

PURE CAPITAL
INDEPENDENT ASSET MANAGEMENT

LEGAL UPDATE

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For ALL TYPES OF FUNDS	3
AED : Circular No. 768-33 – FATF high-risk jurisdictions	3
FATF Report on Terrorist Financing (TF).....	3
CSSF publishes Law of 3 July 2025	4
High-Level Roadmap for T+1 Securities Settlement in the EU	4
CSSF : Reminder regarding ICT incident notification requirements	5
CSSF publishes Annual Activity Report 2024.....	5
For UCITS, Part II UCIs, SICARs and SIFs	7
CSSF publishes dedicated Data Entry Form for Investment Firm information updates	7
For RAIF	8
CSSF publishes information requirements for Luxembourg AIFMs managing non-regulated AIFs	8
AML/CFT Compliance – AED Circular N°792 ter on client identification	8

For ALL TYPES OF FUNDS

AED : Circular No. 768-33 – FATF high-risk jurisdictions

On 1 July 2025, the AED published Circular No. 768-33, relaying the outcomes of the June 2025 FATF plenary on jurisdictions with strategic AML/CFT deficiencies. The circular updates the list of high-risk countries and reminds Luxembourg-regulated entities of their obligation to apply enhanced due diligence (EDD) or countermeasures depending on the risk profile of the identified jurisdictions.

Key points include:

- North Korea and Iran: subject to strict countermeasures, including branch closures, restricted business relationships, and reporting of suspicious transactions.
- Myanmar: requires enhanced due diligence, with potential countermeasures if insufficient progress is made.
- FATF “grey list”: Algeria, Angola, Nigeria, Vietnam, Bolivia, and the British Virgin Islands, requiring heightened AML controls.

Luxembourg-regulated entities are expected to strengthen monitoring of transactions with these jurisdictions, enhance suspicious transaction reporting to the CRF, continuously update AML/CFT risk assessments, and adjust internal controls to ensure compliance with countermeasures and heightened monitoring obligations.

FATF Report on Terrorist Financing (TF)

On 8 July 2025, the FATF published a Comprehensive Update on Terrorist Financing Risks, highlighting the evolving nature of these risks and warning of significant gaps in the global understanding of the threats.

The report outlines the various factors influencing FT risks, as the methods used to raise, move, and manage funds and other assets for terrorist purposes. It also includes a section on how TF risks have evolved in recent years and the anticipated future trends.

Finally, with the aim of strengthening the global response to terrorist financing, the report presents key recommendations. These include improving the understanding of TF threats, enhancing international cooperation, and developing targeted public-private partnerships.

CSSF publishes Law of 3 July 2025

On 8 July 2025, the CSSF published the Law of 3 July 2025, updating Luxembourg's financial legislation to implement the latest EU Capital Markets Union (CMU) reforms. It amends the financial sector law (1993), the Transparency Law (2008), and the MiFID II transposition law (2018) to enhance market access, transparency, and consolidated data infrastructure.

Key changes:

- MiFID II amendments (Directive EU 2024/790): Expanded powers for trading halts, oversight of commodity derivatives, and streamlined definitions/reporting.
- MiFIR review (Regulation EU 2024/791): Enhanced pre- and post-trade transparency, introduction of consolidated tapes (starting with bonds), and prohibition of payment for order flow (PFOF).
- ESAP (Directive EU 2023/2864): Creation of the European Single Access Point for issuer data, phased from 2027.
- Listing Act (Directive EU 2024/2811): Simplified listing and disclosure obligations, especially for SMEs.

Next steps:

- By October 2025: Implement MiFID II trading halt and reporting adjustments.
- From 2025: Update best execution policies, prohibit PFOF, and upgrade systems for new transparency requirements.
- From 2027–2030: Comply with phased ESAP reporting obligations.

High-Level Roadmap for T+1 Securities Settlement in the EU

The EU is preparing to shift to a T+1 settlement cycle by October 2027, aiming to align with global markets and enhance resilience, efficiency, and competitiveness. A High-Level Roadmap published on 30 June 2025 by the EU T+1 Industry Committee (ESMA, EC, ECB, and market participants) sets out key actions, milestones, and dependencies for the transition. A public consultation is open until 31 August 2025 to gather market input. The move will require major operational, technological, legal, and behavioral changes across the settlement chain, and the CSSF encourages Luxembourg stakeholders to assess challenges, risks, and opportunities, especially regarding cross-border settlement, asset servicing, and liquidity.

CSSF : Reminder regarding ICT incident notification requirements

The CSSF reminds supervised entities of their obligation to report any ICT-related incident in line with Circulars CSSF 25/893 and 24/847. Entities must clearly identify which incidents require mandatory notification, comply with the applicable thresholds and deadlines, and follow the designated reporting procedures. The CSSF stresses that public disclosure of an incident, including media coverage, does not exempt entities from their reporting obligations.

CSSF publishes Annual Activity Report 2024

On 28 August 2025, the CSSF published its 2024 Annual Activity Report, highlighting Luxembourg's role in capital markets, blockchain, sustainable finance, and mobilizing private capital amid global geopolitical fragmentation.

Key areas covered include:

- Banking & Macroprudential Supervision: Real estate and credit risks, ICT resilience; banks participated in the 2024 ECB stress test.
- Investment Funds & Markets: Luxembourg remains Europe's largest fund centre (€5T+ AUM); Circular 24/856 addresses NAV errors and investor protection.
- Sustainable Finance: SFDR supervision, climate risk governance, ESG fund naming inspections, and greenwashing prevention.
- Digital Finance & Innovation: 52 projects handled by the Innovation Hub; AI adoption surveyed; contributions to MiCAR and RTS/ITS development.
- AML/CFT & Financial Crime: On-site inspections intensified, recurring deficiencies noted, preparation for EU AML Authority.
- Pensions & Securitisation: Authorisation of new pension schemes and funds; supervision of securitisation undertakings.
- Consumer & Investor Protection: Complaint handling, dispute resolution, deposit/investor protection, financial education, and fee comparison tools.
- Operational Highlights: Workforce grew to 983; CSSF 5.0 strategy advanced digitalisation, eDesk redesign, and internal ESG initiatives.

The report positions CSSF as a multi-sector supervisor, EU regulatory contributor, and promoter of sustainability, digital transformation, and user-centric supervision. Future focus includes climate risk integration, AML/CFT enforcement, MiCAR implementation, investor protection, and digital finance innovation.

The law ensures Luxembourg aligns fully with EU CMU reforms, requiring banks, investment firms, market operators, and issuers to update trading, reporting, and disclosure practices.

For UCITS, Part II UCIs, SICARs and SIFs

CSSF publishes dedicated Data Entry Form for Investment Firm information updates

On 8 August 2025, the CSSF introduced a dedicated Excel-based Data Entry Form to streamline updates for Luxembourg investment firms. All changes requiring prior authorisation or notification must now be submitted using this form; submissions via other means will be invalid.

Key updates requiring the form include:

- General entity information (company name, address, articles of incorporation, contact persons, AGM date)
- Services and activities provided
- Management bodies (Board of Directors, authorised management)
- Shareholders (qualifying and non-qualifying holdings)
- Key function holders
- Approved statutory auditor
- Representative offices
- Use of tied agents

Firms must complete the relevant sheet in the Excel file, attach supporting PDFs as needed, and submit via their MFT folder, ensuring all documents are uploaded correctly.

The Excel file must be placed in the main folder, while supporting PDF documents must be uploaded in a separate subfolder.

Any submission not using the dedicated form will be considered invalid and will not be processed.

This measure enhances efficiency and ensures proper handling of investment firm updates.

For RAIF

CSSF publishes information requirements for Luxembourg AIFMs managing non-regulated AIFs

On 18 July 2025, the CSSF published a new reporting form under Circular CSSF 25/894 for Luxembourg AIFMs managing non-regulated AIFs without compartments. The initiative aims to enhance transparency and supervisory oversight of these funds, which fall outside the CSSF's direct authorisation regime.

Key points:

- AIFMs must provide a standardised dataset covering fund identification, regulatory details, legal form, financial year-end, investment strategy, service providers, and feeder structures.
- Updates are required within 10 working days if service provider designations change after initial submission.
- Supporting documents, including the AIF's articles of incorporation, prospectus, annual report, and registration forms, must also be submitted via the CSSF eDesk portal.
- The measure ensures consistent monitoring of delegation chains, service providers, and investment strategies, strengthening regulatory oversight and aligning transparency standards for both authorised and non-authorised AIFs.

AML/CFT Compliance – AED Circular N°792 ter on client identification

On 28 July 2025, Luxembourg's Administration de l'enregistrement, des domaines et de la TVA – "AED" issued a new Circular N°792 ter concerning the obligation to identify and verify the identity of clients who are natural persons.

This Circular replaces Circulars N°792 of 25 January 2019 and N°792 bis of 30 October 2020, and it applies to professionals subject to the AED's AML/CFT supervision.

The updated text provides clarification on the requirements regarding the methods of identification to be used. It emphasizes that the identification mechanisms and due diligence measures adopted must be tailored and justified based on the prior risk assessment conducted by the professionals concerned.

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