER AMENDING CIRCULAR LETTER 24/12 ON THE TECHNICAL INTEREST RATES APPLICABLE TO REINSURANCE UNDERTAKINGS

19 December 2024³⁹

On 19 December 2024, the CAA issued its circular letter 24/15 amending circular letter 24/12 on the technical interest rates applicable to reinsurance undertakings.

In accordance with Article 13(4) of the Grand Ducal regulation of 5 December 2007 specifying the conditions governing the authorisation and operation of reinsurance undertakings, as amended, the CAA is responsible for publishing a list of technical interest rates applicable in the various currencies, to be used by reinsurance undertakings to calculate the financial balance to be allocated to the claims fluctuation reserve. These interest rates were last set by the CAA's circular letter 23/16.

Following the review of the interest rates, the new rates will be 3.00% for EUR, 1.00% for CHF, 2.25% for SEK, 3.75% for NOK, 2.50% for DKK, 4.25% for USD, 4.00% for GBP and 1.00% for JPY (new reporting currency).

The last paragraph of CAA circular letter 24/12 is amended accordingly.

³⁹ CAA Circular 24/15:
https://www.caa.lu/uploads/documents/files/LC24-15_FR.pdf (only in French)

CAA PUBLISHES REPORTING CALENDARS FOR 2025

19 December 2024⁴⁰

On 19 December 2024, the CAA published the 2025 calendars for reporting to the CAA.

The calendars differ depending on the status of the relevant supervised professional: (i) life- and non-life insurance undertakings; (ii) reinsurance undertakings; (iii) pension funds; (iv) groups; (v) professionals of the insurance sector; (vi) brokerage firms and independent brokers; and (vii) insurance agencies.

For ease of reference, the naming convention for CAA reporting has been published together with the calendars.

⁴⁰ CAA reporting calendars:
<https://www.caa.lu/fr/actualites/calendriers-2025-des-reportings-au-caa> (only in French)

NEW CAA REGULATION AMENDING CAA REGULATION N° 19/01 ON INSURANCE AND REINSURANCE DISTRIBUTION PUBLISHED

20 December 2024⁴¹

On 20 December 2024, the CAA issued a new regulation N° 24/01 amending CAA regulation N° 19/01 of 26 February 2019 on insurance and reinsurance distribution.

Article 290 of the Insurance Sector Law requires Luxembourg brokers to take out a professional civil liability insurance policy covering their insurance and reinsurance intermediation activity.

The purpose of this regulation is to raise the mandatory minimum guaranteed coverage of such policy from EUR 1,310,000 to EUR 1,564,610 per claim and from EUR 1,930,000 to EUR 2,315,610 overall per year.

Article 6(1) of CAA regulation N° 19/01 is amended accordingly.

The regulation entered into force on 9 January 2025, the day following its publication in the official journal.

⁴¹ Regulation:
<https://legilux.public.lu/eli/etat/leg/reg/2024/12/20/a5/jo> (only in French)

NEW CAA REGULATION AMENDING CAA REGULATION N° 20/03 ON AML/CTF PUBLISHED

20 December 2024⁴²

On 20 December 2024, the CAA issued a new Regulation N° 24/02 amending CAA Regulation N° 20/03 on AML/CTF.

The Regulation amends Article 47(1) of CAA Regulation N° 20/03 in order to clarify that the obligation for approved statutory auditors (*réviseurs d'entreprises agréés*) to also cover compliance with AML/CFT legal and regulatory requirements as part of their audit of annual accounts does not apply to reinsurance undertakings but rather to insurance undertakings carrying on insurance business in the life insurance classes referred to in Annex II of the Insurance Sector Law.

The Regulation entered into force on 9 January 2025, the day following its publication in the official journal.

⁴² Regulation:
<https://legilux.public.lu/eli/etat/leg/reg/2024/12/20/a6/jo> (only in French)

Insurance

LUXEMBOURG BILL IMPLEMENTING THE EU AI ACT

23 December 2024⁴³

A new bill N° 8476 implementing certain provisions of the AI Act and amending the Luxembourg law of 1 August 2018 on the organisation of the national commission for data protection (the CNPD) and the general data protection regime, the Luxembourg law of 23 December 1998 establishing the CSSF and the Luxembourg law of 7 December 2015 on the insurance sector was lodged with the Luxembourg Parliament on 23 December 2024.

The purpose of the bill is to supplement the European framework with the necessary national provisions, in particular the designation of the national authorities responsible for applying the AI Act and monitoring AI Act compliance (i.e. the notifying authorities and the market surveillance authorities, and the setting of administrative penalties).

The bill proposes to designate the Luxembourg office for accreditation and surveillance (*office luxembourgeois d'accréditation et de surveillance*), the Luxembourg agency for medicines and health products (*agence luxembourgeoise des médicaments et produits de santé*) and the government data protection commissioner's office (*commissariat du gouvernement à la protection des données auprès de l'Etat*) as notifying authorities for the application and enforcement of the AI Act.

The AI Act applies horizontally and there will be numerous interactions with sectoral regulations. As market surveillance requires in-depth knowledge of the sector in which AI is used, several authorities are designated as market surveillance authorities (including the CSSF and CAA), and each remains responsible for its own area of competence. It is noted that supervision under the AI Act is carried out on an *ad hoc* basis. The authorities designated by the Bill would therefore not have to carry out a systematic analysis of all AI systems before they are placed on the market.

The CNPD is designated as the default horizontal market surveillance authority. This designation takes account of the fact that a large proportion of the AI systems covered by the AI Act involve the processing of personal data and therefore also fall within the scope of the GDPR. In such capacity, the CNPD is responsible for coordinating the market surveillance authorities and is designated as the single point of contact for the market.

The publication of the bill constitutes the start of the legislative procedure.

⁴³ Bill: <https://wdocs-pub.chd.lu/docs/exped/0150/154/301543.pdf> (only in French)

CAA ISSUES CIRCULAR LETTER ON DORA

15 January 2025⁴⁴

On 15 January 2025, the CAA issued its circular letter 25/1 on DORA.

The purpose of the circular letter was to inform the public that DORA has applied since 17 January 2025.

DORA applies to all entities referred to in its Article 2, and in particular to insurance and reinsurance undertakings, insurance and reinsurance intermediaries, as well as ancillary insurance intermediaries. The CAA is the competent authority in Luxembourg for the supervision of these entities for the purposes of DORA.

The circular letter provides further details on the CAA's expectations with regard to notifications of major ICT-related incidents and registers of information.

i. Notifications of major ICT-related incidents

The CAA reminds that, in accordance with the requirements set out in the respective level 2 texts, the entities concerned are required to notify the CAA from 17 January 2025 of any major ICT-related incidents. These notifications must be made using one of the templates defined by the ESAs, which are annexed to the circular letter. Initially, the entities concerned can either use the Excel template, or notify the incident in JSON format. In the medium term, the format to use will be JSON.

During a transitional phase, notifications of major incidents should be sent by email to dora@caa.lu.

From March 2025, insurance and reinsurance undertakings are asked to transmit their notifications via one of the usual SOFiE/E-File transmission channels for CAA reporting, using the new type of reporting 'DORA Incident Reporting' (DIN).

ii. Registers of information

The ESAs collect information on the designation of critical ICT providers under DORA via the competent authorities. To that end, the first registers of information shall be

provided by the competent authorities to the ESAs by 30 April 2025. Consequently, insurance and reinsurance undertakings shall transmit their registers of information to the CAA via SOFiE/E-File and using the new reporting type 'DORA Register of Information' (ROI) by 18 April 2025 at the latest. For this first reporting, the reference date to be used for the registers of information is 31 March 2025. For the following years the reference date will be 31 December.

The concrete technical format to be transmitted to the CAA will be one package of JSON and CSV files as defined by the ESAs. The EBA has published version 4.0 of the technical reporting package on its website, which defines in particular the elements necessary for the declaration of the information register, including the data point model, the taxonomy and the validation rules.

Finally, the CAA invites the entities concerned to consult the information relating to DORA via the EIOPA and EBA websites, in particular with regard to the technical reporting package.

⁴⁴ CAA Circular 25/1:
https://www.caa.lu/uploads/documents/files/LC25-01_FR.pdf (only in French)

CAA ISSUES CIRCULAR LETTER ON SOLVENCY II QUARTERLY REPORTING EXEMPTION CONDITIONS

27 January 2025⁴⁵

On 27 January 2025, the CAA issued its circular letter 25/2 amending circular letter 16/1, setting the exemption conditions for the submission of quarterly reporting under Solvency II.

The exemption threshold for the submission of quarterly reporting under Solvency II set by circular letter 16/1 was valid for three years and applied to the reporting periods from 2016 to 2018. Circular letter 19/1 from the CAA extended the validity of circular letter 16/1 for an additional three years from 2019 to 2021. Circular letter 21/18 set the exemption threshold at 100 million euros for the reporting years 2022 to 2024.

This exemption threshold has now been re-evaluated to be applied from the first quarter of the 2025 reporting year. Based on the financial figures for the 2023 fiscal year, the exemption threshold remains set at 100 million euros (or the equivalent of this amount if denominated in a currency other than the euro). This threshold allows, on the one hand, to continue capturing companies of interest to the CAA due to their belonging to a group for which a college of supervisors is in place, and on the other hand, to apply an appropriate proportionality measure.

⁴⁵ CAA Circular Letter 25/2:
https://www.caa.lu/uploads/documents/files/LC25-2_FR.pdf (only in French)

NEW LUXEMBOURG BILL ON AML/CTF MATTERS PUBLISHED

28 January 2025⁴⁶

Bill N° 8486 was lodged with the Luxembourg Parliament on 28 January 2025.

The main purpose of the bill is to address certain priority and recommended action points identified as part of Luxembourg's FATF mutual evaluation report published on 27 September 2023.

First, the bill aims at amending the Luxembourg Code of Criminal Procedure in order to accelerate criminal proceedings and to improve the national legal framework for preventing the criminal abuse of the financial system, and more specifically for the fight against money laundering, the financing of terrorism and proliferation.

Second, the bill proposes amendments to Article 506-1 of the Luxembourg Criminal Code containing the list of predicate offences for the money offence. Such article currently contains references to legislative texts that have been repealed or amended since their adoption. These inconsistencies risk undermining the effectiveness of the fight against money laundering by creating legal uncertainties or difficulties of interpretation for the competent authorities.

Finally, it should be noted that the bill provides for an amendment to Article 195-1 of the Luxembourg Code of Criminal Procedure as regards the requirement for courts to state explicit reasons for granting the suspension (*sursis*) of certain criminal sentences.

The lodging of bill n° 8486 with the Luxembourg Parliament constitutes the start of the legislative procedure.

⁴⁶ Bill 8486: <https://wdocs-pub.chd.lu/docs/exped/0151/028/302283.pdf> (only in French)

Insurance

LUXEMBOURG LAW IMPLEMENTING THE MICA, TRANSFER OF FUNDS, ELTIF 2 AND EUROPEAN GREEN BONDS EU REGULATIONS

10 February 2025⁴⁷

The Luxembourg law of 6 February 2025 which implements the recent European Union regulations concerning crypto-assets, transfer of funds, European long-term investment funds and European green bonds was published in the Luxembourg Official Journal (*Mémorial A*) on 10 February 2025.

To this end, the law amends several laws, including:

- the law of 16 July 2019 relating to the operationalisation of European regulations in the field of financial services, as amended;
- the Financial Sector Law;
- the law of 23 December 1998 establishing a commission for the supervision of the financial sector, as amended;
- the AML Law;
- the Payment Services Law; and
- the Insurance Sector Law.

The purpose of the law is particularly to integrate into Luxembourg law MiCA and Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets, and to adapt Luxembourg law accordingly.

The entry into force of MiCA and the establishment of European CASP status has notably led to the repeal of the Luxembourg VASP regime. Thus, since 30 December 2024, the provisions relating to the registration provided for VASPs in the AML Law have been repealed. CASPs are now subject to the AML Law, which has been adapted to take into account MiCA and the amendments MiCA has made to the EU's 4th anti-money laundering directive (EU) 2015/849.

The law entered into force on 10 February 2025, with some provisions having a retroactive effect from 30 June 2024 or 21 December 2024, respectively.

⁴⁷ Law:
<https://legilux.public.lu/eli/etat/leg/loi/2025/02/06/a38/jo> (only in French)

CAA PUBLISHES INFORMATION NOTE ON "PIPELINE PREMIUMS"

25 February 2025⁴⁸

On 25 February 2025, the CAA published information notice 25/2 relating to the analysis results of the "pipeline premiums" questionnaire.

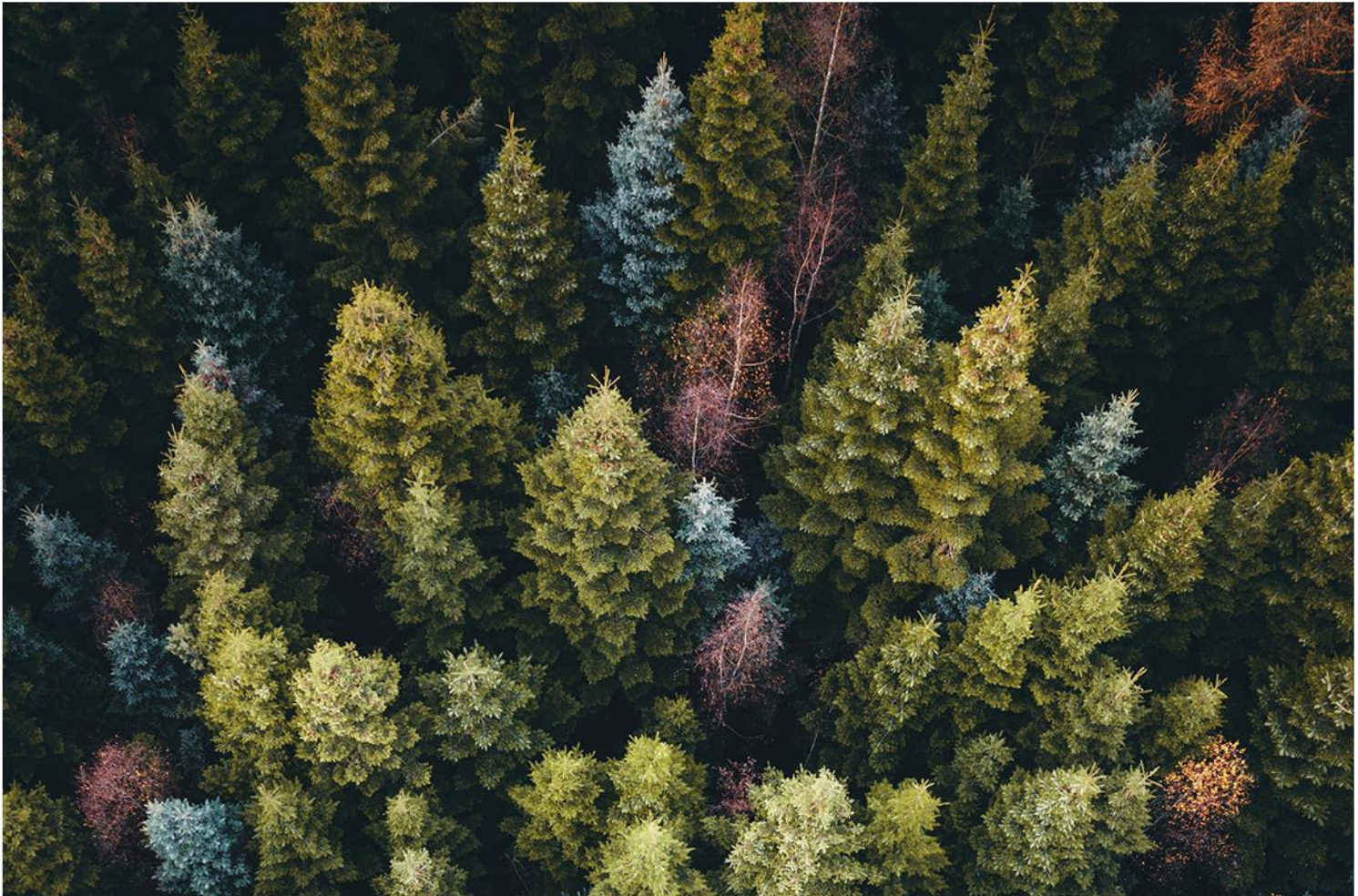
On 13 May 2024, the CAA sent a survey on "pipeline premiums" to non-life insurance companies following the increased reporting of these premiums in the annual reports submitted to the CAA since the sector's development in 2019, seeking more information on the volume and estimation methods of these premiums as well as on the non-life products and branches most concerned.

"Pipeline premiums" are generally defined as premiums written during the year that have not yet been notified by the financial year. Such premiums are typically dependent on data to be obtained from the insured person or entity that are available only after the end of the financial year (e.g. payroll or annual turnover data of the insured).

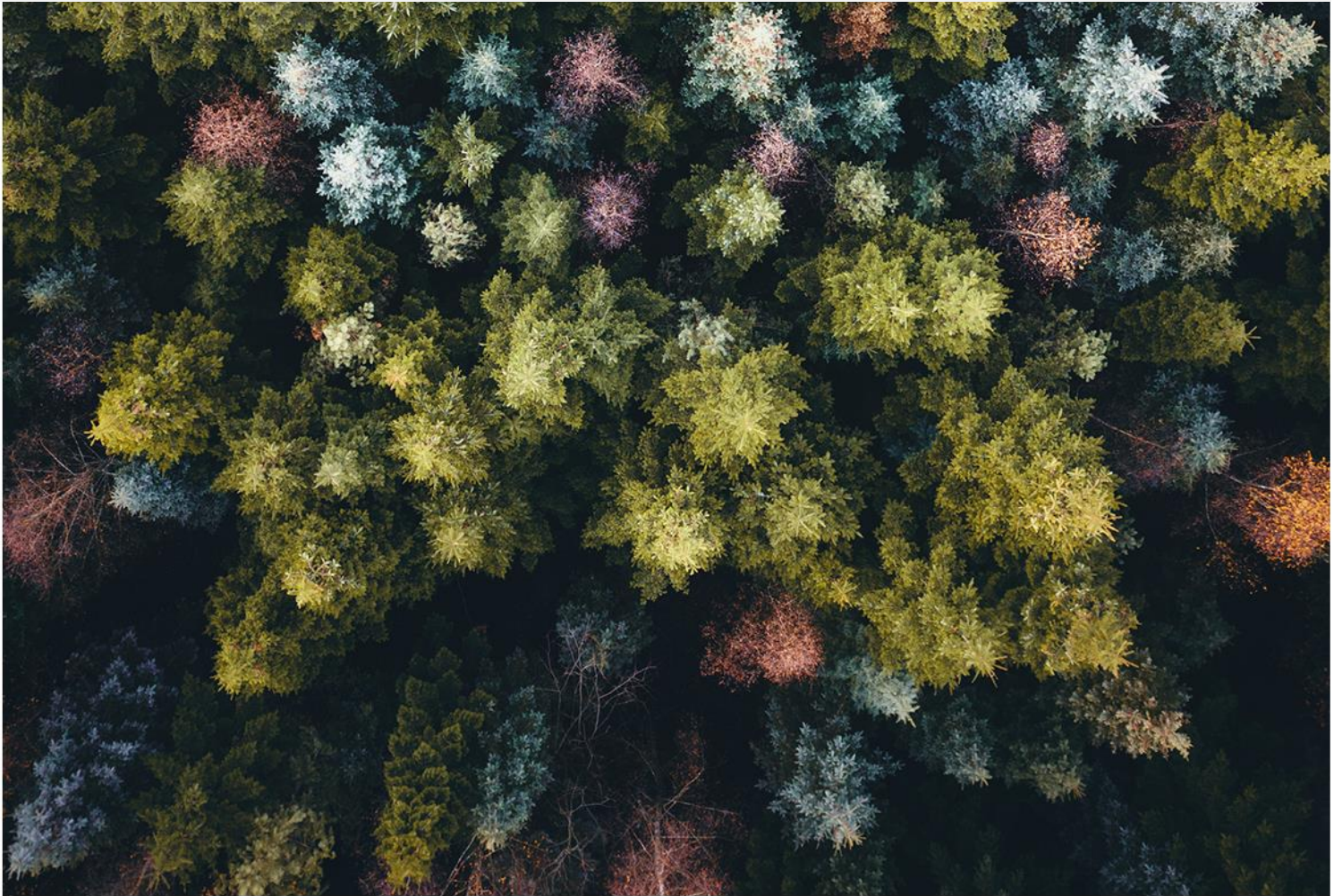
In this information notice, the CAA presents the results of its survey, including, *inter alia*:

- Most pipeline premiums stem from credit and suretyship, health as well as marine, aviation and transport insurance business.
- There was an ambiguity on the inclusion of acquired premiums in a given year that have not yet issued in that year (*primes acquises non-émises*) for operational or contractual reasons within the scope of pipeline premiums. The CAA has amended the actuarial reporting table for 2024 to clarify that these are included in the category "pipeline premiums".

⁴⁸ CAA Information Notice:
https://www.caa.lu/uploads/documents/files/Note_info_25-2_FR.pdf (in French only)



ESG



ESG

UPDATE TO CSSF FAQ ON SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

18 December 2024⁴⁹

The CSSF updated its existing FAQ on SFDR.

Several FAQs no longer relevant have been deleted.

The CSSF also updated the following question "*Use of exclusion strategies by investment funds disclosing under Article 8 SFDR and Article 9 SFDR: Are exclusion strategies sufficient for funds disclosing under Article 8 and Article 9 SFDR?*" by clarifying that for Article 9 SFDR funds, an exclusion-only strategy is not acceptable; the underlying assets must qualify as sustainable investments. Article 9 SFDR funds require a positive selection process (i.e. an inclusion strategy setting out the positive investment selection process). For Article 8 funds, solely relying on an exclusion strategy is acceptable, but should this be the case, the CSSF expects the detailed exclusion strategy to allow investors to understand how the relevant fund's environmental and/or social characteristics are being met.

The CSSF also updated the following question "*Use of ESG and/or sustainability-related terminology in fund names: Are there any ESG and/or sustainability-related considerations that FMPs need to take into account in relation to fund names?*" by referring to the ESMA Guidelines on funds' names using ESG or sustainability-related terms (ESMA34-1592494965-657).



⁴⁹ <https://www.cssf.lu/en/Document/cssf-faq-sustainable-finance-disclosure-regulation-sfdr/>

CSSF PUBLISHES SLIDES ON FACT-FINDING EXERCISE ON ISSUERS' SUSTAINABILITY REPORTING

20 December 2024⁵⁰

On 20 December 2024, the CSSF published slides on a fact-finding exercise on issuers' sustainability reporting in relation to transition plans to prepare for climate change impacts.

The CSSF reiterates that, on 1 January 2024, the CSRD and the ESRS came into force. The CSRD requires the following types of undertakings to apply the new rules for the first time in the 2024 financial year, for sustainability reports published in 2025:

- EU companies which are large public interest undertakings and have more than 500 employees, already subject to the NFRD; and
- non-EU companies with securities listed on an EU regulated market, which are large undertakings and have more than 500 employees.

The new CSRD/ESRS reporting requirements for sustainability information are far more granular and extensive than those currently applicable to non-financial disclosures under the NFRD. Notably, stakeholders expect entity-specific disclosures on transition plans as well as on climate-related targets, actions and progress.

The CSSF has therefore decided to assess the disclosures on transition plans in the current and the future sustainability reporting by sending a questionnaire to a selection of issuers under its supervision and concerned by the CSRD. As the assessment was not intended as a supervisory enforcement examination, issuers provided the information and explanations on a voluntary basis.

The slides present the CSSF's findings and outline some of its expectations.

As the scope of undertakings subject to the CSRD will expand in the next few years and the interest of investors for sustainability matters rapidly grows, the CSSF urges all

entities concerned to prepare and be transparent about their transition plan and climate-related targets.

Finally, the CSSF reminds *inter alia* that, as of 2028, the Corporate Sustainability Due Diligence Directive will require very large companies to (i) identify, and where necessary, prioritise, prevent and mitigate, bring to an end or minimise and remediate actual or potential adverse human rights and environmental impacts connected with their own operations or in their value chain, and (ii) adopt and put into effect, through best efforts, a transition plan for climate change mitigation.

⁵⁰ Slides: <https://www.cssf.lu/wp-content/uploads/Fact-finding-exercice-climate-transition-plans.pdf>

CSSF PUBLISHES A COMMUNIQUÉ ON THE EUROPEAN GREEN BONDS REGULATION

23 December 2024⁵¹

On 23 December 2024, the CSSF published a communiqué on Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.

The regulation has been directly applicable in all EU Member States since 21 December 2024, except for certain provisions set forth in Article 72(3) and (4) thereof. With the European Green Bond standard, the EU is aiming to set a gold standard for green bonds.

The regulation lays down requirements for issuers of bonds who wish to use the designation "European Green Bond" or "EuGB" for their bonds that are made available to investors in the EU. However, in case the relevant designation is used in respect of securitisation bonds, most requirements only apply to the originator.

The regulation further sets up a system to register and supervise external reviewers of European Green Bonds under the responsibility of ESMA. A specific regime applies to third-country external reviewers.

The regulation also provides for optional pre-issuance and post-issuance disclosure templates for bonds marketed as environmentally sustainable and for sustainability-linked bonds in the EU.

Finally, the regulation establishes supervision by NCAs of issuers and securitisation originators of European Green Bonds except where such bonds are issued by an EU sovereign or guaranteed by certain EU sovereigns. NCAs shall also supervise issuers of bonds marketed as environmentally sustainable and of sustainability-linked

bonds who decide to use the post-issuance disclosure templates.

For more information, the CSSF refer to its website page on European Green Bonds and other sustainable bonds.

⁵¹ Communiqué:
<https://www.cssf.lu/en/2024/12/regulation-on-european-green-bonds-and-optional-disclosures-for-bonds-marketed-as-environmentally-sustainable-and-for-sustainability-linked-bonds/>

CSSF website page:
<https://www.cssf.lu/en/european-green-bonds-and-other-sustainable-bonds/>

LUXEMBOURG LAW IMPLEMENTING THE MICA, TRANSFER OF FUNDS, ELTIF 2 AND EUROPEAN GREEN BONDS EU REGULATIONS

10 February 2025⁵²

The Luxembourg law of 6 February 2025 which implements the recent European Union regulations concerning crypto-assets, transfer of funds, European long-term investment funds and European green bonds was published in the Luxembourg Official Journal (*Mémorial A*) on 10 February 2025.

To this end, the law amends several laws, including:

- the law of 16 July 2019 relating to the operationalisation of European regulations in the field of financial services, as amended;
- the Financial Sector Law;
- the law of 23 December 1998 establishing a commission for the supervision of the financial sector, as amended;
- the AML Law;
- the Payment Services Law; and
- the Insurance Sector Law.

The purpose of the law is particularly to integrate into Luxembourg law MiCA and Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets, and to adapt Luxembourg law accordingly.

The entry into force of MiCA and the establishment of European CASP status has notably led to the repeal of the Luxembourg VASP regime. Thus, since 30 December 2024, the provisions relating to the registration provided for VASPs in the AML Law have been repealed. CASPs are now subject to the AML Law, which has been adapted to consider MiCA and the amendments MiCA has made to the EU's 4th anti-money laundering directive (EU) 2015/849.

The law entered into force on 10 February 2025, with some provisions having a retroactive effect from 30 June 2024 or 21 December 2024, respectively.

⁵² Law:
<https://legilux.public.lu/eli/etat/leg/loi/2025/02/06/a38/jo> (only in French)

CSSF PUBLISHES A COMMUNIQUÉ ON THE TREATMENT OF FEES FOR SUSTAINABILITY REPORTING SERVICES

12 February 2025⁵³

On 12 February 2025, the CSSF published a communiqué on the treatment of fees for sustainability reporting services.

The communiqué is addressed to all approved statutory auditors (*réviseurs d'entreprises agréés*) and approved audit firms (*cabinets de révision agréés*) registered with the CSSF to carry out statutory audits. It is also addressed to the audit committees of public-interest entities, which are responsible for examining and monitoring the independence of approved statutory auditors.

Public-interest entities for the purposes of the communiqué are Luxembourg law governed credit institutions and (re)insurance undertakings (other than captives) as well as Luxembourg law governed entities whose securities are admitted to trading on a regulated market in an EU/EEA Member State.

In accordance with article 4(2) of Regulation (EU) No 537/2014 on specific requirements regarding statutory audit of public-interest entities, when an approved statutory auditor or an approved audit firm provides, for a period of three or more consecutive financial years, non-audit services to an audited public interest entity, its parent undertaking or its controlled undertakings, the total fees for such services shall be limited to no more than 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit(s) of the audited entity and, where applicable, of its parent company, of its controlled undertakings and of the consolidated financial statements of this group of undertakings.

The CSSF's objective is to have a harmonised and consistent approach to the fees charged by approved statutory auditor and/or approved audit firm provides in accordance with the provisions of CSRD for the purposes of calculating the fee cap, as long as no national

provisions have been adopted to implement CSRD in Luxembourg. Article 4 of CSRD is directly applicable to financial years starting on or after 1 January 2024 as an amendment to Regulation (EU) No 537/2014 and requires no further transposition. It has, amongst others, excluded the assurance of sustainability information for the purposes of the fee cap limits.

The premise is therefore that the assurance engagement and assurance report on sustainability reporting in accordance with Articles 19a, 29a and 29d of CSRD for public-interest entities are not non-audit services within the meaning of Article 4(2) of Regulation (EU) 537/2014 and will therefore not be subject to the fee cap calculation, even though CSRD has not yet been transposed into national law.

On the other hand, consultancy, assistance or assurance services other than those referred to in the previous paragraph for sustainability reporting, which are permissible in compliance with the independence rules, are considered to be non-audit services and are not excluded from the fee cap calculation.

⁵³ Communiqué:
<https://www.cssf.lu/en/2025/02/treatment-of-fees-for-sustainability-reporting-services/>

THE EUROPEAN COMMISSION ADOPTED ITS OMNIBUS SIMPLIFICATION PACKAGE

26 February 2025⁵⁴

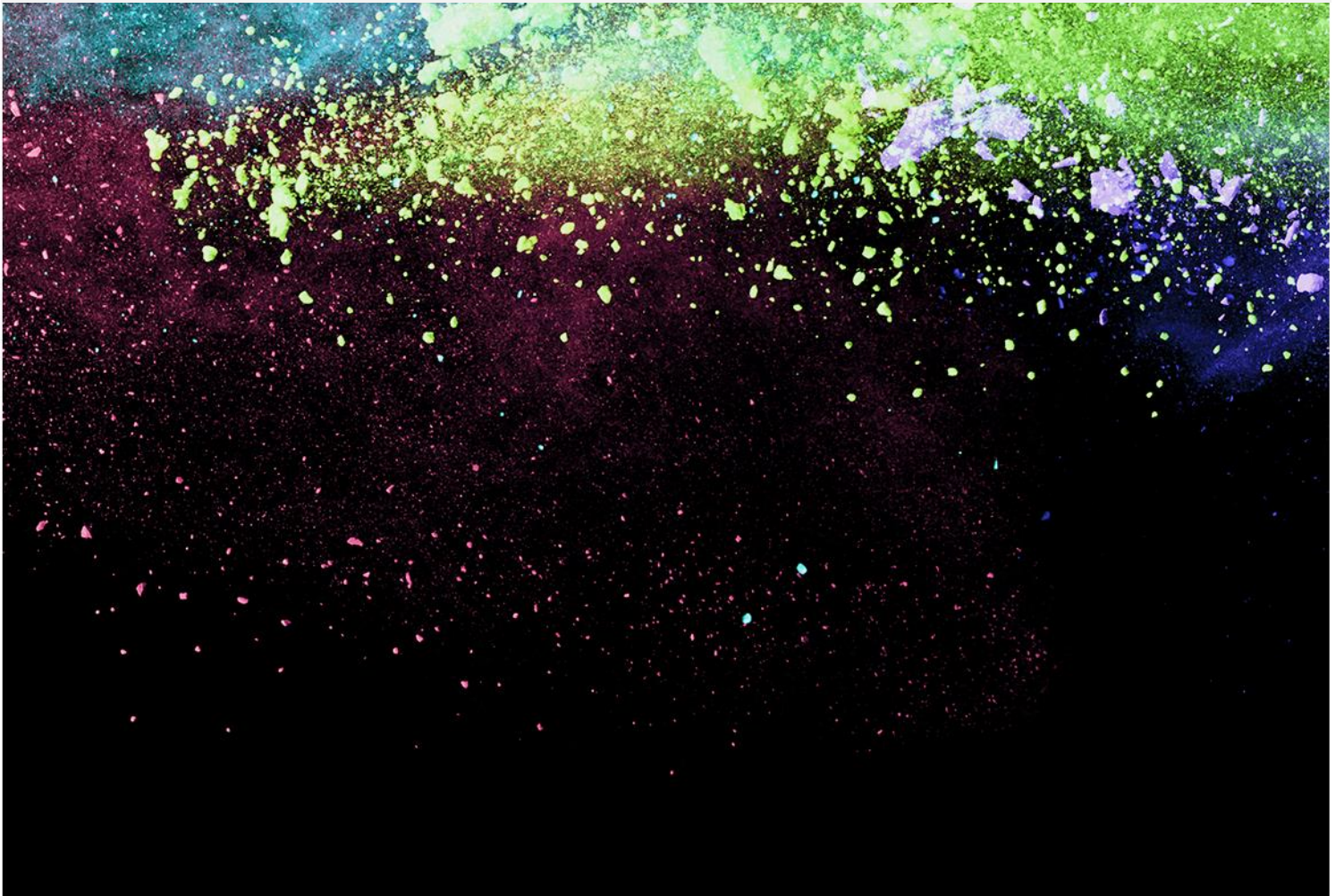
The European Commission [adopted](#) the first two sets of proposals under its Omnibus Simplification Package, which seeks to simplify EU rules and boost competitiveness and unlock additional investment capacity. The first of the two packages ([Omnibus I](#)) includes:

- a [proposal](#) for a Directive amending the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD);
- a [proposal](#) that postpones the application of all reporting requirements in the CSRD for companies that are due to report in 2026 and 2027 (wave 2 and 3 companies) and that postpones the transposition deadline and the first wave of application of the CSDDD by one year to 2028;
- a [draft Delegated Act](#) amending the Taxonomy Disclosures and the Taxonomy Climate and Environmental Delegated Acts subject to public consultation; and
- a [proposal](#) for a Regulation amending the Carbon Border Adjustment Mechanism (CBAM) Regulation.

⁵⁴ Link:
https://ec.europa.eu/commission/presscorner/detail/en/ip_25_614



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LUXEMBOURG'S NEW BLOCKCHAIN IV LAW ENTERED INTO FORCE

27 December 2024⁵⁵

The Luxembourg law of 20 December 2024 amending *inter alia* the Luxembourg law of 6 April 2013 on dematerialised securities (also known as Blockchain IV Law) was published in the Luxembourg Official Journal (*Mémorial A*) on 27 December 2024.

In a nutshell, the Blockchain IV Law introduces the new role of control agent (*agent de contrôle*) and includes equity securities in addition to debt securities in the scope of dematerialised securities that may be issued using secured electronic recording mechanisms (*mécanismes d'enregistrement électroniques sécurisés*), including DLT. The latter amendment notably allows issuances of dematerialised investment fund shares, which may constitute an important development, given that the investment funds sector is the backbone of the Luxembourg financial centre.

The new control agent role, which is an alternative to the existing central account keeper and settlement organisation roles for the issuance of unlisted dematerialised securities, is open, among others, to EU credit institutions and investment firms. The control agent holds the securities issuance account by means of DLT and provides a reconciliation function in respect of the dematerialised securities by monitoring the custody chain of the dematerialised securities held in securities accounts maintained within or by virtue of a DLT system and reconciling the issued securities. One of the novelties is that the control agent will, contrary to central account keepers or settlement organisations, not be required to also hold the first-level securities accounts.

By further broadening the scope of the 2013 law, the Blockchain IV Law thereby asserts Luxembourg's endeavours to promote financial sector innovation. It is a continuation of the law of 1 March 2019 (also known as Blockchain I Law) amending the law of 1 August 2001 on

the circulation of securities, which already explicitly recognised the possibility to hold and register securities in securities accounts (*comptes-titres*) within or by virtue of a DLT system, the law of 22 January 2021 (also known as Blockchain II Law) amending the 2013 law to explicitly introduce the possibility of using a DLT system for the issuance of dematerialised securities, and the law of 15 March 2023 (also known as Blockchain III Law) amending *inter alia* (i) the Financial Sector Law to include DLT financial instruments in its definition of "financial instruments", and (ii) the financial collateral law of 5 August 2005 to allow DLT financial instruments to be used as financial collateral.

The Blockchain IV Law entered into force on 31 December 2024.



⁵⁵ Law:
<https://legilux.public.lu/eli/etat/leg/loi/2024/12/20/a597/jo> (only in French)

LUXEMBOURG LAW IMPLEMENTING THE MICA, TRANSFER OF FUNDS, ELTIF 2 AND EUROPEAN GREEN BONDS EU REGULATIONS

10 February 2025⁵⁶

The Luxembourg law of 6 February 2025, which implements the recent European Union regulations concerning crypto-assets, the transfer of funds, European long-term investment funds and European green bonds, was published in the Luxembourg Official Journal (*Mémorial A*) on 10 February 2025.

To this end, the law amends several laws, including:

- the law of 16 July 2019 relating to the operationalisation of European regulations in the field of financial services, as amended;
- the Financial Sector Law;
- the law of 23 December 1998 establishing a commission for the supervision of the financial sector, as amended;
- the AML Law;
- the Payment Services Law; and
- the Insurance Sector Law.

The purpose of the law is particularly to integrate into Luxembourg law MiCA and Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets, and to adapt Luxembourg law accordingly.

The entry into force of MiCA and the establishment of European CASP status has notably led to the repeal of the Luxembourg VASP regime. Thus, since 30 December 2024, the provisions relating to the registration provided for VASPs in the AML Law have been repealed. CASPs are now subject to the AML Law, which has been adapted to consider MiCA and the amendments MiCA has made to the EU's 4th anti-money laundering directive (EU) 2015/849.

The law entered into force on 10 February 2025, with some provisions having a retroactive effect from 30 June 2024 or 21 December 2024, respectively.

⁵⁶ Law:
<https://legilux.public.lu/eli/etat/leg/loi/2025/02/06/a38/jo> (only in French)

CSSF PUBLISHES A COMMUNIQUÉ ON THE PUBLICATION OF THE LUXEMBOURG LAW DESIGNATING THE CSSF AS THE COMPETENT AUTHORITY FOR MICA IN THE OFFICIAL JOURNAL

17 February 2025⁵⁷

On 17 February 2025, the CSSF published a communiqué on the publication of the Luxembourg law of 6 February 2025 implementing the European Digital Finance Package in the Luxembourg Official Journal (*Mémorial A*).

The purpose of the communiqué is to inform the public that a new step has been taken in the implementation of the European Digital Finance Package through the publication, on 10 February 2025, of the law in the Luxembourg Official Journal, which officially designates the CSSF as the competent authority within the framework of MiCA. The law entered into force on the day of its publication and implements other regulations, such as Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets.

The CSSF reminds the public that MiCA has become fully applicable since 30 December 2024, the date on which regulatory obligations took effect for CASPs. The CSSF is now provided with the supervisory and investigative powers necessary to exercise its functions and has an appropriate sanctions regime in place to ensure the application of said regulation, the objective of which is to create a harmonised framework for crypto-assets and their players, whether traditional institutions in the financial sector or new emerging players in the crypto ecosystem.

The law also provides details on the transitional measures targeting VASPs. VASPs registered with the CSSF before 30 December 2024 in accordance with article 7-1 of the AML Law, as in force as of 30 December 2024, shall remain registered in the VASP register established by the CSSF until 1 July 2026 or until they are granted or refused authorisation under article 63 MiCA, whichever is sooner.

⁵⁷ Communiqué:
<https://www.cssf.lu/en/2025/02/publication-in-the-official-journal-of-the-luxembourg-law-designating-the-cssf-as-the-competent-authority-for-micar/>

Law:
<https://legilux.public.lu/eli/etat/leg/loi/2025/02/06/a38/jo> (only in French)

CSSF CIRCULARS ON THE EBA GUIDELINES ON MICA

25 February 2025⁵⁸

On 25 February 2025, the CSSF issued five circulars on the application and integration of the following EBA and ESMA guidelines on MiCA into the CSSF's administrative and regulatory approach:

- Circular CSSF 25/872 on the application of the EBA guidelines on the minimum content of the governance arrangements for issuers of asset-referenced tokens (Ref. EBA/GL/2024/06);
- Circular CSSF 25/873 on the application of the EBA guidelines on recovery plans under Articles 46 and 55 of MiCA (Ref. EBA/GL/2024/07);
- Circular CSSF 25/874 on the application of the EBA guidelines establishing the common reference parameters of the stress test scenarios for the liquidity stress tests referred to in Article 45(4) of MiCA (Ref. EBA/GL/2024/08);
- Circular CSSF 25/875 on the application of (a) the joint EBA and ESMA guidelines on the suitability assessment of members of the management body of issuers of asset-referenced tokens and of crypto-asset service providers, and (b) the joint EBA and ESMA

guidelines on the suitability assessment of shareholders and members, whether direct or indirect, with qualifying holdings in issuers of asset-referenced tokens and in crypto-asset service providers (Ref. EBA/GL/2024/09; Ref. ESMA75- 453128700-10); and

- Circular CSSF 25/876 on the application of the EBA guidelines on redemption plans under Articles 47 and 55 of MiCA (Ref. EBA/GL/2024/13).

⁵⁸ Circulars: https://www.cssf.lu/wp-content/uploads/cssf25_872eng.pdf
https://www.cssf.lu/wp-content/uploads/cssf25_873eng.pdf
https://www.cssf.lu/wp-content/uploads/cssf25_874eng.pdf
https://www.cssf.lu/wp-content/uploads/cssf25_875eng.pdf
https://www.cssf.lu/wp-content/uploads/cssf25_876eng.pdf
 Guidelines:
<https://www.eba.europa.eu/sites/default/files/2024-06/611ef3d4-4d67-467f-bf0d-4c2b1dd0ef5e/Final%20report%20on%20draft%20Guidelines%20on%20internal%20governance%20of%20issuers%20of%20ARTs.pdf>
<https://www.eba.europa.eu/sites/default/files/2024-06/a4619671-df54-42ff-a6d8-2819f51ebe83/Final%20report%20on%20Guidelines%20on%20recovery%20plans%20under%20MiCAR.pdf>

<https://www.eba.europa.eu/sites/default/files/2024-06/2bd7add3-35b1-40d7-9c45-67c8cccbe97a/Final%20report%20on%20Guidelines%20on%20liquidity%20stress%20testing%20under%20MiCAR.pdf>
<https://www.eba.europa.eu/sites/default/files/2024-06/2a0668ab-5d70-495a-a723-f6568fe8c830/Joint%20GL%20suitability%20members%20management%20body%20and%20QH%20%28MiCAR%29.pdf>
https://www.esma.europa.eu/sites/default/files/2024-12/ESMA75-453128700-10_Joint_GL_suitability_members_management_body_and_QH.pdf
<https://www.eba.europa.eu/sites/default/files/2024-10/f8fda168-4d97-4549-9cfe-46d1d1a27636/Final%20report%20on%20Guidelines%20on%20redemption%20plans%20under%20MiCAR.pdf>

CSSF – ABOLISHMENT OF THE ELECTRONIC VISA "STAMP" PROCEDURE FOR THE PROSPECTUSES OF UCITS, PART II UCIS, SICARS AND SIFS

6 March 2025⁵⁹

The CSSF announced that as of **April 2025**, a new "**e-Identification**" **system** will replace the current VISA-stamp process for the prospectuses of UCITS, Part II UCIs, SICARs and SIFs. Accordingly,

- a unique identification number (YYYY/NNNNNN-NNNNNN-N-PC) and
- an e-Identification date

will be indicated on the first page of every prospectus (replacing the visa-stamp).

The submission of any new or revised fund prospectus will need to be done through a dedicated CSSF eDesk **e-Identification Prospectus application** (not yet made available on the CSSF eDesk platform).

The CSSF will publish a list of amendments to the prospectus that do not legally require authorisation and prior review by the CSSF. Amendments covered by the list will be able to be integrated into the prospectus *without* prior CSSF approval (using the eDesk e-Identification Prospectus application).

The CSSF will be able, at its discretion and at a later stage, using a risk-based approach, to request documents from relevant funds to conduct an ex-post analysis of changes that have not been subject to its prior review.

This change in process is meant to lighten the administrative burden, enhance the time to market and be generally more efficient. The CSSF has, however, emphasised the responsibility of the governing body of the relevant funds to ensure compliance with regulatory requirements when updating fund documentation.

The **current** administrative procedure for requests and amendments that **do** require prior review by the CSSF for the purpose of authorisation or non-objection, as stipulated by applicable laws and regulations, remains applicable (i.e.

for which a notification by email for prior approval remains the current CSSF administrative practice).

⁵⁹ [https://www.cssf.lu/en/2025/03/upcoming-evolution-in-the-electronic-visa-stamp-](https://www.cssf.lu/en/2025/03/upcoming-evolution-in-the-electronic-visa-stamp-procedure-for-the-prospectuses-of-ucits-part-ii-ucis-sicars-and-sifs/)

[procedure-for-the-prospectuses-of-ucits-part-ii-ucis-sicars-and-sifs/](https://www.cssf.lu/en/2025/03/upcoming-evolution-in-the-electronic-visa-stamp-procedure-for-the-prospectuses-of-ucits-part-ii-ucis-sicars-and-sifs/)



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**LAW REFORMING RCS AND RBE:
STRENGTHENING THE POWER OF THE
LBR**

23 January 2025

The law of 23 January 2025 (the "Law") reforming the provisions applicable to the Luxembourg Trade and Companies Register ("RCS") and the Register of Beneficial Owners ("RBE") came into force on 1 February 2025. The Law entrusts the Luxembourg Business Register ("LBR") as the RCS and RBO administrator, with enhanced capabilities and sanctioning power to monitor registered individuals and entities and ensure compliance with their registration and filing obligations. This reform aims to enhance the quality and reliability of information recorded in these registers.

The Law introduces proactive measures, allowing the LBR to alert registered entities and individuals about discrepancies in their records and request updates. Entities and individuals can now provide their email addresses during the filing process to facilitate direct communication with the LBR. Additionally, the LBR can cross-check RCS data against other national registers to maintain consistency and accuracy.

Graduated administrative measures and sanctions are introduced for non-compliance, including fines and the publication of breaches on the public RCS record. The Law also simplifies administrative processes by interconnecting the RCS and RBE databases and improving data accuracy and consistency, particularly in the fight against money laundering and terrorist financing.

The Law clarifies access to the RBE, specifying who has a legitimate interest in accessing the register, including journalists and organisations with a valid reason.

For more details on this topic, check out our client briefing [here](#).



LAW OF 17 FEBRUARY 2025 TRANSPOSING THE MOBILITY DIRECTIVE

Entry into force on 2 March 2025

The law of 17 February 2025 (the "**Law**") transposing Directive (EU) 2019/2121 (the "**Mobility Directive**"), amending Directive (EU) 2017/1132 as regards cross-border conversions, mergers and divisions has been published on 26 February 2025.

The Law introduces special regimes for cross-border conversions, mergers and divisions within the EU, aiming to provide greater legal certainty for these operations and enhanced protection for shareholders, creditors and employees.

The Law establishes a harmonised procedure for cross-border operations, which, while offering increased protection, also introduces longer delays and additional administrative burdens.

The European regime is applicable to cross-border operations within the EU involving one of the legal forms listed in Annex II to Directive (EU) 2017/1132. In Luxembourg, these forms include SA, SARL and SCA. Operations falling outside the scope of the European regime remain subject to the general regime.

The transposition of the Mobility Directive was highly anticipated, with the deadline for implementation by Member States set for 31 January 2023. Luxembourg, however, did not meet this deadline and is the last country to transpose the Mobility Directive.

The Law was published on 26 February 2025 and came into force on 2 March 2025. The European regime will apply to cross-border operations within the EU having their draft terms published as from 1 April 2025; operations with draft terms published before this date will remain subject to the former general regime.

For more details on this topic, check out our client briefing [here](#).



TAX



TAX

INTRODUCTION OF THE "SINGLE-ENTITY-GROUP" PROVISION IN THE LUXEMBOURG INCOME TAX LAW

11 December 2024⁶⁰

On 11 December 2024, the Luxembourg Parliament adopted bill n°8414 ("**Bill 8414**") containing a series of measures that clarify and/or modify existing provisions of the Luxembourg income tax law ("**LITL**"). This bill, among others, introduces in the LITL the concept of a "single-entity-group", which is particularly relevant for the application of the interest deduction limitation rules to certain entities.

Situation before Bill 8414

The amendment provided by Bill 8414 on the interest deduction limitation rule concerns all Luxembourg joint-stock companies, but is particularly relevant in the context of securitisation transactions.

Securitisation transactions in Luxembourg are governed by the law of 22 March 2004 on securitisation, as amended (the "**Securitisation Law**"). According to the commentary on the Securitisation Law, securitisation transactions pursue an objective of tax neutrality, which is essentially guaranteed by the deductibility of all commitments assumed towards investors and creditors.

This objective has, however, been undermined by the entry into force of the law of 21 December 2018 implementing Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market and introducing interest limitation rules (the "**Interest Limitation Rule**") by the insertion of an article 168bis in the LITL. According to the Interest Limitation Rule, exceeding borrowing costs (i.e. borrowing costs that are in excess of interest and economically equivalent income) are deductible in the tax period in which they are incurred only up to the higher of (i) 30% of the taxpayer's adjusted

net revenues before interest, tax, depreciation and amortisation (EBITDA), or (ii) EUR 3 million.

Interest (and economically equivalent) expenses of a securitisation vehicle may constitute exceeding borrowing costs when the Luxembourg taxpayer recognises income/gains that are (economically equivalent to) interest income, which would, in turn, trigger the application of the Interest Limitation Rule and increase the taxable base of such taxpayer.

Nonetheless, the LITL sets out that taxpayers who qualify as autonomous entities or financial undertakings can be excluded from the scope of the Interest Limitation Rule.

The concept of "autonomous entity" refers to entities that are not part of a consolidated group for financial accounting purposes and have no associated enterprise (see the definition below).

The concept of "financial undertakings" refers to a list of entities that are excluded from the application of the Interest Limitation Rule, including securitisation special purpose entities ("**SSPEs**") within the meaning of Article 2, point 2 of Regulation (EU) 2017/2402 of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "**Regulation**"). Other securitisation companies (i.e. that are not governed by the Regulation) are not included in the list of excluded "financial undertakings", to the extent that they do not qualify as alternative investment funds.

Impact of the amendment introduced by Bill 8414

On 11 December 2024, the Luxembourg Parliament approved the introduction in the LITL of the "single-company-group" concept (also referred to as the "group of one" or "single-entity-group" provision). This amendment creates a single-entity-group in Luxembourg that will, in principle, not be subject to the Interest Limitation Rule (effective retroactively, i.e. for financial years starting on or after 1 January 2024).

⁶⁰ <https://wdocs-pub.chd.lu/docs/exped/0148/197/297979.pdf>
<https://www.cliffordchance.com/briefings/2024/12/boosting-luxembourg-s-attractiveness-key-tax-measures-recently-adopted-by->

[gov.html?utm_source=vuture&utm_medium=email&utm_campaign=%7bvix:campaign%20name%7d](https://www.cliffordchance.com/briefings/2024/12/boosting-luxembourg-s-attractiveness-key-tax-measures-recently-adopted-by-)

TAX

In order to be considered as a single-entity-group, the Luxembourg taxpayer must notably not be part of a consolidated group for financial accounting purposes (this also includes a voluntary consolidation).

A single-entity-group is then able to deduct the entirety of its borrowing costs (upon request), to the extent that such borrowing costs are not incurred towards an associated enterprise. For this purpose, an associated enterprise is defined as:

- any entity that is a part of the same consolidated group for financial accounting purposes (which would *de facto* not be relevant for a single-entity-group); or
- any entity in which the taxpayer has a significant influence in terms of management, or an entity that has a significant influence on the management of the taxpayer; or
- any entity in which the taxpayer holds, directly or indirectly, a participation in terms of voting rights or capital ownership of at least 25%, or is entitled to receive at least 25% of that entity's profit; or
- an individual, or any entity that holds, directly or indirectly, a participation in terms of voting rights or capital ownership in the taxpayer of at least 25%, or is entitled to receive at least 25% of the taxpayer's profit.

Accordingly, a Luxembourg securitisation company will be able to deduct the entirety of its borrowing costs (irrespective of (i) the nature of its income, or (ii) any SSPE status), as long as the noteholders cannot be considered as an associated enterprise and **provided that** it can demonstrate that the ratio of its equity over total assets amounts to, or exceeds, the equivalent ratio of the group formed by itself – which should always be the case (with a tolerance of 2%).



LEGAL CONFIRMATION OF THE MECHANISM OF CLASSES OF SHARES

11 December 2024⁶¹

On 11 December 2024, the Luxembourg Parliament adopted bill n°8388 ("**Bill 8388**") containing much awaited measures and clarifications regarding the Luxembourg tax framework. This bill, among others, clarifies and ratifies the mechanism of classes of shares (also called the partial liquidation regime) and brings more than welcome legal certainty to a well-known practice.

Situation before Bill 8388

According to article 101(2) of the LITL, the redemption of a shareholding followed by a share capital decrease should be treated as a liquidation of the company's assets. The resulting profit (i.e. liquidation proceeds) of such redemption does not constitute income from transferable securities (*revenus de capitaux mobiliers*) and is, in principle, not subject to Luxembourg withholding tax.

By assimilation, a redemption of a class of shares followed by the cancellation of such class was treated in practice as a partial liquidation (i.e. viewed as the allocation of the proceeds derived from the redemption of a participation, rather than a distribution of profit) and therefore not subject to Luxembourg withholding tax.

For several years though, the Luxembourg tax treatment of classes of shares was uncertain in the absence of any explicit provisions in the LITL and the lack of administrative guidance on this matter, despite recent Luxembourg case law.

Impact of the amendment introduced by Bill 8388

Bill 8388 modifies article 101 of the LITL, which now specifically states that the redemption or withdrawal of a class of shares, followed by a corresponding reduction of the share capital within six months of the redemption or the withdrawal, constitutes a partial liquidation.

It specifies that the redemption or withdrawal of a class of shares is characterised when the following cumulative conditions are met:

- the redemption or withdrawal concerns the whole shares comprised in a class;
- the classes of shares are put in place at the time of the incorporation of the company or through a subsequent increase in its share capital;
- each class of shares has different economic rights from each other pursuant to the articles of association of the company; and
- the redemption or withdrawal price of a class of shares is determinable based on a specific mechanism provided by the articles of association of the company (or any documents referred to in these articles of association) and allowing an assessment of the fair value of the redeemed or withdrawn shares.

The commentary on Bill 8388 provides useful clarifications on the above conditions, in particular, when it comes to the existence of different economic rights for each class of shares. In that sense, it can be notably considered as having distinct economic rights and classes of shares (i) giving entitlement to preferential dividend, (ii) giving an exclusive right to profits for a specific or determinable period, or (iii) whose respective financial rights are linked to the performance of one or more direct or indirect assets or activities of the company.

It should be noted that according to Bill 8388, classes of shares can now be formally issued to individuals. In case of individuals having an important participation (according to article 100 of the LITL) in the issuing Luxembourg company, this will trigger a notification obligation by the latter in its tax return of all information allowing the identification of such individual concerned by a redemption or withdrawal of a class of shares.

This provision applies from 1 January 2025.

While this new provision is particularly welcomed by taxpayers and practitioners, the drafting and

⁶¹ <https://wdocs-pub.chd.lu/docs/exped/0147/164/295641.pdf>
<https://www.cliffordchance.com/briefings/2024/12/boosting-luxembourg-s-attractiveness-key-tax-measures-recently-adopted-by->

[gov.html?utm_source=vuture&utm_medium=email&utm_campaign=%7bvix:campaign%20name%7d](https://www.cliffordchance.com/briefings/2024/12/boosting-luxembourg-s-attractiveness-key-tax-measures-recently-adopted-by-)

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implementation of classes of shares will have to be monitored as this mechanism remains subject to general anti-abuse provisions.

VAT AND DIRECTORS' FEES

11 December 2024⁶²

On 11 December 2024, the Luxembourg VAT authorities (*Administration de l'Enregistrement, des Domaines et de la TVA*) issued circular n°781-2 (the "**Circular**"), completing circular n°781 of 30 September 2016 and providing additional criteria for determining VAT liability as a company's director.

Case law

This Circular follows the decision of the Luxembourg District Court (*Tribunal d'arrondissement*) of 22 November 2024⁶³, implementing the ruling of the Court of Justice of the European Union ("**CJEU**") of 21 December 2023⁶⁴. According to these decisions, a member of the board of directors of a Luxembourg public limited company, not acting under his own responsibility and not bearing the economic risk linked to his activity, does not exercise his role independently and, therefore, cannot be considered subject to VAT in Luxembourg.

Scope of the Circular

The Circular also applies to other members of the management board of a company with other legal form (e.g. a private limited liability company – *société à responsabilité limitée*; a partnership limited by shares – *société en commandite par actions*).

In addition, this concerns all directors/managers identified for VAT purposes, whether individuals or legal persons.

The concerned directors/managers should make their own assessment to determine whether they meet the criteria identified by the abovementioned decisions to qualify as VAT-taxable persons or not and thereby benefit from VAT regularisation.

Regularisation process

The Luxembourg VAT authorities have set up a non-bureaucratic regularisation process for the VAT unduly paid by the directors/managers on MyGuichet.lu. [The tool makes regularisation available under a unique procedure until July 2025.

This regularisation can be made for non-prescribed years and the Luxembourg VAT authorities have specifically waived the statute of limitation for the year 2018, meaning that regularisations can be done as from that year. They have also waived the statute of limitation for the year 2019, **provided that** the regularisation request is introduced before 1 July 2025.

The regularisation process differs slightly depending on whether the director/manager is resident in Luxembourg. Indeed, Luxembourg resident directors/managers have to do the regularisation by themselves on MyGuichet.lu and then transfer the VAT refunded to their clients, while it is up to the company to make corrections for the VAT wrongly applied to the remuneration of non-resident directors/managers for which a reverse-charge was applied (in one go for all affected years in the annual VAT return).

It should be noted that the regularisation process is not mandatory for the directors/managers concerned and it should be checked on a case-by-case basis with their clients whether they want to launch this process and obtain a VAT refund.

For directors/managers subject to VAT in Luxembourg, circular n°781 of 30 September 2016, which has been suspended by circular n°781-1 of 22 December 2023, resumes its effects on the date of the Circular (i.e. 11 December 2024). In that respect, it might be useful to remember that directors/managers that still qualify as VAT-taxable persons according to the criteria set out in the case law, the Circular and circular n°781 of 30 September

⁶² <https://pfi.public.lu/fr/publications/circulaires/2024/circ781-2/circ781-2.html>

⁶³ https://www.cliffordchance.com/briefings/2025/01/vat-and-directors--fees--final-guidelines-issued-by-the-luxembourg-vat.html?utm_campaign=Oktopost-Clifford+Chance+Luxembourg&utm_content=O

⁶⁴ https://curia.europa.eu/juris/document/document_print.jsf?mode=req&pageIndex=0&docid=280777&part=1&doclang=FR&text=&dir=&occ=first&cid=7991470

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2016 should continue to apply VAT to their fees.
Moreover, management services rendered to certain investment funds can still benefit from a VAT exemption under certain conditions (cf. article 44.1.d of the law of 12 February 1979 concerning VAT, as amended).

VOTE OF THE LAW AMENDING PILLAR TWO LEGISLATION

19 December 2024⁶⁵

On 19 December 2024, the Luxembourg Parliament adopted bill n°8396 ("**Bill 8396**") amending the Pillar 2 legislation introduced by the law of 22 December 2023 on effective minimum taxation and transposing Council Directive (EU) 2022/2523 of 14 December 2022 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the "**Pillar 2 Law**").

These amendments aim to clarify certain aspects of the Pillar 2 Law, in particular, with respect to the investment funds and securitisation vehicles, and to incorporate some technical aspects of the OECD commentaries as well as the OECD administrative guidance published in 2023 and 2024.

The previous editions of the Luxembourg Legal Update already covered the main amendments to the Pillar 2 Law. However, late amendments brought by the government and/or not already covered are depicted below.

Excluded entities

As a reminder, the Pillar 2 Law provides for an exemption for so-called "excluded entities" (i.e. notably, investment funds or real estate investment vehicles – "**Investment Entities**") that qualify as an ultimate parent entity ("**UPE**"). Other entities or special purpose vehicles held by such Investment Entities could also be considered as excluded entities provided they meet certain requirements.

Bill 8396 clarifies that an investment fund or a real estate investment vehicle that is not a UPE for the sole reason that the qualifying financial accounting standard does not require it to prepare consolidated financial statements is to be treated as an entity excluded from the scope of the Pillar 2 Law. Thus, entities owned by such investment funds or real estate investment vehicles should also be excluded from the scope of Pillar 2 **provided that** they

meet the conditions of the participation thresholds, the nature of their activity and the nature of their revenues⁶⁶.

Exemption from consolidation

Commentaries on Bill 8396 clarify that exemption from the obligation to consolidate provided for by the "special" laws applicable to investment funds (e.g. RAIF, SICAR, SIF), should be considered as valid exemptions from consolidation under acceptable GAAP (and thus even if these exemptions are not provided for in the Luxembourg company law). This means that the entities that rely on those exemptions would not be required to perform a deemed consolidation test (i.e. when the entity is not consolidated on a line-by-line basis but would have been had GAAP been applied⁶⁷).

Furthermore, the commentaries clarify that consolidated financial statements that are prepared on a voluntary basis should not be taken into account for establishing a Pillar 2 group.

Securitisation vehicles

Securitisation vehicles that fall within the scope of Pillar 2 view their top-up tax obligations shifted to other constituent entities located in Luxembourg (i.e. indebted to the qualified domestic top-up tax – "**QDMTT**"). However, if there are no other constituent entities of the relevant Pillar 2 group in Luxembourg, the amount of top-up tax possibly due remains allocated to the securitisation vehicle (under the QDMTT).

Flow-through entities

The classification of a flow-through entity as either a tax transparent entity or a reverse hybrid entity depends on the jurisdiction where the ownership interests are located. Consequently, a flow-through entity can be both tax transparent and a reverse hybrid if its ownership interests are spread across multiple jurisdictions, each with different qualifications for the entity. An additional layer of complexity may arise when determining which entity should be considered as holding this ownership interest.

established in a jurisdiction whose legislation does not require the preparation of consolidated financial statements under GAAP.

⁶⁵ <https://wdocs-pub.chd.lu/docs/exped/0149/114/299148.pdf>
⁶⁶ Article 2(3) of the Pillar 2 Law.
⁶⁷ This so-called "deemed consolidation test" primarily aims to catch entities whose UPE is

To determine the "reference entity" that holds the ownership interests (i.e. to determine the jurisdiction whose law determines the status of the flow-through entity), Bill 8396 clarifies that the entity's closest owner in the ownership chain must be considered, unless it itself is a non-UPE flow-through entity. This amendment should help to coordinate the allocation of profits and taxes in structures involving flow-through entities.

Entry into force

The amendments to the Pillar 2 Law contained in Bill 8396 entered into force for fiscal years ending on or after 31 December 2023.

UPDATE OF THE EU LIST OF NON-COOPERATIVE TAX JURISDICTIONS

18 February 2025⁶⁸

On 18 February 2025, the Council of the European Union (the "**Council**") released its conclusions on the revised European list of non-cooperative jurisdictions for tax purposes (the "**EU list of non-cooperative tax jurisdictions**").

Since December 2017, the Council provides a list of jurisdictions that do not comply with international tax standards and, as from 2019, the Council has encouraged EU Member States to take defensive measures and apply administrative and legislative measures towards such jurisdictions.

In terms of defensive measures, Luxembourg opted for a derogation to the operating expenses deductibility principles regarding interest and royalties paid or due by a Luxembourg taxpayer to an entity located in a country or territory mentioned in the EU list of non-cooperative tax jurisdictions.

The Luxembourg law of 10 February 2021 provides that interest or royalties paid or owed would not be deductible for corporate income tax purposes when the following conditions are simultaneously met:

1. the entity to which the interest or royalties are paid or due is established in a country or territory included in the latest applicable version of the EU list of non-cooperative tax jurisdictions;
2. the entity to which the interest or royalties are paid or due is an affiliated undertaking within the meaning of article 56 of the LITL;
3. the entity to which the interest or royalties are paid or due is a corporation within the meaning of article 159 of the LITL (i.e. partnerships are excluded from the scope).

As updated on 18 February 2025, the EU list of non-cooperative tax jurisdictions includes the same

jurisdictions as in the previous update (of 8 October 2024): i.e. American Samoa, Anguilla, Fiji, Guam, Palau, Panama, Russia, Samoa, Trinidad and Tobago, US Virgin Islands and Vanuatu. As a consequence, the deduction of interest and royalties due to these 11 jurisdictions may only be denied, under the conditions described above, as from 1 January 2025.

⁶⁸ https://taxation-customs.ec.europa.eu/taxation/common-eu-list-third-country-jurisdictions-tax-purposes_en



ASSET MANAGEMENT AND INVESTMENT FUNDS



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**ASSET MANAGEMENT AND
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**CSSF COMMUNICATION ON THE
THEMATIC REVIEW OF THE DELEGATION
OF THE PORTFOLIO MANAGEMENT
FUNCTION BY INVESTMENT FUND
MANAGERS (IFMS)**

23 October 2024⁶⁹

On 23 October 2024, the CSSF issued a communiqué on the CSSF thematic review of the delegation of the portfolio management function by investment fund managers ("IFMs").

The CSSF published its feedback report, including its main findings and recommendations.

Most importantly, the CSSF invites all IFMs to perform, at the latest by the end of Q1/2025, a comprehensive assessment of how they monitor the delegation of their portfolio management function in the light of the observations mentioned in the thematic review document and of the applicable regulatory requirements.

The review also includes contractual topics.



⁶⁹ <https://www.cssf.lu/en/2024/10/cssf-thematic-review-on-the-delegation-of-the-portfolio->

[management-function-by-investment-fund-managers-ifms-cssf-feedback-report/](https://www.cssf.lu/en/2024/10/cssf-thematic-review-on-the-delegation-of-the-portfolio-management-function-by-investment-fund-managers-ifms-cssf-feedback-report/)

ASSET MANAGEMENT AND INVESTMENT FUNDS

**CSSF UPDATE OF UCITS AND AIFS
CROSS-BORDER MARKETING
NOTIFICATIONS**

11 November 2024⁷⁰

As announced in a CSSF communiqué of 11 September 2024, new information (predominant AIF type and contact point(s) concerning the notification letter, invoices and facilities for investors) is now collected through marketing notification and de-notification requests.

⁷⁰ <https://www.cssf.lu/en/2024/11/ucits-and-aifs-cross-border-marketing-notifications-2/>

ASSET MANAGEMENT AND INVESTMENT FUNDS

CSSF LAUNCH OF THE 2024 ESMA DATA COLLECTION ON COSTS LINKED TO INVESTMENTS IN AIFS AND UCITS

19 November 2024⁷¹

National competent authorities (NCAs) are required to provide ESMA with data on costs charged by AIFMs/ UCITS management companies to investors of AIFs/UCITS they manage.

This includes all fees, charges and expenses directly or indirectly borne by investors, or by the UCITS or the AIF investment fund manager in connection with the operation of the UCITS/AIF, and those directly or indirectly allocated to the UCITS/AIF.

In this context, the CSSF launched a data collection exercise requesting a sample of UCITS and AIF investment fund managers, as well as distributors, to complete a specific questionnaire. A representative selection of Luxembourg-based UCITS and AIF investment fund managers, as well as of distributors, will be/has been contacted by the CSSF for this purpose. This will be reported via eDesk.

⁷¹ <https://www.cssf.lu/en/2024/11/launch-of-the-2024-esma-data-collection-on-costs-linked-to-investments-in-aifs-and-ucits/>

ASSET MANAGEMENT AND INVESTMENT FUNDS

CSSF 2024 QUESTIONNAIRE ON FINANCIAL CRIME

9 December 2024 and 24 February 2025⁷²

The CSSF launched its annual AML/CFT questionnaire for the year 2024.

The objective is to collect standardised key information concerning **money laundering and terrorism financing (ML/TF)** risks to which professionals under CSSF supervision are exposed and the implementation of measures to mitigate these risks. This cross-sector questionnaire contributes to the CSSF's ongoing assessment of ML/TF risks present in the financial sector under its supervision and forms part of the AML/CFT risk-based supervision approach put in place by the CSSF.

The final submission of responses has to be completed by the "RC" or "RR" through the CSSF eDesk platform by 4 April 2025 at the latest.

⁷² <https://www.cssf.lu/en/2024/12/2024-questionnaire-on-financial-crime/>

ASSET MANAGEMENT AND INVESTMENT FUNDS

CSSF FAQ ON AML ASSETS DUE DILIGENCE

13 December 2024⁷³

The CSSF published a new CSSF FAQ dedicated to AML due diligence of assets (available [here](#)). In particular, we note:

- there is no need to perform AML/CFT due diligence on assets that are securities admitted to trading on a regulated market;
- for all other assets (i.e. those not admitted to trading on a regulated market), the CSSF has confirmed that it is acceptable that, where no relevant change happened during the year, a renewal of the annual risk assessment is not required; and
- the CSSF has confirmed that AML/CFT due diligence is required when operations take place in respect of assets (e.g. on a purchase, transfer or sale) that are not admitted to trading on a regulated market and/or when a change in the asset has resulted in a higher ML/TF risk.

The above is not meant to address any sanction screening requirements.

⁷³ <https://www.cssf.lu/wp-content/uploads/FAQ-on-AML-Assets-Due-Diligence.pdf>

ASSET MANAGEMENT AND INVESTMENT FUNDS

**CSSF MAKES AVAILABLE THE UCI
FORMS FOR THE NOTIFICATION OF
ERRORS AND INSTANCES OF NON-
COMPLIANCE UNDER CIRCULAR CSSF
24/856**

17 December 2024⁷⁴

By way of a follow-up to CSSF Circular 24/856 on the protection of investors in case of an NAV calculation error, an instance of non-compliance with the investment rules and other errors at UCI level, which entered into force on 1 January 2025, the CSSF made available new UCI forms for the notification of errors and instances of non-compliance under this new circular.

As of 1 January 2025, this notification should be made using the new forms through the eDesk platform.

⁷⁴ [https://www.cssf.lu/en/2024/12/the-cssf-makes-available-the-uci-forms-for-the-notification-of-](https://www.cssf.lu/en/2024/12/the-cssf-makes-available-the-uci-forms-for-the-notification-of-errors-and-instances-of-non-compliance-under-circular-cssf-24-856/)

[errors-and-instances-of-non-compliance-under-circular-cssf-24-856/](https://www.cssf.lu/en/2024/12/the-cssf-makes-available-the-uci-forms-for-the-notification-of-errors-and-instances-of-non-compliance-under-circular-cssf-24-856/)

ASSET MANAGEMENT AND INVESTMENT FUNDS

**UPDATE TO CSSF FAQ ON THE
SUSTAINABLE FINANCE DISCLOSURE
REGULATION (SFDR)**

18 December 2024⁷⁵

The CSSF updated its existing FAQ on the SFDR.

Several FAQs that are no longer relevant have been deleted.

The CSSF also updated the following question "*Use of exclusion strategies by investment funds disclosing under Article 8 SFDR and Article 9 SFDR: Are exclusion strategies sufficient for funds disclosing under Article 8 and Article 9 SFDR?*" by clarifying that for Article 9 SFDR funds, an exclusion-only strategy is not acceptable; the underlying assets must qualify as sustainable investments. Article 9 SFDR funds require a positive selection process (i.e. an inclusion strategy setting out the positive investment selection process). For Article 8 funds, solely relying on an exclusion strategy is acceptable, but should this be the case, the CSSF expects the detailed exclusion strategy to allow investors to understand how the relevant fund's environmental and/or social characteristics are being met.

The CSSF also updated the following question "*Use of ESG and/or sustainability-related terminology in fund names: Are there any ESG and/or sustainability-related considerations that FMPs need to take into account in relation to fund names?*" by referring to the ESMA Guidelines on funds' names using ESG or sustainability-related terms (ESMA34-1592494965-657).

⁷⁵ <https://www.cssf.lu/en/Document/cssf-faq-sustainable-finance-disclosure-regulation-sfdr/>

ASSET MANAGEMENT AND INVESTMENT FUNDS

**SIMPLIFIED PROCEDURE FOR THE
CREATION OF NEW SHARE CLASS(ES)**

12 February 2025⁷⁶

The CSSF published a new simplified procedure for creating new share class(es) that do not require a prospectus update. This procedure applies to UCITS, UCI part II, SIFs and SICARs.

The simplified procedure applies to new share classes whose characteristics are already defined in the current version of the fund's prospectus.

For that purpose, the submission must adhere to the principles outlined in a [dedicated CSSF form](#) and include all relevant information about the share classes using the standardised table.

⁷⁶ <https://www.cssf.lu/en/2025/02/simplified-procedure-for-the-creation-of-new-share-classes/>

ASSET MANAGEMENT AND INVESTMENT FUNDS

**ML/TF SUB-SECTOR RISK ASSESSMENT –
COLLECTIVE INVESTMENT SECTOR**

24 February 2025⁷⁷

Following the 2020 and 2022 reports, the CSSF published a 2025 update of its sub-sector risk assessment (SSRA) – Collective investment sector (CIS).

The 2025 report focuses on recent developments, bringing attention to emerging ML/TF threats and vulnerabilities that are increasingly relevant to the Luxembourg's fund industry. This risk assessment is meant to serve as a valuable tool for all stakeholders, offering deeper insights into the ML/TF risks specific to the CIS and outlining effective measures to mitigate them.

Supervised entities are encouraged to use this assessment to enhance their understanding of these risks and implement proportionate, effective controls.

The CSSF will monitor adherence to these recommendations through its supervisory activities.

⁷⁷ <https://www.cssf.lu/en/Document/ml-tf-sub-sector-risk-assessment-collective-investment-sector/>

ASSET MANAGEMENT AND INVESTMENT FUNDS

AED - AML REPORTING – UNREGULATED AIFS

25 February 2025

After several years, the AED refreshed its page for AML/CFT reporting by unregulated AIFs. The relevant RC and RR of each unregulated AIF (non-RAIF) must complete and submit an "AIF AML/CFT Questionnaire 2024" (with data as at 31 December 2024) to the AED by 30 June 2025 COB. The form, as well as instructions for submission, can be found under the following [link](#).

For completeness, the same is required for RAIFs, for which the deadline is 31 May 2025 COB (please find additional details under the following [link](#)).

ASSET MANAGEMENT AND INVESTMENT FUNDS

FATF – PUBLIC CONSULTATION ON AML/CFT AND FINANCIAL INCLUSION – UPDATED FATF GUIDANCE ON AML/CFT MEASURES AND FINANCIAL INCLUSION

25 February 2025⁷⁸

FATF published a consultation for proposals on the update of the FATF Guidance on AML/CFT measures and financial inclusion. This is part of FATF's programme of work to address the unintended consequences of AML/CFT measures. FATF is inviting views and comments from interested stakeholders.

The updated guidance proposed for public consultation reflects the recently adopted amendments to the FATF Standards, with increased focus on proportionality and simplified measures in the risk-based approach, updates the concept and state of financial inclusion and its relevance to financial integrity, and also provides additional guidance and updated best practice examples of implementation of the risk-based approach in the AML/CFT regime, with particular focus on simplified measures in lower risk scenarios.

Responses, including drafting proposals, should be provided using the following email address, FATF.Publicconsultation@fatf-gafi.org, with the subject line "Comments of [author] on the draft FATF FI Guidance", by **Friday, 4 April 2025 (18h00 CET)**.

⁷⁸ [https://www.fatf-gafi.org/en/publications/Financialinclusionandn](https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/aml-cft-financial-inclusion-public-consultation-february-2025.html)

[poissues/aml-cft-financial-inclusion-public-consultation-february-2025.html](https://www.fatf-gafi.org/en/publications/Financialinclusionandnpoissues/aml-cft-financial-inclusion-public-consultation-february-2025.html)

ASSET MANAGEMENT AND INVESTMENT FUNDS

THE EUROPEAN COMMISSION [ADOPTED ITS OMNIBUS SIMPLIFICATION PACKAGE](#)

26 February 2025⁷⁹

The European Commission [adopted](#) the first two sets of proposals under its Omnibus Simplification Package, which seeks to simplify EU rules and boost competitiveness, as well as unlock additional investment capacity. The first of the two packages ([Omnibus I](#)) includes:

- a [proposal](#) for a Directive amending the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD);
- a [proposal](#) that postpones the application of all reporting requirements in the CSRD for companies that are due to report in 2026 and 2027 (wave 2 and 3 companies) and that postpones the transposition deadline and the first wave of application of the CSDDD by one year to 2028;
- a [draft Delegated Act](#) amending the Taxonomy Disclosures and the Taxonomy Climate and Environmental Delegated Acts, subject to public consultation; and
- a [proposal](#) for a Regulation amending the Carbon Border Adjustment Mechanism (CBAM) Regulation.

⁷⁹ https://ec.europa.eu/commission/presscorner/detail/en/ip_25_614

ASSET MANAGEMENT AND INVESTMENT FUNDS

**CSSF PUBLISHES A COMMUNIQUÉ ON
MAJOR INCIDENT REPORTING UNDER
DORA**

28 February 2025⁸⁰

The CSSF has issued a [communiqué](#) on the Digital Operational Resilience Act (DORA). The CSSF announced the postponement of the notification to financial entities regarding their obligation to report major incidents on weekends or bank holidays until the NIS 2 Directive is transposed at a national level. This notification was initially scheduled to occur before the end of February 2025.

⁸⁰ [https://www.cssf.lu/en/2025/02/dora-postponement-of-notification-to-financial-](https://www.cssf.lu/en/2025/02/dora-postponement-of-notification-to-financial-entities-of-their-obligation-to-report-a-major-incident-on-weekends-or-bank-holidays/)

[entities-of-their-obligation-to-report-a-major-incident-on-weekends-or-bank-holidays/](https://www.cssf.lu/en/2025/02/dora-postponement-of-notification-to-financial-entities-of-their-obligation-to-report-a-major-incident-on-weekends-or-bank-holidays/)

ASSET MANAGEMENT AND INVESTMENT FUNDS

CSSF – ABOLISHMENT OF THE ELECTRONIC VISA "STAMP" PROCEDURE FOR THE PROSPECTUSES OF UCITS, PART II UCIS, SICARS AND SIFS

6 March 2025⁸¹

The CSSF announced that as of **April 2025**, a new "**e-Identification**" **system** will replace the current VISA-stamp process for the prospectuses of UCITS, Part II UCIs, SICARs and SIFs. Accordingly,

- a unique identification number (YYYY/NNNNNN-NNNNNN-N-PC) and
- an e-Identification date

will be indicated on the first page of every prospectus (replacing the visa-stamp).

The submission of any new or revised fund prospectus will need to be done through a dedicated CSSF eDesk **e-Identification Prospectus application** (not yet made available on the CSSF eDesk platform).

The CSSF will publish a list of amendments to the prospectus that do not legally require authorisation and prior review by the CSSF. Amendments covered by the list will be able to be integrated into the prospectus *without* prior CSSF approval (using the eDesk e-Identification Prospectus application).

The CSSF will be able, at its discretion and at a later stage, using a risk-based approach, to request documents from relevant funds to conduct an ex-post analysis of changes that have not been subject to its prior review.

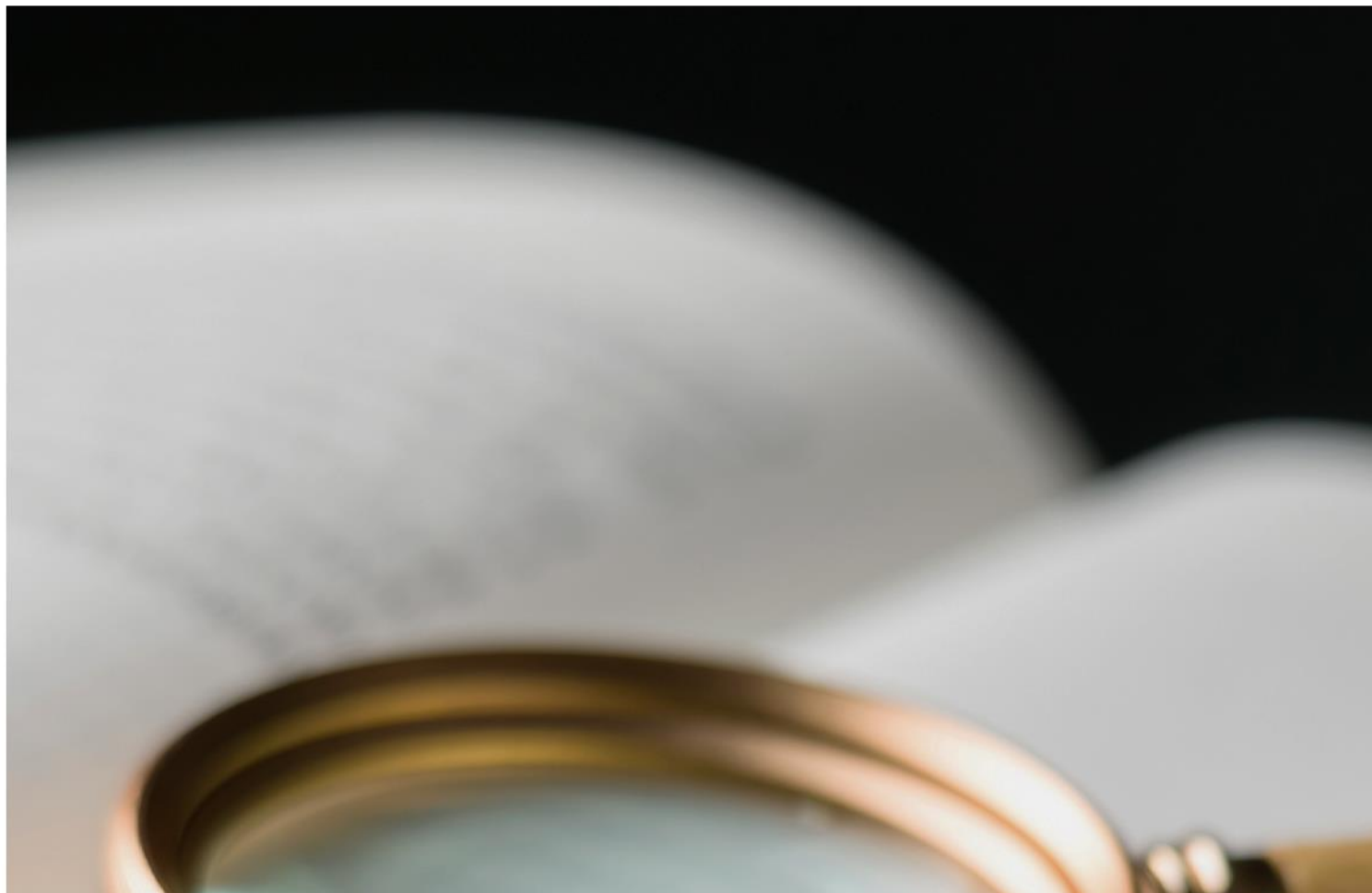
This change in process is meant to lighten the administrative burden, enhance the time to market and be generally more efficient. The CSSF has, however, emphasised the responsibility of the governing body of the relevant funds to ensure compliance with regulatory requirements when updating fund documentation.

The **current** administrative procedure for requests and amendments that **do** require prior review by the CSSF for the purpose of authorisation or non-objection, as stipulated by applicable laws and regulations, remains applicable (i.e.

for which a notification by email for prior approval remains the current CSSF administrative practice).

⁸¹ [https://www.cssf.lu/en/2025/03/upcoming-evolution-in-the-electronic-visa-stamp-](https://www.cssf.lu/en/2025/03/upcoming-evolution-in-the-electronic-visa-stamp-procedure-for-the-prospectuses-of-ucits-part-ii-ucis-sicars-and-sifs/)

[procedure-for-the-prospectuses-of-ucits-part-ii-ucis-sicars-and-sifs/](https://www.cssf.lu/en/2025/03/upcoming-evolution-in-the-electronic-visa-stamp-procedure-for-the-prospectuses-of-ucits-part-ii-ucis-sicars-and-sifs/)



GLOSSARY



GLOSSARY

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"**AED**": Administration de l'Enregistrement, des Domaines et de la TVA (AED)

"**AI Act**": Regulation (EU) 2024/1689 of 13 June 2024 laying down harmonised rules on artificial intelligence

"**AI**": Artificial Intelligence

"**AIFM Law**": Luxembourg law of 12 July 2013 on alternative investment fund managers (as amended)

"**AML Law**": Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended)

"**AML/CTF**": Anti-Money Laundering and Counter Terrorism Financing

"**BCL**": *Banque centrale du Luxembourg* – the Luxembourg Central Bank

"**BRRD**": Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended)

"**CAA**": *Commissariat aux assurances* – the Luxembourg insurance sector regulator

"**CASP**": Crypto-asset service provider

"**CNPD**": *Commission Nationale pour la Protection des Données* – the Luxembourg national data protection authority

"**CPDI**": *Conseil de protection des déposants et des investisseurs* – the Council for the Protection of Depositors and Investors

"**CRR**": Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (as amended)

"**CRR3**": Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

"**CSDR**": Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories (as amended)

"**CSRD**": Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting

"**CSSF**": *Commission de Surveillance du Secteur Financier* – the Luxembourg supervisory authority for the financial sector

"**DLT**": distributed ledger technology

"**DORA**": Regulation (EU) 2022/2554 of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011

"**EBA**": European Banking Authority

"**EEA**": European Economic Area

"**ELTIF**": European Long-Term Investment Fund

"**ESA**": European Supervisory Authority

GLOSSARY

"**ESMA**": European Securities and Markets Authority

"**ESRS**": European Sustainability Reporting Standards

"**EU**": European Union

"**FATF**": Financial Action Task Force

"**Financial Sector Law**": Luxembourg law of 5 April 1993 on the financial sector (as amended)

"**FIU**": *Cellule de renseignement financier* – the Luxembourg financial intelligence unit

"**FMP**": Financial market participant

"**GDPR**": Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC

"**ICT**": Information and communications technology

"**Insurance Sector Law**": Luxembourg law of 7 December 2015 on the insurance sector (as amended)

"**ITS**": Implementing technical standards

"**LEI**": Legal entity identifier

"**MiCA**": Regulation (EU) 2023/1114 on markets in crypto-assets (as amended)

"**Mortgage Loan Directive**": Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property (as amended)

"**ML/TF**": Money laundering and terrorism financing

"**NCA**": National competent authority

"**NFRD**": Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

"**Payment Services Law**": Luxembourg law of 10 November 2009 on payment services, on the activity of electronic money institution and settlement finality in payment and securities settlement systems (as amended)

"**PFS**": Professionals of the financial sector

"**Prospectus Law**": Luxembourg law of 16 July 2019 on prospectuses for securities (as amended)

"**Prospectus Regulation**": Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended)

"**RBE**": *Registre des Bénéficiaires Effectifs* – the Luxembourg register of beneficial owners

"**RCS**": *Registre de Commerce et des Sociétés Luxembourg* – the Luxembourg register of commerce and companies

"**Resolution Law**": Luxembourg law of 18 December 2015 on the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes (as amended)

"**Solvency II**": Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (as amended)

GLOSSARY

"SRMR": Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (as amended)

"Taxonomy Regulation": Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

"Transparency Law": Luxembourg law of 11 January 2008 on transparency requirements for issuers of securities (as amended)

"UCI Law": Luxembourg law of 17 December 2010 relating to undertakings for collective investment (as amended)

"UCITS": Undertakings for collective investment in transferable securities

"VASP": Virtual asset service provider

GLOSSARY

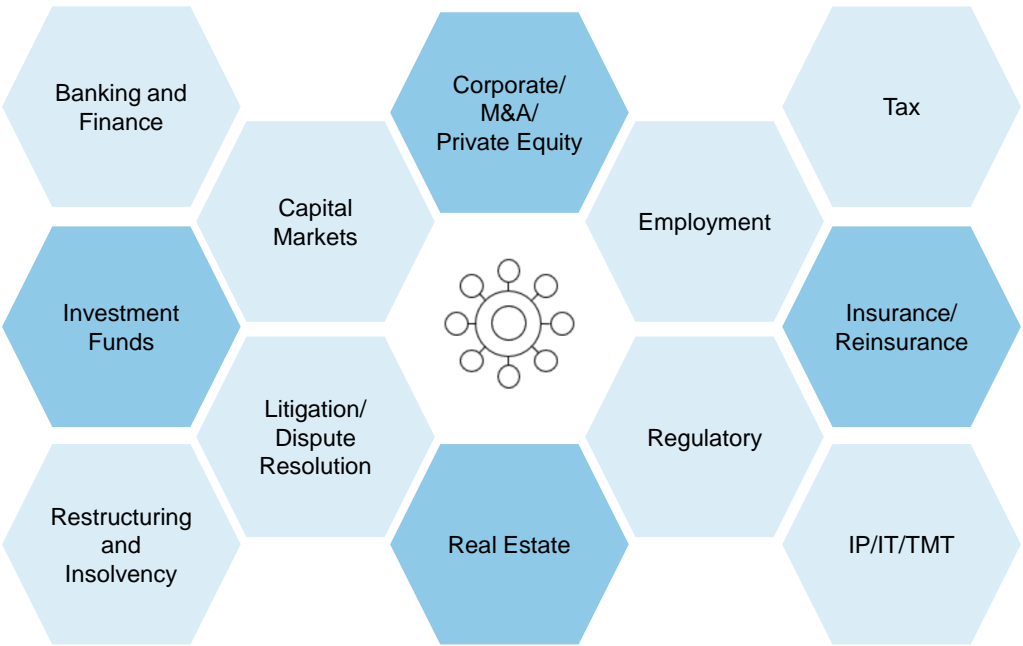
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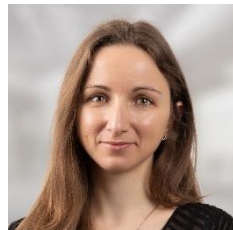
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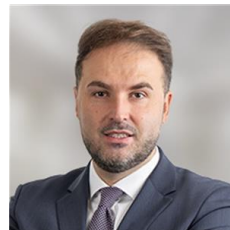
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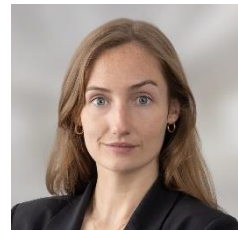
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