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WELCOME

This edition of the ManCo Newsletter explores key developments shaping our industry—from enhanced CSSF guidance on asset due diligence to EIOPA's new benchmarks on value for money.

We examine AI integration across Luxembourg's financial sector, highlight the upcoming European Accessibility Act, and share insights from our CRM team.

At Pure Capital S.A., we remain focused on adapting with integrity, embracing innovation, and delivering long-term value to our clients and partners.



REGULATORY NEWS

ALCO & CSSF CLARIFY ASSET DUE DILIGENCE

Update from Pure Capital S.A.

The Association of Luxembourg Compliance Officers (ALCO) has shared important updates following the CSSF's new FAQs on asset due diligence, aligning with ALFI's May 2021 guidelines. These changes introduce a more flexible, risk-based approach to due diligence under the AML Law of 2004 and CSSF Regulation 12-02.

Key Takeaways for Fund Managers:

Risk-Based Flexibility

Fund managers are no longer bound by a rigid, one-size-fits-all model. Instead, due diligence should now be proportionate to the risk profile of each asset. High-risk assets (e.g. linked to PEPs or high-risk jurisdictions) still require enhanced checks. For lower-risk assets, a simplified approach is acceptable, provided it is well documented.

Smarter Ongoing Monitoring

Ongoing due diligence does not mean fixed periodic reviews for all asset classes. Managers have greater discretion to set the frequency of reviews based on evolving risk. This supports the use of automated monitoring tools and digital risk assessments.

Leverage Internal Assessments

Institutions can now rely on existing internal risk assessments, rather than drafting standalone due diligence reports for every asset. This reduces administrative burden, especially for lower-risk portfolios.

Digital & RegTech Solutions Encouraged

The CSSF encourages the use of technology to improve efficiency, maintain records, and monitor risk in real-time, a positive step toward a more practical and modern AML framework. By embracing a proportionate and risk-based approach, fund managers can focus resources where they matter most—on genuinely high-risk areas—while streamlining processes for lower-risk investments.

Pure Capital remains committed to helping you navigate regulatory change with confidence. Should you have any questions or require support adapting your due diligence processes, **our team is here to assist.**

Find out more: [CSSF introduces new flexibility on asset due diligence](#)

VALUE FOR MONEY BENCHMARK: A NEW SUPERVISORY ERA

On the 7th of October 2024 EIOPA introduced a new framework to assess Value for Money (VfM) in insurance-based investment products (IBIPs), targeting unit-linked and hybrid contracts. With increasing regulatory focus on transparency and consumer protection, the aim is to ensure products deliver fair value—not just in returns, but also in cost, guarantees, and service quality. Pure Capital supports this shift as a positive step for the industry.

What Is VfM? VfM balances what consumers pay versus what they receive. EIOPA asks: Are costs justified? Are benefits aligned with the target market? Do products perform well compared to peers?

The Benchmarking Methodology of EIOPA's approach includes

Product Clustering:

Over 200 clusters based on features such as product type, holding period, biometric coverage, and asset class.

Indicators:

Benchmarks are set across seven metrics, including entry costs, total costs, reduction in yield, surrender value, internal rate of return (IRR), insurance benefit ratio, and break-even return.

Thresholds:

Benchmarks are based on quartiles—75th percentile for costs, 25th for benefits—with “caution zones” prompting further supervisory review.

Qualitative Factors: Products offering added value—such as ESG strategies, guarantees, or digital tools—may justify higher costs if clearly documented.

Implications: Manufacturers must justify pricing, enhance transparency, and align products with clear benefits. Supervisors will focus on outliers and long-term underperformers.

Pure Capital's Approach: We see this as an opportunity to lead with integrity. Our strategy includes aligning governance with VfM expectations, benchmarking our products, and supporting partners through clear communication.

VfM is no longer optional. It defines product value, pricing, and regulatory trust—and Pure Capital is ready.

Find out more: [EIOPA presents its value for money benchmark methodology for unit-linked and hybrid insurance products](#)





CSSF ENHANCES DIRECT COMMUNICATION WITH FUND BOARD MEMBERS

On May 20, 2025, the Commission de Surveillance du Secteur Financier (CSSF) announced an important update regarding its communication procedures with Luxembourg investment fund boards. This initiative applies to a wide range of vehicles, including UCITS, Part II UCIs, SIFs, SICARs, and ELTIFs.

The CSSF will now send official communications—such as thematic surveys, data collection requests, regulatory queries, and invitations to supervisory meetings—exclusively to individuals listed as “Board Members” in the eDesk portal. This move builds on Circular CSSF 19/721, which advocates for paperless, structured, and secure exchanges with supervised entities. The goal is to ensure that vital information is received and handled directly by those legally responsible for the governance and oversight of the fund.

In the specific context of anti-money laundering and combating the financing of terrorism (AML/CFT), the CSSF also reserves the right to contact board members in parallel with the designated RC (Responsible for Control) and RR (Responsible for Compliance). This underlines the increasing expectations placed on directors to remain informed, accountable, and responsive to supervisory authorities.

The CSSF has also reminded fund entities to keep their eDesk user data up to date, especially concerning board members' contact details. Failure to do so could lead to miscommunication or non-compliance with regulatory obligations.

Although fund managers are not the direct recipients of these communications, the change signals a tightening of governance standards across the Luxembourg fund landscape. Fund managers will need to ensure that board members are not only well-informed but also supported with timely access to relevant data and operational insights, facilitating accurate and responsible responses to the CSSF.

At Pure Capital, we fully support the CSSF's drive toward enhanced board engagement. Direct communication fosters transparency, reinforces accountability, and aligns with our commitment to good governance. We actively collaborate with our board members to ensure they are equipped with the knowledge and resources needed to fulfill their roles effectively in a fast-evolving regulatory environment.

Find out more: [Interaction between the UCI Departments and the UCITS, Part II UCIs, SIFs, SICARs and ELTIFs Directors](#)



AI & COMPLIANCE MONITOR

NAVIGATING AI INTEGRATION IN LUXEMBOURG'S FINANCIAL SECTOR

The recent thematic review by the Commission de Surveillance du Secteur Financier (CSSF) and the Banque centrale du Luxembourg (BCL) provides a comprehensive overview of artificial intelligence (AI) adoption within Luxembourg's financial industry. Based on responses from 461 financial institutions, the review reveals cautious but growing engagement with AI, particularly in machine learning (ML) and generative AI (GenAI) applications.

Strategic Investment Trends

In 2024, 46% of AI investments occurred at the group level, while only 4% were made solely at the local level—indicating a centralized approach to innovation. However, 23% of respondents expect increased AI investment at the local level by 2025–2026. Still, 36% reported no investments in AI or distributed ledger technologies (DLT) this year, underscoring a conservative stance across parts of the sector.

Expected Benefits and Challenges

While 44% foresee no immediate cost or efficiency gains from AI adoption, those already investing are more optimistic. This divide highlights the importance of strategic implementation. Key challenges remain, notably in data governance, model explainability, and regulatory compliance—particularly with GenAI systems.

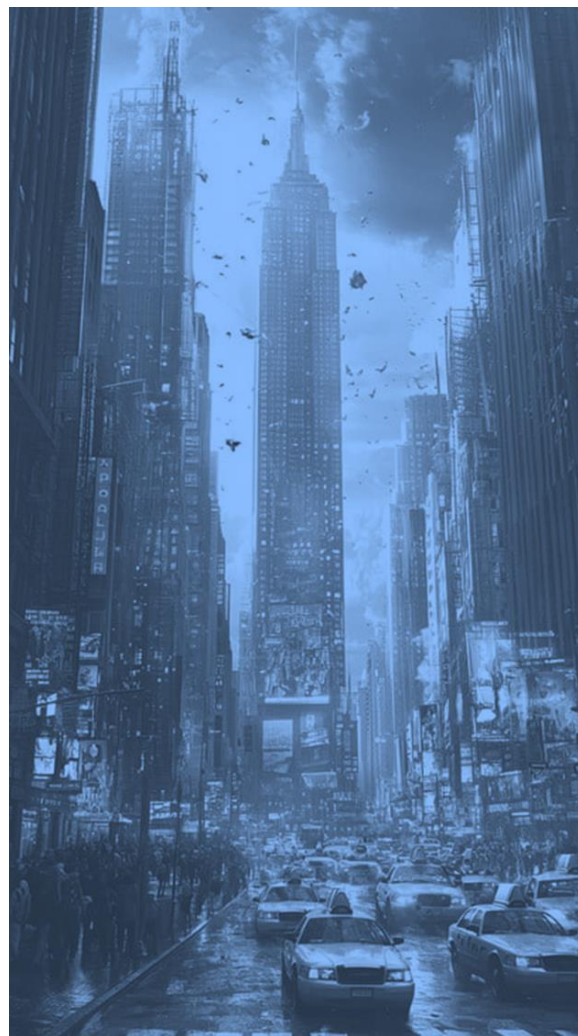
Implications for Asset Managers

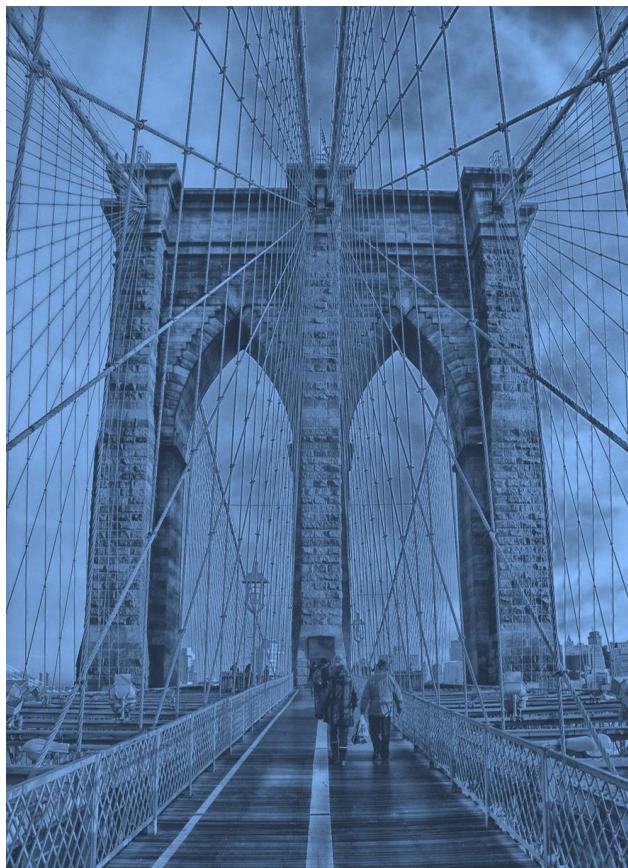
AI offers promising use cases in portfolio management, risk analysis, and client engagement. Yet, success hinges on strong digital strategies and clear governance frameworks. The upcoming EU AI Act will introduce a risk-based approach, demanding heightened oversight for high-risk AI systems.

Conclusion

The CSSF's review illustrates a sector navigating between innovation and regulation. At Pure Capital, we advocate for the responsible adoption of AI—one that not only meets compliance, transparency, and ethical standards, but also enhances human value. Our focus is on empowering professionals by making their work more efficient, freeing up time for higher-impact, human-centric tasks where judgment, creativity, and experience truly matter.

Find out more: [Thematic review on the use of Artificial Intelligence](#)





DIGITAL RESPONSIBILITY

PREPARING FOR THE EUROPEAN ACCESSIBILITY ACT: A NEW STANDARD FOR INCLUSION

On 28 June 2025, the European Accessibility Act (EAA) comes into force, marking a transformative milestone for digital inclusion across the EU. At Pure Capital, we welcome this initiative as a necessary step toward ensuring that all individuals—regardless of ability—can access financial products, services, and information equitably and independently.

The EAA mandates that a wide range of digital services and products—including websites, mobile applications, PDFs, and customer service platforms—must meet harmonised accessibility standards. For the financial sector, this means rethinking how we communicate with clients, deliver reports, and structure our digital experiences across all channels.

While the directive primarily affects products placed on the market from 28 June 2025 onward, it sets a clear expectation for the entire financial industry: accessibility is no longer optional. From fund documentation to client portals, content must be perceivable, operable, understandable, and robust—principles outlined by the Web Content Accessibility Guidelines (WCAG) and reflected in technical standards such as PDF/UA.

At Pure Capital, we are actively adapting our communications, digital tools, and investor documents to align with these requirements. This involves reviewing our templates and updating our systems. We see this not as a burden, but as an opportunity to enhance transparency, reach a wider audience, and lead by example in responsible asset management.

The transition to full compliance will require time, tools, and training. But the benefits—both ethical and operational—are significant. We believe accessibility improves clarity for everyone and builds stronger, more inclusive relationships with our stakeholders, including institutional investors, partners, and clients.

We encourage our partners and peers to embrace this evolution. Together, we can make European finance more accessible, inclusive, and forward-thinking.

Find out more: [European accessibility Act](#)

EXPERT TESTIMONY

ROLLING OUT CRM: LESSONS FROM THE FRONT LINES

At Pure Capital, the Client Relationship Management (CRM) department plays a central role in delivering high-quality service and ensuring long-term client satisfaction. Our mission is twofold: to provide a seamless onboarding experience through effective implementation and project management, and to maintain operational excellence through proactive day-to-day support.

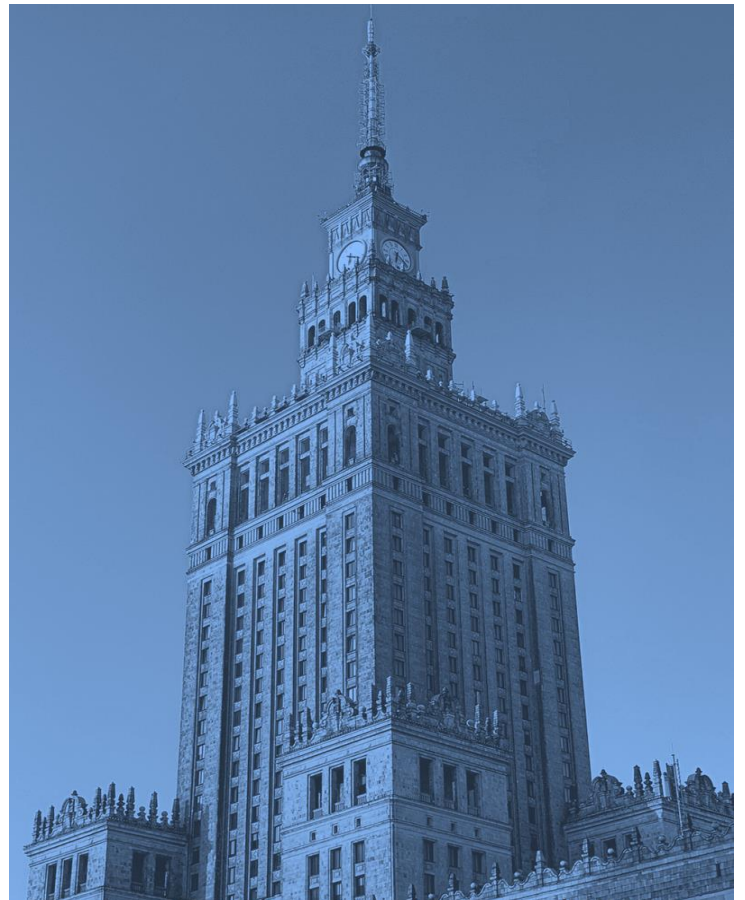
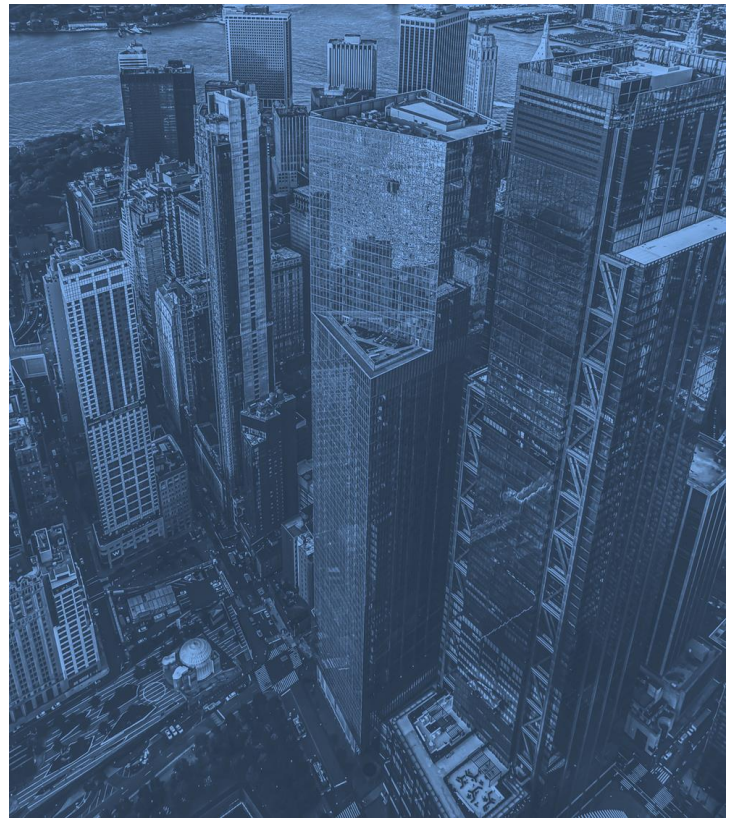
Implementation and Project Management

Our team is dedicated to making the client onboarding process as smooth and efficient as possible. From the moment a contract is signed, we take full ownership of the implementation journey. This includes setting clear timelines, configuring tailored solutions, and ensuring alignment with client objectives. We believe that strong communication and collaboration are key to building trust and setting the tone for a successful partnership. By working closely with clients from the beginning, we create a solid foundation for long-term cooperation and success.

Day-to-Day Operations

Once an onboarding is going live, our work continues. The CRM team remains the main point of contact, ensuring that day-to-day operations run smoothly and that the level of service meets—and exceeds—expectations. We proactively monitor performance, conduct regular service reviews, and identify opportunities for improvement. When issues arise, we coordinate with internal teams to resolve them quickly and effectively. Our team acts as a trusted advisor, always available to provide insight, support, and solutions that drive added value.

With a commitment to transparency, accountability, and continuous improvement, the CRM department bridges the gap between clients and Pure Capital's internal teams. Our focus is on maintaining strong, collaborative relationships that evolve with the client's needs over time. By combining expert project management with dedicated operational support, we help ensure long-term, successful partnerships with every client we serve.



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