MANCO

NEWSLETTER

INSIDE THIS FEATURE

WELCOME

This edition of the ManCo Newsletter explores key regulatory, supervisory, and market developments shaping Luxembourg's financial landscape. From AI and cyber risks to sustainability, DORA, tokenisation, and evolving fund regulation, the selected articles highlight the changes shaping the industry.

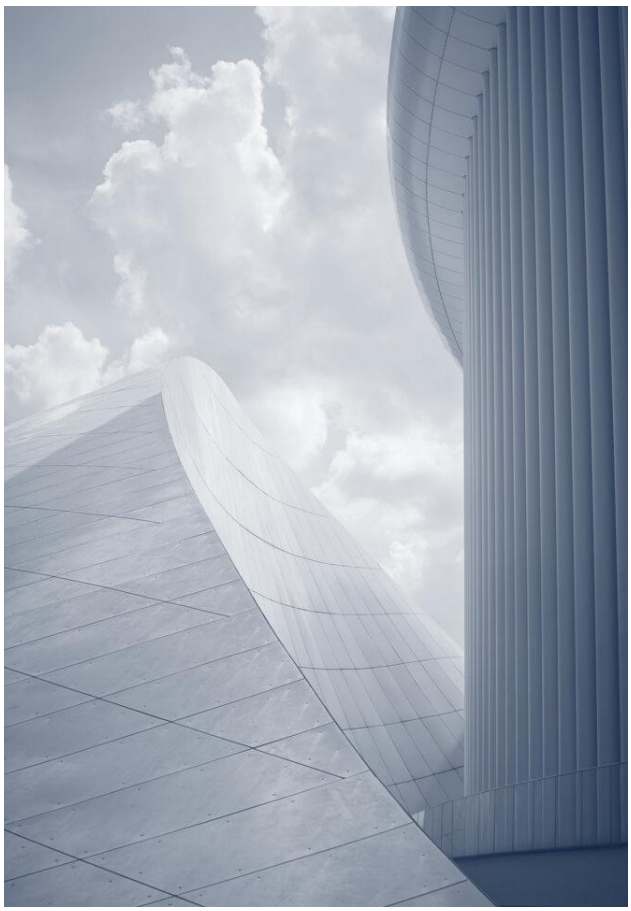
At Pure Capital S.A., we remain committed to adapting with integrity, embracing innovation, and creating long-term value for our clients and partners.

LUXEMBOURG NEWS

LUXEMBOURG PROPOSES COMPARTMENTS FOR SCS AND SCSP AIFS

On 30 July 2026, a bill was introduced to the Luxembourg Parliament to expand structuring options for certain Luxembourg alternative investment funds established as partnerships. The proposal would allow AIFs formed as a *société en commandite simple* or *société en commandite spéciale*, and not already subject to a specific Luxembourg product law, to create legally segregated compartments where they are managed by an authorised AIFM in Luxembourg or another EU Member State.

The reform is intended to fill a long-standing gap in Luxembourg fund law. At present, statutory compartmentalisation is available mainly through product regimes such as Part II UCIs, SIFs, SICARs and RAIFs, or through securitisation vehicles. Managers seeking the contractual flexibility of an unregulated SCS or SCSp have therefore had to rely on contractual allocation arrangements, which do not provide the same statutory segregation of assets and liabilities.



The bill proposes a new Article 28bis in the AIFM Law. Each compartment would represent a separate pool of assets and liabilities, with investor and creditor claims generally limited to the relevant compartment unless the constitutive documents provide otherwise. The documents would need to expressly provide for the creation and operation of compartments, while each compartment's investment policy would need to be disclosed in accordance with Article 21 of the AIFM Law. Separate liquidation of compartments would also be possible without automatically triggering liquidation of the entire partnership.

This development would strengthen Luxembourg's private funds toolbox by combining the flexibility of partnership-based AIFs with umbrella-style statutory ring-fencing. It may be particularly relevant for co-investment vehicles, parallel funds, continuation funds and strategies requiring multiple asset pools under a single legal structure.

For fund managers, the proposal may imply broader structuring flexibility, but also a need to review fund documentation, compartment-level disclosures, governance arrangements and operational segregation before using the new regime.

Find out more: Luxembourg proposes compartments for SCS/SCSp AIFs

LUXEMBOURG PUBLISHES CRD VI TRANSPOSITION LAW

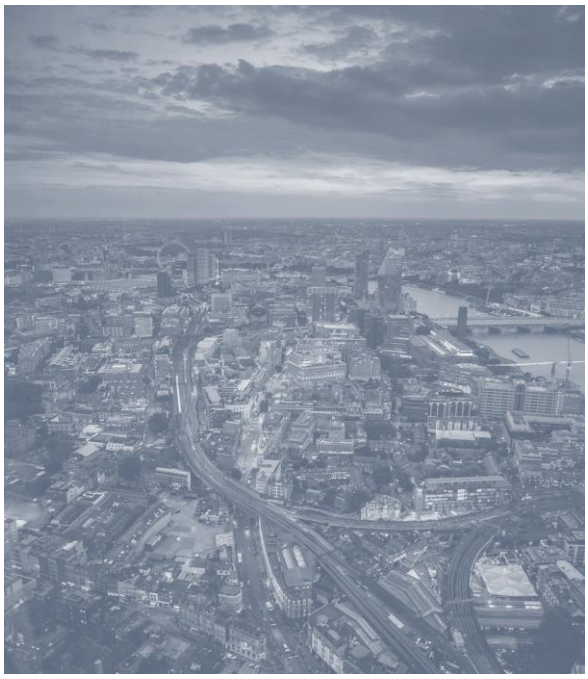
Luxembourg's financial regulator has announced the publication of the Law of 5 May 2026, a significant step in aligning the country's banking framework with recent European Union reforms. The law transposes Directive (EU) 2024/1619, known as CRD VI, as well as Directive (EU) 2024/2994, and amends the Law of 5 April 1993 on the financial sector. Published in the Official Journal on 6 May 2026, the new legislation expands the prudential and supervisory framework applying to credit institutions and certain third-country entities operating in Luxembourg.

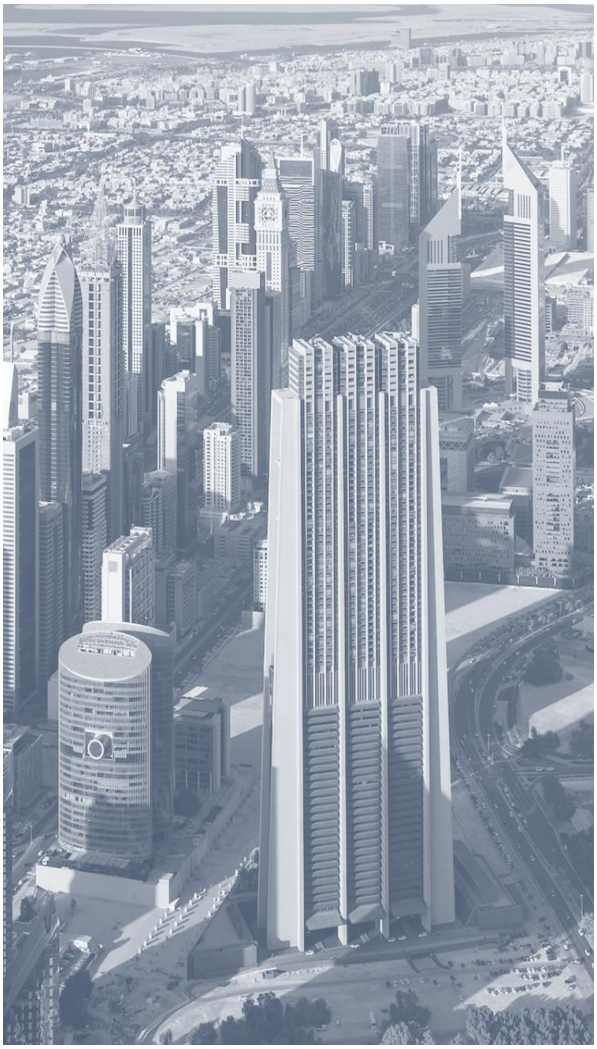
According to the CSSF, the reform strengthens internal governance requirements for banks and introduces new obligations around the management of environmental, social and governance risks, as well as risks linked to crypto-assets. It also gives supervisory authorities enhanced powers over material transactions such as mergers, divisions, and transfers of assets or liabilities. In parallel, the law creates a harmonised prudential regime for third-country branches and reinforces the framework for administrative penalties and corrective measures, reflecting the EU's push for more consistent and forward-looking supervision across Member States.

Some of the most immediate practical consequences concern governance and compliance processes. The CSSF has specifically drawn credit institutions' attention to fit and proper procedures and to the future status of Circular CSSF 12/552 on central administration, internal governance and risk management. That circular is expected to be updated after the European Banking Authority publishes revised internal governance guidelines, anticipated by the end of the third quarter of 2026. Meanwhile, a transitional period applies to the new rules on third-country branches and the third-country regime for banking services, which will take effect from 11 January 2027.

Overall, the new law marks an important evolution in Luxembourg's prudential landscape. For banks and cross-border market participants, it signals closer supervisory scrutiny, broader governance expectations, and the need to prepare early for changes that will reshape authorisation, risk oversight, and regulatory engagement in the coming months.

Find out more: [Luxembourg Publishes CRD VI Transposition Law]





CSSF NEWS

eREGISTER BY EDESK: CSSF INTRODUCES A NEW ACCESS POINT FOR PUBLIC DATA

On 1 September 2026, the Commission de Surveillance du Secteur Financier (CSSF) announced the launch of eRegister by eDesk, a new infrastructure designed to facilitate access to public data relating to Luxembourg's financial sector. The initiative provides a centralised access point for information published by the CSSF and, in its initial phase, is based on an application programming interface (API).

The first functionality available through eRegister concerns identification data relating to funds, sub-funds and share classes. The API is intended to allow professionals to access this information automatically, reducing the need for manual searches through data published on the CSSF's platforms.

This functionality is particularly relevant for organisations that regularly collect, process or integrate information on investment funds. An API enables data to be connected directly with users' internal IT systems, allowing information to be retrieved and processed in an automated manner, subject to the access conditions established by the CSSF.

Access to eRegister by eDesk is not automatic. Future users must first enter into an agreement with the CSSF. The access framework is available to both individuals and legal entities.

Interested parties are required to contact the CSSF at itcompliance@cssf.lu. Once the agreement has been signed, the CSSF will provide the technical details and data specifications required to use the API.

Find out more: eRegister by eDesk

CSSF HIGHLIGHTS AI-DRIVEN CYBER RISKS AND RESILIENCE EXPECTATIONS

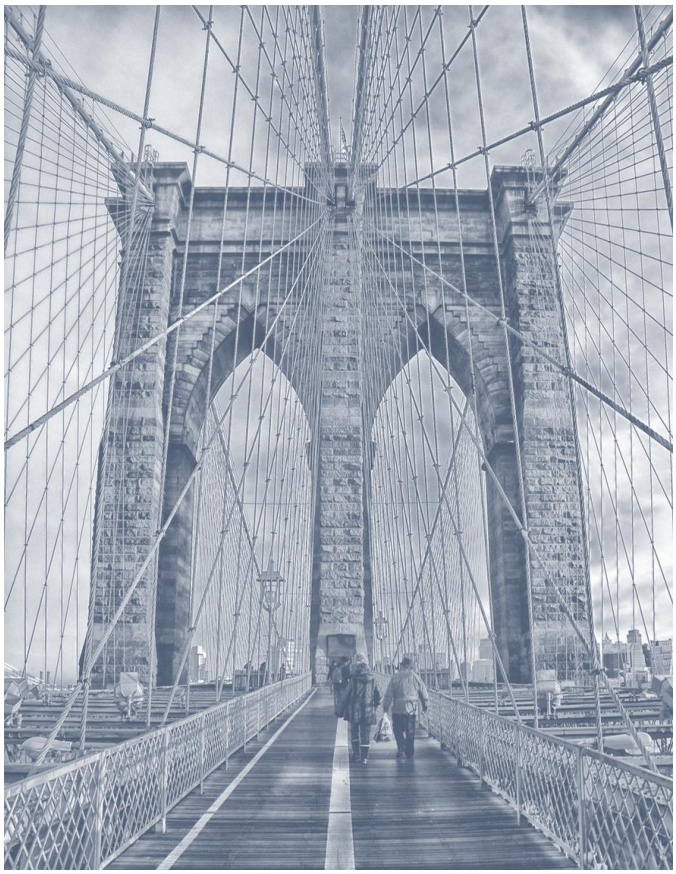
On 7 July 2026, the CSSF published a communiqué addressing the evolving opportunities and risks linked to artificial intelligence, with a particular focus on the cybersecurity implications of frontier AI models. The regulator notes that recent advances in AI can support innovation and efficiency, but can also be misused by malicious actors to increase the scale, speed and sophistication of cyberattacks. In particular, AI models may accelerate the discovery and exploitation of vulnerabilities, thereby reducing the time available for financial institutions to react once a weakness becomes known.

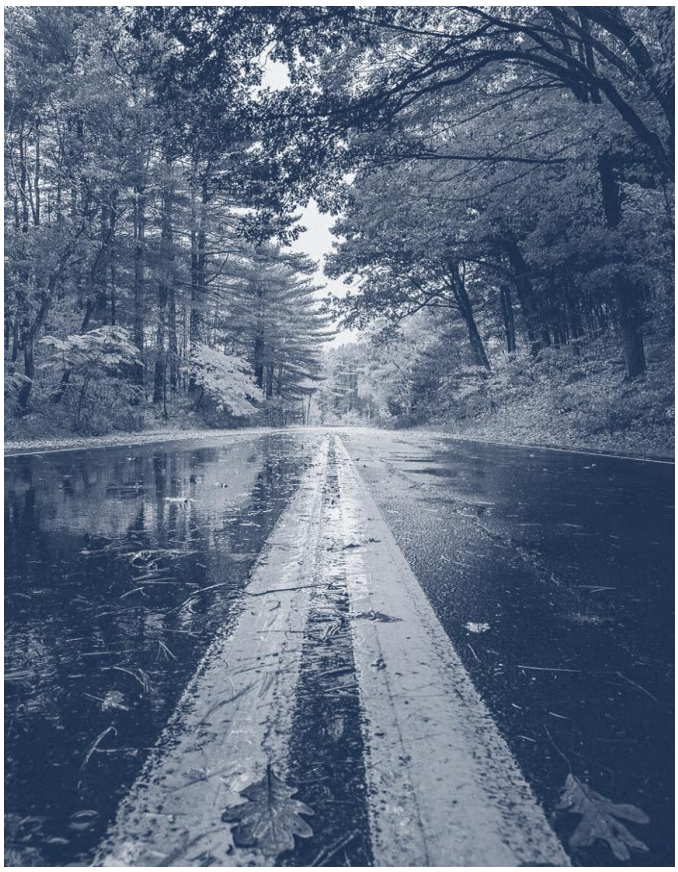
The CSSF underlines that traditional cybersecurity measures, including vulnerability and patch management, are no longer sufficient when considered in isolation. While faster patching remains necessary, it must be applied in a controlled way and complemented by broader resilience measures. The CSSF's supervisory observations indicate that, in many cases, vulnerability scans are not frequent enough, remediation is delayed, security safeguards for networks are not reviewed sufficiently often, and secure configuration baselines lack regular automated monitoring.

Against this background, the CSSF expects supervised entities to strengthen governance around AI-related cyber risks in line with DORA and other applicable ICT risk management requirements. Management bodies should ensure that cybersecurity strategies address the full resilience lifecycle, including identification, protection, detection, response and recovery. The institution's approach should also reflect the possibility that some cyberattacks may succeed, requiring effective containment, continuity and recovery capabilities.

For fund managers, this communication may imply a need to reassess AI-related cyber risks within their ICT risk framework, review outsourced service providers and distribution platforms, and ensure that governance, monitoring and incident response arrangements are sufficiently robust to address AI-enabled threats.

Find out more: [Evolving opportunities and risks in artificial intelligence and its adoption – CSSF]





ESG

EUROPEAN COMMISSION ADOPTS REVISED SUSTAINABILITY REPORTING STANDARDS

On 3 July 2026, the European Commission adopted the Delegated Act revising the European Sustainability Reporting Standards as part of the Omnibus I simplification package. The revised standards replace the existing annexes to Delegated Regulation (EU) 2023/2772 and are intended to make sustainability reporting under the Corporate Sustainability Reporting Directive more proportionate, while preserving the core principles of double materiality and disclosure of material impacts, risks and opportunities.

According to the European Commission, the new framework reduces mandatory datapoints by more than 60% and total datapoints by more than 70%, with an expected reduction of reporting costs of over 30% per company. However, the reduction in datapoints does not remove the need for a robust double materiality assessment, which remains central to determining what undertakings must report. The revised standards also introduce a stronger focus on materiality, fair presentation and clearer reporting boundaries, with non-material information generally not required to be disclosed.

The revised ESRS are expected to apply from financial year 2027, subject to scrutiny by the European Parliament and the Council of the EU. For financial years beginning in 2026, undertakings subject to mandatory sustainability reporting may have transitional choices, including applying the existing 2023 ESRS, as last amended, the revised ESRS 2.0, or the existing 203 ESRS, as last amended, with certain reliefs introduced by the new framework. A separate Delegated Act also introduces a voluntary sustainability reporting standard for undertakings outside the CSRD scope.

Overall, the reforms aim to reduce administrative burden while maintaining credible and decision-useful sustainability disclosures. For fund managers, this may imply a need to reassess investee-company ESG data expectations, reporting timelines and internal SFDR/CSRD alignment processes, particularly where portfolio companies may benefit from simplified or transitional reporting requirements.

Find out more: Revised European Sustainability Reporting Standards: EU Commission adopts Delegated Act - Arendt

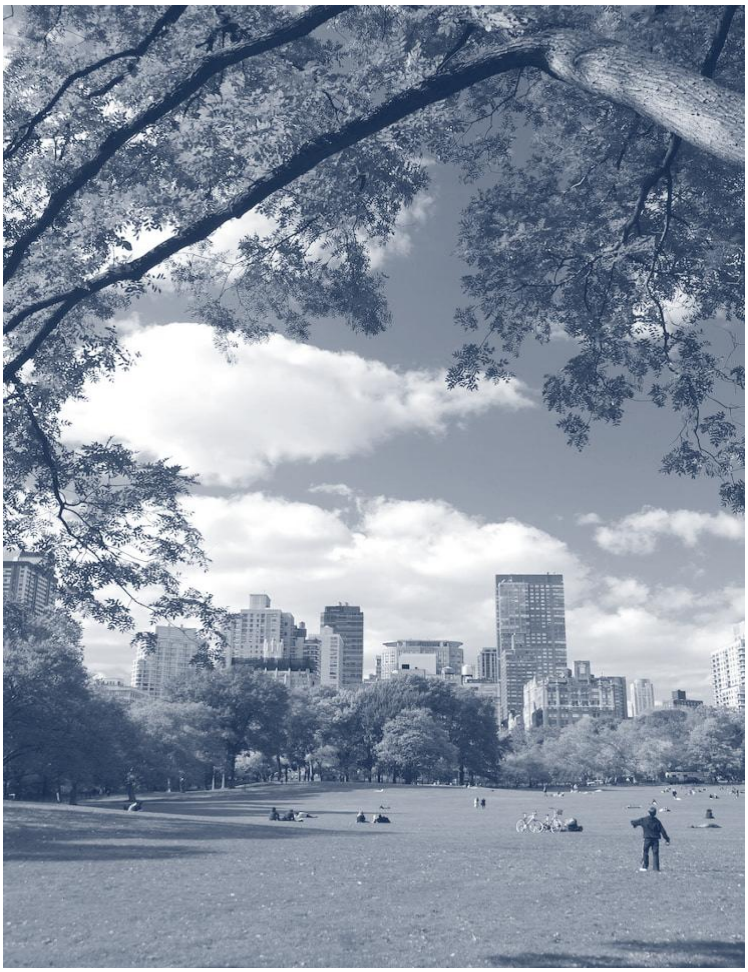
DIRECTIVE (EU) 2024/825 AS REGARDS EMPOWERING CONSUMERS FOR THE GREEN TRANSITION

Luxembourg has formally implemented Directive (EU) 2024/825 through the law of 9 June 2026, marking an important step in the EU's broader effort to empower consumers for the green transition. The new law amends the Luxembourg Consumer Code and is designed to strengthen consumer protection by improving the quality of information available to buyers and by targeting unfair commercial practices linked to sustainability claims. The legislation pursues two main objectives: first, to give consumers clearer information on guarantees, product durability, reparability and life cycle; and second, to curb unfair and misleading commercial practices such as greenwashing, premature obsolescence and false claims regarding the environmental or social characteristics of products or businesses.

The law will enter into force on 27 September 2026, giving businesses a limited window to review and adapt their commercial communications, environmental claims and use of sustainability labels. This is particularly significant for retailers, producers and service providers that market products based on green credentials. The updated questions and answers published by the European Commission on 18 May 2026 provide further clarity on the scope of the directive, confirming that it applies to business-to-consumer practices and focuses on how products and companies are presented in marketing rather than on their intrinsic composition alone.

Overall, the reform raises the compliance bar for companies operating in Luxembourg. Businesses will need to ensure that sustainability-related messaging is specific, substantiated and not misleading, while also improving disclosures around product longevity and legal guarantees. In practice, the new framework should encourage more transparent consumer communication and support fairer competition, while aligning Luxembourg law with the EU's wider sustainability and consumer protection agenda. Companies that act early will be better positioned to manage legal risk and build consumer trust in an increasingly scrutinised green market.

Find out more: Directive (EU) 2024/825 as regards empowering consumers for the green transition

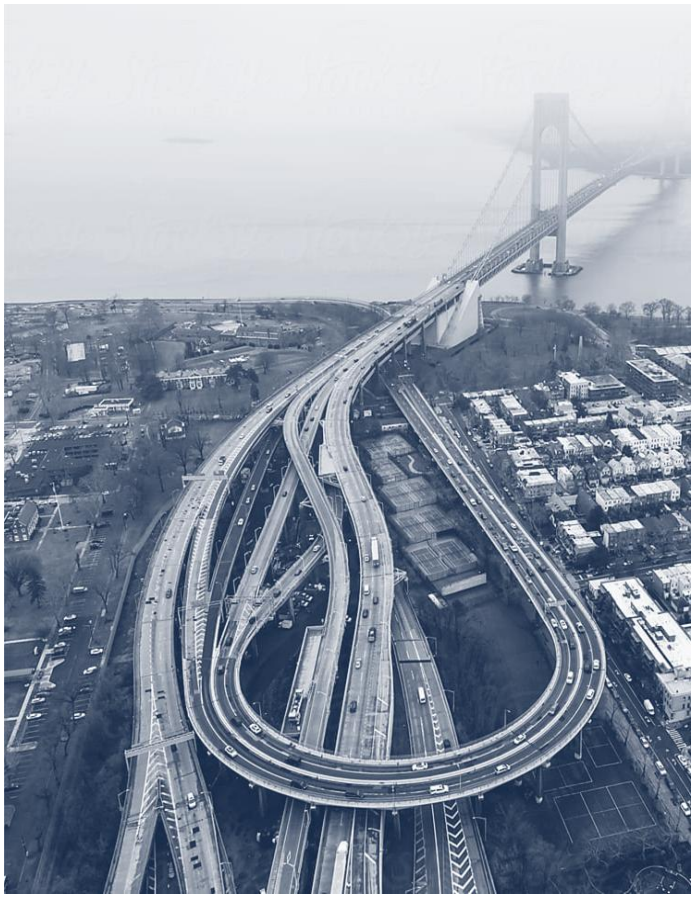


DORA

FIRST DORA INCIDENT REPORT SIGNALS A MORE INTERCONNECTED ICT RISK LANDSCAPE

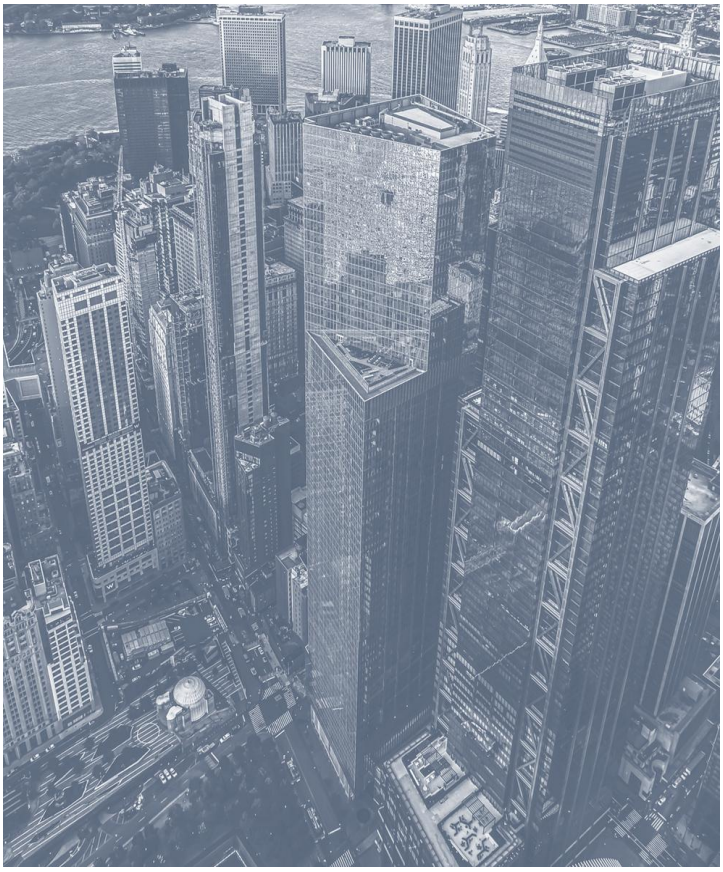
The European Supervisory Authorities have published the first annual report on major ICT-related incidents under the Digital Operational Resilience Act (DORA), offering an early EU-wide picture of operational resilience risks across the financial sector. The report covers 3,383 major incidents reported in 2025 and confirms that ICT disruption is no longer a purely local issue. Around one third of the incidents had a cross-border impact, reflecting the extent to which financial entities now rely on shared infrastructures, common service providers and interconnected digital systems.

One of the most striking findings is that system failures and external events were the main drivers of major incidents. This underlines the importance of robust third-party risk management and close oversight of outsourced ICT services. Although only 10% of reported cases were cybersecurity-related, the ESAs stress that firms should not draw comfort from that figure alone. As AI-driven tools become more sophisticated, the threat environment may evolve quickly, making strong cyber controls and rapid incident response capabilities increasingly important.



The report also offers a useful first benchmark for supervisors and firms as DORA reporting practices mature. While the direct impact on clients and transactions was generally limited, the findings show that operational resilience depends not only on internal controls, but also on the resilience of the wider ICT ecosystem. For financial entities, the message is clear: incident reporting should be treated not merely as a compliance exercise, but as a strategic tool for identifying vulnerabilities, strengthening governance and improving recovery readiness. As implementation under DORA progresses, this annual reporting framework is likely to become an important driver of supervisory convergence and better risk management across the EU financial system.

Find out more: ESAs publish the first report on DORA major ICT-related incidents



TOKENISATION

LUXEMBOURG'S TOKENISATION LEAD ENTERS A CRITICAL PHASE

Luxembourg has positioned itself as one of Europe's leading jurisdictions for fund tokenisation, but its advantage may increasingly depend on execution rather than legislation alone. Recent analysis by Paperjam highlights that the Grand Duchy's lead is built not only on successive blockchain laws, but also on a wider ecosystem combining legal certainty, regulatory understanding and market infrastructure. The country has gradually recognised the issuance, holding and transfer of financial instruments, including fund units, through distributed ledger technology, creating a framework that is particularly relevant for the investment fund industry.

This matters because tokenisation is moving beyond the cryptocurrency narrative. It is increasingly being discussed as a new layer of financial infrastructure, capable of supporting fund distribution, settlement, register maintenance and collateral management. Luxembourg's role as a cross-border fund centre gives it a natural opportunity to become a European hub for tokenised funds. Major asset managers and infrastructure providers have already launched or announced initiatives linked to Luxembourg, reinforcing the perception that the market is becoming a serious testing ground for institutional adoption. For fund managers, tokenisation could gradually reshape how products are issued, distributed and serviced. The immediate opportunity lies in operational efficiency: faster settlement, more automated register updates and potentially simpler subscription and redemption processes. Over time, tokenised fund units could also support broader distribution models, fractional ownership and improved access to new categories of investors. However, managers will need to assess the operational, legal and governance implications carefully. Questions around custody, transfer agency roles, blockchain interoperability, AML/KYC controls, investor protection, tax treatment and secondary market liquidity remain important. The Luxembourg framework may provide a strong base, but managers cannot treat tokenisation as a purely technological upgrade. It requires a review of the full operating model, including service provider responsibilities, board oversight, disclosure language and risk management controls.

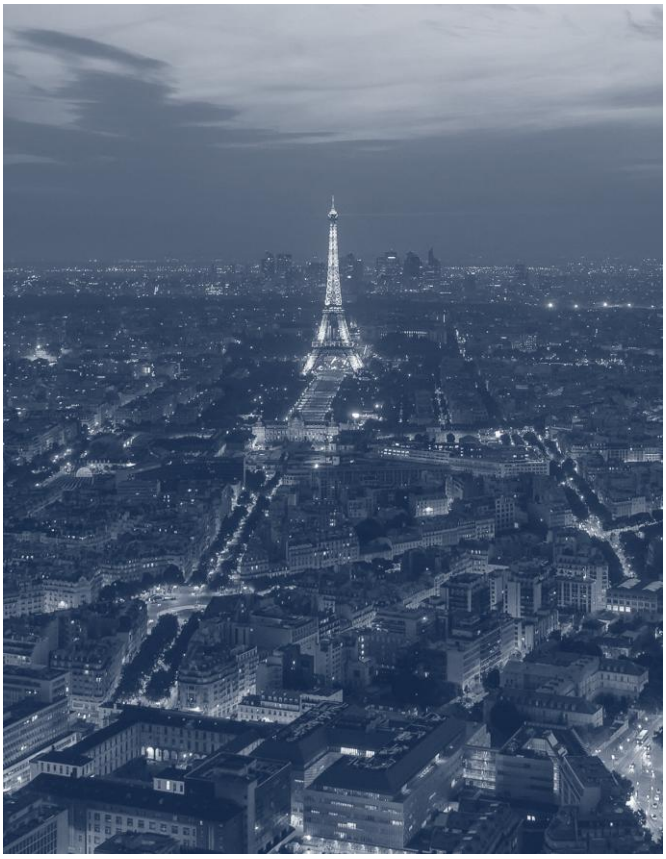
Find out more: Tokenisation

SUPERVISION

ESMA IDENTIFIES AREAS FOR FURTHER SUPERVISORY CONVERGENCE ON COMPLIANCE AND INTERNAL AUDIT IN THE FUNDS SECTOR

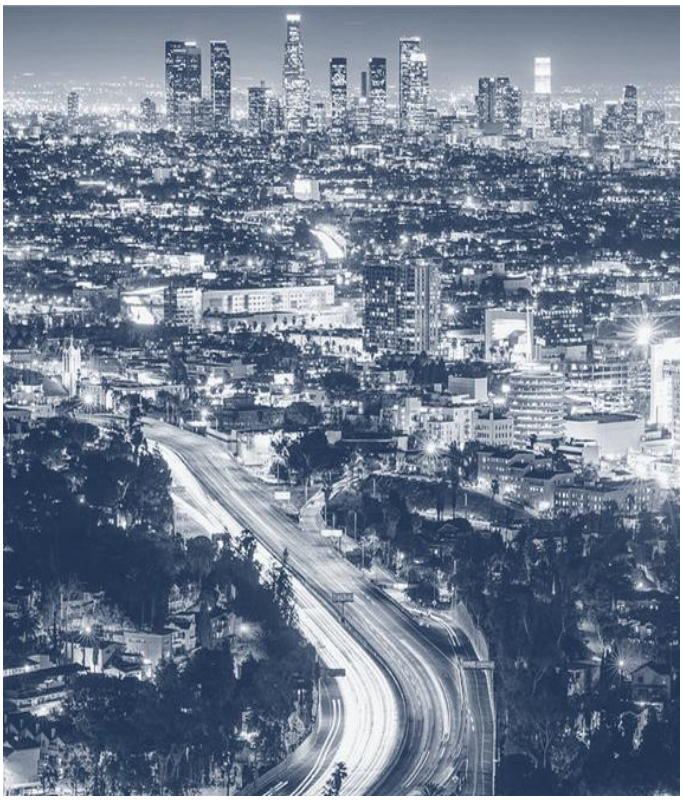
The European Securities and Markets Authority (ESMA) has published the outcome of its 2025 Common Supervisory Action on the compliance and internal audit functions of fund managers, offering an important snapshot of governance standards across the EU funds sector. The review, carried out with all EU and EEA national supervisors, focused on how UCITS management companies and AIFMs apply the requirements of the AIFMD and UCITS frameworks in practice. Overall, the exercise found that most firms comply with the core regulatory expectations. However, ESMA also identified a number of areas where supervisory convergence still needs to be strengthened, particularly around governance and the effectiveness of control functions.

ESMA noted that, while policies and procedures generally exist, their quality and implementation vary significantly depending on the size, nature and complexity of the firm. The main weaknesses identified relate to the independence of compliance and internal audit, the robustness of internal policies, and the level of oversight exercised by senior management and boards. In some cases, control functions were not sufficiently embedded in decision-making or lacked the authority and practical influence needed to operate effectively. The report also highlights examples of both good and poor practices, showing that strong frameworks are not measured by documentation alone, but by how consistently they are applied and escalated within the organisation.



For fund managers, the message is clear: regulators are moving beyond a formalistic review of policies and are increasingly testing whether compliance and internal audit functions are genuinely independent, properly resourced and actively involved in governance. Firms should therefore reassess reporting lines, board engagement, control testing and the practical implementation of internal procedures. In a context of closer supervisory scrutiny, fund managers that treat control functions as strategic governance tools rather than box-ticking requirements will be better placed to demonstrate resilience, accountability and regulatory readiness.

Find out more: ESMA identifies areas for further supervisory



CLOSING THE GAP: WHAT THE EU AML TRANSFORMATION MEANS FOR FUND MANAGERS

The European Union is entering a new phase in the fight against money laundering and terrorist financing. The reform represents a significant shift from a fragmented, national approach to a more harmonised and directly applicable European framework. The objective is clear: reduce inconsistencies between Member States, strengthen supervision, and create a more effective single rulebook for obliged entities.

A central feature of this transformation is the creation of the new European Anti-Money Laundering Authority, which will play a key role in supervisory convergence and direct oversight of selected high-risk entities. The reform also introduces an AML Regulation, meaning that certain requirements will apply directly across the EU without the need for national transposition. This should help close regulatory gaps and ensure that firms operating across borders are subject to more consistent expectations.

For fund managers, the implications are practical and immediate. Management companies and AIFMs will need to reassess their AML/CFT frameworks, particularly in areas such as investor due diligence, risk scoring, transaction monitoring, outsourcing oversight and governance reporting. The move towards harmonisation does not reduce responsibility; rather, it raises the standard of evidence expected from firms. Policies, procedures and controls will need to be clearly documented, consistently applied and capable of demonstrating effective risk-based decision-making.

This is particularly relevant for Luxembourg, where fund structures often involve cross-border distribution, multiple intermediaries and delegated service providers. Fund managers should therefore treat the EU AML package not as a remote regulatory update, but as a trigger to review operating models and control environments. Early gap assessments, stronger data quality, clearer escalation channels and closer monitoring of delegates will be essential.

Find out more: Close the gap. Get ready for the EU AML transformation.

DISCLAIMER