



LINARI LAW FIRM

AVOCATS A LA COUR

CSSF latest guidance on virtual assets

The Luxembourg regulator issued an FAQ on virtual assets earlier this week, to give guidance on their growing presence, it being reminded that virtual assets can be defined as a digital representation of value that can be digitally traded or transferred, and can be used for payment or investment purposes.

Virtual assets (i.e. notably crypto currencies) are not suitable to all investors, and the CSSF confirmed that UCITS and UCI addressing to non-professional customers and pension funds are not allowed to invest directly or indirectly in such assets.

Conversely, alternative investment funds may invest directly and indirectly in virtual assets under the cumulative condition that i) the AIF markets its units only to professional investors (as defined by Mifid II) and ii) the authorised AIFM obtains an extension of authorisation from the CSSF for this new investment strategy.

Each authorised Investment Fund Manager, which intends to manage an alternative investment fund, investing in virtual assets, needs to obtain prior authorisation from the CSSF in order to be registered as a virtual asset service provider.

As already the case for regulated AIFM's the CSSF expects the Responsable du Contrôle ("RC") and the Responsable du Respect ("RR") of supervised entities investing in virtual assets to possess, and must be able to demonstrate, an adequate understanding of the new money laundering, terrorist financing and proliferation financing risks posed by virtual assets and the necessary measures to mitigate them.

We believe these guidelines offer very positive improvements to the investment world here in Luxembourg in its continued journey of innovation.

Please see our website and social media accounts for further information on how we can assist your investment firm or reach out to our team members directly to discuss your potential projects.

