PURE CAPITAL
INDEPENDENT ASSET MANAGEMENT

LEGAL UPDATE

SECOND QUARTER 2026

PURE CAPITAL
INDEPENDENT ASSET MANAGEMENT

For ALL TYPES OF FUNDS

CSSF launches the "LMT Activation" module on eDesk

The CSSF has announced the launch of the "LMT Activation" module on eDesk as part of the new requirements relating to liquidity management tools (LMTs) introduced by the law of 3 March 2026 transposing the amendments to the UCITS and AIFM Directives.

Since 16 April 2026, Luxembourg UCITS (or their management companies) and Luxembourg AIFMs managing open-ended funds must notify the CSSF, through this new module, of the activation or deactivation of certain LMTs, including:

(i) suspensions of subscriptions, redemptions and repayments;
(ii) other LMTs activated outside the normal circumstances provided for in the fund documentation;
(iii) the creation of side pockets, which must be notified in advance within a reasonable timeframe.

This new module complements the "LMT Selection" module, available since 23 March 2026, which enables the relevant entities to declare the LMTs they have selected, as well as the applicable policies and procedures.

The CSSF specifies that the information submitted through eDesk will be used, in particular, for regulatory notifications to the relevant competent authorities, European Securities and Markets Authority and, where applicable, the European Systemic Risk Board. Certain funds that do not fall within the scope of the AIFM regime remain subject to notification requirements in the event of the activation or deactivation of a suspension of subscriptions, redemptions and repayments or the creation of side pockets.

Register of Beneficial Owners : Authorities Step Up Compliance Checks

The Public Prosecutors' Offices of Luxembourg and Diekirch have announced the launch of a nationwide campaign of systematic inspections to verify compliance with obligations relating to the Register of Beneficial Owners (RBE).

These inspections will be carried out across Luxembourg by the Grand Ducal Police in cooperation with the judicial authorities. All concerned entities are encouraged to promptly verify that the information recorded in the RBE is complete, accurate, and up-to-date.

Failure to comply with the applicable legal obligations may result in criminal sanctions, including fines ranging from EUR 1,250 to EUR 1,250,000. In addition, companies that cannot be located at their registered office or declared address may also face dissolution or compulsory judicial liquidation proceedings.

CSSF Guidelines on Cross-Border Management Procedures for Luxembourg IFMs

The CSSF published guidance clarifying the existing notification and de-notification procedures applicable to Luxembourg UCITS management companies and authorized AIFMs conducting cross-border activities under the European passport regime.

The guidelines introduce the use of the CSSF eDesk platform for submitting and monitoring filings, and aim to streamline the notification process while ensuring complete and accurate submissions.

CSSF publishes a communication announcing the launch of the Luxembourg AML/CFT official portal

On 7 May 2026, the CSSF launched Luxembourg's national AML/CFT portal, a centralized hub providing legislation, guidance, and practical resources for professionals, competent authorities, NGOs, and the general public. Designed to strengthen awareness and facilitate access to AML/CFT information, the portal is expected to become the primary national reference point for anti-money laundering and counter-terrorist financing matters.

CSSF updates list of high-risk jurisdictions (Circular CSSF 22/822)

The CSSF has updated the Annex to Circular 22/822 to reflect the latest FATF lists of high-risk and monitored jurisdictions. The update adds Bosnia & Herzegovina and Iraq to the increased monitoring list, while Algeria and Namibia have been removed.

Law of 5 May 2026 regarding CRD VI and EMIR 3 implementation

On 5 May 2026, Luxembourg adopted a law implementing the so-called 6th Capital Requirements Directive ("CRD VI") and the 2nd European Market Infrastructure Regulation ("EMIR 3") package, aligning its prudential framework with EU requirements. The reform strengthens governance and fit-and-proper requirements, enhances supervisory oversight, introduces a new regime for third-country branches and requires institutions to integrate ESG risks into their governance and risk management frameworks. The law entered into force on 10 May 2026, with key third-country branch provisions applying from January 2027.

Luxembourg implements EU Listing Act Reforms

On 15 May 2026, Luxembourg published draft law No. 8752 implementing Regulations (EU) 2024/2809 and (EU) 2025/914. The proposed changes to the prospectus, market abuse and benchmark regimes aim to simplify capital market access, reduce regulatory burdens and enhance the CSSF's supervisory and enforcement powers. Additionally, the draft clarifies the segregation rules for crypto-assets held by Crypto Asset Service Provider in insolvency scenarios.

ESMA Final Report

On 4 May 2026, ESMA published its final report on the integrated collection of funds' data, proposing a harmonised EU-wide supervisory reporting framework for investment funds. The proposal introduces a single, modular reporting template based on a "report once, use many times" approach, whereby data would be collected by national competent authorities and shared through a central EU hub. ESMA envisages a phased implementation with the new AIFMD and UCITS reporting framework expected to become operational no earlier than 2029, followed by the gradual integration of Money Market Fund Reporting and statistical reporting.

Luxembourg operationalizes DAC8 reporting for Crypto-Asset Service Providers (CASPs)

On 20 May 2026, Luxembourg published a Grand-Ducal Regulation setting out the practical arrangements for the registration of CASPs with the Luxembourg direct tax authorities (ACD) and for the submission of DAC8-related reporting obligations.

The regulation complements the Law of 27 March 2026 implementing the 8th amendment to the EU Directive on administrative cooperation in the field of taxation ("DAC8") framework and establishes a fully digital compliance process. CASPs must register electronically through the dedicated government platform, while DAC8 reports and related notifications must be submitted via the same platform in accordance with procedures defined by the ACD.

Importantly, the Regulation does not introduce any new reporting obligations. Instead, it provides the operational framework enabling CASPs to comply with the registration and reporting requirements already established under Luxembourg's DAC legislation. It therefore completes the practical implementation of the DAC regime by specifying the administrative procedures for compliance.

Although published in May 2026, the Regulation applies retroactively from 1 January 2026, aligning with the entry into force of Luxembourg's DAC8 rules and ensuring consistency with the EU implementation timeline.

CSSF Circular 26/914: AMLA prepares for the direct supervision of financial institutions

On 25 June 2026, the CSSF published Circular CSSF 26/914, launching a data collection exercise aimed at identifying entities that may fall within the scope of the European Anti-Money Laundering Authority's (AMLA) direct supervision.

The exercise targeted credit institutions, investment firms, investment fund managers, payment institutions, electronic money institutions and CASPs, as well as certain designated entities belonging to international groups.

The entities concerned were required to complete AMLA's questionnaire and submit it to the CSSF via eDesk by 22 July 2026. The submission had to be made by the “Person Responsible for AML/CFT Compliance” (*Responsable du Contrôle – RC*) or the Compliance Officer (*Responsable du Respect – RR*), who remains responsible for the completeness and accuracy of the information provided.

This data collection exercise represents an important step in the implementation of Regulation (EU) 2024/1620 establishing the AMLA. The information collected will support the AMLA in identifying, from 2027 onwards, the financial institutions that will fall under its direct supervision and, where applicable, become subject to AMLA supervisory fees.

For UCITS, Part II UCIs, SICARs and SIFs

CSSF publishes Circular 26/912 repealing Circular IML 91/75 on undertakings for collective investment (UCIs)

On 22 May 2026, the CSSF repealed Circular IML 91/75, as its provisions had become obsolete due to significant regulatory developments. The repeal reflects the modernisation and consolidation of Luxembourg's investment fund framework, without introducing new obligations.

IOSCO publishes final recommendations on valuing collective investment schemes

IOSCO has published a final report updating and consolidating its previous valuation principles for Collective Investment Schemes (CIS) and hedge funds into a single framework. The report introduces 13 recommendations aimed at strengthening the reliability, consistency and transparency of fund valuation practices. The recommendations cover valuation governance, fair value methodologies, conflicts of interest, oversight of third-party valuation providers, investor disclosure and the remediation of pricing errors. They also reflect the growing importance of private and other less liquid assets in investment funds and seek to promote a more harmonised and globally consistent framework for fund valuation.

CSSF publishes feedback on valuation framework for less liquid and illiquid assets

The CSSF has published a feedback report on valuation frameworks for less liquid and illiquid assets, providing observations and recommendations to support the implementation of robust valuation policies, governance and controls, and to further harmonise valuation practices across the asset management sector. All IFMs are expected to benchmark their valuation frameworks against the CSSF's observations and implement corrective measures where necessary. Valuation risk remains a key supervisory priority for the CSSF in 2026.

CSSF publishes Circular 26/911 implementing updated ESMA Money Market Fund Regulation stress test guidelines

On 19 May 2026, the CSSF issued Circular 26/911 implementing ESMA's updated 2025 stress test guidelines for Money Market Funds, replacing Circular 25/877. The update recalibrates stress parameters to reflect current market risks (e.g. geopolitical uncertainty, market volatility, liquidity stress). The new requirements apply to Money Market Fund reporting from 30 June 2026 onwards.

For AIFs

ESMA: Continued vigilance on AIF leverage and liquidity

In its annual assessment, ESMA notes that the use of leverage remains concentrated within a limited segment of the AIF sector. However, certain market participants, particularly hedge funds, real estate funds, and liability-driven investment funds, continue to display high levels of exposure.

The authority also highlights ongoing mismatches between the liquidity of underlying assets and the redemption terms offered to investors in certain open-ended AIFs. To address this, ESMA stresses the crucial importance of LMTs in enhancing sector resilience.

Finally, ESMA announced heightened monitoring for highly leveraged strategies, the real estate sector, and segments presenting significant interconnection risks.

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