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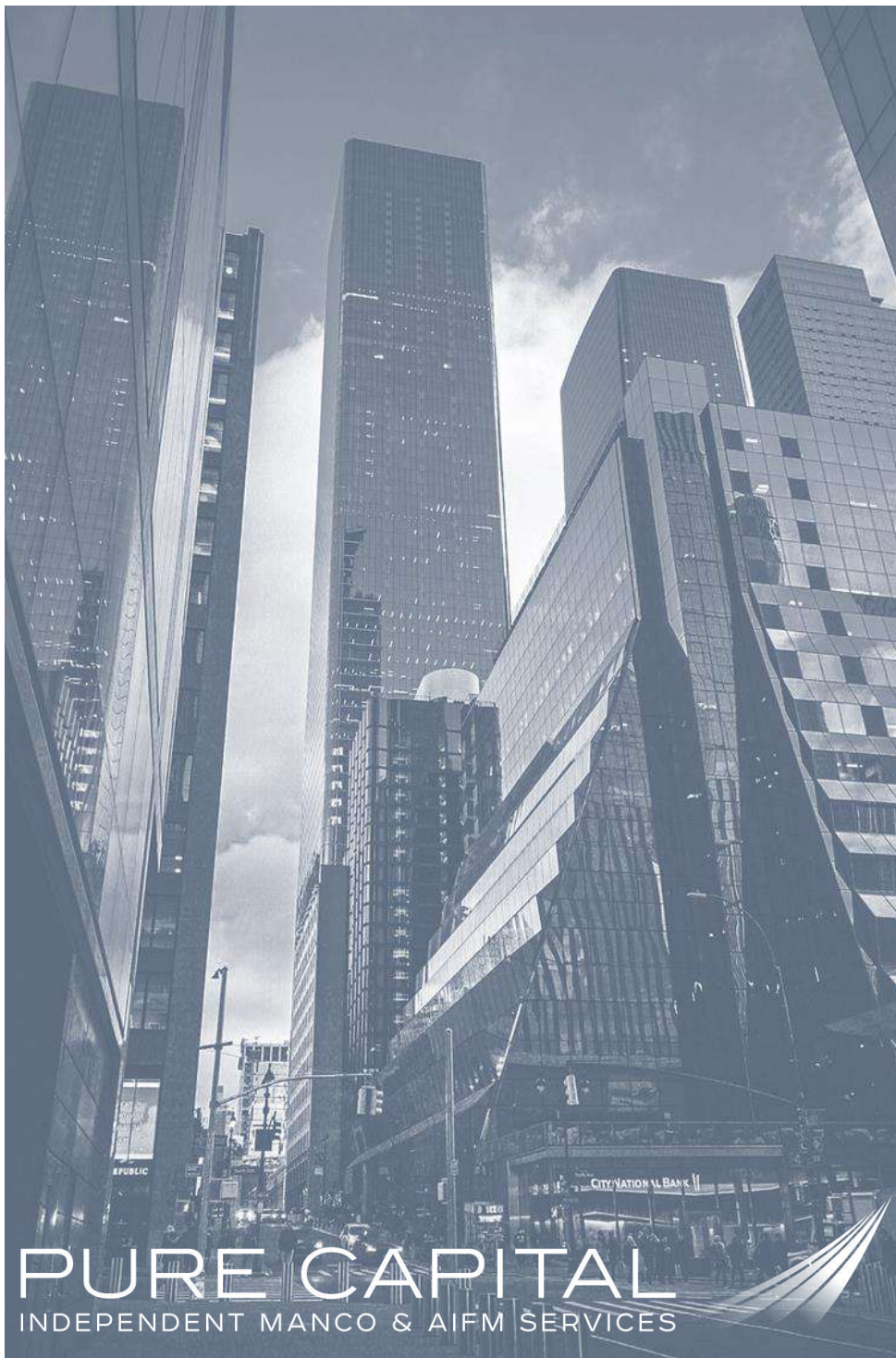
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WELCOME

This edition of the ManCo Newsletter highlights regulatory and compliance developments shaping Luxembourg's financial sector. We review ESMA's guidance on liquidity risk management and prospectus streamlining, outline best practices for AML Risk Appetite Statements, and share key insights from the September CSSF newsletter. We also cover EIOPA's opinion on AI governance and provide an update on Luxembourg's implementation of AIFMD 2 and UCITS 6, including changes to delegation, liquidity, depositary duties, reporting, and loan-origination activities.

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 DEVELOPMENTS

REINFORCING LIQUIDITY RISK MANAGEMENT: ESMA'S FINAL GUIDANCE ON LMTs

Update from Pure Capital S.A.

In a landmark move to enhance market resilience, the European Securities and Markets Authority (ESMA) has published its final guidelines on Liquidity Management Tools (LMTs) for UCITS and open-ended Alternative Investment Funds (AIFs). These guidelines—part of the broader revisions to the AIFMD and UCITS directives—aim to harmonise the selection and use of LMTs, ensuring that asset managers are well-equipped to manage liquidity risk under both normal and stressed conditions.

The new framework emphasises that liquidity risk management remains a core responsibility of fund managers. While ESMA outlines minimum expectations—recommending at least one quantitative-based LMT (e.g., redemption gates or notice period extensions) and one Anti-Dilution Tool (ADT) such as swing pricing or redemption fees—the guidance stops short of being overly prescriptive. Instead, it grants flexibility to tailor the approach to each fund's investment strategy, investor profile, and market environment.

Importantly, ESMA has taken into account feedback from the industry consultation, removing proposed governance and disclosure requirements that would have duplicated existing legal obligations or introduced disproportionate operational burdens. This demonstrates a pragmatic balance between investor protection and the operational realities faced by fund managers.

At Pure Capital, we welcome this regulatory clarity. LMTs are critical tools in navigating liquidity mismatches and maintaining stability, particularly in times of market stress. However, their effectiveness depends not just on regulation, but on thoughtful implementation and ongoing calibration. We are fully aligned with ESMA's emphasis on proportionality, transparency, and flexibility.

As the guidelines come into effect, we remain committed to adopting best practices that reinforce investor trust and safeguard fund resilience. Liquidity is not just a metric—it's a pillar of responsible fund management.

Find out more: [ESMA publishes implementing rules on Liquidity Management Tools for funds](#)

ESMA's RECOMMENDATIONS TO STREAMLINE PROSPECTUSES: A STEP TOWARDS EFFICIENT CAPITAL MARKETS

The European Securities and Markets Authority (ESMA) has recently published its final reports on the Prospectus Regulation and civil prospectus liability, providing crucial advice and recommendations aimed at streamlining prospectuses. These reports are designed to facilitate capital market activity by reducing regulatory burdens and enhancing the efficiency of the prospectus approval process.

ESMA's technical advice on the Prospectus Regulation includes recommendations on the content and format of prospectuses, proposed disclosure annexes for non-equity securities with ESG features, and advice on the scrutiny and approval procedures for prospectuses. Additionally, ESMA has proposed updates to data reporting requirements in line with changes introduced by the Listing Act.

The advice on civil prospectus liability presents feedback from stakeholders who largely consider the current regime well-balanced and argue against the need for reform at this stage. ESMA's recommendations aim to ensure that the prospectus liability framework remains robust while avoiding unnecessary changes.

Implications for Fund Managers

For fund managers, ESMA's recommendations bring several implications. The streamlined prospectus process is expected to reduce the time and effort required to prepare and submit prospectuses, allowing fund managers to focus more on their core activities of managing investments and generating returns for their clients. The proposed disclosure annexes for non-equity securities with ESG features will also enable fund managers to better align their offerings with the growing demand for sustainable and responsible investment options.

Furthermore, the updates to data reporting requirements will enhance transparency and improve the quality of information available to investors, thereby fostering greater trust and confidence in the capital markets. Fund managers will need to stay aware of these changes and adapt their practices accordingly to ensure compliance and maintain their competitive edge.

At Pure Capital, we remain committed to helping our clients navigate evolving regulatory requirements with clarity, integrity, and a strong focus on long-term value.

Find out more: [ESMA provides advice and recommendations to streamline prospectuses](#)





HOW TO CRAFT AN EFFECTIVE AML RISK APPETITE STATEMENT FOR LUXEMBOURG REGULATED ENTITIES

In the evolving landscape of financial regulations, Luxembourg stands as a leader in stringent Anti-Money Laundering (AML) measures. For regulated entities, developing an AML Risk Appetite Statement is not only a regulatory expectation but also a strategic necessity that directly impacts governance, business conduct, and reputation.

Drawing on industry guidance, including that of ALCO (Association of Luxembourg Compliance Officers) and other professional bodies, the AML Risk Appetite Statement defines the level of risk an organization is prepared to accept. It serves as a compass for decision-making, ensuring that compliance obligations are met without undermining operational objectives.

Key Components of an AML Risk Appetite Statement

Risk Tolerance Levels: Set thresholds for acceptable risk, covering transaction types, customer profiles, and geographical exposure.

Governance and Oversight: Establish structures with clear oversight responsibilities to ensure the statement is applied, regularly reviewed, and adapted to changes in the risk landscape.

Risk Assessment and Mitigation: Conduct ongoing risk assessments to identify AML vulnerabilities and introduce proportionate mitigation measures.

Training and Awareness: Build a culture of compliance by providing continuous training so employees understand their role in upholding the risk framework.

Monitoring and Reporting: Implement systems that allow timely detection, reporting, and correction of deviations from the defined appetite.

An effective AML Risk Appetite Statement is central to operational integrity. With ALCO and other professional associations setting reference points for best practice, regulated entities in Luxembourg can design frameworks that balance compliance with business realities. At Pure Capital, this means embedding these industry standards into our internal governance and compliance processes, ensuring we not only meet regulatory expectations but also maintain the trust of clients and counterparties over the long term.

Find out more: [How to Craft an Effective AML Risk Appetite Statement for Luxembourg Regulated Entities](#)

CSSF NEWS

HIGHLIGHTS FROM CSSF NEWSLETTER SEPTEMBER

The CSSF Newsletter for September 2025 includes several important updates and articles relevant to fund managers:

Regulatory Updates:

EBA: Published the results of the latest stress tests, providing insights into the resilience of financial institutions under adverse economic conditions.

ESMA: Released guidelines for liquidity assessment, aimed at ensuring that investment funds maintain adequate liquidity to meet redemption requests.

SSM: Announced new supervisory priorities for the upcoming year, focusing on risk management and capital adequacy.

Macprudential Topics:

Financial Stability: Discussed measures to enhance the stability of the financial system, including monitoring systemic risks and implementing macroprudential policies.

Capital Buffers: Provided updates on the implementation of countercyclical capital buffers to protect the banking sector from periods of excessive credit growth.

Articles and Publications:

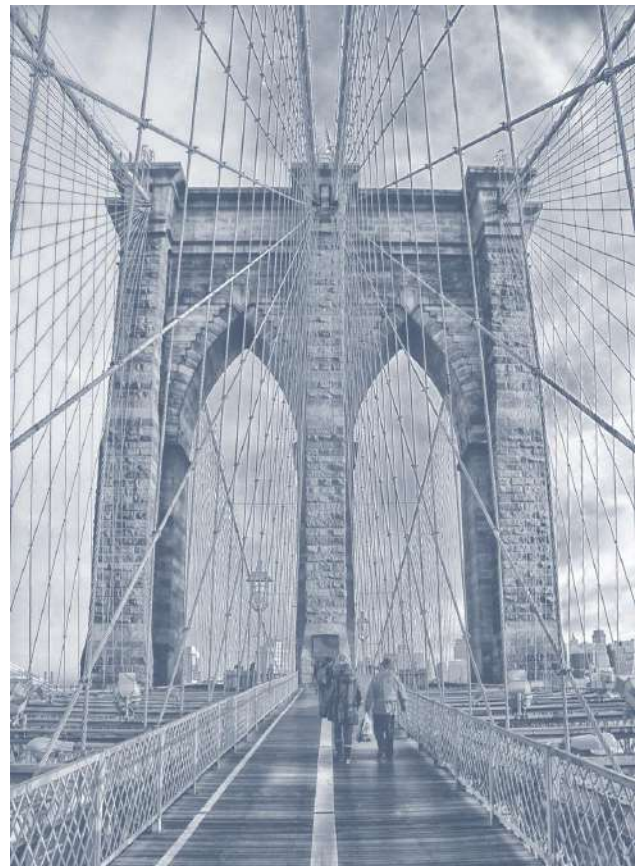
Impact of Regulatory Changes: An in-depth analysis of recent regulatory changes and their implications for various stakeholders in the financial sector.

Trends in Sustainable Finance: Explored the growing importance of environmental, social, and governance (ESG) criteria in investment decisions, highlighting key trends and developments.

Luxembourg Financial Sector Performance: A detailed report on the performance of the Luxembourg financial sector, offering insights into the current state of the market and future prospects.

At Pure Capital, we believe that staying informed is the key to successful financial management. We encourage our clients to review the full CSSF Newsletter September 2025 for a more detailed understanding of these updates. As always, our team is here to assist you with any questions or concerns you may have.

Find out more: [CSSF Newsletter September 2025](#)





AI OVERSIGHT

EIOPA's GROUNDBREAKING OPINION ON AI GOVERNANCE AND RISK MANAGEMENT

Pure Capital is pleased to share insights on the European Insurance and Occupational Pensions Authority (EIOPA)'s recently published Opinion on Artificial Intelligence Governance and Risk Management, dated 6 August 2025. This pivotal document is set to shape the future of AI in the insurance sector, providing much-needed clarity and guidance for national supervisors and industry stakeholders.

EIOPA's Opinion addresses the key principles and requirements in insurance-sector legislation for the use and supervision of AI systems. It follows a risk-based and proportionate approach, aiming to strike a balance between the benefits and risks associated with AI systems. This approach is crucial as AI continues to play an increasingly significant role in the digital transformation of the insurance sector, impacting areas such as pricing, underwriting, claims management, and fraud detection.

The Opinion builds on the foundations laid by the AI Act, which came into force in the European Union in the summer of 2024. The AI Act governs the use of AI systems across all sectors of the economy, with a particular focus on high-risk AI systems. In the insurance sector, AI systems used for risk assessment and pricing in life and health insurance are deemed high-risk and must comply with a comprehensive set of requirements.

Importantly, EIOPA's Opinion does not introduce new requirements but rather clarifies existing governance and risk management principles within the context of AI. This includes considerations for data governance, record-keeping, fairness, cybersecurity, explainability, and human oversight. By providing this clarity, EIOPA aims to promote greater supervisory convergence among National Competent Authorities (NCAs) and ensure the responsible use of AI systems in insurance.

As the insurance industry continues to evolve, Pure Capital remains committed to staying at the forefront of these developments, ensuring that our clients are well-informed and prepared to navigate the complexities of AI governance and risk management.

Find out more: [EIOPA publishes Opinion on AI governance and risk management](#)

FUTURE

AIFMD 2 & UCITS 6: Luxembourg reinforces its leadership

Luxembourg is continuing to fine-tune its position as a leading investment fund hub. The new bill of law No. 8628, introducing AIFMD 2 and UCITS 6, brings updated rules around delegation, liquidity, depositary responsibilities, reporting, and loan-origination activities. It's all about clarity, transparency, and keeping the market safe.

At Pure Capital, we pay close attention to changes like these because they affect the ecosystem our investors rely on. For us, it's less about rushing to implement and more about understanding the new landscape so we can continue to manage investments responsibly and thoughtfully.

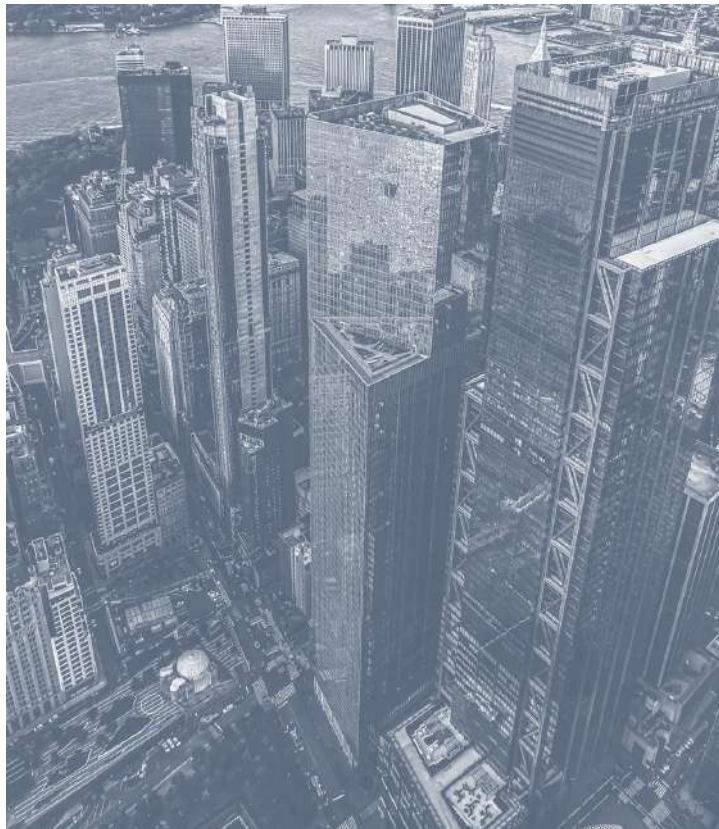
The bill introduces practical adjustments: extra liquidity-management tools give fund managers more flexibility in day-to-day operations, while restrictions on consumer loan origination help protect retail investors. Some simplifications, like in-kind subscription and redemption handling for UCITS, aim to reduce unnecessary friction and keep things efficient — which aligns with our focus on practical, investor-friendly solutions.

From our perspective, these rules are a reminder of the balance regulators are aiming for: encouraging well-structured, transparent funds without adding unnecessary complexity. For investors, it's reassuring to see Luxembourg taking careful steps to maintain a robust, trusted market.

Looking ahead, most provisions take effect in April 2026, with reporting obligations following in 2027. While these timelines give everyone some breathing room, we see them as an opportunity to reflect on best practices and continue putting our clients' interests first.

At Pure Capital, our goal is simple: navigate these changes in a way that's calm, clear, and always focused on the people who matter most — our investors.

Find out more: [AIFMD 2 and UCITS 6 – Luxembourg implementation bill of law](#)



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