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Luxembourg Insights

Winter 2025

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- **Following several laws adopted in December 2024, Luxembourg's tax framework underwent changes designed to assist both businesses and individuals. The aim of these laws was to modernise the nation's tax environment and to preserve the Grand Duchy's competitive edge. The main changes introduced by the laws of December 2024 and other recent tax legislation are summarised below :**
 - Measures related to individuals
 - Real estate related measures
 - Digital advances in filing
 - Pillar two
 - New administrative measures : subcontracting and tax debt schedule
 - Ratification of double tax treaties

TAX

06

- **Following several laws adopted in December 2024, Luxembourg's tax framework underwent changes designed to assist both businesses and individuals. The aim of these laws was to modernise the nation's tax environment and to preserve the Grand Duchy's competitive edge. The main changes introduced by the laws of December 2024 and other recent tax legislation are summarised below :**
 - Corporate income tax reduction
 - Simplification and reduction of the minimum net wealth tax (NWT)
 - Exemption from subscription tax for actively managed UCITS ETFs
 - Amendment of the interest limitation rules to introduce the “single-entity group”
 - Optional waiver of the participation regime
 - Clarification of the redemption treatment for classes of shares
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 - New circular from the LTA on interest rates on shareholders' current accounts

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Asset Management &
Investment Funds



ESMA Q&As on the application of the Guidelines on Funds' names

On 13 December 2024, ESMA published three Q&As to clarify the application of guidelines for funds using ESG or sustainability-related terms, applicable to both UCITS and AIFs. The aim is to ensure a common understanding and consistent application of these guidelines.

Key Points:

- **Green Bonds:**
 - Investments under the European Green Bonds Regulation are exempt from PAB and CTB exclusions.
 - Other use-of-proceeds instruments must apply PAB and CTB exclusions on a look-through basis.
 - Issuers must comply with UNGC principles and OECD Guidelines.
- **Meaningful Investment in Sustainable Investments:**
 - Fund names using sustainability terms are assessed case-by-case.
 - Funds investing less than 50% in sustainable investments may not be considered as "meaningfully investing."
 - The 50% threshold may vary based on specific circumstances.

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ESMA Q&As on the application of the Guidelines on Funds' names

- **Controversial Weapons:**
 - Exclusions for controversial weapons refer to anti-personnel mines, cluster munitions, chemical weapons, and biological weapons, as per Commission Delegated Regulation (EU) 2022/1288.

Click on the following links to read the full text related to Green Bonds [ESMA_QA_2370](#) and [ESMA_QA_2368](#), Meaningful Investment in Sustainable Investments [ESMA_QA_2374](#) and Controversial Weapons [ESMA_QA_2372](#)

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Update of the CSSF FAQ concerning the Luxembourg Law of 17 December 2010 to provide clarifications regarding portfolio transparency for actively managed ETFs – 19 December 2024

New questions were introduced by the CSSF (12.1) providing specific guidance on the portfolio transparency requirements for actively managed UCITS ETFs.

- **Portfolio Information Publication:**
 - Asset managers of actively managed UCITS ETFs must publish detailed portfolio information monthly.
 - Information must include the identity and quantities of holdings.
 - Managers can choose different publication frequency and timing compared to the Portfolio Composition File (PCF) but must justify their approach.
 - PCFs must be securely sent to Authorised Participants and Market Makers, ensuring confidentiality, especially for sensitive transaction details.

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Update of the CSSF FAQ concerning the Luxembourg Law of 17 December 2010 to provide clarifications regarding portfolio transparency for actively managed ETFs – 19 December 2024

- **Investment Policy Disclosure:**
 - UCITS must clearly disclose eligible asset categories in their investment policy as per Article 41(1) of the 2010 Law.
 - If investments deviate from the policy, Circular CSSF 24/856 applies.
- **Hedge Ratio Compliance:**
 - Breaches of the 105% over-hedged and 95% under-hedged positions are not covered by Circular CSSF 24/856.
 - UCITS management companies should establish monitoring procedures to comply with ESMA's hedge ratio requirements.
- **Value-at-Risk (VaR) Limit Breaches:**
 - Active breaches must be reported to the CSSF via email, including details such as legal names, identifiers, VaR computation method, internal VaR limits, breach timeline, and reasons.
 - The CSSF may request further information but prohibits using UCI forms for these notifications.

For more information, please click [here](#).



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Asset Management &
Investment Funds



AML/CFT Questionnaire AIF

The AED has expanded AML/CFT reporting obligations to include all unregulated alternative investment funds (AIFs) for the 2024 financial year, with a new submission deadline of 30 June 2025. Previously, only Reserved Alternative Investment Funds (RAIFs) were required to report.

Key requirements for all funds:

- Submit an AML/CFT annual questionnaire, AIF RC RR identification form, and signed RC report.
- Establish a comprehensive AML/CFT framework immediately, as no exemptions will be granted.

Next steps for compliance:

- Define an AML/CFT Risk Appetite Statement (RAS).
- Implement AML/CFT policies, procedures, and risk assessments.
- Appoint a Responsable du Respect (RR) and a Responsable du Contrôle (RC).
- Ensure cooperation with authorities and proper governance.
- Non-compliance may result in sanctions and penalties.

For more information, please click [here](#).



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Final Draft ITS on reporting and disclosures requirements for investment firms

The European Banking Authority (EBA) has issued final draft Implementing Technical Standards (ITS) amending Commission Implementing Regulation (EU) 2021/2284. These amendments pertain to the supervisory reporting and disclosures of investment firms under Regulation (EU) No 2019/2033, aligning with recent legislative changes in the Capital Requirements Regulation (CRR 3) and the Capital Requirements Directive (CRD VI).

The amendments are part of the implementation of the Basel III post-crisis regulatory reforms, tailored to the EU's banking sector. The ITS for investment firms are closely linked with those for credit institutions, as investment firms may utilise certain CRR provisions.

While the EBA conducted consultations and cost-benefit analyses for previous ITS drafts, the current amendments did not undergo open consultation due to their limited scope and impact. The Banking Stakeholder Group's opinion was sought in accordance with regulatory requirements.

The amendments are expected to be applicable from 1st January 2025.

For more information, please click [here](#).



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The EMIR 3 Directive has been published in the OJ

EMIR 3 aims to enhance the regulatory framework for managing counterparty risk in derivative transactions, particularly those cleared by central counterparties (CCPs). These changes are intended to align with Regulation (EU) No 648/2012 and support the objectives of the capital markets union..

For more information, please click [here](#).



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Joint EBA and ESMA Guidelines on the assessment of the suitability of the members of the management body of issuers of asset-referenced tokens and of crypto-asset service providers

These guidelines, issued under Article 16 of Regulations (EU) No 1093/2010 and No 1095/2010, aim to establish appropriate supervisory practices within the European System of Financial Supervision and guide the application of Union law.

Competent authorities, as defined in Regulation (EU) 2023/1114, should incorporate these guidelines into their practices. This may involve amending legal frameworks or supervisory processes. The guidelines apply even when directed primarily at financial market participants and financial institutions.

The guidelines specifically address the assessment of the suitability of members of the management body of issuers of Asset-Referenced Tokens (ARTs) and Crypto-Asset Service Providers (CASPs). This is in accordance with Article 21(3) and Article 63(11) of the Markets in Crypto-Assets Regulation (MiCA).

For more information, please click [here](#).



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FSB Plenary December 2024

The Financial Stability Board (FSB) Plenary convened in Hong Kong to discuss global financial stability and review policy work in key areas, including climate-related financial risks, crypto-assets, cross-border payments, and non-bank financial intermediation (NBFI). The meeting also confirmed the extension of Klaas Knot's term as FSB Chair and outlined the FSB's work programme for 2025.

For more information, please click [here](#).



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Communiqué - DORA Regulation – reminders and advice on preparedness

Financial Entities are urged to (1) ensure that they have an LEI code to be able to submit their required reporting, and (2) create the specific eDesk role of “IT incident notifier” to be able to submit the incidents via eDesk. It is imperative that these elements are in place to be able to fulfil the reporting obligations as of 17 January 2025.

For more information, please click [here](#).



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Final report RTS on long and short positions for the thresholds calculation in market and counterparty credit risk

The European Banking Authority (EBA) has developed draft Regulatory Technical Standards (RTS) to specify methods for identifying the main risk driver of a position and determining whether a transaction represents a long or short position, as mandated by the amendments to the Capital Requirements Regulation (CRR) introduced by Regulation (EU) 2024/1623 (CRR3).

The CRR provides derogations for calculating capital requirements for market and counterparty credit risks, particularly for institutions with small trading book businesses. CRR3 introduces additional specifications for calculating the size of the business, including definitions for long and short positions.

The general methodology relies on FRTB-SA sensitivities for non-derivative and derivative positions or SA-CCR add-ons for derivative positions. The direction of positions is determined based on sensitivities or the hedging/trading purpose, aligning with the RTS on SA-CCR. A simplified methodology is provided for simple instruments like fixed-rate bonds, floating-rate notes, stocks, forwards, futures, simple swaps, and plain vanilla options. This methodology is designed to reduce the burden on institutions, especially small banks exempt from using FRTB-SA or SA-CCR.

For more information, please click [here](#).



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Circular CSSF 24/867

Circular CSSF 24/867

Update of Circular CSSF 19/724 on technical specifications regarding submission to the CSSF of documents under Regulation (EU) 2017/1129 and the Law of 16 July 2019 on prospectuses for securities and general overview of the regulatory framework on prospectuses

The CSSF has amended Circular CSSF 19/724 to incorporate changes introduced by Regulation (EU) 2024/2809 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises.

For more information, please click [here](#).



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Circular CSSF 24/868

Circular CSSF 24/868

regarding amendments to Circular CSSF 19/719: Implementing the EBA Guidelines on the STS criteria for non-ABCP securitisation and the STS criteria for ABCP securitisation

Circular CSSF 19/719 has been updated to reflect the changes introduced by the European Banking Authority (EBA) guidelines concerning the Simple, Transparent, and Standardised (STS) criteria for securitisation. These guidelines amend the previous EBA/GL/2018/08 and EBA/GL/2018/09, which addressed the STS criteria for Asset-Backed Commercial Paper (ABCP) and non-ABCP securitisation.

The amendments aim to enhance the STS framework by providing clearer criteria and guidance for on-balance-sheet securitisation, ensuring that these financial instruments remain simple, transparent, and standardised.

For more information, please click [here](#).



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Consultation Paper on draft RTS on material model change

The European Banking Authority (EBA) has issued a consultation paper proposing amendments to Delegated Regulation (EU) No 529/2014, which governs the approval process for institutions using the Internal Ratings Based (IRB) Approach for calculating risk-weighted exposure amounts (RWEA) for credit risk. These amendments align with changes introduced by Regulation (EU) 2024/1623 to Regulation (EU) No 575/2013.

For more information, please click [here](#).



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Best Practice I Structured Products Decoded: Management and Governance Essentials

This comprehensive guidance note is designed to help board members and professionals navigate the complexities of structured product transactions, understand the governance requirements and implement best practices.

For more information, please click [here.](#)



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Final Report on the Guidelines on templates for explanations and opinions, and the standardised test for the classification of crypto-assets

The Markets in Crypto-Assets Regulation (MiCAR) governs the offering, trading, and provision of services related to asset-referenced tokens (ARTs), e-money tokens (EMTs), and other crypto-assets within the European Union. It establishes comprehensive regulatory requirements for issuers and service providers in the crypto-asset sector.

MiCAR applies to ARTs, EMTs, and other crypto-assets, setting out authorisation, conduct, and prudential requirements for issuers and crypto-asset service providers (CASPs).

The Guidelines set out:

- A white Paper Template: Provides a standard format for the explanation accompanying the crypto-asset white paper, as required by Article 8(4) of MiCAR.
- A legal Opinion Template: Establishes the content and form for legal opinions on the qualification of ARTs, as specified in Article 17(1)(b)(ii) and Article 18(2)(e) of MiCAR.
- A standardised test for the classification of crypto-assets

For more information, please click [here](#).



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Report on tokenised deposits

The European Banking Authority (EBA) has conducted an analysis on the tokenisation of deposits by credit institutions as part of its 2024-25 priorities on innovative applications. This report identifies existing cases, potential benefits and challenges, and outlines actions for the EBA and competent authorities.

The EBA notes potential benefits and challenges of tokenised deposits, which vary based on design parameters. No immediate regulatory or supervisory framework adjustments are deemed necessary due to the limited market presence and experience with tokenised deposits. The EBA aims to support a convergent approach to crypto-asset classification and facilitate consistent monitoring of tokenised deposit use cases. Further targeted analyses will be conducted to assess the adequacy of the regulatory framework for DLT-deployed deposits. The EBA recalls the need for a harmonised definition of "deposit" within the EU banking framework and reminds the European Commission of this ongoing issue.

For more information, please click [here](#).



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Consultation Paper on the Draft technical advice concerning MAR and MiFID II SME GM

The European Securities and Markets Authority (ESMA) has released a consultation paper detailing its draft technical advice on the implementation of the Listing Act, which aims to simplify listing requirements and enhance access to public capital markets for EU companies, particularly SMEs.

The Listing Act, adopted in December 2022, seeks to reduce administrative burdens for listed companies and those seeking listing, with a focus on SMEs. It includes amendments to the Prospectus Regulation, MAR, MiFIR, and MiFID II, and introduces a new directive on multiple vote share structures. The Listing Act was published on 14 November 2024 and entered into force 20 days later, with most provisions applying by July 2026.

ESMA received a request for technical advice from the Commission on several topics, including amendments to MAR and MiFID II. The advice covers:

- A non-exhaustive list of final events in protracted processes and their disclosure timing under Article 17(1) MAR.
- Situations where delayed inside information contrasts with previous public announcements under Article 17(4)(b) MAR.
- Identification of trading venues with significant cross-border activity for the Cross Market Order Book Mechanism (CMOB) under Article 25a MAR.
- Conditions for MTFs to be registered as SME growth markets (SME GMs) under MiFID II.

For more information, please click [here](#).

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The Regulation (EU) 2024/3005 on the transparency and integrity of ESG rating activities, and amending the SFDR and ESAP Regulation has been published in the OJ

This regulation aims to enhance the transparency, reliability, and integrity of Environmental, Social, and Governance (ESG) ratings within the EU, supporting the transition to a sustainable economy and aligning with the Sustainable Development Goals (SDGs) and the European Green Deal. The regulation supports the EU's commitment to the 2030 Agenda for Sustainable Development and the European Green Deal, aiming for climate neutrality by 2050. It seeks to channel capital towards sustainable investments and remove obstacles in the internal market. The regulation ensures ESG ratings are independent, transparent, and of high quality, contributing to the EU's sustainable finance agenda.

The regulation applies to ESG rating providers operating in the EU, including those established outside the EU but offering services within it. It excludes non-commercial ratings, private ratings, and certain ESG-related activities like labelling and certification.

It introduces requirements for ESG rating providers, including transparency in methodologies and conflict of interest management and establishes a regime for authorisation, endorsement, and recognition of ESG rating providers, with ESMA as the supervisory authority.

For more information, please click [here](#).



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Consultation Paper on the RTS on the European Single Electronic Format (ESEF) for sustainability reporting and on the amendments to the RTS on the European Electronic Access Point (EEAP) 1/2

The European Securities and Markets Authority (ESMA) has released a consultation paper to gather stakeholder feedback on the development of Regulatory Technical Standards (RTS) for the European Single Electronic Format (ESEF), as required by the Transparency Directive and the Accounting Directive, amended by the Corporate Sustainability Directive.

The Accounting Directive mandates certain undertakings to prepare management reports in the ESEF and mark up sustainability reports, including disclosures under the EU Taxonomy Regulation. ESMA is tasked with developing draft RTS for ESEF and must conduct a public consultation before submission to the European Commission.

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Consultation Paper on the RTS on the European Single Electronic Format (ESEF) for sustainability reporting and on the amendments to the RTS on the European Electronic Access Point (EEAP) 2/2

The consultation seeks stakeholder views on the proposed RTS, focusing on the costs and benefits of the draft standards. Input from stakeholders will assist ESMA in finalising the draft RTS.

- Sections 3 and 4: Provide background on sustainability reporting proposals.
- Section 5: Discusses technical considerations for integrating sustainability reporting taxonomies into the ESEF framework.
- Section 6: Reviews the marking approach for Notes to IFRS consolidated financial statements.
- Section 7: Lists targeted amendments to the existing RTS on ESEF based on stakeholder feedback.
- Section 8: Covers proposed amendments to the RTS on the European Electronic Access Point (EEAP).

For more information, please click [here](#)



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FAQ on AML/CFT asset due diligence obligations in accordance with CSSF Regulation No 12-02

This document refers to questions & answers in relation to the implementation of Article 34(2) of CSSF Regulation 12-02. It provides clarifications on the AML/CFT asset due diligence to be performed pursuant to a risk-based approach and the related ML/TF risk assessment.

For more information, please click [here](#).



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Report on Liquidity Measures under Article 509(1) of the CRR (1)

This report provides an update of the European Union (EU) banks' compliance with the liquidity coverage ratio (LCR), defined as the stock of high-quality liquid assets (HQLAs) divided by the net liquidity outflows that arise during a 30-calendar-day stress period. The analysis is based on Common Reporting (COREP)

For more information, please click [here](#).



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Report on NCAs approaches to the supervision of banks with respect to AML/CFT

This report summarises the findings from the fourth round of ongoing reviews of national competent authorities' (NCAs') approaches to AML/CFT supervision of banks in the EU/ EEA Member States ('MS'). Over the course of 2023-2024, the EBA's review team assessed 14 NCAs from 9 MS and issued recommended actions tailored to each NCA to support its AML/CFT work. They also assessed how prudential supervisors in these MS tackled ML/TF risk in line with their supervisory remit and scope. With the conclusion of this round, the EBA has assessed all 40 NCAs that are responsible for the AML/CFT supervision in 30 EU/EEA MS.

For more information, please click [here](#).



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MiFIR review Final Report Review of RTS 2 on transparency for bonds, structured finance products and emission allowances and RTS on reasonable commercial basis

Following the publication of the revised MiFIR and MiFID II on 8 March 2024, ESMA has been tasked with developing technical standards to specify transparency requirements for bonds, structured finance products, and ESMA will release another consultation paper in Q1 2025, addressing the transparency mandate for derivatives, including the deferral regime. Market participants are expected to apply the new transparency regime for derivatives from the revised MiFIR's application date.

For more information, please click [here](#).



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Final Report On equity transparency (RTS 1 and CDR 2017/567)

Following the publication of the revised MiFIR and MiFID II on 8 March 2024, ESMA has developed technical standards to specify provisions related to equity transparency.

For more information, please click [here](#).



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Final Report on the Technical Standards related to Consolidated Tape Providers and DRSPs (MiFIR Review)

The European Securities and Markets Authority (ESMA) has published a final report detailing the development of technical standards following amendments to the Markets in Financial Instruments Regulation (MiFIR). These amendments focus on the establishment of Consolidated Tape Providers (CTPs) and Data Reporting Service Providers (DRSPs).

ESMA was mandated by the European Commission to organise competitive CTP selection procedures and develop related technical standards. ESMA conducted a public consultation on the proposed technical standards and incorporated feedback into the final proposals.

- Section 2: Discusses the RTS on input/output data under Article 22b of MiFIR. It specifies requirements for data quality, transmission protocols, real-time dissemination, and data transmission to CTPs. Changes were made to input data formats, CTP responsibilities, and latency requirements.
- Section 3: Covers the RTS on the revenue redistribution scheme under Article 27h of MiFIR. It outlines the methodology for revenue redistribution by the Equity CTP and criteria for suspending data contributors. The final RTS allow more flexibility for CTPs.
- Section 4: Presents the RTS on clock synchronisation under Article 22c of MiFIR, specifying accuracy levels, UTC traceability, and maximum divergence levels. The final draft aligns with the original proposal.
- Section 5: Details the Technical Standards on DRSP authorisation under Articles 27d and 27db of MiFIR. It includes amendments to existing RTS 13 and ITS, and new standards for CTP authorisation.

For more information, please click [here](#)

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Final Report on the amendments to certain technical standards for commodity derivatives

The European Securities and Markets Authority (ESMA) has published a final report detailing amendments to the MiFID II technical standards concerning commodity derivatives, following the adoption of Directive (EU) 2024/790. These changes are set to be implemented by 29 September 2025.

ESMA conducted a public consultation and engaged with the Securities and Markets Stakeholders Group to gather feedback on the proposed amendments.

For more information, please click [here](#).



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Report on the functioning of AML/CFT colleges in 2023

The European Banking Authority (EBA) has reviewed the functioning of Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) colleges, which are collaborative structures involving supervisory authorities overseeing cross-border financial institutions operating in at least three Member States. The report highlights progress and areas needing improvement in the fight against financial crime.

For more information, please click [here](#).



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Final report on Draft technical Standards specifying certain requirements in relation to the detection and prevention of market abuse under the Markets in Crypto Assets Regulation (MiCA)

Under the Markets in Crypto-Assets Regulation (MiCA), ESMA is tasked with developing regulatory technical standards (RTS), implementing technical standards (ITS), and guidelines to address various mandates, including detecting and reporting suspected market abuse in crypto-assets.

ESMA published a Consultation Paper on 25 March 2024, seeking stakeholder input on draft RTS and guidelines for market abuse detection and reporting. The consultation closed on 25 June 2024, with 29 responses received. Non-confidential responses are available on ESMA's website. The Final Report details how ESMA incorporated feedback into the final draft RTS and guidelines. The report includes advice from the Securities and Markets Stakeholder Group (SMSG).

For more information, please click [here](#).



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Final reports on Guidelines on the conditions and criteria for the qualification of cryptoassets as financial instruments

The Regulation on Markets in Crypto-Assets (MiCA) was published on 9 June 2023, empowering ESMA to develop technical standards and guidelines. A key issue is the varied national transposition of MiFID, leading to inconsistent definitions of 'financial instrument' across the EU. This inconsistency poses challenges for classifying crypto-assets under MiCA.

Under Article 2(5) of MiCA, ESMA is tasked with issuing guidelines to clarify when crypto-assets qualify as financial instruments under MiFID II.

For more information, please click [here](#).



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ESMA Statement on MiCA Transitional Measures

The Markets in Crypto Assets Regulation (MiCA) includes a transitional regime for CASPs operating before 30 December 2024, allowing them time to transition to MiCA compliance.

CASPs can continue operations until 1 July 2026 or until they receive or are denied MiCA authorisation, whichever comes first. Member States have discretion to adjust the transitional period, leading to varying durations across the EU. CASPs operating in multiple Member States must consider different transitional periods. A CASP authorised in one state but not in another with a shorter transitional period may face a gap in authorisation, affecting service provision.

In this context, ESMA recommends that CASPs should apply for MiCA authorisation promptly to avoid service disruptions and ensure compliance with AML/CFT requirements. Early engagement with National Competent Authorities (NCAs) is advised to inform them of authorisation plans and mitigate potential disruptions.

For more information, please click [here](#).



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BCMR



Final report on the guidelines specifying certain requirements of the Markets in Crypto Assets Regulation (MiCA) on investor protection – third package

Under the Markets in Crypto-Assets Regulation (MiCA), ESMA is tasked with developing regulatory technical standards (RTS) and guidelines. On 25 March 2024, ESMA released a consultation paper to gather stakeholder feedback on one RTS and three sets of guidelines. The consultation concluded on 25 June 2024, with 32 responses received. The consultation focuses on the Guidelines on suitability requirements and periodic statements for portfolio management and the Guidelines on policies and procedures, including client rights, for crypto-asset transfer services.

For more information, please click [here](#).



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BCMR



Press release - ABBL Publishes Guide to Facilitate Business Bank Account Opening

Conscious of the challenge that opening a business bank account can sometimes entail, the Association des Banques et Banquiers Luxembourg (ABBL) is helping businesses navigate this process more effectively by publishing a guide for commercial companies. Drawn up with the contribution of its members and in consultation with the Commission de Surveillance du Secteur Financier (CSSF), it is the first in a series aimed at various economic players.

For more information, please click [here](#).



Swipe to continue →

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BCMR



Final draft RTS on the conditions for determining whether an instrument attracting residual risk acts as a hedge

The European Banking Authority (EBA) has developed Regulatory Technical Standards (RTS) to specify conditions under which certain hedging instruments can be exempted from the Residual Risk Add-On (RRAO) charge under the new Fundamental Review of the Trading Book (FRTB) framework. This is part of the CRR3 package, which builds on the CRR2 provisions. The RRAO exemption will be applicable only once the CRR3 FRTB implementation is in effect. It cannot be used during the postponement period as per the Commission Delegated Act delaying the FRTB by one year.

For more information, please click [here](#).



Swipe to continue →

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BCMR



Opinion on the application of EMIR3 with respect to initial margin models

The European Banking Authority (EBA) has issued an opinion on the implementation of EMIR 3, which introduces new requirements for the authorisation and validation of Initial Margin (IM) models used in non-centrally cleared over-the-counter (OTC) derivatives. This opinion addresses the transitional challenges and provides guidance for competent authorities (CAs) and counterparties.

For more information, please click [here](#).



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BCMR



Final report on the guidelines on reverse solicitation under the Markets in Crypto Assets Regulation (MiCA)

The Regulation on Markets in Crypto-Assets (MiCA) was published on 9 June 2023, empowering ESMA to develop technical standards and guidelines. A key focus is the "reverse solicitation" exemption, which allows third-country firms to provide crypto-asset services in the EU only if initiated by the client. This exemption is narrowly defined and should not be used to bypass MiCA regulations.

Article 61(3) of MiCA mandates ESMA to define situations where third-country firms are deemed to solicit EU clients and to establish supervision practices to prevent MiCA circumvention. ESMA published a consultation paper on 29 January 2024, seeking feedback on draft guidelines for reverse solicitation. The consultation closed on 29 April 2024, with 35 responses received.

For more information, please click [here](#).



Swipe to continue →

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BCMR



Final Draft Regulatory Technical Standards on the exemption from the residual risk add-on own funds requirements for certain type of hedges

The European Banking Authority (EBA) has developed Regulatory Technical Standards (RTS) to specify conditions under which certain hedging instruments can be exempted from the Residual Risk Add-On (RRAO) charge under the new Fundamental Review of the Trading Book (FRTB) framework. This is part of the CRR3 package, which builds on the CRR2 provisions.

The RRAO is a component of the standardised approach (SA) under the FRTB, applied to instruments whose risks are not fully covered by the sensitivity-based method (SbM) and the default risk charge (DRC). The RTS provide guidance on when a hedging instrument can be exempted from the RRAO charge, focusing on instruments that hedge residual risks.

The RRAO exemption will be applicable only once the CRR3 FRTB implementation is in effect. It cannot be used during the postponement period as per the Commission Delegated Act delaying the FRTB by one year.

For more information, please click [here](#).



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BCMR



Final report on the guidelines specifying Union standards on the maintenance of systems and security access protocols for offerors and persons seeking admission to trading of crypto-assets other than asset referenced tokens and emoney tokens

The Regulation on Markets in Crypto-Assets (MiCA) was published on 9 June 2023 and came into force on 29 June 2023. ESMA is tasked with developing technical standards and guidelines under MiCA, as mandated by Article 14(1).

ESMA released a Consultation Paper on 25 March 2024 to gather stakeholder feedback on proposed guidelines. The consultation closed on 25 June 2024, with responses available on ESMA's website for those who consented to publication. The Final Report details how ESMA incorporated feedback into the final guidelines. Major updates include revised definitions to better align with Union standards.

For more information, please click [here](#).



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Key findings from the 2024 ESAs Dry Run exercise

With the Digital Operational Resilience Act (DORA) becoming applicable on 17 January 2025, financial entities must maintain comprehensive registers of their ICT third-party service provider contracts. These Registers of Information (RoI) will serve multiple purposes, including risk monitoring by financial entities, supervision by EU authorities, and designation of critical ICT providers by the ESAs. The exercise highlighted areas for improvement and set the stage for successful implementation of DORA's reporting requirements.

For more information, please click [here](#).



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Consultation Paper on the draft regulatory technical standards for the establishment of an EU code of conduct for issuer-sponsored research

The European Securities and Markets Authority (“ESMA”) has been empowered to develop regulatory technical standards (RTS) establishing an EU code of conduct for issuer-sponsored research by Directive 2024/2811 to make public capital markets in the Union more attractive for companies and to facilitate access to capital for small and medium-sized enterprises.

This Consultation Paper seeks stakeholders’ views, comments, and opinions on ESMA’s proposals for such RTS.

For more information, please click [here](#).



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Final Report on the Technical Advice on Revisions to Commission Delegated Regulation (EU) 447/2012 and Annex I of CRA Regulation

The European Securities and Markets Authority (ESMA) has published a final report proposing amendments to Commission Delegated Regulation (EU) No 447/2012 and Annex I of Regulation 1060/2009 concerning Credit Rating Agencies (CRAs). These amendments aim to enhance the traceability and disclosure of Environmental, Social, and Governance (ESG) factors in credit rating methodologies.

The amendments are intended to improve the incorporation and transparency of ESG factors in credit ratings. The proposals were developed in response to a formal request for technical advice from the European Commission in June 2023 and reflect ESMA's supervisory observations.

ESMA conducted a consultation to gather feedback on the proposed amendments. The feedback received has been considered in the development of the final technical advice.

- Section 2: Provides an overview of the feedback from the consultation and explains how it influenced the final proposals.
- Annex I: Contains the legislative mandate for ESMA's technical advice.
- Annex II: Includes the updated Cost-Benefit Analysis.
- Annex III: Details ESMA's proposed amendments to Commission Delegated Regulation (EU) No 447/2012 and Annex I of the CRA Regulation.

For more information, please click [here](#).



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Final report on Guidelines on reporting on ARTs and EMTs

The European Banking Authority (EBA) has developed guidelines to address data reporting requirements for issuers of asset-referenced tokens (ARTs) and e-money tokens (EMTs) under the Markets in Crypto-assets Regulation (MiCAR). These guidelines aim to fill data gaps that could hinder effective supervision and compliance monitoring.

The guidelines specify templates for data reporting to ensure competent authorities and the EBA can effectively supervise compliance with MiCAR's requirements.

For more information, please click [here](#).



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CSSF FAQ concerning the Sustainable Finance Disclosure Regulation (SFDR).

Modification of Section I: Key European publications, modification of Section II: CSSF FAQs; Update of Questions 6 and 7; Deletion of Questions 2, 9 and 10.

For more information, please click [here](#).



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CRA Market Share Calculation 2024

The CRA Regulation aims to boost competition in the credit rating market by encouraging the use of smaller credit rating agencies (CRAs). ESMA is tasked with annually publishing a list of registered CRAs, detailing the types of credit ratings they issue and calculating their revenues from credit rating activities and ancillary services at the group level.

For more information, please click [here](#).



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Report on Handbook on independent valuers

The European Banking Authority (EBA) has developed a chapter in its Union Resolution Handbook, focusing on best practices and methodologies for selecting and appointing independent valuers for resolution purposes. This initiative aligns with the EBA's mandate under Article 8(1)(ab) of Regulation 1093/2010 to maintain a comprehensive resolution handbook for financial institutions in the EU.

The Handbook provides guidance on best practices and high-quality methodologies for appointing independent valuers, as required by Articles 36 and 74 of Directive 2014/59/EU. It complements existing Regulatory Technical Standards (RTS) on independent valuers, ensuring they are free from conflicts of interest and maintain independence from public authorities and relevant entities.

For more information, please click [here](#).



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Update of Circular CSSF 17/651 relating to the Law of 23 December 2016

CSSF Circular 17/651 has been updated to incorporate changes introduced by the following European Banking Authority (EBA) guidelines:

1. Guidelines 2020/06 on Loan Origination and Monitoring (EBA/GL/2020/06) replacing Guidelines 2015/11 on Creditworthiness Assessment (EBA/GL/2015/11). The new guidelines provide a comprehensive framework for the origination and monitoring of loans, ensuring that credit institutions adopt sound practices in assessing and managing credit risk.
2. Guidelines 2024/10 Amending Guidelines 2015/12 on Arrears and Foreclosure (EBA/GL/2024/10).

For more information, please click [here](#).



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BCMR



Publication of the law of 20 December 2024

The law introduces significant updates to align with European Union directives and regulations.

1. The law transposes Directive (EU) 2024/1174 as regards certain aspects of the minimum requirement for own funds and eligible liabilities. This transposition updates the existing framework on bank resolution, initially implemented through the amended law of 18 December 2015 concerning the failure of credit institutions and certain investment firms. The aim is to ensure a robust resolution mechanism by adjusting the minimum requirements for own funds and eligible liabilities.
2. The law operationalises Regulation (EU) 2024/1623 addressing credit risk, credit valuation adjustment risk, operational risk, market risk, and the capital floor, implementing elements of the "Basel III" international standards reform. The law incorporates national legislative elements to facilitate the regulation's application from 1 January 2025.
3. The law introduces targeted amendments to several existing laws, to complete the transposition of Directive (EU) 2019/878 regarding exempted entities, financial holding companies, remuneration, supervisory measures, and capital conservation measures. Additionally, it addresses Directive (EU) 2019/2162 on the issuance and public supervision of covered bonds. The changes clarify the existing regulatory framework, particularly concerning the extension of covered bond maturities, shareholder structure for financial sector professionals, and governance of the Automobile Insurance Insolvency Fund and Luxembourg's Intergenerational Sovereign Fund.

For more information, please click [here](#).

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CSSF FAQ on Circular CSSF 24/856 concerning the protection of investors in case of an NAV calculation error, an instance of non-compliance with the investment rules and other errors at UCI level

The FAQ is effective from 1 January 2025, which is the date of entry into force of Circular CSSF 24/856. The circular establishes guidelines for rectifying NAV calculation errors and instances of non-compliance with investment rules to ensure investor protection. It outlines the responsibilities of UCIs in identifying, reporting, and correcting such errors promptly.

For more information, please click [here](#).



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The EMIR 3 Regulation has been published in the OJ. 1/2

This regulation introduces amendments to enhance the safety, efficiency, and competitiveness of central counterparties (CCPs) within the EU, addressing systemic risks and promoting the use of central clearing for over-the-counter (OTC) derivatives.

The regulation aims to improve the efficiency of clearing services by streamlining procedures, increasing liquidity, and encouraging clearing at EU CCPs. It strengthens the supervision of EU CCPs, recognising their role in financial stability and cross-border services.

Concerns about excessive reliance on third-country CCPs, particularly post-Brexit, are addressed by encouraging EU market participants to reduce exposures to systemic third-country CCPs. A tailored framework is introduced for third-country CCPs based on their systemic importance.

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The EMIR 3 Regulation has been published in the OJ. 2/2

The Regulation simplifies the framework for intragroup transactions by replacing the need for equivalence decisions with a list of third countries where exemptions should not be granted.

It also introduces exemptions for transactions resulting from post-trade risk reduction (PTRR) services and for certain pension scheme arrangements. It requires financial and non-financial counterparties to hold accounts and clear transactions at EU CCPs for certain derivatives. EMIR 3 establishes an active account requirement for counterparties subject to the clearing obligation, ensuring a minimum number of transactions are cleared through EU CCPs.

EMIR 3 enhances reporting obligations for clearing members and clients, ensuring competent authorities have necessary information on clearing activities. It also introduces a formal reporting requirement for CCP risk management data to ESMA.

For more information, please click [here](#).



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Publication of the Law of 20 December 2024

The law introduces targeted amendments to the amended law of 6 April 2013 concerning dematerialised securities. This initiative aims to enable the financial sector to leverage new technologies, particularly Distributed Ledger Technology (DLT), while ensuring enhanced legal security. This development follows Luxembourg's pioneering legislation on distributed ledger technology, commonly referred to as "Blockchain" laws.

The law introduces the option to appoint a control agent for the issuance of dematerialised securities. This agent will fully utilise DLT to secure and share information regarding the ownership of issued securities among various market participants. The control agent's responsibilities include maintaining the issuance account, monitoring the chain of securities ownership, and reconciling issued securities.

The new regime is optional for issuers, complementing the existing legal framework by recognising the potential of new technologies. It ensures that issuers and investors can benefit from these advancements without compromising certainty and security.

For more information, please click [here](#).



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Update of CSSF FAQs on national reporting B4.5 and B4.6

Update of CSSF FAQs on national reporting B4.5 and B4.6

Update of Question 4 and Question 8. Publication of Question 11.

For more information, please click [here](#).



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CSSF Regulation No 24-09

CSSF Regulation No 24-09 of 30 December 2024 on the countercyclical buffer rate applicable to the relevant exposures located in Luxembourg

The countercyclical buffer rate applicable to the relevant exposures located in Luxembourg remains at 0.50% for the first quarter of 2025.

For more information, please click [here](#).



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CSSF Regulation No 24-10 of 30 December 2024

CSSF Regulation No 24-10 of 30 December 2024 relating to the extension of temporary adjustments to CSSF Regulation No 20-08 of 3 December 2020 laying down the conditions for granting mortgage loans for residential property located in Luxembourg.

This CSSF regulation relates to the extension of temporary adjustments to CSSF Regulation No 20-08 of 3 December 2020 laying down the conditions for granting mortgage loans for residential property located in Luxembourg

For more information, please click [here](#).



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BCMR



Updated version of Technical FAQ on CSSF Regulation No 20-08 on borrower-based measures for residential real estate credit (track changes)

The updated version of the FAQ takes into account the amendments to CSSF Regulation 20-08 by CSSF Regulation 24-10. CSSF Regulation 24-10 is of temporary nature. All clarifications provided on this regulation will expire after 30 June 2025.

For more information, please click [here](#).



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BCMR



Market Report on Crowdfunding in the EU 2024

ESMA's inaugural report on the EU crowdfunding market, based on data from National Competent Authorities, covers 98 crowdfunding service providers across 17 EU Member States for the year 2023. This report provides a comprehensive overview of the EU crowdfunding landscape, highlighting the dominance of loan-based models and the significant role of retail investors.

For more information, please click [here](#).



Swipe to continue →



BCMR



Consultation paper on draft RTS on the calculation and aggregation of crypto exposure values

The European Banking Authority (EBA) has developed draft Regulatory Technical Standards (RTS) to specify the prudential treatment of banks' exposures to crypto-assets, as outlined in Regulation (EU) 2024/1623 amending Regulation (EU) No 575/2013 (CRR 3). These standards align with international developments and the legal framework introduced by MiCAR.

The EBA will revise the draft RTS based on consultation feedback and submit the final version to the European Commission for adoption.

For more information, please click [here](#).



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Circular CSSF 25/870 1/2

Circular CSSF 25/870

**amending Circular CSSF 24/853 on the revised long form report for investment firms
Long Form Report – Practical rules concerning the self-assessment questionnaire to be submitted by investment firms – Mission and related reports of the réviseurs d'entreprises agréés (approved statutory auditors)**

The CSSF has amended Circular 24/853 concerning the revised Long Form Report (LFR), expanding its scope for the financial year ending 31 December 2024 compared to the previous year.

For the financial year ending 31 December 2023, the revised LFR applied only to a select group of investment firms, specifically:

- All non-SNI IFR investment firms incorporated under Luxembourg law, including their branches.
- Certain SNI IFR investment firms incorporated under Luxembourg law, including their branches.

For the financial year ending 31 December 2024, the revised LFR requirements will apply to all investment firms.

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Circular CSSF 25/870 2/2

The CSSF introduces a reduced scope of requirements for investment firms subject to Circular 24/853 for the first time in 2024. These firms, referred to as Partial Scope Investment Firms, are exempt from submitting Agreed Upon Procedure (AUP) reports as part of their revised LFR. However, they must still submit:

- The report on the protection of financial instruments and funds belonging to clients, as per the Grand-ducal Regulation of 30 May 2018.
- The report on anti-money laundering and countering the financing of terrorism (AML/CFT), based on Articles 49(2) and 49(3) of CSSF Regulation No 12-02 of 14 December 2012.

Certain investment firms may be exempted from this Circular if the requirements pose an undue burden due to their specific and exceptional circumstances, such as firms winding down operations. These firms will continue to be governed by Circular CSSF 03/113.

For more information, please click [here](#).



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Final Guidelines on the management of ESG risks

The European Banking Authority (EBA) has issued guidelines under Article 87a(5) of Directive 2013/36/EU, focusing on the identification, measurement, management, and monitoring of Environmental, Social, and Governance (ESG) risks by financial institutions. These guidelines aim to ensure the resilience and soundness of institutions in the face of ESG-related challenges.

The guidelines address the integration of ESG risks into the risk management frameworks of financial institutions, recognising their impact on traditional financial risk categories such as credit, market, operational, and reputational risks. The guidelines will apply from 11 January 2026, with an extended deadline of 11 January 2027 for small and non-complex institutions.

For more information, please click [here](#).



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Publication of Commission Delegated Regulation (EU) 2025/19

Publication of Commission Delegated Regulation (EU) 2025/19 of 26 September 2024 amending the regulatory technical standards laid down in Delegated Regulation (EU) 2019/815 as regards the 2024 update of the taxonomy for the single electronic reporting format

The Commission Delegated Regulation (EU) 2019/815, which specifies the single electronic reporting format for issuers on regulated markets, is being updated to align with recent changes in the IFRS Accounting Taxonomy. This is a technical update, not a new policy or substantial change. These amendments ensure that financial reporting remains consistent with the latest IFRS standards, enhancing comparability and readability for stakeholders.

For more information, please click [here](#).



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Market Report on EU securities prospectuses 2024

The European Securities and Markets Authority (ESMA) continues its annual reporting on EU prospectuses under Article 47 of the Prospectus Regulation. The 2023 report utilises the ESMA Prospectus Register, which centralises documents approved by EEA National Competent Authorities.

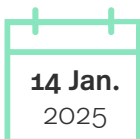
For more information, please click [here](#).



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Market Report on the Costs and Performance of EU Retail Investment Products 2024

The European Securities and Markets Authority's 2024 report analyses the costs and performance of EU retail investment products, highlighting key developments up to the end of 2023 amidst improving returns and a macroeconomic slowdown. The report covers UCITS, retail AIFs, and SRPs, with improved data coverage for UCITS. Overall, the report highlights trends in cost reductions and performance improvements across different investment products, with ESG funds showing notable outperformance.

For more information, please click [here](#).



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Communiqué - Entry into application of DORA regulation on 17 January 2025

The CSSF reminds the Financial Entities subject to the Digital Operational Resilience Act (“DORA”) that as from 17 January 2025 the requirements of the DORA regulation and its underlying regulatory technical standards and implementing technical standards as published in the EU official journal, take precedence over any overlapping elements or requirements present in CSSF circulars, notably in circulars:

- CSSF 20/750 specifying the requirements regarding information and communication technology (ICT) and security risk management;
- CSSF 22/806 on outsourcing arrangements (regarding ICT outsourcing arrangements);
- CSSF 24/847 on ICT-related incident reporting framework.

The communiqué contains practical modalities regarding reporting obligations. Inter alia, Financial Entities are required to submit their register of information to the CSSF from 1 April 2025 to 15 April 2025 via eDesk. Additional information related to the eDesk procedure will be published at a later stage.

For more information, please click [here](#).



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BCMR



15 Jan.
2025

Legal & Regulatory Watch | The State of AI Regulation – A Global Overview

This note provides an overview of the AI regulations and frameworks in key jurisdictions, including:

- The groundbreaking EU AI Act.
- Luxembourg's proactive approach to AI governance.
- The UK's principles-based strategy to foster innovation.
- The US's evolving sector-specific framework.
- Global initiatives such as the OECD Principles on AI and the Council of Europe's AI Framework Convention.

For more information, please click [here](#).



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Circular CSSF-CPDI 25/44

Circular CSSF-CPDI 25/44

Survey on covered claims in connection with investment business – mode of transmission

The CSSF has issued amendments to Circular CSSF-CPDI 16/03, focusing on the reporting of covered claims related to investment business and clarifying terms for investor compensation. The circular specifies updated methods for transmitting reports on covered claims associated with investment business, ensuring more efficient and streamlined communication.

The amendments provide clarity on terms related to the identification and indemnification of accounts where the account holder differs from the person entitled to the "Système d'indemnisation des investisseurs Luxembourg" (SIIL) guarantee. These clarifications consider changes introduced by Circular CSSF-CPDI 23/35, which amended Circular CSSF-CPDI 16/02 regarding the scope of deposit guarantees and investor compensation.

Circular CSSF-CPDI 17/07 is repealed.

For more information, please click [here](#).



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BCMR

15 Jan.
2025

The Cyber Solidarity Act has been published in the OJ.

This regulation aims to strengthen the EU's cybersecurity framework in response to increasing cyber threats and incidents, ensuring resilience and preparedness across Member States. The interconnectedness of sectors and the rise in cyber incidents, including ransomware and cyberespionage, pose significant threats to critical infrastructure and public services.

The goal is to enhance the EU's cybersecurity capabilities, support digital transformation, and increase resilience against cyber threats, as well as establishing a pan-European network of cyber hubs and a Cybersecurity Emergency Mechanism to support Member States in managing significant cybersecurity incidents.

Key Initiatives include the establishment of a European Cybersecurity Alert System, a Cybersecurity Emergency Mechanism and an EU Cybersecurity Reserve. The Commission will evaluate the regulation's measures regularly, with the first evaluation within two years of entry into force.

For more information, please click [here](#).



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Peer review report on the application of proportionality in SREP

The European Banking Authority (EBA) conducted a peer review to assess the implementation of proportionality provisions in the Supervisory Review and Evaluation Process (SREP) and supervisory stress testing under the Capital Requirements Directive (CRD). The review focused on six competent authorities: ACPR, BaFin, CSSF, KNF, MNB, and ECB, chosen for their diverse supervisory approaches and the variety of credit institutions they oversee.

For more information, please click [here](#).



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BCMR



Consultation paper on draft Guidelines on ESG scenario analysis

The European Banking Authority (EBA) has published guidelines on the management of Environmental, Social, and Governance (ESG) risks, specifically focusing on scenario analysis. These guidelines complement existing guidelines on ESG risk management and address mandates set out in Article 87a(5) of Directive 2013/36/EU and Article 177(2a) of Regulation (EU) No 575/2013.

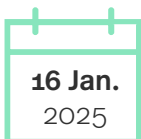
For more information, please click [here](#).



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BCMR



16 Jan.
2025

Joint Report on recent developments in crypto-assets (Art 142 MiCAR)

This report sets out the outcome of the analysis undertaken by the EBA and ESMA on specific elements covered by Article 142 of MiCAR and constitutes the EBA and ESMA's contribution to the production of the EC's report to the European Parliament and Council on recent developments in crypto-assets. The analysis has been informed by extensive research on DeFi and crypto lending, borrowing and staking.

For more information, please click [here](#).



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Report on the feasibility for further centralisation of reporting of major ICT-related incidents

The report, mandated by DORA Article 21, explores the feasibility of centralising ICT-related incident reporting through a single EU Hub. It assesses options for further centralisation, considering the current decentralised model and potential benefits of a centralised system.

For more information, please click [here](#).



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Opinion on interaction between Pillar 2 requirements and the output floor

The European Banking Authority (EBA) has issued an opinion to guide competent authorities on incorporating the interaction between the output floor and Pillar 2 requirements into their Supervisory Review and Evaluation Process (SREP). This guidance is particularly relevant for institutions subject to the output floor from 1 January 2025, with Article 104a(6) of Directive 2013/36/EU applying from 11 January 2026.

The opinion addresses the need for a harmonised approach to the interaction between the output floor and Pillar 2 requirements, pending the adoption of specific guidelines under Article 104a(7) of Directive 2013/36/EU.

The EBA conducted a roundtable discussion with industry stakeholders and consulted the Banking Stakeholder Group (BSG) to gather diverse perspectives on the issue.

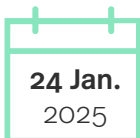
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Opinion on RTS specifying certain requirements in relation to conflicts of interest for crypto-asset service providers under the Markets in Crypto-Assets Regulation (MiCA)

Article 72(5) of the Regulation on markets in crypto-assets (MiCA) requires ESMA to develop draft regulatory technical standards to further specify the requirements for the policies and procedures to identify, prevent, manage and disclose conflicts of interest, as well as the details and methodology for the content of the disclosure by crypto-asset service providers of the general nature and sources of conflicts of interest and the steps taken to mitigate them (the “RTS on CoIs”).

In this opinion, ESMA suggests a limited number of changes to the amendments proposed by the European Commission. ESMA acknowledges that an appropriate balance should be found between, on the one hand, the protection of investors and financial stability related objectives, and on the other hand, promoting safe and sustainable innovation. However, in view of the Commission’s comments, ESMA proposes striking that balance slightly differently from the EC.

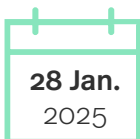
For more information, please click [here](#).



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BCMR



Final Report on the EMIR RTS on colleges for central counterparties

The European Securities and Markets Authority (ESMA) has published a final report proposing draft amendments to the regulatory technical standards (RTS) in Commission Delegated Regulation (EU) No 876/2013, concerning colleges for central counterparties (CCPs). These amendments align with changes introduced by EMIR 3 to enhance the efficiency of Union clearing markets and manage exposures to third-country CCPs.

The amendments are designed to reflect updates to EMIR introduced by Regulation (EU) No 2024/2987, focusing on mitigating excessive exposures to third-country CCPs. The changes are limited in scope, affecting only competent authorities and not imposing additional requirements on market participants.

ESMA did not conduct an open consultation due to the limited scope of the amendments. Consultations were held with the Securities and Markets Stakeholder Group and relevant competent authorities, and cooperation with the European System of Central Banks (ESCB) was undertaken.

- Section II: Provides background on ESMA's proposals and outlines changes to the practical arrangements for CCP colleges.
- Annex I: Contains the mandate under Article 18(6) of EMIR.
- Annex II: Presents the draft amendments to the Delegated Regulation.

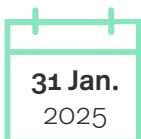
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Publication of Council Implementing Regulation (EU) 2025/206 of 30 January 2025

Publication of Council Implementing Regulation (EU) 2025/206 of 30 January 2025 implementing Article 2(3) of Regulation (EC) No 2580/2001 on specific restrictive measures directed against certain persons and entities with a view to combating terrorism, and repealing Implementing Regulation (EU) 2024/2055

On 26 July 2024, the Council adopted Implementing Regulation (EU) 2024/2055, updating the list of persons, groups, and entities subject to Regulation (EC) No 2580/2001. The Council established an updated list of individuals and entities to which the regulation applies and repeals Regulation 2024/2055.

For more information, please click [here](#).



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Publication of Council Regulation (EU) 2025/205 of 30 January 2025

Publication of Council Regulation (EU) 2025/205 of 30 January 2025 amending Regulation (EC) No 2580/2001 on specific restrictive measures directed against certain persons and entities with a view to combating terrorism

The Council has adopted amendments to Regulation (EC) No 2580/2001 to incorporate humanitarian exemptions and ensure uniform application across the EU.

On 19 February 2024, Decision (CFSP) 2024/628 introduced a 12-month humanitarian exemption to asset freeze measures and restrictions on funds for designated entities, benefiting actors identified in UN Security Council Resolution 2664 (2022) and organisations with the Humanitarian Partnership Certificate or recognised by Member States.

On 30 January 2025, Decision (CFSP) 2025/204 extended the humanitarian exemption until 22 February 2027.

A derogation mechanism was introduced for organisations involved in humanitarian activities that do not qualify for the exemption, along with a review clause for these exceptions.

Regulation (EC) No 2580/2001 is amended to reflect these changes.

For more information, please click [here](#).



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Draft Implementing Technical Standards on uniform reporting under SEPA

The European Banking Authority (EBA) has developed final draft Implementing Technical Standards (ITS) to standardise reporting templates, instructions, and methodologies for Payment Service Providers (PSPs) under the SEPA Regulation, as amended by the Instant Payment Regulation (IPR). These standards aim to facilitate uniform reporting of charges for credit transfers, payment accounts, and shares of rejected transactions.

The ITS standardise reporting from PSPs to National Competent Authorities (NCAs) to provide the European Commission (EC) with necessary data on charges and rejected transactions. Reporting covers charges for regular and instant credit transfers, payment accounts, and rejected transactions due to EU-wide restrictive measures.

Concerns were raised about the feasibility of the 9 April 2025 reporting deadline, as the EC will not have adopted the ITS by then. The EBA suggests delaying harmonised reporting to 9 April 2026, with NCAs reporting to the EBA and EC by 9 October 2026, to avoid incomplete and inconsistent data.

For more information, please click [here](#).



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Opinion on EC changes on RTS on conflicts of interests for issuers of asset-referenced tokens under MiCAR

The European Banking Authority (EBA) has issued an opinion regarding the specification of requirements for policies and procedures on conflicts of interest for issuers of asset-reference tokens, as outlined in Regulation (EU) 2023/1114 on Markets in Crypto-assets (MiCAR). This opinion is part of the EBA's mandate to develop draft regulatory technical standards in this area.

The opinion addresses the need for clear policies and procedures to manage conflicts of interest for issuers of asset-reference tokens, ensuring transparency and integrity in the crypto-assets market.

For more information, please click [here](#).



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Report on IRRBB heatmap implementation

Following its scrutiny work , which began in 2022 with the publication of the regulatory package on interest rate risk in the banking book (IRRBB), the European Banking Authority (EBA) publishes this report to deliver on the short/medium term objectives of the action plan outlined in its IRRBB Heatmap. It contains observations and recommendations for institutions and supervisors, including some tools for supervisors to support them in the assessment of IRRBB risks on several dimensions.

For more information, please click [here](#).



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Consultation Paper on the Extensions of authorisation conditions and list of documents under EMIR

Regulation (EU) No 2024/2987 (EMIR 3), introduces several measures to make EU clearing services and EU CCPs more efficient and competitive, notably by streamlining and shortening supervisory procedures for initial authorisation and extension of authorisation.

For extensions of services and activities, Articles 15, 15a, 17 and 17a of EMIR now distinguish between a “normal extension” of authorisation procedure, an accelerated procedure, and changes that can benefit from an exemption from authorisation.

This Consultation Paper presents the draft RTS prepared by ESMA.

- Section 4 outlines ESMA’s proposal to specify the conditions for the accelerated procedure under Article 17a of EMIR.
- Section 5 presents the procedure for consulting ESMA and the college on whether or not those conditions, under Article 17a of EMIR, are fulfilled.
- Section 6 sets out the conditions for the exemption from authorisation under Article 15a of EMIR.
- Section 7 covers the frequency of notification of exemptions under Article 15a of EMIR.
- Section 8 presents the list of required documents that are to accompany an application for initial authorisation of a CCP under Article 14 of EMIR, and an application for extension of authorisation under Article 17 of EMIR and under Article 17a of EMIR (accelerated procedure).
- Section 9 provides a clarification on the determination of the concept of ‘working days’ under EMIR.

For more information, please click [here](#).



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Consultation Paper on the Validations of changes to models and parameters conditions and list of documents under EMIR

Regulation (EU) No 2024/2987 (EMIR 3), introduces several measures to make EU clearing services and EU CCPs more efficient and competitive, notably by streamlining and shortening supervisory procedures for validations of changes to models and parameters.

Article 49(1) of EMIR now distinguishes between two approval procedures for a CCP intending to adopt a change to a model or parameters: for significant changes, a validation in accordance with Article 49 of EMIR is necessary, while for non-significant changes, the CCP can apply under a newly introduced accelerated procedure as set out under Article 49a of EMIR.

This Consultation Paper presents the draft RTS prepared by ESMA.

- Section 4 outlines ESMA's proposed quantitative thresholds and qualitative elements to be considered when determining whether a model change is significant.
- Section 5 further describes the changes to models that can be considered as already covered by the approved model.
- Section 6 presents the list of required documents that are to accompany an application for validation of a change to models or parameters.
- Section 7 provides a clarification on the determination of the concept of 'working days' under EMIR.

For more information, please click [here](#).



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Publication of the Law of 6 February 2025 relating to the implementation of:

- **two European regulations related to the regulation of crypto-assets.(2023/114 and 2023/1113)**
- **two European regulations concerning the regulation of European long-term investment funds and European green bonds (2023/606 and 2023/2631).**

This new law aims to implement two European regulations concerning the regulation of crypto-assets. Additionally, it seeks to enforce two European regulations related to the regulation of European long-term investment funds and European green bonds.

1. **Crypto-Assets Regulation (Regulation (EU) 2023/1114 - MiCA):** This regulation establishes a harmonised legal framework within the EU for the issuance, public offering, trading, and provision of services related to crypto-assets. With this new law, the CSSF is given additional powers in its capacity of authority responsible for enforcing this regulation in Luxembourg.
2. **Transfer of Funds and Crypto-Assets Regulation (Regulation (EU) 2023/1113):** This regulation replaces and extends existing rules on information accompanying fund transfers, setting out requirements for information on fund originators and beneficiaries accompanying both fund and crypto-asset transfers. With this new law, the CSSF is given additional powers in its capacity of authority responsible for enforcing this regulation in Luxembourg.

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Publication of the Law of 6 February 2025 relating to the implementation of:

3. European Long-Term Investment Funds Regulation (Regulation (EU) 2023/606): This regulation introduces targeted adjustments to the existing framework for European long-term investment funds (ELTIFs), aligning with the Capital Markets Union package. It addresses investment policy requirements, portfolio composition, diversification, and liquidity borrowing. With this new law, the CSSF is given additional powers in its capacity of authority responsible for enforcing this regulation in Luxembourg.

4. European Green Bonds Regulation (Regulation (EU) 2023/2631): This regulation establishes a uniform set of requirements for issuers wishing to use the "European Green Bond" label. Pursuant to this new law, the CSSF is tasked with ensuring compliance with this regulation by issuers, initiators, and securitisation entities in Luxembourg.

Additionally, it should be noted that this law introduces a series of amendments to the Law of 12 November 2004 on the fight against money-laundering and terrorism financing to integrate concepts introduced by the abovementioned regulations and create obligations tailored to CASPs.

For more information, please click [here](#).



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Consultation paper on the revision of the disclosure framework for private securitisation under Article 7 of the Securitisation Regulation

This Consultation Paper presents a proposal for a simplified disclosure template for private securitisation, aiming to enhance proportionality while maintaining transparency in line with the Securitisation Regulation (SECR). It is aiming to streamline information-sharing processes while ensuring supervisory authorities have access to essential data for effective oversight.

ESMA will consider the feedback received during this consultation and plans to publish a final report and submit the draft technical standards to the European Commission for endorsement by Q2 2025.

For more information, please click [here](#).





Luxembourg Trade and Companies Register

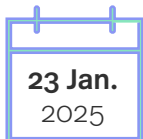
As from **12 November 2024**, all natural persons already registered or to be registered with the RCS in any capacity (i.e shareholder, managers/directors, auditor, etc.) have to provide their LNIN, a unique identification number assigned by the National Registry of Natural Persons (Registre National des Personnes Physiques) in accordance with the law of **19 June 2013** on the identification of natural persons. If the natural person does not have a LNIN, the creation of this number needs to be requested as part of the procedure to be carried out with the RCS.

On 3 March 2025, the LBR announced that the specific filing service made available on the RCS portal, called « *Mise à jour de l'identifiant national luxembourgeois des personnes physiques inscrites au RCS* », allowing to communicate an already existing NIN or to request the creation of such a number will remain free of charge until **31 May 2025**. Please be advised that from 1 October 2025, all RCS filings, including the filing of annual accounts, will be blocked for companies that have not complied with their LNIN registration obligations until their situation has been regularized.

Swipe to continue →



Corporate



Bill 8053: Harmonisation of Cross-Border Transactions in Luxembourg

The law of 23 January 2025 (the "Law"), which was exempted from a second constitutional vote by the Council of State on 4 February 2025, is set to come into force in Luxembourg. This bill implements Directive (EU) 2019/2121, known as the Mobility Directive. The primary aim of this directive is to harmonise legal regimes concerning cross-border transactions within the European Union, addressing the current divergent and uncertain legal systems.

The main changes introduced by the Mobility Directive to the Law of 1915 include, anti-abuse test, simplified mergers, protection of stakeholder's etc.

These changes aim to strengthen stakeholder protection and ensure greater transparency and legality in cross-border transactions in Luxembourg.

For more information, please click [here](#) and [here](#).



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Corporate



The law of 17 February 2025 from the bill of law 8053: Harmonisation of Cross-Border Transactions in Luxembourg

The law of February 17, 2025 (the "Law"), which was exempted from a second constitutional vote by the Council of State on February 4, 2025, is set to come into force in Luxembourg. This bill implements Directive (EU) 2019/2121, known as the "Mobility Directive". The primary aim of this directive is to harmonise legal regimes concerning cross-border transactions within the European Union, addressing the current divergent and uncertain legal systems.

The main changes introduced by the Mobility Directive to the Law of August 10, 1915, regarding commercial companies (the "Law of 1915") include, anti-abuse test, simplified mergers, protection of stakeholder's etc.

These changes aim to strengthen stakeholder protection and ensure greater transparency and legality in cross-border transactions in Luxembourg.

For more information, please click [here](#) and [here](#).





Pillar two

On 19 December 2024, the Parliament also adopted the bill of law (bill n°8396) amending the Law of 22 December 2023 on minimum taxation ("Pillar Two Law"). As a result, two grand-ducal regulations were adopted in the context of the application of the rules on minimum effective taxation (Pillar Two).

- Grand-ducal regulation of 20 December 2024 n°577: The main purpose of this regulation is to define and specify the treatment of transferable and negotiable tax credits, as well as that of tax benefits flowing from a qualified participation.
- Grand-ducal regulation of 20 December 2024 n°578: The purpose of this regulation is to determine the rules concerning the functional currency to be used for the purposes of applying the law transposing Pillar 2.

This amendment and these regulations clarify some important principles that may be relevant for Luxembourg companies affected by these new rules.



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§

Tax



New administrative measures : subcontracting and tax debt schedule

Two grand-ducal regulations were adopted within the context of the application of the Law of 20 December 2024 :

- Grand-ducal regulation of 20 December 2024 n°572 allows the LTA to grant the taxpayer a sequencing payment of its tax debt.
- Grand-ducal regulation of 20 December 2024 n°573 allows the LTA to subcontract the execution of specific work to contractors and their successive subcontractors.

For more information, please click [here](#).



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§

Tax



Digital advances in filing

For fiscal year 2025, the mandatory electronic filing of certain withholding tax returns has been extended. Since 1 January 2025, this obligation also applies to income tax returns for directors' fees (model 510bis), as well as those relating to remuneration and reduced tax credits (model 160), including flat-rate income tax returns (model 950).



Corporate income tax reduction

As from 1 January 2025, the rate of corporate income tax (CIT) in Luxembourg has been reduced by 1%, whereas the rate of municipal business tax (MBT) remains unchanged. As a result, the overall combined CIT and MBT rate for companies in Luxembourg City was reduced from 24.94% to 23.87%.

Total taxable income (euros)	New tax rate	New overall tax rate
≤ 175,000	14%	21.73%
From 175,001 to 200,000	Fixed amount of €24,500 plus 30% of the taxable amount between €175,000 and €200,000.	21.73% - 23.87%
> 200,000	16%	23.87%

For more information, please click [here](#).





Simplification and reduction of the minimum net wealth tax (NWT)

In a decision of 10 November 2023, the Constitutional Court of Luxembourg (n°00185) ruled that the previous method of calculating the minimum NWT was unconstitutional. Following said decision, the legislator has reformed the computation of the minimum NWT tax basis. The minimum NWT is now calculated according to a progressive scale, independently of the composition of companies' financial assets, as follows:

- €535 for a balance sheet total \leq €350,000 ;
- €1,605 for a balance sheet total between €350,000 and €2,000,000 ;
- €4,815 for a balance sheet total $>$ €2,000,000.

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§

Tax



Exemption from subscription tax for actively managed UCITS ETFs

Actively managed UCITS ETFs, and their sub-funds, can now benefit from an exemption of subscription tax. To benefit from the exemption, the UCITS must be traded continuously on a regulated market or a multilateral trading facility, with the intervention of at least one market maker ensuring a limited deviation from its net asset value. If a UCITS or sub-fund has several classes of units or shares, only those that qualify as ETFs may benefit from the exemption.

For more information, please click [here](#).





Amendment of the interest limitation rules to introduce the “single-entity group”

Among the measures introduced by the "Entlaaschtungs-Pak" (draft law n°8414 of 11 December 2024) is the introduction of the concept of "single entity group" in article 168bis LITL.

This provision, which is applicable as from 1st January 2025, allows an entity that qualifies as a single entity group, upon request to the Luxembourg tax authorities, to benefit from the equity escape clause provided for in the interest limitation rules. This clause applies to entities that cannot be considered stand-alone entities for the purposes of the interest limitation rules because of having associated enterprises or a permanent establishment, while at the same time not being part of a consolidated group for financial accounting purposes. Pursuant to the exclusion, if a single entity group demonstrates that its capital ratio is equal to or higher than that of its group, it may deduct its exceeding borrowing costs without being subject to the limitations of article 168bis LITL.

Swipe to continue →

§

Tax



Optional waiver of the participation regime

Luxembourg taxpayers may now opt out of the participation exemption regime (for dividends, liquidation proceeds and capital gains) as well as the 50% exemption on dividends under article 115 LITL, but only for holdings that meet the required holding threshold of €1,200,000 for dividends / liquidation proceeds or €6,000,000 for capital gains. This option, which cannot be exercised if the taxpayer only benefits from the exemption regime by virtue of the 10% holding threshold, must be chosen annually and separately for each holding. This measure is intended to bring the Luxembourg regime into line with those of other EU Member States and to offer greater flexibility in the use of tax losses.

For more information, please click [here](#).





Clarification of the redemption treatment for classes of shares

As a welcome change for all practitioners, the LITL has been amended (by the adoption of draft law n°8388 of 23 May 2024) to formalise the previously consolidated administrative practice about the conditions under which the redemption of an entire class of shares can be treated as partial liquidation for Luxembourg tax purposes.

According to the new version of article 101 LITL, in order for a redemption of classes of shares to qualify as a partial liquidation, the following cumulative conditions must be met:

- The classes of shares must have been implemented upon the company's incorporation or upon a share capital increase ;
- The redemption must apply to an entire class of shares;
- Further to the redemption, the share capital should be reduced and the entire class of shares should be cancelled within 6 months ;
- Each class of shares must have distinct economic rights, as defined in the company's articles of association ; and
- The method for determining the fair market value of the class of shares to be redeemed must be specified either in the company's articles of association or in a document referenced therein.



Evolution of the SPF regime

As from 1st January 2025, the minimum annual subscription tax for private wealth management companies (société de gestion de patrimoine familial or SPF) was increased from €100 to €1,000. Additionally, the corporate name of a company governed by the Luxembourg's SPF law of 11 May 2007 (as amended) must include the terms 'société de gestion de patrimoine familial' or 'SPF'.

The law has been modernized with the goal of reducing the abusive use of this vehicle, and audit procedures have been clarified. The tax authorities can now impose administrative fines of up to €250,000 for non-compliance with the legal obligations of the SPF law. The SPF tax regime may also be withdrawn in the event of serious and persistent non-compliance with the applicable legal, regulatory or statutory provisions, after a specified period. This measure follows a request for compliance issued by the Director of the Registration Duties, Estates and VAT Authority.



New circular from the LTA on interest rates on shareholders' current accounts

On 29 January 2025, the Luxembourg tax authorities published the circular L.I.R n°164/1, replacing the 1998 circular and introducing changes to interest rates on shareholders' current accounts.

For individual shareholders, the fixed interest rate of 5% has been replaced by an interest rate that must be determined in accordance with the arm's length principle. For simplification purposes, this arm's length rate can now be determined by reference to annual consumer credit rates, based on statistics from the Luxembourg Central Bank. For corporate shareholders, the circular confirms that the current approach to the arm's length principle remains applicable, with adjustments based on a number of factors, such as currency and exchange risk.

Luxembourg companies must adapt their transfer pricing policies to comply with this new circular.

For more information, please click [here](#).



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Tax



Measures related to individuals 1/5

In addition to the above-mentioned measures for corporate entities, the following Luxembourg tax measures will impact individuals:

Adjustment of personal income tax brackets

The personal income tax scale is more progressive than before, and now varies from 8% for taxable income in excess of €13,230 to 42% for taxable income in excess of €234,870. The solidarity tax remains at 7% (9% for taxpayers whose income exceeds €150,000 in classes 1 and 1a, or €300,000 in class 2). As a result, the top marginal rate remains at 45.78% in 2025 but with a reduced tax burden for lower brackets.

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§

Tax



Measures related to individuals 2/5

Increase in profit-sharing bonus thresholds

From this year, the thresholds for the profit-sharing bonus have been increased. The maximum amount that can be distributed by the employer rises from 5% to 7.5% of its annual profit, and the maximum share that employees can receive is increased to 30% of their gross annual pay (compared with 25% previously). Introduced in 2021, this scheme allows employers to distribute part of their profits in the form of a salary top-up, with a tax exemption of 50% on the amount received for employees and full deductibility for companies. These adjustments are designed to improve the sharing of profits between employers and employees, while maintaining the restrictive conditions linked to the profits made by the company.



Measures related to individuals 3/5

Modification of the impatriate regime

With the aim of making Luxembourg a more attractive destination for highly qualified talent and profiles, the government has reviewed the tax regime for impatriates. The new regime offers a flat-rate exemption of 50% on gross annual remuneration, up to a limit of €400,000. This exemption replaces previously applicable tax benefits, such as removal expenses, accommodation and the impatriation bonus. However, this exemption does not apply to payments that are partially or fully exempt, such as profit-sharing bonuses, interest subsidies and benefits in kind.

For more information, please click [here](#).

New bonus for young employees

A new tax measure has been introduced in Luxembourg enabling young employees to benefit from a 75% exemption on distribution of annual bonus, subject to certain conditions. To be eligible, the employee must (i) be under 30 years of age on 1 January of the tax year concerned, (ii) be on his or her first permanent contract (CDI) in Luxembourg and (ii) receive gross annual pay of less than €100,000. The amount of the tax-free bonus varies between €2,500 and €5,000 depending on the employee's gross salary.



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Tax



Measures related to individuals 4/5

Digitisation and new tax rules for luncheon vouchers in Luxembourg

The circular L.I.R n°115/7, published on 31 January 2025 by the Luxembourg tax authorities, replaces the circular of 3 December 1993 and clarifies the rules applicable to luncheon vouchers. Since the beginning of the year, all meal vouchers must be issued in digital format, ending the transitional period for paper vouchers. Their use is now limited to 5 units per day, but is no longer restricted to working days. The tax exemption applies to amounts between €2.80 and €15, bringing the maximum exemption to €12.20 for a voucher worth €15 or more.

For more information, please click [here](#).



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§

Tax



Measures related to individuals 5/5

New tax credit for overtime performed by cross-border workers

Luxembourg has introduced an overtime tax credit (“CIHS”) to reduce the tax cost for cross-border workers. The aim of this measure is to compensate for the fact that such income is taxed in some countries of residence. The amount of the tax credit depends on the annual gross income from overtime. No credit is granted for an amount of less than €1,200. Between €1,200 and €4,000, the credit corresponds to 25% of the excess above €1,200. Above €4,000, the credit is capped at €700 per year. This tax credit is reserved for cross-border workers residing in a country that has signed a double tax treaty with Luxembourg (other conditions apply). It can be claimed via an annual tax return (déclaration fiscale) or an annual tax adjustment (décompte).

For more information, please click [here](#).





Real estate related measures

The 50% reduction on the taxable base for the calculation of registration duties and transcription duties applicable to acquisitions for rental and personal housing, introduced by the Law of 22 May 2024 as part of a package of measures to revive the housing market, has been extended. This measure now applies to notarized acquisitions made between 1 October 2024 and 30 June 2025.

However, the tax credit for the purchase of real estate for rental of €20,000 has not been renewed and relates to acquisitions made between 1 January 2024 and 31 December 2024. In addition, the tax credit for the purchase of real estate for personal use, which was set at €40,000 for acquisitions made between 1 January 2024 and 31 December 2024.

Following the adoption of the above measures, the bill of law n°8470 (not yet adopted) provides for an extension of the tax credit for rental acquisitions and the increase in the tax credit for the purchase of real estate for personal use until 30 June 2025. This bill also provides for an extension of the 6% accelerated depreciation ("special construction allowance") for acquisitions of future completed dwellings (VEFA), documented until 30 June 2025, with a maximum allowance of €250,000.

For more information, please click [here](#).





Ratification of double tax treaties

The Grand Duchy of Luxembourg has ratified two double tax treaties in 2024 with (i) the Republic of Albania and (ii) the Government of Montenegro. These double tax treaties strengthen the tax cooperation and ensure a fair distribution of taxation rights between these countries and Luxembourg.

Overall, these initiatives aim to enhance Luxembourg's appeal and consolidate its reputation within the EU for international businesses, as well as a centre of excellence for leading global financial institutions. By strategically adjusting its tax policy, Luxembourg demonstrates its commitment to innovation, talent acquisition, and sustainable economic growth. These reforms are expected to strengthen Luxembourg's position as a preferred destination for international businesses and financial institutions in the coming years.

Simmons & Simmons Luxembourg LLP

26A Boulevard Royal
L-2449 Luxembourg
Luxembourg

T +352 26 21 16 01

in [simmons-simmons-Luxembourg](#)



Contacts

Investment Funds



Augustin de Longeaux

Partner

T +352 26 21 16 34

E augustin.delongeaux@simmons-simmons.com



Pieter Leguit

Partner

T +352 26 21 16 18

E pieter.leguit@simmons-simmons.com

Banking, Capital Markets, Regulatory



Louis-Maël Cogis

Partner

T +352 26 21 16 14

E louis-mael.cogis@simmons-simmons.com



Cathrine Foldberg Møller

Partner

T +352 26 21 16 19

E cathrine.foldberg-moller@simmons-simmons.com

Corporate, M&A



Thierry Somma

Partner

T +352 26 21 16 00

E thierry.somma@simmons-simmons.com



Arnaud Fostier

Partner

T +352 26 21 16 27

E Arnaud.fostier@simmons-simmons.com

Tax



Julie Carbiener

Partner

T +352 26 21 16 16

E Julie.carbiener@simmons-simmons.com

For additional information on our firm, please visit our website at simmons-simmons.com.

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